

National Museums and Galleries on Merseyside

Annual Report and Accounts 2022-23

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

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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 Culture, Media, and Sport (DCMS). DCMS became the principal regulator of NML on 1 June 2010 and provides most of its revenue funding.

In February 2023 the Department for Digital, Culture, Media and Sport was subject to Machinery of Government changes which resulted in the Department being renamed back to the Department for Culture, Media and Sport (DCMS) and the responsibility of digital moving to the new Department for Science, Innovation and Technology (DSIT).

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 (FReM), and the applicable standards as modified by the Accounts Direction, produced by the Secretary of State for Culture, Media, and Sport. All financial values are stated in £ Sterling.

The ARA consolidates the ARA for the museum and the wholly owned trading company, NML 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 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 NML briefing with the Chairman, current Trustees, and senior staff. The new Trustees are appraised of the current issues being faced by the organisation in each Directorate. 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. 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 Charity Commission, including guidance on public benefit. 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.

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The Board of Trustees during the year comprised:

Sir David Henshaw (Chair)
John Belchem (appointed 1 March 2023)
Dinah Birch (appointed 1 March 2023)
Heather Blyth
Isabel Chadwick
Jim Chapman
Lynn Collins (appointed 1 March 2023)
Sarah Dean
Paul Eccleson
Anna Farthing (appointed 1 March 2023)
David Fleming
Philip Lloyd (appointed 1 March 2023)
Rita McLean
Ian Rosenblatt
Virginia Tandy
Max Steinberg (term ended 28 February 2023)
Tony Wilson

Associate Trustees:

Michelle Charters
Andy McCluskey

Trustee Committees

The following Trustee Committees met during the year:

Audit & Risk Committee
Commercial Committee
Finance & Resources 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 complies with the requirements of the *Freedom of Information Act 2000*.

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.

Registered Office and Professional Advisers

Principal and Registered Office of NML

World Museum
William Brown Street
Liverpool
L3 8EN

Investment Managers

Rathbones Group Plc
Port of Liverpool Building
Pier Head, Liverpool
L3 1NW

Bankers

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

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

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Auditors

Consolidated Account

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

Trading Company

BWMacFarlane & Co
Tempest, Suite 5.1
12 Tithebarn 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)

Management

During the year, the senior management of NML was:

Director and Accounting Officer, Laura Pye;
Executive Director of Art Galleries and Collections Care, Sandra Penketh;
Executive Director of Audiences & Media, David Watson;
Executive Director of Business Resources, Stephanie Donaldson;
Executive Director of Visitor Experience, Commercial & Operations, Jamiejohn Anderson¹;
Executive Director of Museums & Participation, Janet Dugdale.

On 31 March 2023, there were seven public museums within the NML Group. These were: -

- World Museum - William Brown Street, Liverpool;
- Walker Art Gallery - William Brown Street, Liverpool;
- Merseyside Maritime Museum – Royal Albert Dock, Liverpool;
- International Slavery Museum – Royal Albert Dock, Liverpool;
- Lady Lever Art Gallery - Port Sunlight Village, Bebington, Wirral;
- Sudley House - Mossley Hill Road, Liverpool and
- Museum of Liverpool – Mann Island.

Human Resources

NML places great importance upon people being at the heart of the organisation, ensuring staff are engaged, enabled, and empowered to fulfil their potential. NML recruits staff through fair and open competition and is committed to selection on merit.

Involvement of employees in the affairs, policymaking, and performance of NML

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 NML formally recognises two trade unions: Prospect, and the Public and Commercial Services Union (PCS). A weekly e-newsletter is issued covering current events and activities.

¹ The Executive Director of Visitor Experience, Commercial & Operations is employed and paid by NMLT.

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Persons with Access Requirements

The NML Group continue to apply established policies and processes to enable everyone to access the same opportunities. NML has several forums under NML's THRIVE initiative, including equality, diversity and inclusion and mental health and disability, where staff are actively encouraged to become involved in discussions policies and processes affecting employment, training, and personal development. 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. Access standards for display, design, and public use of buildings, have been produced, and are available to staff in electronic form.

Staff Resource Strategy

NML determines its staffing requirements in the short, medium, and longer-term. NML continually reviews what we do, and how we work, across all functions, 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 conservation assistance, to assisting with visitor services, education, and communities.

NML engaged 100 volunteers in 2022/23 (2021/22: 99).

Health & Safety Policy

NML is committed to providing a safe and healthy working environment for all our employees. 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. NML will implement in accordance with the Health & Safety Executive's document HSG65 'Managing for Health and Safety'.

The intention is to ensure NML complies with health and safety legislation whilst seeking to continuously improve practice. The policy's core aim is to prevent harm and reduce ill health. It aims to achieve this through efficient, proactive, collaborative and a pragmatic approach towards delivering health, safety and welfare and by establishing a culture that embraces health and safety as normal and in a manner that 'it is simply the way we work'.

The Health and Safety Policy is formally reviewed every two years, or earlier if required with a report from the Health and Safety Department presented to the Board of Trustees, the Leadership Team and the Health and Safety Committee.

Director's Statement

National Museums Liverpool (NML) is a group of seven very different and wide-ranging museums and galleries sharing important stories from ancient times to today through more than four million objects. Our whole purpose at NML is to ensure we run as a sustainable cultural business which delivers on all three parts of our triple bottom line:

- We want to provide the public with access to our extraordinary collections, creating memorable experiences through our exhibitions, galleries, our far-reaching formal learning programmes or our incredible public events and activities.
- To ensure our world class collection and buildings are cared for to a high standard, ensuring they are accessible and safeguarded for generations to come.
- To ensure our financial bottom line is sustainable and allows for the investment needed across the organisation while guaranteeing we are balancing our budget through diversification of our income streams.

2022/23 was our first year in a few when, I am delighted to say, we have been open to the public throughout the year. While we might not be quite back to our pre-covid visitor figure, we did see 2.35 million people visit our museums and galleries (2021/22 : 1.3m). We are thrilled to see them back.

The operating review in this document highlights the significant progress the team has achieved across the organisation in delivering our strategic plan 2030. I want to start by thanking each and every member of the NML team for their incredible work throughout the year. NML is a team of specialists, everyone has their expertise and its only when all of these are brought together that we can collectively achieve our mission of delivering memorable experiences, for everyone, challenging expectations.

I want to focus on just some of those highlights which have contributed to our triple bottom line:

Access to our extraordinary collection

Young people are a massively important audience for us at NML and this year we saw over 134,000 school children visiting us as part of school trips in 2022/23. At the same time, we also continued the expansion of digital access to resources and experiences for this group. Our participation team lead hundreds of events and activities, free and paid, from courses to workshops, talks that entertain, inspire and delight audiences right across our venues and online. Our Youth Engagement Forum also continues to go from strength to strength.

While of course it's important to ensure visitors to our museums and galleries can access our collections here in Liverpool, each year we loan our collections to other museums and galleries right around the globe. In 2022/23 we loaned over 70 objects. We continue to make more of our collections accessible across our own and third-party platforms through digitisation, offering unique access to thousands of items not on display and enabling a global audience to discover the extraordinary. Additionally, we produce touring exhibitions that take our collections to new locations and to new audiences around the world. In Spring 2022, we opened a new exhibition, *Art in the Age of Victoria*, in Guangdong Museum, as part of a five-venue tour around China. The show explores the dramatic changes in fine and decorative art during the period of Queen Victoria's reign (1837-1901) and features stunning objects from across our collections.

We have hosted some brilliant exhibitions over the past twelve months, as outlined in the operating review, but we have also been able to invest in some smaller displays to make our collection more accessible, such as our new Skylight gallery at the Museum of Liverpool and the display of contemporary art works we had added to the collection at Walker Art Gallery.

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House of Memories (HoM), our museum-led dementia awareness programme, continues to deliver its impactful programme of important work to support those living with dementia and people caring for them, including training, workshops and digital resources. *House of Memories On the Road*, our mobile immersive museum, visited 33 different care and community settings, reaching 1,512 elders and people living with dementia.

Care of our collection and buildings

Our Waterfront Transformation Project has continued at pace this year as we seek to transform the International Slavery and Maritime Museum, Canning Docks and our historic buildings on the waterfront. We're delighted with the continued momentum of this transformation project which will see us submit planning consent applications in the new financial year, signalling another major milestone for these projects.

Other major works continued including roof and mechanical and electrical repairs to the 1930s rear extension of the Walker Art Gallery and environmental control systems at our Midland Railway Building (MRB). We also completed a major transformation of our staff accommodation at MRB to improve and expand facilities and to ensure we can respond to the planned new hybrid way of working for the organisation. Our Estates team continue to deliver a programme of maintenance and repair across our public and non-public buildings to improve access, conditions and usability, although the significant backlog continues.

Our teams also are continuing at pace with *Renaissance Rediscovered*, the transformation of the Walker Art Gallery's Medieval, Renaissance and Baroque displays which, along with the infrastructure works noted above, has been generously supported by UK Government, individual donors, trusts and foundations. This project has not only focused on the refurbishment but also on the conservation treatment and scientific investigation of many of our Medieval, Renaissance and Baroque paintings and objects to ensure they look their best for the new displays to be opened later in 2023.

Financial sustainability

We've seen a much-welcomed improvement of commercial income (from retail, café, and events) in 2022/23 compared to the previous year. The commercial events team delivered a major programme of events, and this element of our business broke the £1m income mark for the first time ever. This is a huge testament to the teams' hard work and consistent delivery of a high-quality service spanning private parties, conferences, awards, weddings, and dinners as well the facilitation of filming across various estate locations.

On top of this our exhibitions and public programmes generated an additional £849k ticket sales for admissions, schools sessions, guided tours and special events.

NML continued to raise unrestricted and restrictive funds to support activity from trusts and charitable foundations, members, individual donors and corporate partners achieving over £939k in income. In 2022/23 memberships steadily grew after we saw a decline in the previous year as well as visitor donations increasing due to the improved number of visitors across our venues.

We've seen a considerably better 2022/23 in comparison to the previous year in terms of visitor numbers, income generation, and the return of our full public offer across our venues, however, the recovery was still slower than hoped, with lower performance than forecast in some areas. Additionally, we have been impacted significantly by the instability and uncertainty surrounding the UK economy, which manifested rapidly into the cost-of-living crisis and, following the

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outbreak of war in Ukraine, an unprecedented energy crisis. Both these major events have added a new level of pressure onto our own operations, from increasing costs to experiencing supply chain problems, as well of course, the direct impact it is having on the lives of our workforce and wider communities who visit and engage with us. While we have a lot to be positive about over the next 12 months with an exciting 2023/24 programme of exhibitions and activities, the continued advancement of our Waterfront Masterplan and a host of new partnerships and commercial opportunities we've been working towards, these factors will remain a significant pressure.



Laura Pye
Director and Accounting Officer
Date: 11/07/2024

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.

Our new ten-year strategic plan was introduced in 2019/20 which responded to the changing external environment and set out NML's strategic objectives and delivery plan. In developing these objectives, and planning our activities, the Trustees considered the Charity Commission's guidance on public benefit.

Our world-class collections sit at the core of NML and act as the key driver for us in achieving our objectives. It is fundamental that we care for our collections, ensure the public has access to them and that we use these exceptional items to stimulate discussion, learning and enjoyment. We will see further change to what we do and how we do it, but the collections will remain at the core of our efforts.

By 2030 we want to be the best museum 'league' in the world. A league recognised as the best of the best, like the Champions League or the Premiership, we want our museums and galleries to be places that everyone wants to see and that all stakeholders want to be associated with.

In our buildings and online we will have world-class displays and engagement programmes that make everyone feel welcome. 'Off the pitch' our world-class collections and colleagues will be supported to be their best and given great facilities. We will embrace the fact that each 'team' in our league is unique with its own fan base and individual stars; but together we want to be a league that all museums will aspire to be part of, and which is recognised across the world as being the ultimate champion.

As an organisation we are **Welcoming, Honest and Educational**, and as a team we are **Trustworthy, Respectful and Inclusive**.

We must continue to focus efforts on augmenting our income and pursuing productive creative and strategic partnerships; at the same time as doing all we can to ensure our staff and volunteers thrive.

In addition to our core collections imperatives above, by 2030 we will:

- have the most representative audience and colleagues' profiles in the UK's museums sector;
- engage with more than ten million people each year, welcoming more than four million visitors to our museums and galleries and a further six million through digital engagement, touring exhibitions and outreach;
- be a place where people want to work, are happy to work and proud to work;
- generate more than £50,000 a day - more than half of our turnover - through commercial business, grants, individual giving and gifts;

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- provide great sustainable facilities for the care of our valuable collections and colleagues, with accommodation fit for the next 30 years;
- ensure all schools in Liverpool City Region will visit at least one of our museums and galleries each year;
- celebrate our museums and galleries unique identities and collections, play to their strengths, delight their different audiences and continue to make us proud;
- ensure people will recognise us as a valued leader of cultural and economic growth for Liverpool, the city region and the north of England, and as one of the world's finest museum groups.

To realise our vision, we will focus on six strategic aims:

- 1. Be More Representative**
NML prides itself on being for everyone, but for this to be true our colleagues, audiences and displays need to be representative of the communities we are here to serve.
- 2. Be More Self-Sufficient**
We will transform our business model and embrace the digital revolution, to ensure we generate more income and offer the greatest value for money of any national museum. We will focus on our commercial business, grants and gifts to ethically generate more income which can be invested in our public offer.
- 3. Be More Sustainable**
We recognise the threat of the climate and ecological emergency and commit to reducing our own impact on the environment and becoming more sustainable. We will take action to reduce our impact through far-reaching interventions across the organisation as well as engage with our audiences, funders, partners, and stakeholders to inspire change in their own lives and businesses. We understand that as an organisation which represents education, curiosity and wonder for our surroundings, we have an important role in 'being the change'.
- 4. Provide Memorable Experiences**
Across our museums and galleries, and digitally, we have hugely diverse collections, each of which offers different things to different audiences. By allowing our museums and galleries to shine we improve the whole organisation and NML becomes unbeatable. We will ensure each of our museums and galleries has the highest standard of offer; that as well as wonderful exhibitions and displays our cafes, shops, community programmes and other public spaces are also exceptional and that our collections and colleagues have all the facilities they need.
- 5. Partner & Influence**
We will work with a wide range of partners to maximise the impact of NML in our region, nation and across the world. We will contribute to our city region through growing the visitor economy, place making and impacting education, health and social care. We will be the partner of choice for businesses and will continue to use our collections for social impact. We will represent the best of the UK museum sector around the world.
- 6. Engage & Empower**
We will build an organisational culture which embeds trust, respect and inclusion. People will remain at the heart of our organisation. Supported by our THRIVE programme, people will be engaged and empowered to drive and enable NML to continually change and evolve.

Three Pillars of Physical Transformation

We know that we must become sustainable across all our activities and so have devised an ambitious 10-year masterplan to achieve just that, and we have defined three pillars of physical transformation, that we are already making great progress towards. This master plan will help us to transform our venues, ensuring that all our facilities are contributing to that sustainability goal, and will allow us to revitalise our public offer as well as achieve our strategic aims. Our vision will bring a vibrant and exciting new dimension to our already popular and highly successful museums and galleries.

1. Waterfront Transformation

Liverpool's iconic waterfront is home to three National Museums Liverpool venues and welcomes millions of visitors. We are working with strategic partners on an ambitious 10-year plan to create vibrant, welcoming and relevant public spaces for everyone to share, enjoy and explore Liverpool's rich heritage. We will link storytelling, history, community, connectivity, and commercial income to create a cohesive visitor experience and catalyst for social and environmental improvements in the area. Our landmark project will be the transformation of the area between the Royal Albert Dock and Mann Island, as well as the revitalisation of all of our waterfront facilities. Central to this will be the expansion of our International Slavery Museum into the iconic Dr Martin Luther King Jr Building and the revamp and reconfiguration of the adjoining Maritime Museum. Together they will present a bold, confident welcome to visitors to the waterfront area, and embody our plans to reveal the hidden stories of our collections and historic surroundings.

2. City Centre Transformation

Our staff are vital to our success, whether they work with our visitors or behind-the-scenes. We want them to be happy in their work and to look forward to coming to work each day. This means providing them with engaging spaces and facilities in which to work, develop and grow. These spaces need to be adaptive to enable our new hybrid way of working. To this end we are creating new staff facilities in our city centre locations. We will also look at ways to utilise buildings and assets that are currently underused through commercial partnerships and redevelopment.

3. Collections Store

Our long-term aim is to transform collections care and storage by creating a new collections facility in or close to our city centre museums. This will be in addition to a publicly accessible large object store for our transport collections in collaboration with local partners. These new facilities will keep our precious objects in optimal environmental conditions, while allowing our staff, research partners and the public to have far greater access to our amazing objects.

Achievements and Performance

We've seen a considerably better 2022/23 to the previous year in terms of visitor numbers, income generation, and the return of our full public offer across our venues. However, the recovery was still slower than hoped and saw lower performance than forecast in some areas. We have been additionally impacted significantly due to instability and uncertainty surrounding the UK economy, which manifested rapidly into a cost-of-living crisis and following the outbreak of war in Ukraine, an unprecedented energy crisis. Both these major events have added a new level of pressure on our own operations, from increasing costs, or experiencing supply chain problems, as well of course, the direct impact it is having on the lives of our workforce, and wider communities who visit us and engage with us.

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We continued to work diligently to adapt our programmes and commitments, frequently reforecasting performance, maximising efficiency across services and revising budgets where possible to ensure we were in the strongest position possible to respond to the constantly evolving landscape and to be as resilient as possible albeit with no clear positive improvement on the horizon.

By 2030, engage over ten million people each year: more than four million visitors to our museums and galleries and a further six million through digital engagement, touring exhibitions and outreach.

We've seen a slower recovery than forecast to our visitor figures in 2022/23 despite our best efforts to encourage audiences to return or visit for the first time, take part in activities, seeing exhibitions, as well as supporting our important work through visits to our shops, cafes, buying memberships and making donations. However, during 2022/23 we saw over 2.3m visitors to our venues with over 125,000 young people taking part in events and activities on site. Charitable giving through fundraising, including donated assets, also performed strongly. Overall, this was positive news and a performance hugely welcomed by all.

In the Liverpool City Region, we saw international tourism, which plays a significant role in our overall visitor profile, growing again. While it increased throughout 2022/23, there is still uncertainty as to where levels of international tourism will stabilise in the long-term.

In 2022/23 we staged several major exhibitions, which played an important part of our offer, and secondary activity.

Kunichika: Japanese Prints opened at Lady Lever Art Gallery in its centenary year, which showcased prints by Toyohara Kunichika (1835-1900), and welcomed over 50,000 visitors. Walker Art Gallery played host to the *Refractive Pool: Contemporary Artists in Liverpool* exhibition led by Liverpool-based artists Josie Jenkins and Brendan Lyons who selected and curated the exhibition featuring 21 local artists. The exhibition was hugely popular with audiences, and we welcomed over 80,000 visitors during its run.

Two major blockbuster exhibitions were also staged across our William Brown Street venues. The *Tudors: Passion, Power & Politics* exhibition at Walker Art Gallery featured around one hundred objects with almost seventy works from the National Portrait Gallery, our exhibition partner along with the Holburne Museum, Bath. A highlight loan in the exhibition was the Westminster Tournament Roll, produced in 1511. This spectacular document was last on public display almost 20 years ago and had never been seen outside London. We saw over 20,000 visitors to the exhibition which received brilliant reviews and comments from major publications and our visitors.

World Museum staged the international premiere of *Doctor Who: Worlds of Wonder* exhibition in partnership with Sarnier International and BBC Studios. It showcased everything from epic monsters to costumes and props and explored some of the Doctor's many adventures and encounters through space and time, weaving through the history of the longest-running sci-fi TV show in the world, which has been on our screens for almost 60 years. Over 45,000 visitors took in the exhibition.

We once again marked Slavery Remembrance Day (SRD) in August which took place online and in-person, and for the first year, over a weekend featuring everything from dance workshops by Movema, object handling, craft workshops, tours plus an array of digital activity. Central to the programme is the Dorothy Kuya Slavery Remembrance Memorial Lecture and for 2022/23, was delivered by Bonnie Greer and special guest Laurella Rincon at Liverpool Town Hall.

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In October, we opened the dazzling exhibition *Pure Brilliance: The Boodles Story* at Lady Lever Art Gallery, in partnership with Liverpool-based local jeweller Boodles that showcased how the heritage of Liverpool's vibrant and creative jewellery industry in the late 19th century created a market for good quality jewellery and metalwork, for which the firm soon acquired a reputation. It highlighted the awe-inspiring craftsmanship behind the pieces, from the sourcing of precious stones and metals through to the design and the manufacture of the pieces. Over 60,000 visited the exhibition hosted in this special year of celebration for Lady Lever Art Gallery.

We once again partnered with Culture Liverpool for their annual River of Light festival and hosted *BEAM* by LUCID Creates which stood on the Canning Dock, and we saw thousands of visitors descend upon the waterfront to witness this visually impressive and interactive light installation.

Over 50,000 visitors took in our pioneering exhibition called *Art of the Terraces*, at Walker Art Gallery, which was a unique showcase of fashion, football, and art as told from the terraces of the stadiums, the first major exhibition to tell the story of a movement that defined sports culture of the 1970s, 80s and 90s. It received rave reviews from critics, and the public, and saw a record-breaking level of Pay What You Think donations.

House of Memories (HoM), our museum-led dementia awareness programme, continues to deliver its impactful programme of important work to support those living with dementia and their families and carers. *House of Memories On the Road*, our new mobile immersive museum, visited 33 different care and community settings, reaching 1512 elders and people living with dementia. In addition, the *My House of Memories* app continued to grow, with new content from Wirral Museums added to the collections, and work undertaken to develop a bi-lingual House of Memories Cymru programme with 14 partner museums from across Wales.

To celebrate House of Memories 10-year anniversary, an academic review of the programme was undertaken by Dr Kerry Wilson from the Institute of Cultural Capital, University of Liverpool, which outlined the significant strategic impact it has played in 'Advancing the Role of Museums in Health and Social Care'. The 'Connecting with Yemeni Elders Heritage' programme was also recognised by the Alzheimer's Society, with the young inspiration for the collaboration, Abdulwase Sufian, winning their national 'Dementia Hero' award for community work. We were grateful to the Esme Fairbairn Foundation for their support of the Connecting with Yemeni Elders Heritage project.

We've continued to refine and improve our offer and approach to digital and we're delighted to see it continue to engage audiences near and far. We achieved over 5.5m visits to our website in 2022/23 which is once again a significant increase on the previous year. Our social media presence has also continued to grow across our 33 social channels, with over 340,000 followers, an increase of 7% on the previous year. We published 42 videos, including Museum Sessions, and we passed 100,000 subscribers on YouTube, with a total of 4.9m views. We published 63 stories on our website, about everything from the 'best' Scouse recipe to powerful stories from the NML podcast.

We implemented our new ticketing solution in December which included the roll-out of training for relevant staff, hardware upgrades across our estate as well as technical integrations between our new ticketing solution with our website and CRM system. The new ticketing solution has enabled us to make major improvements to our visitor journey online which includes improving the customer booking for tickets, buying memberships and making donations.

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By 2030, have the most representative audience and colleagues' profiles within the museums sector in the UK.

Alongside our own internal visitor counting, audience surveys and analysis we also conduct large-scale annual visitor profiling supported by an external agency to help attain a greater understanding about our visitors, identify changes to those visitor profiles across each of our venues, and capture supplementary information around the impact of and response to our programming and wider societal issues. In 2022/23 we continued to develop our new Audience Segmentation model and strategy, that will help us develop a more sophisticated understanding of our audiences, and critically, learn more about their motivations which we can then use to improve our targeting of publicity, communications as well as respond programmatically.

In 2022/23 we saw 8.9% of our visitors from a BAME background which was a 40.9% increase on the previous year. Visitors with a disability in 2022/23 was 6.10% which was a decrease on the previous year's percentage share however it was an increase of 40.81% in real terms. Visitor satisfaction remains high at 95.8%, but we have much more work to do and are committed to making further improvements next year.

In the past twelve months we've continued to introduce improvements around recruitment and retention. This includes further enhancements to our recruitment process, upgrading our infrastructure, expanding where we promote and advertise opportunities, revising and introducing new policies as well as strengthening and expanding training for all our managers. We have also lead recruitment fairs, in partnership with other cultural organisations in the region, which aim to expand awareness of and access to opportunities within NML and wider cultural organisations.

We continued to sustain our momentum around diverse recruitment panels and have expanded our programme of online insight sessions giving potential candidates an opportunity to meet the recruiting teams, discover more about our organisation and the roles available. We also continue see growth in diversifying our workforce with 8.13% of colleagues identifying as Global Ethnic Majority (GEM) in 2022/23 compared to 5.98% in 2021/22.

We continue to work across the organisation with the RESPECT Group that was established following the opening of the International Slavery Museum. This is an important vehicle and guiding consultative body to support the changes we're trying to make, focusing on race equality, whilst recognising the intersectionality of other equality issues that also need tackling.

NML continues to support the development of staff committees and groups, as well as enhance the effectiveness of our THRIVE programme established to support cultural transformation. THRIVE delivers annual activities and during 2022/23 it continued to be critical in ensuring effective engagement and connectivity now that we are established as a hybrid-working organisation across many areas of the business.

Our Equality, Diversity and Inclusion Group and Ethics Group each meet monthly and report to Leadership Team quarterly, and to our Board of Trustees. The Environmental and Sustainability Task Force continues to lead our work to improve our impact on the planet and to become the most sustainable organisation possible. In addition to their on-going work to reduce our impact on the planet, they also completed the estate-wide decarbonisation plan with support from ARUP which is key in NML being able to deliver a radical approach to improving our environmental impact.

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By 2030, be a place where people want to work, are happy to work and proud to work.

Across consecutive years, we have made improvements in how we assess and monitor where we are as an organisation. The mid-year and annual engagement surveys continue to be our key measure of the health of the organisation, and is the platform used by the THRIVE engagement champions to develop and update a cultural change action plan, helping the Leadership Team and Senior Managers to tackle any areas for improvement.

Our online e-learning platform continues to evolve with more targeted courses for colleagues and over 3500 hours had been logged for training in the year. This improvement of personal development continues to be supported by our dedicated allocation of time for all colleagues enabling them to complete training without other daily work activities causing disruption. We have also improved training specifically for management and strengthened our Business Partnering model. We also continue to create new opportunities for knowledge exchange and learning with partners from across the sector and beyond, through online talks, workshops and insight events.

By 2030, together we will generate over £50,000 a day, more than half our turnover, through commercial business, grants, individual giving and gifts.

We've seen a much-welcomed improvement of commercial income (from retail, café, and events) in 2022/23 compared to the previous year. The commercial events in particular delivered a major programme, breaking the £1m income mark for the first time ever, a huge testament to the team's hard work, and consistent delivery of a high-quality service spanning private parties, conferences, awards, wedding and dinners as well as facilitating filming across various locations in the estate.

Our commercial team operates the central box office service which supports the wider organisation to deliver both free and paid for events to the public as well as our bookable schools' activities and group visits.

Total income through retail, catering, events and box office for 2022/23 was just over £5.1m.

The Strategy & Planning Team continue work on evolving our approach to setting, sharing, and monitoring KPIs to ensure that together we all take responsibility in furthering our efforts to become the most representative museum in the UK, and achieve our visitor and income targets each year. The Project Management Office also continues its work of embedding best practice across all our major projects, ensuring strengthened governance, accountability, quality, risk and cost control as well as on-time delivery.

Fundraising is led by the Leadership Team, Senior Management, and the Development Team, supported by Board of Trustees. The Development Team 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, online donations, legacies and NML's Patrons' and Membership Schemes).

NML continued to raise unrestricted and restrictive funds to support activity from trusts and foundations, members, individual donors and corporate partners achieving over £939k in income. In 2022/23 memberships steadily grew after we saw a decline in the previous year as well as visitor donations increasing due to the improving number of visits across our venues.

We would like to acknowledge and thank all our committed corporate partners, members and patrons who were unwavering in their support throughout 2022/23.

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

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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. There was no failure to comply with the Fundraising Regulator's Code of Fundraising Practice in 2022/23. In addition, neither NML, nor anyone acting on our behalf, has received any complaints regarding fundraising.

By 2030, ensure that we provide great facilities to look after our valuable collections and colleagues, with accommodation fit for the next 30 years.

We successfully secured £9.9m from the National Lottery Heritage Fund (NHLF) Heritage Horizons Award to support the International Slavery Museum component of our transformation plans, and later in the year £10m from the UK Government Levelling Up initiative to support the Canning Graving Dock transformation. We're delighted with the continued momentum of this transformation project which will see us submit planning consent applications in the new financial year, signalling another major milestone for these projects. Further work continued throughout the year advancing the implementation of our new fundraising strategy which is critical in enabling the delivery of our ambitious plans for the waterfront, but also strengthening our unrestricted income sources to support core activity and to help us become more self-sufficient.

We also announced lead architects, Harrison Stringfellow with Citizens Design Bureau, and Gerrard BSE and engineers HRW, who will lead on the redevelopment of our historically significant dockside buildings: Mermaid House, the Cooperage, and the Piermaster's Office. The buildings are situated in a prime location, overlooking Mermaid Square, adjacent to the Royal Albert Dock. The buildings will be refurbished and developed into a unique food and beverage outlet. Complementing the remarkable geographical surroundings and heritage, they will offer a new relaxing space within one of the city's most popular destinations, overlooking the River Mersey.

Our work in partnership with Wirral Council to realise the previously reported Transport Shed project continues. Our aim is to find a home for one of the UK's most significant land transport collections, contributing to the revitalisation and regeneration of Birkenhead.

Other major works continued including roof, mechanical and electrical repairs to the Walker Art Gallery's 1930s rear extension and to the environmental control systems at our Midland Railway Building (MRB). We also completed a major transformation of our staff accommodation at MRB to improve and expand facilities, to facilitate a new hybrid way of working for the organisation. Our Estates team continue to deliver a programme of maintenance and repair across our public and non-public buildings to improve access, conditions, and usability although the significant backlog continues to be a challenge financially.

Our teams also are continuing to work on *Renaissance Rediscovered*, the transformation of the Walker Art Gallery's Medieval, Renaissance and Baroque displays which, along with the infrastructure works noted above, has been generously supported by UK Government, individual donors, trusts and foundations. This once in a generation opportunity will see these nationally significant collections back where they belong, with fresh, more inclusive interpenetration, in a thought-provoking and beautifully refurbished gallery setting. The new galleries opened in July 2023.

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In support of our collections work a new Preventive Conservation Strategy has been implemented and a new set of collections policies developed. Collections management procedures are now also under review.

By 2030, ensure all schools in the Liverpool City Region will visit at least one of our museums and galleries each year.

The Learning and Participation team continues to make great progress against its key priority areas for development and engagement with schools. We saw over 134,000 school children visiting us as part of school trips in 2022/23 but the team also continued their expansion of digital access to resources and experiences. Significant work also began in 2022/23 to centralise data and improve our capability to monitor our relationship with schools as well as be able to identify those schools who we need to prioritise working with. Our participation team lead hundreds of events and activities, free and paid, from courses to workshops, talks, that entertain, inspire and delight audiences right across our venues and online.

2022/23 also saw the launch of a new Educators' Network which aims to support professional development for educators with opportunities to create high quality learning experiences that link to the curriculum and Ofsted requirements, such as providing the knowledge and cultural capital children and young people need to succeed in life. Network members are also provided with opportunities to come together, share practice and influence NMLs education programmes and CPD offers.

Our work has continued with Autism Together, Autism in Museums, Kids in Museums and MBED to develop skills to make our venues more welcome.

By 2030, ensure our museums and galleries will celebrate their unique identities and collections, play to their strengths, delight their different audiences and make us proud.

We recognise and celebrate each venue in their own right with their unique collections and personalities. Our brand values of being curious and imaginative, brave, approachable, responsible and essential, act as the lifeblood of our strategic decisions, creative programming of exhibitions, displays and the types of partnership we secure and deliver for each of our venues. Our brand tone, which is that of being inspirational, encyclopaedic and dramatic, indicates our in-built thinking and approach day to day, ensuring we play to our venue individual strengths as well as showcasing the best of the objects they look after. We're focused on delighting our audiences, providing value for money experiences, offering inspiration and opportunities to learn as well as entertainment but continuing to create memorable experiences and challenge their expectations each and every time they interact with one of our seven incredible museums and galleries in-venue, on the road or through digital experiences.

Each year we develop bespoke campaigns to raise awareness of our unique venues and their locations, showcase the incredible breadth of things to do and see contribute to raising the profile of Liverpool and its incredible arts, heritage, and entertainment offer for all. Our teams work in partnership with individuals and organisations to elevate the reach of our collections, and to create opportunities for our expertise to support impactful projects throughout the year.

Our investment continues in developing major new exhibitions, displays and experiences, either featuring our own collections of incredible objects or showcasing any one of the themes and subjects our venues uniquely offer.

Each year we loan our collections to other museums and galleries right around the globe and in 2022/23 we loaned over 70 objects. We continue to make more of our collections accessible across our own and third-party platforms through digitisation, offering unique access to

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thousands of items not on display and enabling a global audience to discover the extraordinary. Additionally, we produce touring exhibitions that take our collections to new locations, and to new audiences, around the world. During 2022, we prepared the collections for the opening of a new exhibition, *Art in the Age of Victoria*, in Guangdong Museum, as part of a five-venue tour around China. The show explores the dramatic changes in fine and decorative art during the period of Queen Victoria's reign (1837-1901) and features stunning objects from across our collections.

By 2030, ensure people will recognise us as a valued leader of cultural and economic growth for the city, city region and north of England and as one of the world's finest museum groups.

NML is proud of its work with creative, academic and strategic partners locally, nationally, and internationally, and during 2022/23 we continued to work with an extraordinary array of partners including University of Liverpool, Liverpool John Moores University, Liverpool Hope University, Edge Hill University, University of Manchester, University of Leicester and Hugh Baird College, meeting regularly to collaborate and scope new projects and opportunities for the future.

During the year we worked closely with city partners again such as Liverpool Arts Regeneration Consortium (LARC), Cultural Organisations of Liverpool (COoL) Liverpool Business Improvement District, Liverpool City Council, Liverpool City Region Combined Authority, ACC Liverpool, Liverpool Film Office, Port Sunlight Village Trust, Wirral Council, Knowsley Council, Liverpool Growth Platform, Visit Liverpool, Culture Liverpool, Liverpool ONE, Royal Albert Dock and St George's Quarter. We also embarked on new creative ventures with BBC Studios, Sarnier International, Draw & Code, Wolfgang Buttress Studios, The Business Creative as well as collaborated with celebrated organisations such as Dot Art, Homotopia and House of Suarez.

We continue to play an active and important role in the city and wider region to deliver and contribute to the economic growth, job creation, skills development and tackling health and educational inequalities. Employees from right across the organisation sit on external steering groups, working groups and committees including Director Laura Pye who is the Chair of the Liverpool Enterprise Partnership (LEP) Visitor Economy Board, a member of the Liverpool City Region Culture Steering Group and is on the executive for the National Museums Directors Council.

The Transatlantic Slavery and Legacies in Museums Forum initiative received funding from Arts Council England which will enable us to realise our ambitious business plan. The Transatlantic Slavery and Legacies in Museums Forum initiative has been led by NML in partnership with Museum of London, Black Cultural Archives, Bristol Culture, Hull Museums and Glasgow Museums, and is a great example of how we continue to be forward-thinking and pioneering as a national museums service - leading the way on such important topics. We continue to be committed to contributing to cultural and economic growth of the city, region and north of England, and the wider sector.

Exhibitions

The following exhibitions were held during the year:

Kunichika: Japanese Prints

Lady Lever Art Gallery | 15 April - 4 Sept 2022

Refractive Pool: Contemporary Painting in Liverpool

Walker Art Gallery | 29 Apr 2022 – 8 Jan 2023

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Tudors: Passion, Power & Politics

Walker Art Gallery | 21 May – 29 Aug 2022

Doctor Who: Worlds of Wonder

World Museum | 27 May – 6 Nov 2022

Inspired by Lady Lever

Lady Lever Art Gallery | 24 June 2022 – 19 Feb 2023

Jupiter's Song

International Slavery Museum | 12 July – 30 Oct 2022

Pure Brilliance: Boodles

Lady Lever Art Gallery | 2 Oct 2022 – 6 March 2023

Art of the Terraces

Walker Art Gallery | 5 Nov 2022 — 12 Mar 2023

Kathryn Maple

Walker Art Gallery | 11 Feb 2023 – 30 April 2023

Awards & Recognition

NML has continued to be recognised for outstanding contributions, experiences and services right across our organisation throughout 2022/23.

May 2022:

- 2022 Museums & Heritage Awards
- Highly Commended: Learning programme of the year: Lockdown Learning: Virtual classrooms

Nov 2022:

- 2022 Museums Change Lives
- Shortlisted: Reimagining the Museum Award: Sandbach Family Project
 - 2022 CHWA Awards
- Shortlisted: Collective Power: HoM Yemini Elders
- 2022 TeachCo awards
- Shortlisted: Teach Primary: Legacies of Transatlantic Slavery virtual classroom resource

Mar 2023:

- 2023 LCR Culture & Creativity Awards
- Win: Inspirational Young Person Award: Abdulwase Sufian (HoM Yemini elders project)
- Liverpool Hospitality People Awards
- Shortlisted: Front of House award: Emma Furness
- 2022 Liverpool City Region Tourism Awards
- Win: Tourism Young person of the year: Neve Sutton (Hosted by NML)
- Win: Business Events Venue of the Year: Museum of Liverpool
- Shortlisted: Visitor Experience of the Year: Old Dock Tours

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Plans for Future

We will continue to take sensible steps to manage risk across our business but continue with our plans to transform NML and ensure we deliver greater social and economic impact, improving access, inclusion and diversity as well as protecting our collections and buildings for generations to come. Some of our key projects over the next twelve months are:

- Review and improve our core business functions, operations and infrastructure to ensure best practice, drive efficiency and increase income;
- Build on our success to date around the work towards our 10-year masterplan with the International Slavery Museum at the heart of this ambition, alongside realising changes within the Maritime Museum, the adjacent Canning Graving Docks and the surrounding smaller buildings;
- Continue to invest in research and development for new exhibitions and digital experiences that augment our offer, encourage audiences to return to explore our offer as well as fulfilling our touring exhibition plans to increase partnership working and generate further income;
- Deliver our capital works programme of repairs at Walker Art Gallery, County Sessions House and Maritime Museum;
- Continue to improve and strengthen our collections management policies and procedures to reflect best practice and better support organisation wide developments including plans to improve our collections digitisation approach;
- Build on the work of Midland Railway Building (MRB) as a staff hub by realising improvements across key venues creating resource hubs, further meeting and collaborative spaces and core staff facilities. As part of this work, we will also continue to prioritise our vacant offices in Dale Street and explore its future potential use as part of our estate and its ability to generate additional income;
- Continue to implement our fundraising strategy to strengthen and diversify our income streams which will enable us to build on our unrestricted income at the same time as generating capital funding to realise our major transformation ambitions across the estate;
- Further develop and deliver our offer for young people and families, schools and adults to ensure retention and improve our ability to attract new audiences. Our public programming will maximise opportunities connected with core exhibition programming and audience development objectives as well as deliver an increased proportion of paid-for programming. This work will be enhanced by an intensified focus around creating new and exciting creative partnerships - underpinned with a fresh, bold and innovative growth strategy, with audience development at its heart, and which pioneers new income streams for NML Group;
- Continue our work improving inclusivity and representation of Global Ethnic Majority people in all our activity, ensuring we use our influence as a national museum service to do more to drive anti-racism within our sector and wider society;
- Continue our work to reduce and improve our impact on the environment and becoming a more sustainable organisation for the long-term through enhanced training for colleagues, undertake research and development to decarbonise our estate and improve energy efficiencies;
- Raise NML's profile with visitors, politicians, public sector providers, businesses, and strategic agencies by demonstrating our impact, value, and significance.

Financial Review

Overview

NML receives most of its revenue and capital funding from DCMS, in the form of Grant-in-Aid (GiA). In 2022/23 NML received revenue GiA funding of £21.9m (2021/22: £21.9m) in addition to capital GiA of £4.4m (2021/22: £5.3m). Capital GiA can vary considerably from year to year.

The movement in net resources for this year, after depreciation and impairments but before revaluation changes, is an inflow of £3.9m, an increase of £4.2m year-on-year. The previous year had seen funds decrease by a total of £3.9m.

It has taken time for visitor numbers to return to levels that are consistent with pre-pandemic figures. Some of our venues rely more upon international tourism and it has taken time for these visitors to fully return.

Income from charitable activities has increased by £760k. Within this, income from admissions has risen by £518k which is an increase of over 157 percent year-on-year. The results of the trading subsidiary have seen knock-on increases in revenue due to secondary spend from popular exhibitions and growth in events.

We have reviewed our income and expenditure and developed a plan which monitors and supports a flexible income generating model. In addition to this, we continue to work with more agile operating systems capable of withstanding delayed recovery in its income while protecting the assets.

Taking into account that we remain a largely public-funded service organisation, the forward financial plan and its principal risks, we have a reasonable expectation that NML and its subsidiary will continue in operation and meet its liabilities as they fall due.

	2022/23	2021/22
	£000	£000
Income and endowments		
Grant in aid DCMS	21,918	21,906
Coronavirus Job Retention Scheme Grant	-	179
Donations and legacies	1,915	867
Charitable activities	2,022	1,262
Other trading activities	4,465	2,810
Investment income	50	15
Total	30,370	27,039
Expenditure		
Raising funds	662	616
Operating expenditure (excl depreciation)	25,017	22,617
Trading activities	5,043	4,149
Total	30,722	27,382
Net gains/ (losses) on investments	-	-
Net (expenditure)/income	(352)	(343)
Transfers between funds	(1,137)	57
Net movement in funds	(1,489)	(286)
Fund balances brought forward at 1 April	6,374	6,660
Balances carried forward at 31 March	4,885	6,374

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The consolidated revenue free funds are shown above. The loss for the year was £1.5m (2021/22: loss £0.3m) resulting in a total revenue free fund balance of £4.9m as of 31 March 2023 (2021/22: £6.4m).

In the SoFA, funds increased by £34.1m (2021/22: increase £3.5m). Net expenditure, before revaluation of tangible fixed assets for the year, showed a gain of £3.9m (2021/22: loss £0.36m). The revaluation of land and buildings as of 31 March 2023 produced an unrealised gain of £30.0m (2021/22: gain £3.8m). Economic impacts related to the ongoing conflict in Ukraine, including related economic sanctions such as those being imposed on Russia may impact certain real estate markets globally. The Covid-19 pandemic and measures to tackle it may also continue to affect economies globally although visitor numbers to the Museum's properties are now returning to pre-pandemic levels.

Going Concern

On the basis that DCMS continue to support the business at existing levels, the Board considers that the following disclosure, which has been included under the accounting policies heading in the financial statements for the year ended 31 March 2023 sufficiently explains the reasons why the going concern assumption is applicable:

We concluded 2022/23 in a reasonably strong position financially, and during the 2023/24 year have delivered a diverse programme of activity at all venues. We are confident that through a continued focus on financial efficiency and cost control, we will remain sustainable in the long term. Looking forward to the 2024/25 financial year and beyond, we have developed a prudent financial plan along with an underpinning sensitivity analysis to support delivery of our strategic aims to 2030.

In light of the uncertainty presented by the current economic climate, the Trustees have carefully considered the financial projections to March 2026 to satisfy themselves of the financial resilience of the organisation. The Trustees have considered ongoing support from DCMS, together with the level of funds held, the expected level of income, expenditure and projected cash flows over this period. The Trustees have considered these matters and have concluded that the level of reserves and liquidity for the Group and Charity are sufficient to enable the organisation to continue trading for a period of at least 12 months from the date of approving the financial statements. The Trustees do not believe there is a material uncertainty in regards of going concern, therefore the financial statements have been prepared on a going concern basis.

Reserves Policy

The consolidated free income revenue reserve available on 31 March 2023 was £4.9m (2021/22: £6.4m). This includes £42k (2021/22: £42k) which is held by the subsidiary trading company. The resulting NML free income revenue reserve is £4.8m (2021/22: £6.4m). Restricted funds held total £288.4m (2022: £250.4m).

As part of the annual planning and budget setting process the Trustees review and approve the level of free reserves appropriate to the scale, complexity, and risk profile of NML. Adequate free reserves should be held to ensure NML can manage these uncertainties. The Trustees therefore are committed to six months holding in reserves to cover the difference between the monthly RDEL GiA income and the monthly resource expenditure (staff & non-staff). The current Financial Plan indicates that recovery from the impact of Covid-19 and the energy crisis will take the reserves level down towards this level and possibly below. As noted above, activity to improve the financial position from 2023/24 onwards is a priority.

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NML has long had a degree of inherent funding uncertainty as 32% (2021/22: 23%) of our income is from a range of income streams which are less predictable and more volatile than GiA. As part of delivering our Strategic Plan and recovering from the impact of the pandemic, regrowing self-generated income as visitors return is a key objective. The timing and size of this growth is an important uncertainty in our financial planning.

In addition to the loss of the income, any reduction in GiA funding would increase our exposure to this volatility. Therefore, any potential for future reductions is a significant risk.

There are also financial risks associated with capital projects and unforeseen liabilities. We are planning investment in a range of major projects to improve the public offer, service delivery efficiency and our ability to self-generate income.

Capital Programme

During the year we successfully secured £9.9m from the National Lottery Heritage Fund (NHLF) Heritage Horizons Award to support the International Slavery Museum component of our transformation plans and £10m from the UK Government Levelling Up initiative to support the Canning Graving Dock transformation. Work on these projects continues at pace and we will submit planning consent applications in the new financial year.

The redevelopment of our historically significant dockside buildings also progressed during the year: Mermaid House, the Cooperage and the Piermaster's Office, adjacent to the Royal Albert Dock. These buildings will be refurbished and developed into a unique food and beverage outlet.

Our work in partnership with Wirral Council to realise the previously reported Transport Shed project continues. Our aim is to find a home for one of the UK's most significant land transport collections, contributing to the revitalisation and regeneration of Birkenhead.

Other major works continued including roof, mechanical and electrical repairs to the Walker Art Gallery's 1930s rear extension and the transformation of the Walker Art Gallery's Medieval, Renaissance and Baroque galleries which opened in July 2023.

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

In compliance with the Charities SORP (FRS102), NML appointed Gerald Eve LLP to carry out a desktop valuation of its land and buildings, as of 31 March 2023, after a full valuation as of 31 March 2022. This led to the revaluation of land and building assets shown in the accounts.

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. The company accounts are 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 2022/23 NMLT made an operating profit of £0.3m (2021/22: £0.1m) There was a £285k profit donation to the parent (2021/22: £89k).

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 2022/23 97% (2021/22 83%) 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.

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Principal Risks and Uncertainties

NML's system of internal control, including financial, operational and risk management, which is designed to protect the organisation's assets and reputation, has been undergoing continuous review and improvement over the recent years and this continued during the year ended 31 March 2023.

NML maintains a Strategic Risk Register and during the year the following principal strategic risks relating to business objectives were identified in it:

- The financial plan is not achieved
- The NML estate (land, buildings and infrastructure) is not managed and utilised in a safe and sustainable way
- NML cannot attract, develop and retain a diverse, sufficient and positive workforce
- NML does not protect and effectively manage its information assets
- NML does not deliver its transformation programme
- Non-compliance with legal, regulatory, and statutory obligations
- There are material changes to the intervention or support NML receives from Central Government

Our existing level of funding is insufficient to enable us to maintain our estate effectively. In 2022/23, 68% of the NML Group gross income derived from Grant-in-Aid from DCMS (2021/22: 77%). 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 as the Covid-19 pandemic has demonstrated.

There remains a risk around retention and recruitment of staff as movement, particularly in relation to the current rising cost of living and roles with transferable skills, such as finance, digital, IT and hospitality. Retention of staff in traditional curatorial roles is not an issue where many staff have been with NML for many years and will spend a significant proportion of their careers with NML before eventually retiring. The diversity of staff in such roles is reduced as the turnover of staff is reduced. There has, in recent years, been more of a turnover of staff in senior management roles across the organisation, and turnover of staff is one way to help encourage change within the organisation.

Cyber security risk remains high and is being monitored by the Director of IS, Data Protection Officer and Head of Security. NML has seen an increase in email phishing attacks. However, the controls in place and raised colleague awareness has avoided any issues materialising.

The rising cost of living and fluctuating energy prices continue to be a significant risk requiring ongoing monitoring. This sits alongside NML's commitment to become "greener". Both of these concerns are actively monitored through the Environmental and Sustainability Group and the Operating Steering Group. Leadership Team ensure that the Board of Trustees are kept apprised of the situation.

Reputational risk relating to media coverage about the collections is carefully managed by the curatorial and communications teams.

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

Donations made

No charitable donations or political donations were paid.

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, Rathbones, provides quarterly reports which include a statement confirming adherence to the investment policy statement or details of exceptions.

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The Trustees have oversight of the investment portfolio through the Finance & Resources 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. NML's Investment Policy and Ethical Investment/Socially Responsible Investing Preferences Statement were reviewed, updated, and approved by the Board of Trustees during the year.

Audit

Under statute the Comptroller and Auditor General is the principal auditor of the Museum's consolidated account for the year 2022/23. The audit fee in respect of this work was £78K (2021/22: £78K). BW Macfarlane and Co are the auditors of NML's trading company account and the audit fee in respect of this work was £8k plus £9k to produce the financial statements (2021/22: £8k and £9k respectively). This production of the trading company financial statements was the only non-audit service provided by either of these auditors.

Sustainability Report

Introduction

National Museums Liverpool is committed to becoming a more sustainable organisation, and throughout the year, work has continued at pace to deliver positive change across the business. Having previously introduced a new strategic aim, Be More Sustainable, we have now significantly strengthened our ability to robustly test our thinking, challenge our planning, deliver impactful output – all whilst improving our ability to capture the areas where we're creating and seeing transformation.

The Environmental & Sustainability Task Force (E&S Task Force) continues to spearhead our efforts in this critical area of change. Led by a member of our Leadership Team, along with representation and expertise across key areas of the business, the task force provides expert guidance, facilitates informed conversations, oversees the development and delivery of business-function specific annual action plans, and works collaboratively at all levels to ensure it is embedded. We took part in full staff away day, delivering a keynote around our environmental and sustainability commitments, the work we had done to date, and what will focus on moving forward which was shaped around our identified and agreed priority areas which are as follows;

- Priority 1: Scoping Establish full programmes of work for each sub-committee, and ensure they collectively link together to support collaborative and joined up working.
- Priority 2: Research Exploring historical performance, understanding new areas of sustainability (e.g., Mersey Heat Network), technology solutions and approaches (planning, monitoring and evaluation).
- Priority 3: Quick Wins Actioning identified quick-wins far and wide such as new recycling bins, LED lighting, upcycling materials for exhibitions, procurement review, training etc.
- Priority 4: Action Plans Integrate sustainability requirements as part of our business-wide function action plans to ensure we embed environmental and sustainability in all our work from every-day operations, one-off and strategic projects.
- Priority 5: Medium / Long-Term Initiatives Undertake studies and deep-dives into the more complex activities identified and developing plans, costs estimates, etc. (e.g. decarbonisation plan).
- Priority 6: Conferences & Seminars. Attending conferences and seminars to expand knowledge, explore how others are responding and their solutions, and sharing our experience.
- Priority 7: Taking a Seat. Be part of important initiatives such as SHIFT Liverpool and SUSTAIN Network to support our ability to collectively respond to sustainability, expand knowledge, share skills.
- Priority 8: Annual Activity Report. Developing an annual report to outline full findings and our activity to date.

In 2022/23, a significant achievement was the delivery of a decarbonisation plan for our full estate which was developed in partnership with industry experts ARUP. We're now able to fully understand what our decarbonisation transformation needs to look like and are fully committed to continuing work to identify sustainable funding sources to realise the changes required as outlined in this plan.

Other noteworthy output across the year includes;

- Undertook full Solar PV feasibility study for our estate.
- Undertook full Electric Vehicle Charging feasibility study for our estate.
- Adjusted procurement criteria to support sustainability requirements.

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- Engaged consultants across key capital projects to ensure sustainability is built-in from the start (e.g. Transport Shed, International Slavery Museum, Maritime Museum, Canning Dock).
- Commissioned energy reports across the estate.
- Developed improved carbon footprint calculation of loans traffic.
- Changed packing of travelling collections and reviewed storage conditions.
- Switched to 'green chemicals' across collections care and housekeeping.
- Increased energy savings in relation to gallery environments and collection stores through improved monitoring.
- Moved to biodegradable gloves, use of cardboard 'bubble wrap' and paper tape for packing collection items and recycling more materials where possible.
- Moved away from paper-based forms and towards digital alternatives whilst being mindful that the use of digital has carbon footprint.
- Recycling exhibition materials multiple times across our programme.
- Developed and introduced centralised database for furniture / audio and visual kit available that improves life-cycle monitoring and reusage.
- Improved and refined design processes and fabrication to achieve efficiencies.
- Participated in environmental and sustainability networks including SHIFT Liverpool and SUSTAIN.net
- Delivered Carbon Literacy Training for E&S Task Force & Leadership
- Delivered Carbon Literacy Train the Trainers Programme
- Delivered Carbon Literacy Training across all Task Force Sub-Groups, and wider departments.
- Improved hybrid and remote working solutions – reducing office-based energy consumption.
- Purchasing only of recycled paper only for printing and copying in all NML offices (since January 2018).
- Migrating data centres to single location resulting in reduction of air-conditioned usage, and power consumption.
- Replacement of computing equipment with more energy efficient solutions
- Replacement of in-gallery kit with more energy efficient solutions
- Recycling of old hardware more widely.
- Implementation of battery recycling initiative.
- Staff sale of former exhibition stock instead of disposable.
- Introduction of new separate bins across staff working hubs to support more efficient recycling.
- Waste supply chain review and verification.
- Retail products tagged as plastic free, eco or sustainable.
- Achieving 45% of current café products purchased either local, homemade, responsibly sourced or ethical.
- Reduce carbon footprint of products in our shops by including more sustainable options.
- Meat free offer increased.
- Delivery and transport methods reviewed (air vs sea vs road) for goods purchased, goods delivery and touring.
- Drinks in cafes changed from single use plastics to cans or glass.
- Reduction of single use plastics includes removing all straws, single serve milk jiggers and increased the amount of grab and go packaging to either be fully recyclable or compostable.
- Partnership with local foodbanks for large food waste.

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- Identification and programme to replace kitchen equipment with more energy efficient facilities.
- Undertaken full staff engagement survey to support advisory service delivery around sustainability – designed to support learning and action, in the workplace and at home.

Finite Resource Consumption

Paper consumption has decreased significantly to 30 reams of A4 and 8 reams A3 (21/22 180 reams of A4). A key factor in this reduction is the paper free alternatives introduced for document sharing and NML continues to promote a 'paperless' operating environment. A large proportion of our workforce are working from home and the way in which we operate our business has been to move to a permanent hybrid working style that has operated throughout 22/23. We have gained significant ground in our consideration of more flexible working models for teams, and the commitment of focusing on this work, rationalising spaces and assessing suitability of surroundings from a sustainability perspective is a key factor in the decision making. The work continues but the staff hub spaces on offer at Midland Railway Building are an example of an older space being repurposed in an energy efficient way.

Waste minimisation and management

NML has continued its contractual relationship with Veolia - a company which remains committed zero waste to landfill. The processed waste tonnage for 22/23 was 139.37 (21/22 106.43k) which reflects the fact that venue operations has increased and physical access for the public has grown. The statistics available on waste processing indicate that with 18k of CO2 emissions saved (21/22 15k), NML's environmental contribution in this area is equivalent to 65 trees planted, 6 cars kept off road and 12 houses powered.

Sustainable procurement and construction

As the public sector accounts for around 2% of all UK emissions, and the built environment accounts for around 40%, it is crucial for the public sector to show leadership and contribute to the delivery of Net Zero, by reducing its emissions, and in particular its direct emissions, which arise predominantly as a result of heating. A starting point in decarbonising is to have in place a "Heat decarbonisation plan" (HDP as mentioned above), which demonstrates how an organisation will reduce its emissions. It will be coordinated with the M&E replacements prioritised from the Condition surveys. The District Heating network for Mersey Waters, "Mersey Heat Extension" is currently reviewing the possibility to connect the network to the Museum of Liverpool.

The low carbon heat and hot water supply will be run using water source heat pumps in the River Mersey. This energy source could replace the Combined Heat and Power (CHP) plant in the Great Western Railway Building that currently supplies energy to Museum of Liverpool. The timing would coincide with the end of NML's 17-year arrangement with Centrica who maintain the CHP which ends in 2027. The Mersey Heat network could also be linked to the Transport Shed project in Birkenhead.

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Energy consumption and CO2 emissions

Area		2019/20	2020/21	2021/22	2022/23
Greenhouse Gas Emissions (t CO2e)	Scope 1 - Gas	3,178	2,450	2,450	2,659
	Scope 2 - Electric	2,576	2,049	2,049	1,280
	Scope 3 - Travel	40	4	4	9
Estate energy	Electricity consumption kWh	10,175,572	8,855,085	8,014,241	6,692,070
	Expenditure	£1,309,553	£1,201,496	£1,140,669	£1,261,812
	Gas Consumption kWh	14,285,972	13,348,644	8,062,577	14,596,947
	Expenditure	£356,641	£297,309	£209,745	£564,708
Estate Waste	Total Amount - tonnes	155.2	1.0	0.11	0.02
	Total Expenditure	£39,556	£17,722	£52,306	£61,428
	ICT Waste (at zero cost) - tonnes	0	0	0	0
	Waste incinerated with energy recovery - tonnes	122.90	0.20	0.08	0.00
	Waste to Landfill - tonnes	0.00	0.00	0.00	0.0
	Waste recycled - tonnes	32.30	0.80	0.03	0.02
Estate Water	Consumption	19,567 m3	13,075 m3	12,949 m3	8,866 m3
	Expenditure	£125,734	£145,052	£87,088	£63,012

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. In NML's opinion it is the Trustees and the Directorships described below, who are responsible for directing and controlling the major activities of NML.

Single Total Figure of Remuneration of Chief Executive and Directors Team (subject to audit)

	Salary including Performance pay 2022/23	Salary including Performance pay 2021/22	Pension Benefits 2022/23	Pension Benefits 2021/22	Total 2022/23	Total 2021/22
	£000's	£000's	£000's	£000's	£000's	£000's
Laura Pye, Director and Accounting Officer	125-130	120-125	45-50	40-45	170-175	160-165
Sandra Penketh, Executive Director of Art Galleries and Collections Care	80-85	70-75	30-35	25-30	115-120	95-100
David Watson, Executive Director of Audiences and Media	80-85	75-80	30-35	25-30	115-120	105-110
Stephanie Donaldson, Executive Director of Business Resources	80-85	80-85	30-35	25-30	115-120	110-115
Janet Dugdale, Executive Director of Museums and Participation	80-85	70-75	30-35	25-30	115-120	95-100
JamieJohn Anderson, Executive Director of Visitor Experience, Commercial & Operations (4)	80-85	45-50 (80-85) (3)	0-5	5-10 (10-15) (3)	85-95	50-60 (90-95) (3)
Melanie Lewis, Executive Director of Visitor Experience, Commercial & Operations (4)	-	40-45 (85-90) (3)	-	0-5 (10-15) (3)	-	40-45 (95-100) (3)
Stephen Allen, Executive Director of Museums and Participation	-	5-10 (35-40) (3)	-	0-5 (0-5) (3)	-	10-15 (40-45) (3)

Notes

¹ No bonus was paid in 2022/23 or 2021/22.

² 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.

³ Represents annualised salary as not employed for a full year.

⁴ Paid by subsidiary company.

The Directorships during the year were:

- Director and Accounting Officer;
- Executive Director of Art Galleries & Collections Care;
- Executive Director of Audiences & Media;
- Executive Director of Business Resources;

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- Executive Director of Visitor Experience, Commercial & Operations⁴; and
- Executive Director of Museums & Participation.

The membership of the Remuneration Committee for the year ending 31 March 2023 comprised:

- Chair of Audit & Risk Committee,
- Chair of Board of Trustees,
- Chair of Finance & Resources Committee
- Virginia Tandy (Independent Trustee).

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

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

All staff, other than the Director, are recruited to job levels 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, except for the Director, is determined by the agreed pay remit.

In addition to the negotiated salary, the Director can benefit from a performance related annual pay award of £5,000 which would be consolidated and pensionable if awarded. The performance of the Director is assessed annually by the Trustees to determine the pay award. The reporting period for this performance review is 1 April 2022 to 31 March 2023.

The Chair and Board of Trustees neither received nor waived any remuneration or other benefits for their services during the year 2022/23 (2021/22: nil). The emoluments of the NML Directorships are shown in the table above, which has been audited. There were no benefits in kind received by the Directors. Further details on staff costs can be found in Note 5 of the financial statements.

There are a series of management teams which meet to consider a range of issues. These teams are the:

- Leadership Team;
- Extended Leadership Team; and
- Senior Management Team.

The Leadership Team consists of the Executive Directorships including the Executive Director of Visitor Experience, Commercial & Operational, employed by NMLT. The annual appraisals of the Leadership Team are countersigned by the Remuneration Committee.

Extended Leadership Team is made up of the Leadership Team and a small number of Senior Management Team. They review performance against key measures, review the strategic risk register, approve investment in developments and ensure NML is aligning action and priorities to our strategic plan.

The Senior Management Team consists of the Extended Leadership Team plus other departmental managers. This team ensures plans and performance are translated and delivered through the wider organisation.

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Fair Pay Disclosures (subject to audit)

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

The banded remuneration of the highest-paid director in the organisation in the financial year 2022/23 was £125k-£130k (2021/22: £120-125k) a 4% increase.

Pay disclosure comparison with the band of the highest paid Director's remuneration:

	2022-23	2021-22	
	£000's	£000's	% change
Band of highest paid director's total remuneration	125 - 130	120 - 125	4%
Lower quartile			
Total Remuneration	£21,028	£19,292	9%
Ratio	5.94	6.22	-4%
Median			
Total Remuneration	£25,142	£23,927	5%
Ratio	4.97	5.02	-1%
Upper quartile			
Total Remuneration	£31,355	£29,225	7%
Ratio	3.99	4.11	-3%

In 2022/23 NML applied a flat increase of 2% to all salaries from 1 April 2022. In addition, those colleagues affected by the Real Living Wage

received an additional increase from 1 September 2022, from £10.00 per hour to £10.90 (9% increase). First line managers also received an increase from this date, maintaining a 7.5% differential to those colleagues on Real Living Wage. The highest paid director received an increase of 4% increase in line with existing contractual obligations. There were no additional bonuses or benefits for the highest paid director in either year.

The overall salary differential for employees for 2022/23:

	2022-23	2021-22	
	£000's	£000's	% change
Overall salary range including highest paid director			
Highest	£125,000	£120,000	4%
Lowest	£21,028	£19,292	9%
Average salary range excluding highest paid director	£28,300	£26,625	6%

In 2022/23 (2021/22: Nil) no employees received remuneration higher in excess of the highest paid director. Total remuneration includes salary only. It does not include severance payments, employer pension contributions and the cash equivalent transfer value (CETV) of pensions.

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Pension

Pension benefits are provided through a range of Civil Service pension arrangements. The Civil Servants and Others Pension Scheme (CSOPS) or **alpha** provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age. All newly appointed employees are automatically enrolled in the alpha scheme, irregardless of previous service, unless they opt to join one of the partnership money purchase schemes. Previous pension schemes, namely **Classic, Classic plus, Premium and Nuvos** are now closed to new joiners, with existing scheme members being transferred to the alpha scheme over a period from 1 April 2015 to 1 April 2022 dependent upon age. Existing service relating to membership in one of the earlier schemes, **Classic, Premium, Classic plus, Nuvos**, is preserved and increased in line with scheme rules.

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.

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of **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 their 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 2022/23, employers' contributions of £3,016k were payable to the CSOPS/PCSPS (2021/22: £2,763) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (unchanged from 2021/22). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022/23 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 17.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers, for 2022/23 employers' contributions of £19k were paid (2021/22: £16k). The employee does not have to contribute, but where they do make contributions, employee contributions are age-related and range from 3% to 6% 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).

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

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

Chief Executive and Directors Team Pension Entitlements (subject to audit)

	Accrued pension at pension age as at 31/03/23	Real increase in pension and related lump sum at pension age	CETV at 31/03/23	CETV at 31/03/22 Restated	Real increase in CETV
	£000's	£000's	£000's	£000's	£000's
Laura Pye, Director and Accounting Officer	10 - 15	2.5 - 5	123	90	19
Sandra Penketh, Executive Director of Art Galleries and Collections Care	35 - 40 plus a lump sum of 75 - 80	2.5 - 5 plus a lump sum of 2.5 - 5	703	583	49
David Watson, Executive Director of Audiences and Media	5 - 10	0 - 2.5	60	41	11
Stephanie Donaldson, Executive Director of Business Resources	5 - 10	0 - 2.5	114	87	16
Janet Dugdale, Executive Director of Museums and Participation	35 - 40 plus a lump sum of 75 - 80	2.5 - 5 plus a lump sum of 2.5 - 5	739	615	51
Stephen Allen, Executive Director of Museums and Participation	-	-	-	501	-

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

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 highest 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.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

There was no 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 of 31 March 2020. Increased employer contribution rates arising from the valuation were implemented from April 2024.

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 because 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

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arrangement, which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member because 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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.

Exit Packages (subject to audit)

The audited table below represents actual exits in year and the respective cost of those exits.

	Exit package cost band	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
1	< £10,000	nil	nil	nil	nil	nil	nil
2	£10,000-£25,000	nil	nil	2	nil	2	Nil
3	£25,000-£50,000	nil	nil	3	1	3	1
4	£50,000-£100,000	nil	nil	nil	nil	nil	nil
5	Total number of exit packages	nil	nil	5	1	5	1
6	Total resource cost / £000s	nil	nil	126	61	126	61

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 approved, irrespective of the leave date and fully funded from existing reserves. Ill-health retirement costs are met by the pension scheme and are not included in the table.

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 Job Level F - 4 weeks minimum; and
- Job Level G and above - 3 months minimum.

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

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Other Staffing Information

The Annual Salary Band and average number of Full-Time Equivalent (FTE) employees analysed by directorate and category notes below are audited.

The analysis of Staff Members with annual salaries over £60,000 is as follows:

Annual Salary Band	2022/23 Number of FTE	2021/22 Number of FTE
£60,001-£70,000	2	-
£70,001-£80,000	-	3
£80,001-£90,000	5	3
£90,001-£100,000	-	-
£100,001-£110,000	-	-
£110,001-£120,000	-	-
£120,001-£130,000	1	1

The organisation has continued to evolve over the last year, with the pace and nature of change being influenced by the business recovery plan as a response to the legacy of the Covid-19 pandemic. In addition, a significant number of staff have been recruited, through capital funding, as part of the ongoing Waterfront Project.

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

Employee Configuration as of 31 March, 2023		Employee Configuration as of 31 March, 2022	
Art Galleries & Collection Care	46	Art Galleries & Collection Care	47
Audiences & Media	68	Audiences & Media	63
Business Resources	35	Business Resources	54
Directors Office (inc. HoM and S&P)	18	Directors Office	6
Museums & Participation	108	Museums & Participation	96
Visitor Experience ¹	142	Visitor Experience	128
NML Trading Ltd	74	NML Trading Ltd	77
	<u>491</u>		<u>471</u>

Average Number of Staff Full Time Equivalent (subject to audit)

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

Employee Configuration as of 31 March, 2022		Employee Configuration as of 31 March, 2021	
Staff on permanent contract	452	Staff on permanent contract	433
Staff on fixed term contracts	39	Staff on fixed term contracts	38
Total	<u>491</u>	Total	<u>471</u>

NML does not have data available to analyse over the organisation's "Charitable Activities" as required by the SORP. The average number of "Full-Time Equivalents" capitalised is 26 (10.0 in 2021/22) and has grown due to an expended capital programme.

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A further audited analysis of the composition of 'Full-Time Equivalent' employees as of 31 March 2023 is as follows:

	2022/23			2021/22		
	Female	Male	Total	Female	Male	Total
NML Directors	4	2	6	4	1	5
Employees	306	179	485	288	178	466
Senior Civil Servants	-	-	-	-	-	-
Total	310	181	491	292	179	471

The Trustees neither received nor waived any remuneration or other benefits during the year. Payments to reimburse Trustees' travel and subsistence costs associated with the attendance of meetings amounted to £1,120 (2021/22: £Nil). Four Trustees were reimbursed in 2022/23 (2021/22: Nil). Travel and subsistence costs waived by Trustees were not material. (Audited)

The average number of days lost per employee due to sickness, was 7.4 days (4.1 days excluding long term sickness) for 2022/23 4.7 days (4.6 days excluding long term sickness) for 2021/22). (Unaudited)

Trade Union Facility Time

Facility time is paid time off for union representatives to carry out trade union activities.

Table 1: Relevant union officials

Number of employees who were relevant union officials during the relevant period	18	Full-time equivalent employee number	16.8
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Table 2: Percentage of time spent on facility time

Percentage of time	Number of employees
0%	13
1-50%	5
51%-99%	-
100%	-

Table 3: Percentage of pay bill spent on facility time

Total cost of facility time	Amount
Total pay bill	£5k
Percentage of the total pay bill spent on facility time, calculated as:	£441k
	1.13%

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Table 4: Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:

100%

(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

Regularity of expenditure (audited)

NML is required to report on the regularity of expenditure including losses and special payments in line with Managing Public Money requirements. No special payments were made in 2022/23 (2021/22: Nil).

For the financial year 2022/23, NML has no reportable amounts in line with the Financial Reporting Manual (FRM) in respect of the following:

- losses
- remote contingent liabilities.



Laura Pye
Director and Accounting Officer
Date: 11/07/2024

KEY PERFORMANCE INDICATORS

NML has stated below target performance against both key and other indicators. No targets were set by DCMS for 2022/23.

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

The improvement in performance compared to last year reflects the fact that visitors including schools began to return to venue-based offers and to plan their visit by seeking information from the website. Trading and Admissions income both show increases which links with the reopening of venues and the appetite of visitors to attend.

Trading income as shown in OPI (8) is calculated on a different basis to that shown in the Statement on page 56.

Performance Indicator	2022/23 Outturn	2021/22 Outturn
Core Targets		
KPI (1) Total number of visits	2,350,722	1,389,193
KPI (2) Charitable giving - fundraising including donated assets;	£10,541,267	£3,533,000
Donated Assets included above:	£4,655,223	£137,000
OPI (1) Number of unique website visits	5,535,970	4,095,458
OPI (2) Number of visits by children under 16	432,533	247,276
OPI (3) Number of overseas visits	354,959	33,341
OPI (4) Number of facilitated & self-directed visits to the museum/gallery by visitors under 18 in formal education	134,701	41,404
OPI (5) Number of instances of visitors under 18 participating in on-site organised activities	125,854	22,111
OPI (6) Percentage (%) of visitors who would recommend a visit	96%	98%
OPI (7) Admissions income (gross income)	£849,493	£331,000
OPI (8) Trading income (net income)	£626,553	£395,000
OPI (9) Number of UK loan venues	73	77

Statement of Trustees' and Director's responsibilities

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 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 State¹, 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 accounts on the going concern basis, unless it is inappropriate to presume that NML will continue in operation;

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- 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.

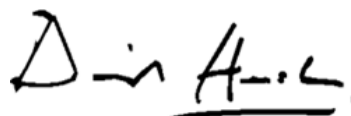
The Accounting Officer for the Department for Culture, Media and Sport has designated the Director of the National Museums Liverpool as the Accounting Officer. Their relevant responsibilities as Accounting Officer, including their responsibility for the propriety and regularity of the public finances for which they are answerable and for the keeping of proper records, are set out by the Treasury in Managing Public Money.

The Accounting Officer confirms that the annual report and accounts 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.

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.



Laura Pye
Director and Accounting Officer
Date: 11/07/2024



Sir David Henshaw
Chairman of Trustees
Date: 11/07/2024

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

Governance Statement

Governance Framework

NML is governed by the Board of Trustees who are accountable for the overall direction and strategy of NML, have due regard for the guidance published by the Charity 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.

The Principal Accounting Officer of DCMS appointed Laura Pye as Director and Accounting Officer for the organisation in 2018. The 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 by the Treasury in Managing Public Money. The Director is responsible for the day to day running of the organisation, ensuring that a sound system of Governance and Internal Control are in place, and 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 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 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 NML and 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 2022/23 and the Annual Budget.

The Board met four times during the year for formal board meetings and twice for informal board sessions 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 Committees of the Board;
- financial performance, budget and financial plan;
- Reserves Policy, Investment Policy and ethical investment preferences;
- business development plans;
- approval of strategy and policy, including:
 - Fraud, Bribery & Corruption Strategy.
 - Fraud Bribery & Corruption Policy & Fraud Response Plan.
 - Risk Management Strategy.
 - Risk Management Policy & Procedures.
 - Safeguarding Policy.
 - Emergency Preparedness Policy.
- items accessioned.
- loans agreed;
- performance metrics;

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- risk management;
- legal and fraud registers;
- health and safety and
- estates compliance;
- safeguarding;
- Scheme of Delegation;
- DCMS Framework Document.

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. To carry out some of its responsibilities, the Board delegates to three committees.

The Finance & Resources Committee met four times during the year. The meetings review issues such as the forward financial plan, performance against budget, the capital project budget, accounting policy, and the Annual Report and Accounts.

The Audit & Risk Committee (ARC) met six times during the year to fulfil its remit as defined in its Terms of Reference and oversee NML's control environment. This included regular review of NML's strategic and intermediate risk register and consideration of the Risk Management Strategy (2021 – 24) and Risk Management Policy and Procedures. The Committee also considered the work of the internal and external auditors, including follow-up of internal audit recommendations. The Audit & Risk Committee also reviewed the updating of the Risk Appetite Statement.

The Committee received regular updates on NML's work towards full compliance with Government Functional Standard GovS 013: Counter Fraud, Bribery & Corruption and considered NML's Fraud Risk Register, along with review of the Confidential Reporting (Whistleblowing) Policy. The Committee also considered the effectiveness of NML's information management arrangements, the Head of Internal Audit's Annual Report, and the Annual Report and Accounts, including NAO's audit planning process and Audit Completion Report. The Chair of ARC meets regularly 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.

The Commercial Committee met three times during the year. The meetings provide oversight and challenge to NML Group commercial activity and income streams including the exhibitions programme and commercial opportunities. The Committee also review the procurement pipeline.

The Remuneration Committee met three times during the year to review the performance of the Director (and to consider any performance-related pay), other members of the Leadership Team, the Chair, and the Board.

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

The Development Committee was established to support the delivery of NML's Combined Fundraising Strategy. This Group held its first meeting in March 2022 and is chaired by Ian Rosenblatt OBE (NML Trustee).

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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.

Quality of information presented to the Board

A standard reporting format is used, and feedback is considered regarding on-going changes to requirements. Financial reporting is scrutinised by the Finance & Resources Committee prior to submission to the Board. Risk and Audit information is reviewed in detail by ARC before reporting to the Board. The Chair of each Committee is invited to provide an update at every Board meeting.

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. 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.

Name	Board (4)	Audit & Risk (7)	Finance & Resources (4)	Commercial (3)	Remuneration (3)
Trustees					
Sir David Henshaw*	100% (4/4)				100% (3/3)
John Belchem*	100% (1/1)				
Dinah Birch*	0% (0/1)				
Heather Blyth*	100% (4/4)				
Isabel Chadwick*	50% (2/4)			100% (3/3)	
Jim Chapman*	75% (3/4)	29% (2/7)	75% (3/4)		
Lynn Collins*	100% (1/1)				
Sarah Dean*	50% (2/4)	86% (6/7)	100% (4/4)	67% (2/3)	33% (1/3)
Paul Eccleson*	100% (4/4)	100% (7/7)	100% (4/4)	100% (3/3)	100% (3/3)
Anna Farthing*	100% (1/1)				
David Fleming*	100% (4/4)	100% (7/7)			
Philip Lloyd*	100% (1/1)				
Rita McLean*	100% (4/4)				
Ian Rosenblatt*	25% (1/4)				
Max Steinberg	0% (0/4)				
Virginia Tandy*	75% (3/4)			50% (1/2)	67% (2/3)
Tony Wilson*	75% (3/4)				
Associate Trustees					
Michelle Charters*	50% (2/4)				
Andy McCluskey*	0% (0/4)			67% (2/3)	

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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. This includes counter-fraud, anti-corruption, and anti-bribery arrangements. It is in place to ensure that NML can 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.

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.

No data breaches occurred during the year which required reporting to the Information Commissioner's Office.

Registers of Interests are maintained for Trustees and the Leadership Team, and potential 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 ARC. The Internal Audit Plan reviews governance, risk management and internal controls in key areas, determined through a risk-based assessment undertaken by our Internal Auditors and in consultation with the Leadership Team and ARC. The findings of the reviews undertaken during the year inform an assessment on the adequacy and effectiveness of the control environment and where appropriate identify areas for improvement.

Governance of Trading Subsidiary

During the year, the governance and monitoring arrangements of NML's trading subsidiary, NML Trading Limited (NMLT) were overseen by NML's Commercial Committee

In March 2022 the Board approved the establishment of a Commercial Committee to provide an added level of NML Group governance and engage Trustee support, expertise and oversight in commercial activities. The Committee is chaired by Isabel Chadwick (Trustee) who previously chaired the NMLT Board, the membership of which was also restructured as part of this exercise. The first cycle of Commercial Committee meetings took place during 22/23.

Review of the Effectiveness of Governance

The Board believes that it is effective. A self-assessment of Board effectiveness is carried out on an annual basis and the outcomes reviewed at the March meeting of the Board. Appraisals of the Chair and Trustees are undertaken, with the Chair's appraisal being conducted by DCMS, 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 Leadership Team, and other senior managers within NML. In addition, assurance is also informed by External Audit, in the form of specific reports, and their management letter.

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Internal Audit

The Government Internal Audit Agency was appointed as the NML group's Internal Audit service provider on 1 April 2021.

ARC approved the internal audit plan for the 2022/23 year. ARC is 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, in accordance with the internal audit plan:

- Recruitment
- Programme and Project Management
- Fundraising
- Collections Care – Environmental Conditions
- Financial Planning
- Risk Management (embedded assurance activity).

In addition, a Risk Appetite Workshop was facilitated by GIAA with NML's Leadership Team in December 2022.

Head of Internal Audit's opinion

GIAA have provided a moderate opinion in respect of the adequacy of the framework of governance, risk management and control within NML for 2022/23, based on their work undertaken during the year. This work not only involved internal audit activity conducted during the year, but also meetings with senior management and observations during attendance at ARC.

The individual reviews highlighted some areas for improvement. Limited assurance was provided on Programme and Project Management, relating to weaknesses in the programme governance structure. Moderate assurance was provided over all other reviewed areas, covering a broad range of NML risk areas including recruitment, care of collections, fundraising, and financial planning. While issues raised were specific to the individual areas, it was noted that there was scope to develop oversight in certain areas and improve process controls. In the recruitment review, one high risk area was highlighted in relation to employee checks, although noted that the risk exposure will diminish going forward. Since this review controls in relation to employee checks have been strengthened.

The opinion has also considered improvements across a range of activities and functions. NML has continued to strengthen its approach in key areas, which is noted in the trajectory of assurance opinions. More directly, it was noted that internal controls relating to fundraising and financial planning were relatively robust, particularly against a challenging financial backdrop. Likewise, there is a general positive trend in terms of internal audit engagement, with a better understanding of assurance benefits and its role in continuous improvement.

Areas of good practice identified by GIAA include:

- the development of maturity in relation to Risk Appetite, following a workshop in December 2022, with a more realistic approach to determining risk appetites for various areas in NML that more closely align with how risks are managed.
- improvements made in strategic and intermediate risk management arrangements and where focus should now shift to embed risk management arrangements at an operational level.

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- improvement in how assurance activity is understood in NML

GIAA will continue to develop their understanding of NML in 2023/24 as they onboard a new team, via the embedded assurance work.

Risk Management

To evaluate and monitor the level of risk in the organisation a strategic risk register is maintained which documents the way identified risks are being managed. The strategic risk register is underpinned by intermediate risks managed at Directorate level and is considered on a monthly basis by the Extended Leadership Team. ARC consider changes to strategic risk scores, intermediate risk scores and key risk areas at each meeting.

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 Leadership Team who is responsible for the implementation and monitoring of actions identified to manage the risk. The Leadership Team member delegates risk management to their 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 ARC. 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.

In October 2022 the NML Risk Management Strategy and Risk Management Policy & Procedures were reviewed and approved by the Board of Trustees. This assured the Board on the ongoing maturing of risk management at NML and was complimented by the review of the Risk Appetite Statement following the workshop facilitated by GIAA. The updated Risk Appetite Statement was approved by the Board in March 2023.

Significant rises in the cost of living and energy costs have had an impact on finances during 2022/23. These have been reflected in the increasing score of NMLs Strategic Risk – The Financial Plan is not achieved.

The cost of living has also played a part in the increase in industrial action during 2022/23. Members of the Public and Commercial Services Union (PCS) at NML were involved in strike action on 1 February and 15 March 2023. This resulted in the temporary closures of some venues, but with reallocation of resources NML were able to keep at least one venue open to the public on these dates.

The NML Environmental & Sustainability (E&S) Task Force was established during 2021/22 to focus on achieving positive change across the entire NML group to ensure NML is as environmentally friendly and sustainable as possible and taking appropriate steps to mitigate and address E&S risk. Nine sub-groups each have a designated area of focus developing a

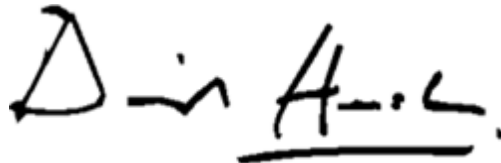
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baseline, engaging, collaborating and communicating both internally and externally and developing action plans.

All other risks are considered to have been managed to tolerable levels or are subject to current improvement actions to ensure sustainable management at this level.



Laura Pye
Director & Accounting Officer
Date: 11/07/2024



Sir David Henshaw
Chairman of Trustees
Date: 11/07/2024

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 the National Museums and Galleries on Merseyside and its Group for the year ended 31 March 2023 under the Merseyside Museums and Galleries Order 1986. The financial statements comprise: the National Museums and Galleries on Merseyside and its Group's

- Consolidated and Museum balance sheet as at 31 March 2023;
- Statement of Financial Activities, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the National Museums and Galleries on Merseyside and its Group's affairs as at 31 March 2023 and its net expenditure for the year then ended;
- have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and Secretary of State for Culture Media and Sports 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 2019*. I am independent of the National Museums and Galleries on Merseyside and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Museums and Galleries on Merseyside and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Museums and Galleries on Merseyside and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report thereafter. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Museums and Galleries Order 1986.

In my opinion, based on the work undertaken in the course of the audit:

- those parts of the Annual Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Merseyside Museums and Galleries Order 1986;
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Museums and Galleries on Merseyside and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

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 by the National Museums and Galleries on Merseyside and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Annual Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the National Museums and Galleries on Merseyside and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but

National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2023

is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud:

- considered the nature of the sector, control environment and operational performance including the design of the National Museums and Galleries on Merseyside and its Group's accounting policies.
- inquired of management, National Museums and Galleries on Merseyside's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Museums and Galleries on Merseyside and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Museums and Galleries on Merseyside and its Group's controls relating to compliance with the Merseyside Museums and Galleries Order 1986, the Charities Act 2011 and Managing Public Money;
- inquired of management, the National Museums and Galleries on Merseyside's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams and where relevant internal and external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Museums and Galleries on Merseyside and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2023

I obtained an understanding of the National Museums and Galleries on Merseyside and Group's framework of authority and other legal and regulatory frameworks in which the [National Museums and Galleries on Merseyside and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Museums and Galleries on Merseyside and Group. The key laws and regulations I considered in this context included, Merseyside Museums and Galleries Order 1986, the Charities Act 2011, Managing Public Money, employment law, pensions legislation and tax Legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- I addressed the risk of fraud through revenue recognition by evaluating the design and implementation of controls; testing income to corroborating evidence; assessing the completeness of revenue streams; and testing the appropriateness of significant estimates made at year-end; and
- I addressed the risk of misstatement in land and building valuation by evaluating the design and implementation of controls; assessing the competence, objectivity, and independence of valuers; testing the inputs and methodology used in the valuation; and evaluating the outputs of the valuation.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and where relevant to the internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

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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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

12/07/2024

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

National Museums & Galleries on Merseyside
Consolidated Statement of Financial Activities
As of 31 March 2023

	Notes	2022/23				2021/22			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income and endowments									
Donations, grants and legacies	2,2a,6a	24,204	12,614	0	36,818	23,721	7,310	0	31,031
Charitable activities	7a	2,022	186	0	2,208	1,262	0	0	1,262
Trading activities	9	4,465	0	0	4,465	2,810	0	0	2,810
Investments	7b	50	34	82	167	15	41	85	141
Total		30,741	12,834	82	43,658	27,808	7,351	85	35,244
Expenditure									
Raising funds		724	108	0	832	681	120	20	821
Charitable activities		27,065	5,992	0	33,057	24,728	5,509	0	30,237
Trading Activities		5,069	43	0	5,112	4,208	132	0	4,340
Governance		390	57	0	447	314	48	0	362
Total	4	33,248	6,200	0	39,448	29,931	5,809	20	35,760
Net gains/(losses) on investments	8	(86)	(49)	(203)	(338)	65	64	31	160
Net (expenditure)/income		(2,593)	6,585	(120)	3,872	(2,058)	1,606	96	(356)
Transfers between funds		(1,137)	1,137	0	0	(985)	1,050	(65)	0
Impairment of fixed assets		0	(0)	0	(0)	0	0	0	0
Gains/(Losses) on revaluation of fixed assets	6	0	30,209	0	30,209	0	3,822	0	3,822
Net movement in funds		(3,730)	37,931	(120)	34,081	(3,043)	6,478	31	3,466
Brought forward at 1 April		15,391	250,430	3,213	269,034	18,434	243,952	3,182	265,568
Carried forward at 31 March	14	11,661	288,361	3,093	303,115	15,391	250,430	3,213	269,034

All NML's operations relate to continuing activities. There are no recognised gains and losses other than those shown above.

A Statement of Financial Activities for the Museum is included as Note 19.

The notes on pages 57 to 78 form part of these accounts.

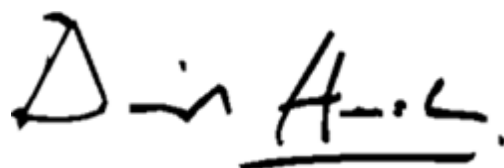
National Museums & Galleries on Merseyside
Consolidated Balance Sheet
As of 31 March 2023

	Notes	2022/23 £000's	2021/22 £000's
Fixed Assets			
Tangible assets	6	262,727	233,959
Heritage assets	6a	26,071	21,416
Intangible assets	6	32	73
Total Fixed Assets		288,830	255,448
Current Assets			
Stock - goods for re-sale		298	229
Investments	8	5,989	6,303
Debtors	10	2,732	4,093
Cash at bank and in hand		9,014	6,128
Total Current Assets		18,033	16,753
Current Liabilities			
Creditors: amounts falling due within one year	11	3,280	2,650
Total Current Liabilities		3,280	2,650
Net Current Assets		14,753	14,103
Total Assets less current liabilities		303,583	269,551
Non-Current Liabilities			
Creditors: amounts falling due after more than one year	11	132	169
Provisions for liabilities and charges	12	337	348
Total Non-Current Liabilities		469	517
Net Assets		303,114	269,034
Represented by:			
Restricted funds	14	288,360	250,430
Unrestricted funds	14	11,661	15,391
Endowment Funds	14	3,093	3,213
Total funds		303,114	269,034

The notes on pages 57 to 78 form part of these accounts.



Laura Pye
 Director and Accounting Officer
 Date: 11/07/2024



Sir David Henshaw
 Chairman of Trustees
 Date: 11/07/2024

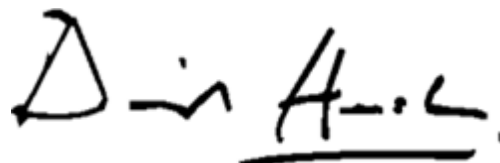
**National Museums & Galleries on Merseyside
Museum Balance Sheet
As of 31 March 2023**

	Notes	2022/23 £000's	2021/22 £000's
Fixed Assets			
Tangible assets	6	262,640	233,842
Heritage assets	6a	26,071	21,416
Intangible assets	6	32	73
Investment in NML Trading Limited	9	610	610
Total Fixed Assets		289,354	255,941
Current Assets			
Investments	8	5,989	6,303
Debtors	10	5,953	5,160
Cash at bank and in hand		6,502	4,762
Total Current Assets		18,444	16,225
Current Liabilities			
Creditors: amounts falling due within one year	11	4,256	2,657
Total Current Liabilities		4,256	2,657
Net Current Assets		14,188	13,568
Total Assets less current liabilities		303,541	269,509
Non-Current Liabilities			
Creditors: amounts falling due after more than one year	11	132	169
Provisions for liabilities and charges	12	337	348
Total Non-Current Liabilities		469	517
Net Assets		303,072	268,992
Represented by:			
Restricted funds	14	288,360	250,430
Unrestricted funds	14	11,619	15,349
Endowment Funds	14	3,093	3,213
Total funds		303,072	268,992

The notes on pages 57 to 78 form part of these accounts.



Laura Pye
Director and Accounting Officer
Date: 11/07/2024



Sir David Henshaw
Chairman of Trustees
Date: 11/07/2024

National Museums & Galleries on Merseyside
Consolidated Cash Flow Statement
For the year ended 31 March 2023

	Notes	2022/23 £000	2021/22 £000
Cash flows from operating activities:			
Net cash provided by operating activities		9,464	2,413
Cash flows from investing activities:			
Dividends and interest received		166	141
Purchase of tangible, intangible and heritage assets	6 & 6a	(6,763)	(7,920)
Proceeds from sale of investments	8	180	67
Purchase of investments	8	(81)	0
Net cash used in investing activities:		<u>(6,498)</u>	<u>(7,712)</u>
Change in cash and cash equivalents in the reporting period		<u>2,966</u>	<u>(5,299)</u>
Cash and cash equivalents at the beginning of the reporting period		6,329	11,628
Cash and cash equivalents at the end of the reporting period		<u>9,295</u>	<u>6,329</u>

Notes to the Consolidated Cash Flow Statement

	Notes	2022/23 £000	2021/22 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		3,872	(356)
Adjustments for:			
Depreciation and impairment charges	6	8,244	6,768
(Gains)/losses on investments	8	296	(162)
Dividends and interest received from investments	7b	(167)	(141)
Gifts	6a	(4,655)	(137)
Increase in stocks		(69)	(27)
(Increase)/decrease in debtors	10	1,361	(2,383)
Increase/(decrease) in creditors	11	593	(990)
Decrease in provisions	12	(11)	(159)
Net cash provided by operating activities		<u>9,464</u>	<u>2,413</u>
Analysis of cash and cash equivalents			
	Notes	2022/23 £000	2021/22 £000
Cash in hand		9,014	6,128
Short-term cash deposits (investments)	8	281	201
		<u>9,295</u>	<u>6,329</u>

Notes forming part of the Financial Statements

Included within short term cash deposits are endowment funds which are not available for use by the charity as in accordance with the wishes of the donor they must be held as capital. The cash held on 31 March 2023 which was not available for this reason was £145k (2021/22: £100k) held as a restricted fund within the non-expendable capital investments portfolio. There are no cash equivalents to consider (2022: £nil).

The notes on pages 57 to 78 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 (FReM);
- 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 2019 (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. The charity is a public benefit entity.

Although Covid-19 and the energy crisis have had a significant financial impact, 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 for a period of at least 12 months from the date the financial statements are signed. NML is principally funded by UK Government grant and has received formal funding confirmation for 2024/25. Although this level of funding may alter in the future, there is no evidence that it will end.

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 19, 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 and the NMLT P&L reserve is included within unrestricted funds. The SoFA, adjusted for intra-group transactions, and the Balance Sheets of NML and NMLT are consolidated on a line-by-line basis.

b) *Income and Endowments*

In line with the Charities SORP 2019 (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.

Notes forming part of the Financial Statements

Grant-in-Aid from DCMS is taken to the SoFA in the year in which it is received. It is recognised under the performance model underpinned by a Framework Document with the sponsor Department.

Capital grants with a restricted application, for example, The National Lottery Heritage Fund income is recognised as and when the conditions for their receipt have been met.

Endowment capital is maintained intact and any change in capital value is reinvested in the capital portfolio. Income arising from investments is transferred to restricted funds in accordance with the wishes of the donor.

Income from charitable activities primarily includes exhibitions, special projects and fees and charges under commercial contracts.

Incoming resources of a similar nature are grouped together in line with Charities SORP 2019 (FRS102) requirements.

c) **Expenditure**

Resources expended of a similar nature are also grouped together in line with the Charities SORP 2019 (FRS102). The charitable activity groupings are; care of collections, estate management, visitor services, exhibitions, and education. 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 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) and legal advice on governance issues.

Support costs are; management, marketing, finance, information systems and human resources. These costs are apportioned over the activities being supported within the SOFA as per FRS102. Apportionment is calculated on the same basis as administration costs.

d) **Heritage assets**

In accordance with accounting standards, heritage assets acquired by NML have been reported in the balance sheet since 1 April 2001 where cost or valuation information is available.

In relation to collections acquired by NML prior to the requirement to capitalise collections, given the purpose for which the collection is held NML has assessed that this information cannot be obtained at a cost that would be commensurate with the benefit to users of the financial statements. In addition to the number of assets involved, this assessment reflects that any valuation would be complicated by the quantity and nature of such assets, that they are rarely sold, they often have a value enhanced above the intrinsic through their association with a person, event, or collection, that there are a very limited number of buyers, with no homogeneous population of assets on the market and there is often imperfect information about the items.

Notes forming part of the Financial Statements

Since 2001, acquisitions are recorded at either purchase cost or at a value determined 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.

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 threshold for capitalisation of donated items is £500.

For impairment – the heritage assets are the items in the collection which the registrars keep track of and the conservators preserve; repair; protect so that intrinsic value remains; the registrars are aware of the need to notify of damage or other concerns over assets and are contacted for information on impairment indicators in the same way as other departments; No impairment cases were notified for 22/23. Cut off/accruals reviews for purchased heritage assets (auction) – same as any other assets. For donated items – the trigger would be the documentation from the registrar and management accounting reviews with budget managers; this again ensures assets known to have been accessioned get into the books in right period

e) **Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of NML. Restricted funds are funds subject to specific restriction imposed by donors, by the purpose of a fundraising appeal or by their use to fund an asset which is itself restricted. Transfers between unrestricted funds arise for several reasons, including:

- to transfer assets from unrestricted funds to finance a deficit on a restricted fund;
- to transfer the value of tangible fixed assets from restricted to unrestricted funds when the asset has been purchased from a restricted fund donation but is held for a general and not a restricted purpose;
- where restricted funds have been lawfully released and transferred to unrestricted funds;
- where the trustees have exercised a power to declare a special trust over a gift initially recognised as unrestricted; or
- where charity law permits the proceeds of restricted funds to be spent for an alternative purpose (for example the alternative use of the proceeds of a failed appeal, or the alternative use of excess of funds raised from an appeal).

f) **Tangible and Intangible fixed assets**

Fixed assets are stated at cost or valuation. Depreciation is provided on all fixed 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
Intangible assets	4 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).

Notes forming part of the Financial Statements

Building assets during 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. Impairment reviews are undertaken when necessary to ensure that the service potential of assets remains undiminished. Any excess of the carrying value over the recoverable value is written off, either within depreciation in the Statement of Financial Activities, or to the revaluation reserve to the extent that it relates to a previously revalued asset.

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 of 31 March 2022 by Gerald Eve LLP (Previously as of 31 March 2017 by Deloitte). In the intervening years an external desktop valuation is undertaken, where the independent valuers undertake their work using a methodology which they consider most appropriate to the circumstances, including the use of any index which they deem appropriate.

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, the value of the asset is reduced, and the impairment disclosed in the accounts.

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 several 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 employees are employed on terms, conditions and rates of pay determined by the Trustees. Employees who meet the eligibility requirements are entitled to membership of the Civil Servants and Others Pension Scheme (CSOPS) and the conditions of the Superannuation Acts, 1965 and 1972 apply.

Liability for payment of future Scheme benefits is a charge on CSOPS. The Museum contributes towards the costs of the Scheme over the period during which it benefits from employees' services by payments to the CSOPS of the amounts which they calculate as being required to meet their long-term liabilities. 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.

Notes forming part of the Financial Statements

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 usually 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

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

Other provisions are made when constructive obligations arising from past events are identified as existing on 31 March. The value of untaken employee leave on 31 March has been estimated and accounted for as a provision as the value and timing of any payment that may arise associated with such leave is unknown.

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.

Investment income from securities includes dividends and distributions declared as payable during the year. 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. No investments are held as foreign currencies.

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.

Notes forming part of the Financial Statements

o) Significant Judgements and Estimates

The preparation of the financial statements may require 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 an independent professional desktop exercise is undertaken in the intervening years, with the valuers using whatever methodology including indices which they deem appropriate to the circumstances. Carrying values are shown in note 6 to the financial statements.

2. Donations, grants, and legacies

Unrestricted Grant-in-Aid is received from DCMS and is our principal source of funds. This money is available to support employee and running costs, capital improvement and collection purchases. In addition, we receive some unrestricted donations from visitors, members, and the public.

	2022/23	2021/22
	£000	£000
Government grant revenue allocation	21,918	21,906
Government grant capital allocation	371	769
Total GiA	22,289	22,675
Coronavirus Job Retention Scheme Grant	0	179
Donations from visitors, members and the public	1,915	867
	24,204	23,721

2a. Restricted donations and grants

£12.614m was recognised during the year (2021/22: £7.310m), of which £4.647m was gifted (2021/22: £0.137m).

	2022/23	2021/22
	£000	£000
Government grant capital allocation	3,988	4,531
Coronavirus Job Retention Scheme Grant	0	113
Other revenue and capital grants and donations	3,980	2,529
Gifts	4,647	137
	12,614	7,310

Notes forming part of the Financial Statements

3. Net expenditure

In the SoFA, net expenditure before transfers is stated after charging for:

	2022/23	2021/22
	£000	£000
Travel and subsistence (including trustees)	102	24
Hospitality	207	64
Operating lease payments (Ener-G CHP scheme)	682	632
Operating lease payments (Other)	54	54
Group audit fee	78	69
Trading company audit fee	8	8
Trading company accountancy fee	9	9
Depreciation and amortisation	6,888	6,768

4. Analysis of expenditure

Further details of expenditure are presented below.

Expenditure of a similar nature has been grouped together according to SoFA activities and allocated on a direct basis where applicable and by apportionment for administration and other costs.

Total depreciation/amortisation of £6,888k is split between unrestricted £2,581k (2021/22: £4,307k) and restricted £2,061k (2021/22: £4,001k). Depreciation has been allocated across all SoFA activities including fundraising and governance. Impairments were £1,355k and have been allocated against charitable activities within estate management.

	2022/23							2021/22
	Employee costs		Total	Support		Total	Total	
	£000	Other costs £000		Costs £000	Depreciation £000			Impairments £000
Raising funds	408	116	524	138	171	-	833	821
Charitable activities								
Care of Collections	4,126	383	4,509	1,186	1,469	-	7,164	7,185
Estate Management	929	7,087	8,016	2,110	2,612	1,355	14,093	14,020
Visitor services	3,650	24	3,674	967	1,197	-	5,838	5,218
Exhibitions	752	1,187	1,939	509	632	-	3,080	1,560
Education	1,461	352	1,813	477	591	-	2,881	2,254
Total	10,918	9,033	19,951	5,249	6,501	1,355	33,056	30,237
Trading activities								
Shops, cafes & events	2,613	2,106	4,718	-	56	-	4,774	3,491
Fees & charges activities	300	(87)	213	56	69	-	338	849
Total	2,913	2,019	4,931	56	125	-	5,112	4,340
Governance								
External audit fees	-	75	75	-	-	-	75	77
Corporate Governance	103	19	123	77	91	-	291	239
Internal audit fees	-	58	58	-	-	-	58	44
Legal advice	-	23	23	-	-	-	23	2
Total	103	175	279	77	91	-	446	362
Total expenditure	14,342	11,343	25,685	5,520	6,888	1,355	39,448	35,760
Employee Costs - Support	3,404							
Total Employee Costs	17,746							

Notes forming part of the Financial Statements

Support Costs

	2022/23						2021/22	
	Management £000	Marketing £000	Finance £000	Information Systems £000	Human Resources £000	Voluntary Exits £000	Total £000	Total £000
Raising funds	21	13	4	13	2	-	53	130
Care of Collections	178	110	33	111	20	3	455	1,140
Estate Management	317	196	59	198	35	5	810	2,226
Visitor services	145	90	27	91	16	2	371	829
Exhibitions	77	47	14	48	8	1	195	248
Education	72	44	13	45	8	1	183	358
Fees & charges activities	8	5	2	5	1	-	21	135
Governance	11	7	2	7	1	-	28	57
	829	512	154	518	91	12	2,116	5,123
Employee Costs	631	1,147	448	580	483	114	3,404	2,944
Totals	1,460	1,659	602	1,098	574	126	5,520	8,067

5. Staff Costs

	NML	NML Trading Ltd	2022/23 Total £000	2021/22 Total £000
Wages and salaries	11,172	2,277	13,449	12,248
Social security costs	1,013	163	1,176	1,036
Pension costs	2,931	85	3,016	2,763
Agency staff costs	18	88	106	7
Total within expenditure	15,134	2,613	17,747	16,054
Capitalised staff costs	983	0	983	604
Total	16,117	2,613	18,730	16,658

Note: The above table does not include costs of staff exits during the financial year; these were £114k (2022/23) and £61k (2021/22).

During the year a small amount of staff costs directly associated with the delivery of NML's major capital projects were capitalised.

Under the subsidiary trading company pension arrangements, the pensionable employees of the subsidiary company are in direct contract with the pension provider. NMLT contributes 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 £85k (2021/22: £75k).

6. Tangible and Intangible Assets

NML operates a revaluation policy in relation to its land and buildings. 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 and buildings to cover the intervening periods. The historic cost of land and buildings is not known.

Notes forming part of the Financial Statements

The net book value as of 31 March 2023 was made up of:

	2023	2022
	£000	£000
NML fixed assets	262,640	233,842
NML heritage assets	26,071	21,416
NMLT fixed assets	87	116
	288,798	255,374

The note below reflects the consolidated position of NML and its subsidiary trading company NMLT. All the tangible fixed assets of the trading company are shown within furniture and fittings.

	Land	Buildings	Furniture & Fittings	Permanent Galleries	Motor Vehicles	Total	Intangible Assets
	£000	£000	£000	£000	£000	£000	£000
Asset Value							
Value at 1 April	14,406	208,898	15,892	32,507	291	271,994	209
Additions in year	0	6,461	291	3	0	6,755	8
Disposals	0	0	0	0	0	0	0
Impairment	0	(1,355)	0	0	0	(1,355)	0
Revaluation	1,129	24,772	0	0	0	25,901	0
Value at 31 March	15,535	238,776	16,183	32,510	291	303,295	217
Depreciation							
Value at 1 April	0	0	15,054	22,810	171	38,035	136
Base charge for year	0	4,307	466	2,007	60	6,840	48
Disposals	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Revaluation	0	(4,307)	0	0	0	(4,307)	0
Value at 31 March	0	0	15,520	24,817	231	40,568	184
Net book value:							
At 31 March 2023	15,535	238,776	663	7,693	60	262,727	32
At 31 March 2022	14,406	208,898	838	9,697	119	233,959	73

Gerald Eve LLP, external chartered surveyors, completed desktop valuation of NML's land and buildings as of 31 March 2023 after a full valuation as of March 2022. The table above shows the movement this year in net book value terms, based on this valuation. The valuation complies fully with the RICS Valuation – Professional Standards known as the 'Red Book'.

Properties regarded by NML as operational are valued on the basis of Existing Use Value (EUV) or, where this could not be assessed because there was no market for the asset, on the basis of the Depreciated Replacement Cost (DRC). The only exception to this is the valuation basis for North St Car Park which is at Fair Value. Thus, the valuation figures in the financial statements are the aggregate value of separate valuations.

Disposals in year

There were no disposals made during the year.

Notes forming part of the Financial Statements

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, and the zoology collections. Overall, the collection includes over four million items.

The collection is included in the consolidated balance sheet to comply with current accounting standards. However, unlike other assets, these cannot be sold to support the finances of the organisation. The collection is intended to be held in perpetuity and should any item no longer be required in support of the objectives of the Trustees, any disposal proceeds must be used to acquire further items for the collection. This makes the inclusion of these assets and their valuation primarily a matter of technical accounting compliance.

Collections Management

The approach of the Board of Trustees to the management of the collections in its care is articulated in the Collections Policy (approved by the Board of Trustees 2014). This is supported by more detailed policies and procedures where appropriate. All acquisitions and disposals are made in line with the Policy and 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). The policy was accepted and approved by Arts Council England as part of the institution's application under the Accreditation Scheme.

Both digital and paper-based records are held about the items in the collection and associated information. At any point in time, a small proportion of the collection is on public display. Controlled access to the remainder is usually available on request.

Preservation

Our Environmental Guidelines for Collections sets out our approach to environmental monitoring, climate control, pollution (internal and external), display cases, floor loadings, light and UV radiation, vibration, and pests. The Integrated Pest Management Policy and Procedure is a more detailed explanation of NML's approach to identifying and dealing with pests that present a risk to collections.

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

Valuation

In accordance with accounting standards, heritage assets acquired by NML have been reported in the balance sheet since 1 April 2001 where cost or valuation information is available.

In relation to collections acquired by NML prior to the requirement to capitalise collections, given the purpose for which the collection is held NML has assessed that this information cannot be obtained at a cost that would be commensurate with the benefit to users of the financial statements. In addition to the number of assets involved, this assessment reflects that any valuation would be complicated by the quantity and nature of such assets, that they are rarely sold, they often have a value enhanced above the intrinsic through their association with a person, event, or collection, that there are a very limited number of buyers, with no homogeneous population of assets on the market and there is often imperfect information about the items.

Notes forming part of the Financial Statements

Since 2001, acquisitions are recorded at either purchase cost or at a value determined 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 values on 31 March 2022 and the preceding four years are shown below:

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
	£000	£000	£000	£000	£000	£000
Value at 1 April	21,416	21,042	20,880	20,581	20,314	20,104
Additions	4,655	374	162	299	267	210
Value at 31 March	26,071	21,416	21,042	20,880	20,581	20,314
Additions analysis						
Purchases	0	237	85	38	49	150
Donations	4,655	137	77	261	218	60
	4,655	374	162	299	267	210

The value of assets at historic cost and valuation are shown below:

	1 April	Additions	31 March
	£000	£000	£000
Acquisitions at historic cost	3,720	0	3,720
Donated assets at valuation	17,696	4,655	22,351
Total	21,416	4,655	26,071

7. Income

7a. Income from charitable activities

	2022/23	2021/22
	£000	£000
Admissions (excl Vol Donations)	849	331
Exhibitions (excl admission)	321	303
Fees and charges activities	825	371
Photography	17	12
Projects	196	245
	2,208	1,262

The admissions and fees and charges has increased during the year as a result of resuming some activities on site and opening of galleries.

Notes forming part of the Financial Statements

7b. Investment income

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

	2022/23	2021/22
	£000	£000
Interest receivable	50	15
Trust Funds	34	41
Endowment Funds	83	85
	<u>167</u>	<u>141</u>

8. Financial instruments

The Museum does not hold any complex financial instruments. The only financial instruments included in the accounts are debtors and creditors, cash and provisions as itemised below and in in Notes 10, 11 and 12. Trade debtors 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. No material price or credit risk exists.

Liquidity Risks

In 2022/23 NML's total income was £38.1m. £25.8m (68%) of NML's income derived from Grant-in-Aid from DCMS. 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. 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

		2022/23	2021/22
	Note	£000	£000
Trade debtors	10	287	313
Other debtors	10	1,465	2,585
Cash at bank and in hand		9,014	6,329

The above excludes statutory debtors and prepayments including VAT due from HM Revenue and Customs: £454k (2021/22 £453k).

Notes forming part of the Financial Statements

The age of the NML trade debtors is shown below:

	Less than 30 days	30-60 days	60-90 days	More than 90 days
	£000	£000	£000	£000
As at March 2023	204	35	5	34
As at March 2022	228	8	45	32

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. Most other debtors are grants receivable and are therefore considered to be low risk.

Financial liabilities by category

	Note	2022/23 £000	2021/22 £000
Trade creditors	11	2,086	617
Other creditors	11	0	2
Accruals	11	786	1,022
Provisions	12	337	348

The above excludes statutory creditors and deferred income, including tax and social security payments due to HM Revenue and Customs: £302k (2021/22 £365k). 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 2022/23 was less 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 both Euro and US Dollar bank accounts with a small deposit balance for operational purposes.

Notes forming part of the Financial Statements

Investment Risk

NML has £5.7m (2021/22 £6.1m) invested in fixed interest and equity stocks as shown below. The investment manager (Rathbone Investment Management) works to a low risk profile instruction.

	2022/23	2021/22
	£000	£000
Market value at 1 April	6,102	6,007
Purchases at cost	81	0
Sales at market value	(174)	(37)
Net Loss on sales	(6)	(30)
Net Gain/(Loss) on market revaluation	<u>(296)</u>	<u>162</u>
Market investment value at 31 March	<u>5,708</u>	<u>6,102</u>
	2022/23	2021/22
	£000	£000
Short-term cash deposits	<u>281</u>	<u>201</u>
	<u>281</u>	<u>201</u>
Market value at 31 March	<u>5,989</u>	<u>6,303</u>

The market value of the assets changed during the year as shown below:

	2022/23	2021/22
	£000	£000
Fixed Interest	356	772
UK Equities	3,325	3,215
Overseas Equities	1,877	1,970
Alternatives (infrastructure funds)	<u>150</u>	<u>145</u>
	<u>5,708</u>	<u>6,102</u>
	2022/23	2021/22
	£000	£000
Short-term cash deposits	<u>281</u>	<u>201</u>
	<u>281</u>	<u>201</u>
Market value at 31 March	<u>5,989</u>	<u>6,303</u>

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 always wish to remain largely invested, subject to cash reserves being held as part of the investment management process and to cover liabilities.

Notes forming part of the Financial Statements

9. Trading subsidiary

NML owns the whole of the issued share capital of NML Trading Limited (NMLT). NMLT is a company registered 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:

- L Pye
- S Donaldson
- J Anderson
- Isabel Chadwick (until 31 October 2022)
- G. Andrew McCluskey (until 31 October 2022)

In making their decisions during the year, the Directors have acted in the way that they consider, in good faith, would be most likely to achieve the company's objectives. Directors who were not employees of NML or NMLT served on a voluntary, unpaid basis. The registered office of the company is World Museum, William Brown St, Liverpool.

The trading performance for the year ended 31 March 2023 and the Company's Balance Sheet are set out below.

	2022/23	2021/22
	£000	£000
Sales	5,173	3,410
Coronavirus Job Retention Scheme Grant	-	179
NML Covid Grant	-	-
Other Grants	-	20
Cost of Sales	(1,516)	(841)
Gross Profit	3,657	2,768
Administrative expenses	(3,376)	(2,679)
Operating Profit/(Loss)	281	89
Interest receivable and similar income	10	-
Interest payable and similar charges	(5)	-
Profit/(loss) on ordinary activities before taxation	286	-
Distributions to parent charity under gift aid	(286)	(89)
Taxation on profit on ordinary activities	-	-
(Loss)/profit for the year	-	-

The gift aiding of NMLT's annual surplus to NML was £286k (2021/22 £89k).

Notes forming part of the Financial Statements

The balance sheet is as follows:

	2022/23		2021/22	
	£000	£000	£000	£000
Fixed Assets		87		117
Current assets	4,240		2,258	
Current liabilities	(3,675)		(1,723)	
Net Current Assets		565		535
Total		<u>652</u>		<u>652</u>
Represented by:				
Called up share capital		610		610
Profit & Loss reserve		42		42
Total		<u>652</u>		<u>652</u>

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.

The intra-group debtor/creditor position is shown below:

	2022/23	2021/22
	£000	£000
Amount owed by the parent company to the subsidiary	1,300	586
Amount owed by the subsidiary to the parent company	3,211	1,144
	<u>4,511</u>	<u>1,730</u>

The reconciliation of the company profit & loss to the Consolidated Statement of Financial Activities (SoFA) and associated notes is shown below:

	2022/23	2021/22
	£000	£000
Incoming Resources		
Sales	5,173	3,410
Less intragroup sales	(708)	(600)
Trading Activities Income in SoFA	<u>4,465</u>	<u>2,810</u>
Outgoing Resources		
Cost of Sales	1,516	841
Administrative Expenses	3,385	2,679
External audit fee	(9)	(8)
Taxation	-	-
Distributions to parent charity under gift aid	285	89
Interest payable and similar charges	5	-
Total Costs	<u>5,182</u>	<u>3,601</u>
Less intragroup costs	(408)	(110)
Shops, cafes & events costs in Note 4	<u>4,774</u>	<u>3,491</u>

Notes forming part of the Financial Statements

10. Debtors

	2022/23		2021/22	
	Group £000	Museum £000	Group £000	Museum £000
Amounts due from subsidiary	(0)	3,211	0	1,144
Trade debtors	287	152	313	255
Other debtors	1,465	1,476	2,585	2,576
Prepayments	526	521	742	732
Taxation (VAT) recoverable	454	593	453	453
	2,732	5,953	4,093	5,160

Amounts due from the subsidiary company are non-interest bearing.

11. Creditors

	2022/23		2021/22	
	Group £000	Museum £000	Group £000	Museum £000
Amounts falling due within one year:				
Amounts due to subsidiary	0	1,300	0	586
Trade creditors	2,086	1,998	617	398
Other creditors	0	1	2	2
Accruals	786	695	1,022	1,022
Deferred income	106	0	644	404
Taxation and social security	302	262	365	245
	3,280	4,256	2,650	2,657
Amounts falling due after one year:				
Accrual for CHP and finance lease	132	132	169	169

Amounts due to the subsidiary company are non-interest bearing.

12. Provisions

	2022/23		2021/22	
	Group £000	Museum £000	Group £000	Museum £000
Balance brought forward	348	348	507	507
Provision in year	337	337	5	5
Payments in year	0	0	0	0
Releases in year	(348)	(348)	(164)	(164)
Balance carried forward	337	337	348	348

Provisions are made when a liability is known to exist but the value and/or timing of the payment of the liability is not precisely known and must be estimated.

Notes forming part of the Financial Statements

Provision has been made for the anticipated cost of:

- 1) Employee leave which is due by 31 March but has not been taken - £315k (2021/22 £343k)
- 2) Employee compensation claims which fall outside of our insurance arrangements - £22k (2021/22 £Nil)
- 3) Related to re-instated creditor recovery - £Nil (2021/22 £5k)

13. Financial commitments

Payments under operating leases of £736k were made in 2022/23 (2021/22 £686k).

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

NML entered 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.

	2022/23		2021/22	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Operating leases which expire:				
Within one year	54	699	54	648
In the second to fifth year	117	1,827	171	2,401
More than five years	-	-	-	-
	171	2,526	225	3,049

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

	Within 1 year £000	2nd to 5th year £000	6th to 10th year £000
Payment commitments	699	1,827	-

The estimated capital value is £3.0m and the contract end date is 29 June 2026.

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 made a payment of £605k which is being released as deferred income against the annual unitary payment due over the duration of the contract.

Notes forming part of the Financial Statements

14. Statement of Funds

The following unrestricted funds were held in 2022/23.

- General Fund: for general use in furtherance of the objectives of NML.
- Board Share Reserve: fund representing the share capital invested into the subsidiary company NMLT.
- Investment Market Valuation Reserve: unrealised gains or (losses) arising in the market valuation of investments on 31 March compared to their purchase cost.
- Government GiA Reserve: this fund represents funding for the acquisition of fixed assets which have no restriction on use.
- NMLT P&L Reserve: retained earnings of the trading subsidiary.

Restricted Funds comprise funds subject to specific restriction imposed on them by donors, by the purpose of the appeal or using funds to fund an asset which is itself restricted. The following funds were held:

- Special Funds: unused donations or grants from funders with conditions attached to ensure that they are used for a specified purpose.
- Collections Purchase Fund: this fund represents the value of heritage assets funded by restricted donations and grant-in-aid.
- Government GiA Fund: GiA received for a capital purpose and carried forward to finance future asset additions.
- Collections Purchase Reserve: funds which have been used to finance heritage asset purchases.
- Board Capital Reserve: fund representing the proceeds of sale of assets to re-invest in capital projects approved by the Trustees.
- Government GiA Reserve: this fund represents funding for the acquisition of fixed assets which have restrictions on use.
- Restricted Capital Reserve: These funds represent funding for expenditure which has been capitalised as Tangible Assets in the balance sheet where either the funds received were subject to restrictions or the funds were used to create assets the use of which are themselves subject to restrictions. These will fund the future depreciation costs arising from those assets. These funds are not supported by cash and are not available for use.
- Revaluation reserve: The Revaluation Reserve represents the difference between the current and historic value of the Tangible Assets subject to disposal restrictions. Current valuations are subject to a full independent review every five years the most recent of which was 31 March 2022. The fund will be used to offset part of future depreciation costs or future reductions in valuation arising from reviews. These funds are not supported by cash and are not available for use.

Notes forming part of the Financial Statements

	2022/23				2021/22			
	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income and endowments								
Donations, grants and legacies	24,204	12,614	0	36,818	23,522	7,310	0	30,832
Charitable activities	2,430	186	0	2,616	1,372	0	0	1,372
Trading activities	0	0	0	0	0	0	0	0
Investments	40	34	82	156	15	41	85	141
Total	26,674	12,834	82	39,590	24,909	7,351	85	32,345
Expenditure								
Raising funds	743	108	0	851	696	120	20	836
Charitable activities	27,747	5,992	0	33,739	25,288	5,509	0	30,797
Trading Activities	294	43	0	337	734	132	0	866
Governance	396	57	0	453	315	48	0	363
Total	29,181	6,200	0	35,381	27,033	5,809	20	32,862
Net (loss)/gains on investments	(87)	(49)	(203)	(338)	65	64	31	160
Net (expenditure)/income	(2,594)	6,585	(120)	3,871	(2,059)	1,606	96	(357)
Transfers between funds	(1,137)	1,137	0	0	(984)	1,049	(65)	0
Gains/(Losses) on revaluation of fixed assets	0	30,209	0	30,209	0	3,822	0	3,822
Net movement in funds	(3,731)	37,931	(120)	34,080	(3,043)	6,477	31	3,465
Brought forward at 1 April	15,349	250,430	3,213	268,992	18,392	243,953	3,182	265,527
Carried forward at 31 March	11,618	288,361	3,093	303,072	15,349	250,430	3,213	268,992

15. Border Force National Museum

Until 30 April 2020, the Trustees of NML were custodians of the collections that constitute the Border Force National Collection. Responsibility for the Collection had passed to NML under a deed of trust (2004, amended 2014) which allowed NML to hold and display the National Collection for a period not exceeding 20 years from October 2014. The formal name of the museum was “Border Force National Museum”, and the visitor name is “Seized! The Border and Customs Uncovered”. From 1 May 2020, ownership of the collection passed to NML and from 2020/21 onwards funding is provided through GiA received from DCMS as part of the normal funding arrangements for NML.

16. Analysis of group net assets between funds

	Unrestricted funds £000	Restricted funds £000	Endowments £000	Total £000
Fixed assets	5,953	282,878	0	288,831
Investments	1,418	1,466	2,824	5,708
Net assets (excl fixed assets) and cash	4,290	4,016	269	8,575
	11,661	288,360	3,093	303,114
Unrealised gains/(losses) included above:				
On tangible fixed assets and investments	(87)	30,160	(203)	29,871

17. Royal Albert Dock Ltd

NML is a member of Royal Albert Dock Ltd (RADL), formerly Gower St Estates Ltd, a company formed to manage the areas within the Royal Albert Dock formerly managed by the Merseyside Development Corporation (MDC). RADL is a company limited by guarantee, the other members being the lessees within the Royal 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 directors are Ian Murphy and Janet Dugdale. Directors of the company are not remunerated. The day-to-day management of the estate is contracted to CBRE Limited.

Notes forming part of the Financial Statements

All members pay a service charge which is calculated on space occupied with reference to an agreed cost sharing formula. The gross expenditure of the company is netted down by any income generated.

NML's contribution for the year under this arrangement was £170k (2021/22 £157k).

18. Capital Commitments

There are several capital projects that are committed beyond 2022/23. The aggregate value of capital commitments in future years, based on contracts in place as of 31 March 2023 was £0.250m (2022: £0.274m). The Waterfront Transformation project is a major redevelopment of the area scheduled to be undertaken between 2023/24 and 2026/27.

19. Museum Statement of Financial Activities

	2022/23				2021/22			
	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income and endowments								
Donations, grants and legacies	24,204	12,614	0	36,818	23,522	7,310	0	30,832
Charitable activities	2,430	186	0	2,616	1,372	0	0	1,372
Trading activities	0	0	0	0	0	0	0	0
Investments	40	34	82	156	15	41	85	141
Total	26,674	12,834	82	39,590	24,909	7,351	85	32,345
Expenditure								
Raising funds	743	108	0	851	696	120	20	836
Charitable activities	27,747	5,992	0	33,739	25,288	5,509	0	30,797
Trading Activities	294	43	0	337	734	132	0	866
Governance	396	57	0	453	315	48	0	363
Total	29,181	6,200	0	35,381	27,033	5,809	20	32,862
Net (loss)/gains on investments	(87)	(49)	(203)	(338)	65	64	31	160
Net (expenditure)/income	(2,594)	6,585	(120)	3,871	(2,059)	1,606	96	(357)
Transfers between funds	(1,137)	1,137	0	0	(984)	1,049	(65)	0
Gains/(Losses) on revaluation of fixed assets	0	30,209	0	30,209	0	3,822	0	3,822
Net movement in funds	(3,731)	37,931	(120)	34,080	(3,043)	6,477	31	3,465
Brought forward at 1 April	15,349	250,430	3,213	268,992	18,392	243,953	3,182	265,527
Carried forward at 31 March	11,618	288,361	3,093	303,072	15,349	250,430	3,213	268,992

20. Related Party Transactions

National Museums Liverpool is a Non-Departmental Public Body sponsored by DCMS. DCMS is regarded as a related party with which during the year NML conducted several material transactions.

NML receives a donation without conditions from NMLT, a 100% owned subsidiary company of NML. The purpose of the company is to support the charity in the delivery of its objectives, and NMLT usually donates any profit generated as part of achieving that to NML after retaining a small balance for cash management purposes. The profit donation in 2022/23 was £323k.

Key management personnel

These are the Directors described in the Remuneration Report. They took no part in any discussion which concerned organisations or bodies that they have connections with as reported in the Register of Members Interests.

During the year none of the key management personnel undertook any material related party transactions. The following transactions took place between NML and organisations with which key management personnel have a relationship.

Notes forming part of the Financial Statements

Related Party	Relationship	Transactions	Income for	Expenditure	Creditor at	Debtor at
			the year 2022/23	for the year 2022/23	31 March 2022/23	31 March 2022/23
			£000	£000	£000	£000
Museums Association	Laura Pye - Member; Chair of Taskforce	Institutional memberships and training	-	5.5	4.8	-
CIPFA Ltd	Stephanie Donaldson - CIPFA Member;	Professional services	-	3.1	-	-
University of Leicester	Sandra Penketh - External examiner	Income from Practice mentoring	-	24.0	8.0	-

All these transactions were on normal terms between NML and the other organisation.

Trustees

During the year no Trustees undertook any material related party transaction. The following transactions took place between NML and organisations with which Trustees have a relationship.

Related Party	Relationship	Transactions	Income for	Expenditure	Creditor at	Debtor at
			the year 2022/23	for the year 2022/23	31 March 2022/23	31 March 2022/23
			£000	£000	£000	£000
University of Liverpool	Sir David Henshaw - Fellow	Charges for services, tuition and receptions	0.2	-	-	0.2
University of Manchester	Virginia Tandy - Fellow	Charges for services	0.4	0.1	-	-
Shakespeare in the North	Max Steinberg - Chair	Charges for services	0.1	-	-	-
FACT	Andy McCluskey - Patron	Film, editing and related services	-	18.4	3.5	-

All these transactions were on normal terms between NML and the other organisation.

21. Contingent Assets and Liabilities

There are no contingent assets or liabilities (2021/22 Nil).

22. Post Balance Sheet Events

There are no post balance sheet events.

The financial statements were authorised for issue by the Accounting Officer and the Board of Trustees on the date the Comptroller and Auditor General certified the accounts.

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