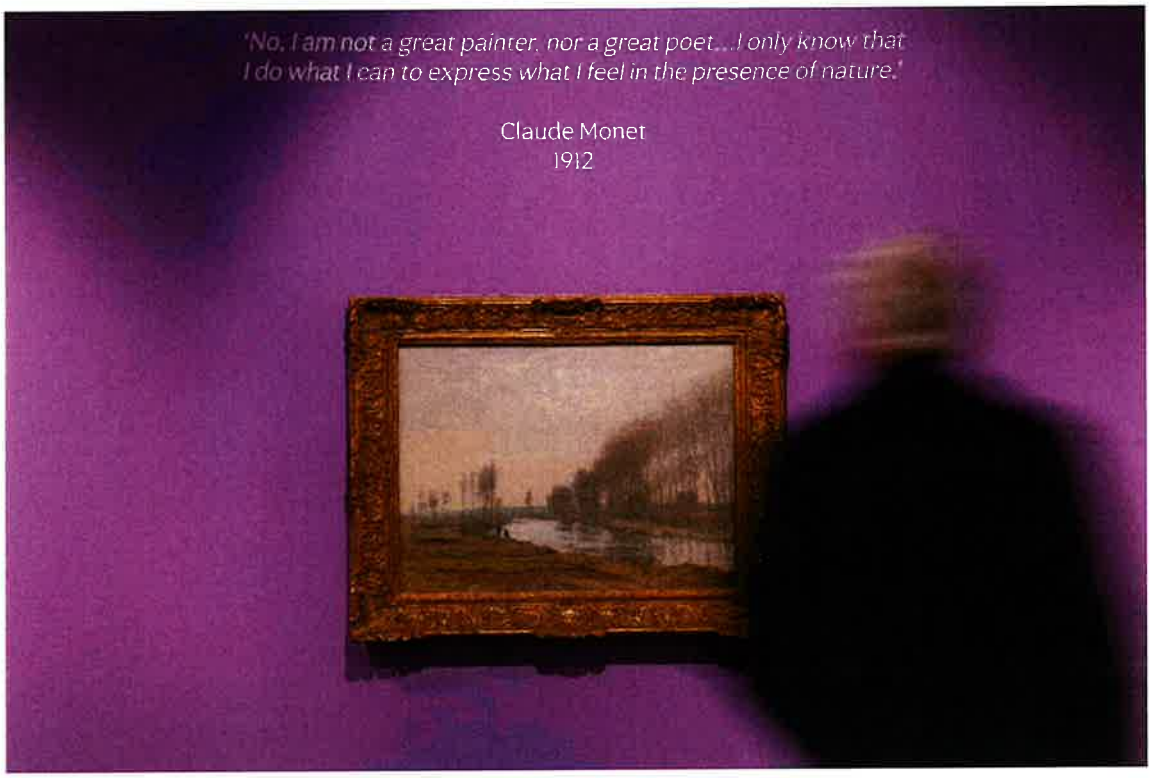


North East Museums

(formally known as Tyne & Wear Archives & Museums)

Statement of Accounts 2025/26

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Reference and Administration Details of North East Museums for the period ended 31 March 2026

Strategic Board Members:

Chris Mullin (Chair)	Independent
Cllr Julie Cruddas (Joint Vice Chair)	North Tyneside Council
Cllr Angela Douglas (Joint Vice Chair)	Gateshead Council (Resigned 11/05/2026)
Cllr George Kasfikis	Gateshead Council (Resigned 11/05/2026)
Cllr Craig Heathcote	Gateshead Council (Appointed 01/07/2026)
Cllr Michael Robinson	Gateshead Council (Appointed 30/09/2026)
Cllr Abdul Samad	Newcastle City Council (Resigned 11/05/2026)
Cllr Linda Wright	Newcastle City Council (Resigned 11/05/2026)
Cllr Rob Austin	Newcastle City Council (Appointed 01/07/2026)
Vacancy	Newcastle City Council
Professor Jane Robinson	Newcastle University
Cllr Sandra Graham	North Tyneside Council (Resigned 11/05/2026)
Cllr Charlie Gray	North Tyneside Council (Appointed 01/07/2026)
Cllr Wendy Pattison	Northumberland County Council
Cllr Gordon Castle	Northumberland County Council
Cllr Judith Taylor	South Tyneside Council (Resigned 11/05/2026)
Cllr David Francis	South Tyneside Council (Resigned 11/05/2026)
Cllr Elliott Curry	South Tyneside Council (Appointed 01/07/2026)
Cllr Susan Sybenga	South Tyneside Council (Appointed 01/07/2026)
Jonathan Blackie	Independent Member
Sarah Green	Independent Member
Vacancy	Independent Member

Director: Keith Merrin

Head Office: Discovery Museum, Blandford Street, Newcastle upon Tyne, NE1 4JA

Auditors: Kinnair Associates Limited, Aston House, Redburn Road, Newcastle upon Tyne, NE5 1NB

Solicitors: Craig Winter, Newcastle City Council, Civic Centre, Newcastle upon Tyne, NE1 8QH

Structure, governance and management

Change of name and expansion

In November 2024, Tyne & Wear Archives & Museums changed its name and became known as North East Museums and from 1 April 2025 it expanded its footprint into Northumberland to take on management of Northumberland County Council's museum venues and services primarily delivered at Woodhorn Museum in Ashington, Hexham Old Gaol and Morpeth Chantry Bagpipe Museum.

Nature of governing document

North East Museums (NEM) is a joint service of five local authorities: Newcastle (which acts as lead authority and legal body), South Tyneside, North Tyneside, Northumberland and Gateshead, with additional support and contributions from the Arts Council England (ACE).

The relationship between, and commitment of, the partners is enshrined in the North East Museums Joint Agreement. The Joint Agreement lays out the terms and conditions of the relationship.

Policy and decision making is undertaken by the North East Museums Strategic Board and key decisions are outlined in the Corporate Plan 2023-2028. Appropriate consultation takes place about budget priorities and budget proposals, which shapes the budget decisions that are made.

Recruitment and appointment of strategic board members

NEM is governed by a Strategic Board which comprises 15 members. Each Council provides two members from amongst its elected members, Newcastle University appoints one member, and there are up to four additional members who are independent appointments.

The Strategic Board meets a minimum of four times a year and the annual meeting is in June. The Chair is appointed for a term of three years and is an independent appointee. The vice-chairs are appointed annually from amongst the elected members.

The Strategic Board was created to enable NEM to explore new ways of working and engage with a wider sector; and to ensure a sustainable, resilient and positive future for NEM, particularly in light of significant reductions in public sector funding.

Independent members are recruited via advertisement, with the Lead Authority coordinating the appointment, in partnership with the other councils and the university.

Induction and training of board members

During 2025/26 meetings were held in a hybrid format enabling members to join in-person or remotely. Elected members are required to attend in person to vote on reserved matters.

In September 2025, an induction and refresher session was held, and involved members, trustees and directors from the NEM Strategic Board, NEM Development Trust, TWAM Enterprises, Exhibitions by TWAM and the Finance, Audit & Risk Committee.

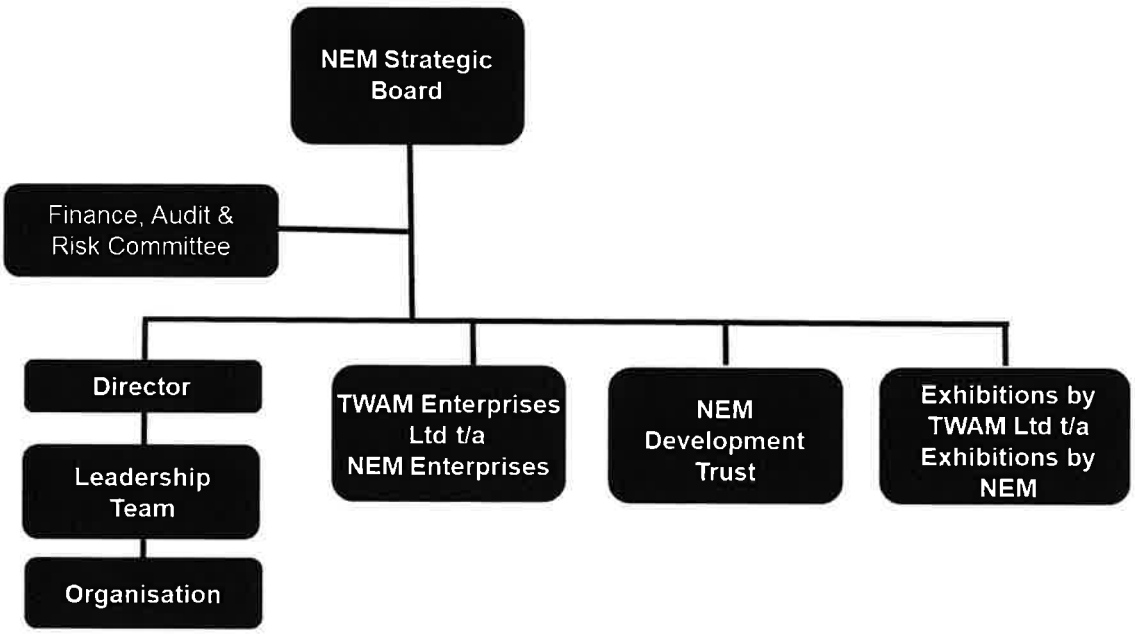
Regular strategic updates are provided at all meetings.

Arrangements for setting key management personnel remuneration

All NEM employees are employed by Newcastle City Council. Pay and terms and conditions of employment are determined by the National Joint Council (NJC) for Local Government Services.

Organisational structure

The Governance structure is set out in the diagram below:



Relationships with related parties

In addition to being a joint service of the five local authorities: Newcastle (which acts as lead authority and legal body); South Tyneside; North Tyneside; Northumberland and Gateshead, NEM has separate agreements with Sunderland City Council to manage its archives and with Newcastle University, to manage the Great North Museum: Hancock and Hatton Gallery.

NEM is also supported by the North East Museums Development Trust, (Charity Number 1137867) which was established on 1 December 2010 to raise funds from individual donors, companies and trusts and foundations to support a wide variety of archive and museum activities and was known as Tyne & Wear Archives & Museums Development Trust until 29 April 2025.

TWAM Enterprises Ltd t/a North East Museums Enterprises (Company number 10940488) was established on 1 May 2018 following a major review of NEM's governance structure. Its purpose is to allow NEM to capitalise on the expertise it has already developed in relation to commercial activity by assuming responsibility for activity previously delivered through NEM's trading team including retail operation, venue hire and management of catering contracts. It donates/gift aids its profit to NEM Development Trust to further NEM's charitable objectives. The company limited by shares is wholly owned by the five 'partners'; Gateshead Council, Newcastle City Council, North Tyneside Council, South Tyneside Council and the University of Newcastle.

Exhibitions by TWAM (Company number 12106351) was launched on 1 September 2020 to enable NEM to benefit from Museums and Galleries Exhibition Tax Relief (MGETR). Exhibitions by TWAM Limited is a company limited by guarantee, wholly owned by Newcastle City Council. NEM contracts out exhibition management production activities to Exhibitions by TWAM.

NEM manages the following venues on behalf of its partners.

Shipley Art Gallery (founded 1915)	Gateshead Council
Discovery Museum (founded 1934) Laing Art Gallery (founded 1901)	Newcastle City Council
Segedunum Roman Fort, Baths & Museum (founded 2000) Stephenson Railway Museum (founded 1986)	North Tyneside Council
Woodhorn Museum (Founded 1989) Hexham old Gaol (Founded 1980) Morpeth Chantry Bagpipe Museum (Founded 1987)	Northumberland County Council
South Shields Museum & Art Gallery (founded 1876) Arbeia Roman Fort & Museum (founded 1953)	South Tyneside Council
Great North Museum: Hancock (founded 1829) Hatton Gallery (founded 1926)	Newcastle University
Tyne and Wear Archives (based at Discovery Museum, est. 1974)	Five councils in Tyne & Wear

On 1 April 2025, Northumberland County Council joined the NEM partnership, bringing the number of museums and galleries managed by the organisation to twelve. Woodhorn Museum, Hexham Old Gaol and Morpeth Chantry Bagpipe Museum will be managed by North East Museums on behalf of Northumberland County Council.

Risk Management

The Strategic Board is responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the strategic and operational risks NEM has and could be exposed to.

The Strategic Board reviewed its approach to managing risk and updated its Risk Management Framework in March 2025. All identified risks are recorded in a Strategic Risk Register, Risk Radar, or individual risk registers associated with specific venues, teams, major projects and significant partnerships.

Each NEM Group entity maintains its own risk register or risk radar for Board members to review at each Board meeting. The NEM Finance, Audit & Risk Committee (FARC) also consider the NEM Strategic Risk Register and Risk Radar at every meeting.

In addition to the Risk Management Framework, processes in place regarding risk management and internal controls include the following:

- An Internal Audit function provided by the lead authority Newcastle City Council;
- FARC, which reviews how and whether NEM management has followed up on internal audit recommendations. FARC also reviews more detailed reports from senior management on key areas of risk;
- Specific risk management procedures are put in place for all major projects and significant partnerships.

Objectives and activities

Our mission... is to welcome and connect people to the past, present and future of the North East through stories, shared spaces and experiences.

We will help people understand and act on local and global challenges:

- **Equality** – we will provide a warm welcome to everyone, break down barriers caused by inequality and discrimination and share diverse stories.
- **Wellbeing** – we will use our spaces and services to support people's physical and mental health.
- **Social mobility** – we will deliver learning experiences, volunteering opportunities and pathways for personal development for people of all ages and backgrounds.
- **Climate** – we will raise awareness about the environment and encourage people to act for a sustainable future.
- **Place** – we will celebrate North East England, inspire local pride and use our resources to support research, innovation and economic regeneration.

Use of volunteers

Volunteers are essential to the work that we do. Volunteers help to ensure that all of our museums and galleries are innovative, imaginative, creative, totally inclusive, secure and sustainable.

In turn, we hope volunteering will help our volunteers to develop new skills and interests, meet friendly, like-minded people, gain confidence and a sense of well-being, and even strengthen their CV.

In 2025/26 NEM had 592 volunteers (2024/25 509) contributing 32,046 hours (2024/25, 29,771).

Fundraising disclosures

NEM is required to report how it conducts fundraising from the public. NEM does not use a professional fundraising company or commercial participator to raise funds. Any monies raised directly from the public follow all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all donors.

Public benefit

Evidence of the Public Benefit of the work undertaken by NEM during 2025/26 is available in NEM's Impact Report.

Achievements & performance

NEM, through its Strategic Board and its officers, delivers programmes which support its five priorities. These are aligned with the aims of NEM's key funding stakeholders. For reporting purposes in 2025/26 NEM reported against the three Arts Council Activity Outcomes. These are:

- Creative People
- Cultural Communities
- A Creative & Cultural Country

and the four Investment Principles:

- Ambition & Quality
- Dynamism
- Environmental Responsibility
- Inclusivity & Relevance

These are monitored via an Activity Plan and an Investments Principal Plan.

In 2025/26, overall in-person visits were 780,081. Further details are available in NEM's Impact Report.

Financial review

NEM's financial position remains sound in the face of ongoing financial challenges.

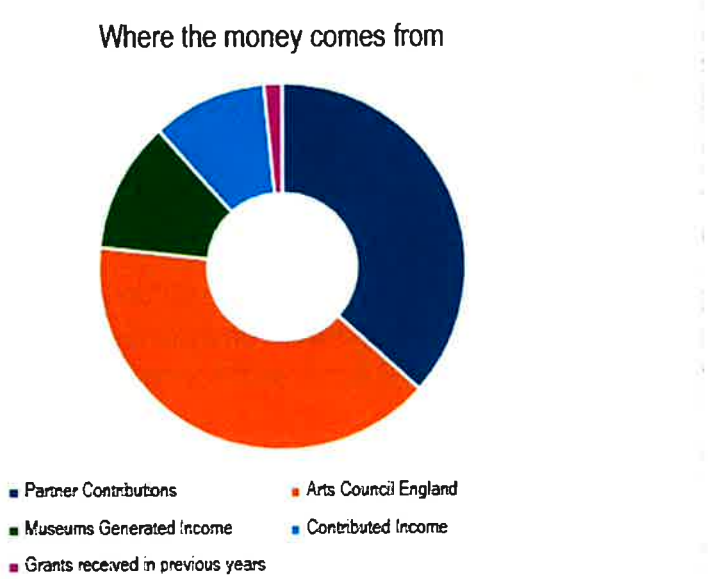
The overall outturn position for North East Museums core activity was a small surplus of £95k compared to the approved breakeven budget. As a result, general

unrestricted reserves were reflated by £95k in line with the reserves policy and represent 7.2% of projected North East Museums group turnover for 2026/27.

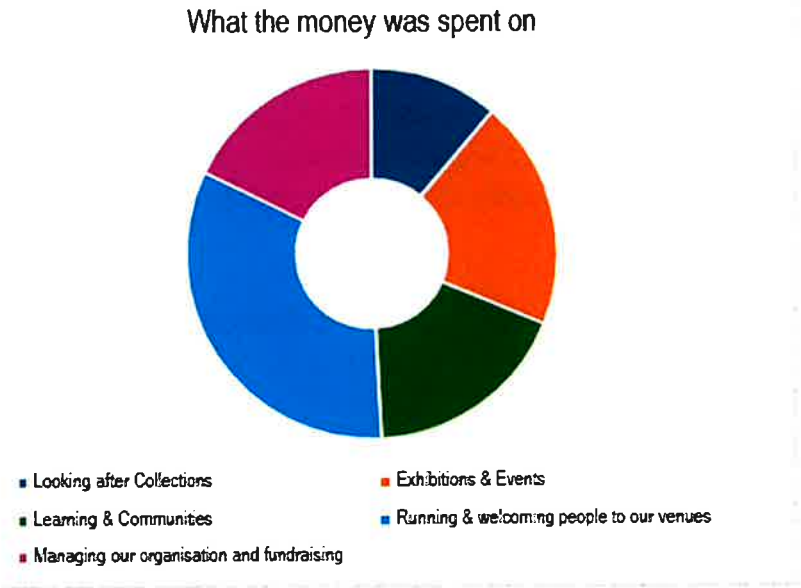
Continuous budget monitoring throughout the year highlighted the financial pressures in terms of increased costs and reductions in sources of income arising from both service pressure and the prevailing economic conditions, which enabled NEM to react in a timely and appropriate manner obviating the need for additional client contributions.

The following pie charts illustrate this, in broad terms:

Where the money comes from:



What the money was spent on:



Going concern

The financial statements have been prepared on a going concern basis.

NEM has secured Arts Council National Portfolio Funding for 2023-2028. NEM's forecasts and projections for the next twelve months show that NEM should be able to continue in operational existence for that period.

Although the forecast prepared takes account of the matters above to support the ability of NEM to remain a going concern and to be able to trade and meet its debts as they fall due, the continued level of government support and the underlying assumptions used in forecasting are judgemental and difficult to predict and could be subject to variation.

Based on the factors set out above, NEM Strategic Board believe that it remains appropriate to prepare the financial statements on a going concern basis.

Policy on Reserves

NEM recognises that a reserves policy gives confidence to funders by demonstrating good stewardship and active financial management and manages the risk to NEM's reputation from holding substantial unspent funds at the year-end without explanation

The primary purpose is to manage financial risk and promote financial sustainability.
Subject to meeting this requirement NEM will:

- Maximise the ability to use reserves flexibly to deliver the organisation's priorities; and
- Control the amount of scarce resources held in reserves

The Strategic Board has previously agreed that the minimum level of general unrestricted reserve that should be maintained is 7% of NEM turnover. At £915k, general unrestricted funds equate to 7.2% of the projected NEM Group turnover 2026/27 and continues to provide flexibility to meet any unforeseen events, cost pressures or emergencies.

This reserves policy is monitored and reviewed by the Strategic Board annually.

Key Management Personnel

The Chair of the Strategic Board received remuneration of £2,500 (2024/25 £3,333) reflecting the work involved with their role on the Strategic Board. The board, who give their time freely, other than the Chair, have considered and appointed the Director. Other Key Management Personnel (KMP) of NEM, as noted in the Reference and Administration section are appointed by the Director. Together with

the Board, these KMP are those in charge of directing and controlling, running and operating the activities of NEM on a day to day basis. The pay of the KMP is determined by the National Joint Council (NJC) for Local Government Services on an annual basis.

Plans for future periods

Following discussions with Newcastle City Council and the North East Mayoral Strategic Authority, North East Museums will work towards bring a new venue, Newcastle's Neville Hall, into the organisation. This will involve a transition process similar to the one deployed in bringing Northumberland County Council's museums on board and is aimed to conclude with official transfer of management to NEM in the Autumn of 2026. The venue, also known by the names The Common Room and The Mining Institute, has a globally important archive and library collection relating to coal mining and engineering whilst the building is a popular events and meeting space.

Over the coming year we will be delivering around our ten key activity areas:

Improving Our Museums - Operating and improving our 12 venues as hubs within Tyneside communities as trusted centres for local people and visitors to explore creativity, art, heritage and knowledge, improving the economy, cohesion and sense of place. Over the next year this will include delivering improvements at Discovery Museum including major repairs to the roof and creating a new temporary exhibition gallery. At Woodhorn we will work with the Council on significant improvements to the pit head buildings at Woodhorn. The work at both venues will be very disruptive and lead to some planned closures. This in turn is likely to have an impact on visitor numbers. At Segedunum we will continue with fundraising for the ambitious proposed redevelopment of the museum whilst we will also raise funds for improvements to the lift and roof at the Laing Art Gallery.

Engaging Exhibitions - A high quality, popular programme of temporary exhibitions and digital programming in our venues or elsewhere to inspire, delight and educate including 'Treasure' at Great North Museum:Hancock, the Northumberland Open at Woodhorn, 'Follow the Eagle' at Segedunum, 'Things that Go' at Discovery Museum and a major Pre-Raphaelite exhibition at the Laing Art Gallery. Following the huge success of the Monet Exhibition at South Shields Museum we will be bringing another major artwork from The National Gallery to the town in Summer 2026.

Family Learning - A programme of events from toddler play sessions, to young person-led projects, to family fun activities and drop in sessions designed to support intergenerational, informal, learning. This will include once again being a hub for the NOVUM Festival at Great North Museum: Hancock and a summer music programme at Arbeia Roman Fort. We will also be continuing with an expanded programme of Christmas themed events and activities at Discovery, Stephenson, South Shields, Great North Museum:Hancock and Woodhorn.

Formal Learning - Workshops for schools, early years, SEND settings etc. delivered across all venues and curriculum areas across the full academic year. Designed to stimulate enquiry and creativity. We will conclude what has been a very successful partnership with the V&A under the banner of Design Lab Nation to bring opportunities for young people in Gateshead to be inspired in design using the Shipley Art Gallery collections. We will also deliver our major on-line Hadrian's Wall Focus Day which reaches over 5,000 learners in one day.

Connecting with Communities – A targeted engagement programme focussing on communities not readily able to use venues and collections themselves and working with partners. We will see the continuation of our Recovery project at Shipley Art Gallery which sees people living with addictions working to produce new artworks in ceramics. We will be working in South Shields with young mums from the Brighter Futures charity to develop a new exhibition, 'Lets Play'. We will deliver a significant community project in Hexham to introduce additional interpretation in The Old Gaol working with community members, artist Jonny Hannah and people in the criminal justice system.

Tackling Inequality - Ensuring that everyone can see themselves in our activities we will remove barriers and challenge inequality. Including our work on decolonisation, anti-racism, poverty proofing and youth voice all covered under our successful 'Warm Welcome' campaign. We will continue to deliver work through our Museum of Sanctuary status at all of our venues. Members of our Leadership Team will also take part in the Museums Association Anti-Racist Museums Programme.

Opportunities in Culture – A programme of volunteer opportunities, work experience and development of career pathways including an enhanced Work Experience programme. We will also bring the Newcastle City Guides into our volunteering set-up. The guides are long established but will benefit from the infrastructure that can be provided through North East Museums.

Galvanising Collections - Working to democratise our collecting and increase access for the general public to our collections and the rich stories they hold, working with people and communities to ensure they are truly representative. We will continue plans to address long terms collections issues both for NEM and our regional museum and archive partners. We will undertake a major fundraising effort to acquire a Union Flag flown from the flagship of Newcastle born Admiral Lord Collingwood at the battle of Trafalgar.

Creative Economy - Partnerships with artists, universities and other bodies to create new and innovative ways of working. Finding opportunities to showcase and develop creative talent and support the economy of Tyneside and the wider North East.

Creative Collaboration - NEM will continue to lead or facilitate a programme of strategic, impactful partnership activity to ensure culture sits at the heart of Tyneside and the wider North East. This will include support for all NE LCEPS, another edition of the hugely popular The Late Shows and acting as the managing body for the ERIC project, Portable Antiquities Scheme for Newcastle and Northumberland and Family Explorers.

During the year we will be continuing to improve the way we work to reduce cost and increase effectiveness. This will include: Improving communications around entirety of NEM; streamlining operations by working through collaborative processes as a single organisation; earning more of our income from trading and events; developing, investing in and diversifying our staff team; cutting out unnecessary or unhelpful processes; and, revisiting our Governance to simplify and increase diversity. The Governance changes should start to take effect during the latter part of the year. We will also be starting work on renewing the Joint Agreement, which is renewed every 10 years. We will also be preparing our application for continuation of our Arts Council England National Portfolio Organisation status. This represents a significant part of our funding and as such will require a large amount of forward planning to set out the activities we hope to deliver over the 5 years starting in April 2028.

Heritage assets

Heritage assets are assets that are held 'principally for their contribution to knowledge or culture'. Accounting standards require those organisations who hold heritage assets to disclose the value of these assets in their balance sheet. NEM's legal status does not allow ownership of 'assets', therefore, heritage assets are included in the balance sheets of the local authorities, alongside any other appropriate disclosures required under FRS 102. Assets have been allocated to the local authorities based on the methodology laid out in the Joint Agreement.

NEM's policy for acquisition, preservation, management and disposal of heritage assets can be referenced on the NEM website: https://twmuseums.org.uk/files/5029-acquisitions-and-disposal-policy.pdf

The heritage assets held and managed by NEM are the collections of assets and artefacts either exhibited or stored in the venues listed on page 5. In addition, under the terms of the Partnership Agreement and contract for the provision of Archive Services between Sunderland City Council and Newcastle City Council on behalf of NEM, NEM manages the asset register relating to the collections of assets and artefacts either exhibited or stored in:

- Monkwearmouth Station Museum (founded 1973) #
- Sunderland Museum & Winter Gardens (founded 1846)
- Washington F Pit (founded 1976)

 # Monkwearmouth Station Museum closed on 31 March 2017.

The collections held by NEM are diverse, covering six principal fields. The collections range in medium and materials, and include objects, specimens, documents, digital media and film. The total collection size is estimated at approximately 1.1m museum objects and approximately 1.68k cubic meters of archive material. It reflects a period of collecting of over 200 years by the archives, museums and their predecessor bodies. The definition of numbers in the collection follows museum and archive best practice but, in terms of valuing the asset, is fairly arbitrary as single items

accessioned may comprise a wide range of objects, artefacts, components or supporting papers. However, the following table indicates the estimated number of objects/records held within each collecting area:

Category	Estimated number of objects/records as at 31 March 2025	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2026
Art (including fine art, decorative art, contemporary craft and design)	51,826	0	51,826
Archaeology	227,062	712	227,774
Ethnography	7,117	0	7,117
History (including social history, costume, maritime history and engineering, science and industry)	216,122	785	216,907
Natural Sciences (including geology and biology)	644,875	0	644,875
Total	1,147,002	1,497	1,148,499
	Cubic Metres		**Cubic Metres**
Archives	1,664		1,675

These collections are not currently valued in their entirety. This is due to a number of factors such as the lack of information on purchase price, the unavailability of comparable market values, the diverse nature of the objects and the volume of objects held. Only the value of the art collection is shown in the five local authority Balance Sheets and is based on detailed insurance valuations (based on market values). Items in the Art collection estimated to be worth in excess of £10k are identified separately for insurance purposes. From these records the valuation of this collection as at 31 March 2026 is £139.35 million. We believe it is not practicable to value the remaining collections, as this would incur a disproportionate cost, even if it were possible, and that cost would not be commensurate with any benefits to the organisation or its users. This exemption is permitted by FRS102. This is also in line with best practice in the sector.

NEM considers that the heritage assets will have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation on these assets.

The following table sets out the statement of heritage assets as per the requirements of FRS102. All valuations were carried out internally by qualified NEM staff.

Local Authority	Estimated number of Art objects valued at £10k or above as at 1 April 2025	Additional Objects recognised in the year	Estimated number of Art objects valued at £10k or above as at 31 March 2026	Heritage Assets recognised at valuation as at 1 April 2025	Revaluation of Art Objects	Carrying Value as at 31 March 2026
Gateshead	744	2	746	£14.76m	£0.1m	£14.86m
Newcastle	751	4	755	£109.13m	£0.23m	£109.36m
North Tyneside	25	0	25	£0.01m	£0.00	£0.01m
Northumberland	0	38	38	£0.00	£4.60m	£4.60m
South Tyneside	14	0	14	£0.55m	£0.00	£0.55m
Sunderland	136	0	136	£9.97m	£0.00	£9.97m
Total	**1,670**	**44**	**1,714**	**£134.42m**	**£4.93m**	**£139.35m**

Please note that the collections belonging to Northumberland have been added as recognised in 2025/26.

Reappointment of auditor

In 2022/23, NEM undertook a procurement process and appointed Kinnair Associates Limited as auditors to the NEM Group for the period 2022/23 to 2025/26. Following the decision by Arts Council England to extend the current funding agreements to 31 March 2028, the Finance, Audit & Risk Committee have agreed to reappoint Kinnair Associates Limited as auditors for the period ending 2027/28.

Acknowledgements

The production of this Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across NEM. I would like to express my gratitude to all colleagues, from the Finance team and Governance team, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

Contact for further information

Enquiries on the accounts, or other general financial matters, should be addressed in the first instance to Jackie Reynolds, Head of Finance, Governance & Resources, North East Museums on 07920 295748 or e-mail jackie.reynolds@northeastmuseums.org.uk

As part of a programme of continuous improvement we are striving to improve our system of reporting back to users of services. If you have any problems understanding this publication, or have any suggestions on how it may be improved, please contact either:-

Jackie Reynolds
Head of Finance, Governance & Resources
North East Museums
Discovery Museum
Newcastle upon Tyne
NE1 4JA

or

Keith Merrin
Director
North East Museums
Discovery Museum
Newcastle upon Tyne
NE1 4JA

Statement of Strategic Board's Responsibilities

The Strategic Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In NEM, that officer is the Treasurer to the Strategic Board;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and

- Approve the Statement of Accounts.

The Treasurer to the Strategic Board's Responsibilities

The Treasurer to the Strategic Board is responsible for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
In preparing this Statement of Accounts, the Treasurer to the Strategic Board has:

- Selected suitable accounting policies and then applied them consistently;
- Observed the methods and principles in the Charities SORP;
- Made judgements and estimates that were reasonable and prudent;
- Stated whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Strategic Board will continue in business.

The Treasurer has also:

- Kept proper accounting records, which were up to date, that disclose with reasonable accuracy, at any time, the financial position of the Strategic Board; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

In so far as the Strategic Board are aware at the time of approving our Statement of Accounts:

- There is no relevant information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- Having made enquiries of NEM management and the auditor that they ought to have individually taken, each have taken all steps that he/she is obliged to take in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Certification of the Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the North East Museums at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.



Mark Nicholson
Treasurer to NEM Strategic Board

Approval of the Accounts

I confirm the Strategic Board has approved the attached Statement of Accounts.



Sir Chris Mullin
Chair of the NEM Strategic Board

30.9.2026

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH EAST MUSEUMS

Opinion

We have audited the financial statements of North East Museums (the 'entity') for the year ended 31 March 2026 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the entity's affairs as at 31 March 2026 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to UK and Republic of Ireland (FRS 102).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Strategic Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity'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.

Our responsibilities and the responsibilities of the Strategic Board with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH EAST MUSEUMS (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Strategic Board are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where best practice requires us to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Strategic Board

As explained more fully in the Statement of Strategic Board's Responsibilities, the Strategic Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Strategic Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Board are responsible for assessing the entity'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 Strategic Board either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the organisation through discussions with North East Museums senior management, and from our knowledge and experience of the not-for-profit sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the organisation, including the Accounting and Reporting by Charities Statement of Recommended Practice (SORP) 2019 and the Financial Reporting Standard FRS102;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- we ensured that the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the organisation's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by: -

- making enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we: -

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the allocation of income and expenditure to different funds were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to: -

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- requesting sight of unusual correspondence with HMRC and the organisation's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH EAST MUSEUMS (CONTINUED)

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our 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 our Auditors' Report.

Use of our report

This report is made solely to the entity Strategic Board, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Strategic Board those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the entity and its Strategic Board, as a body, for our audit work, for this report, or for the opinions we have formed.

Detlev Anderson

Detlev Anderson
Kinnair Associates Limited

Chartered Accountants
Statutory Auditors

Aston House

Redburn Road

Newcastle upon Tyne

NE5 1NB

Date: 1st October 2026

Kinnair Associates Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2026

	Note	Restricted funds 2026 £	Unrestricted funds 2026 £	Total funds 2026 £	*Total funds 2025 £*
Income from:					
Donations and legacies	2	**5,096,187**	**4,486,761**	**9,582,948**	*8,687,928*
Other trading activities	3	**-**	**980,137**	**980,137**	*978,545*
Investments	4	**-**	**28,560**	**28,560**	*49,969*
Total income		**5,096,187**	**5,495,458**	**10,591,645**	*9,716,442*
Expenditure on:					
Raising funds	5	**-**	**466,600**	**466,600**	*485,735*
Charitable activities	6	**5,395,862**	**4,893,689**	**10,289,551**	*9,359,482*
Total expenditure		**5,395,862**	**5,360,289**	**10,756,151**	*9,845,217*
Net movement in funds		**(299,675)**	**135,169**	**(164,506)**	*(128,775)*
Reconciliation of funds:					
Total funds brought forward		**2,199,649**	**917,245**	**3,116,894**	*3,245,669*
Net movement in funds		**(299,675)**	**135,169**	**(164,506)**	*(128,775)*
Total funds carried forward		**1,899,974**	**1,052,414**	**2,952,388**	*3,116,894*

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 26 to 45 form part of these financial statements.

NORTH EAST MUSEUMS
REGISTERED NUMBER:

BALANCE SHEET
AS AT 31 MARCH 2026

	Note		2026 £		2025 £
Fixed assets					
Investments	11		**298,294**		*271,053*
			298,294		*271,053*
Current assets					
Debtors	12	**2,150,206**		*1,061,418*	
Cash at bank and in hand		**1,080,305**		*2,384,187*	
		3,230,511		*3,445,605*	
Current liabilities					
Creditors: amounts falling due within one year	13	**(576,417)**		*(599,764)*	
Net current assets			**2,654,094**		*2,845,841*
Total assets less current liabilities			**2,952,388**		*3,116,894*
Total net assets			**2,952,388**		*3,116,894*
Charity funds					
Restricted funds	16		**1,899,974**		*2,199,649*
Unrestricted funds	16		**1,052,414**		*917,245*
Total funds			**2,952,388**		*3,116,894*

The financial statements were approved by the NEM Strategic Board and authorised for issue on 30 September 2026 and signed on their behalf by

:

C. Mullin

.....

30.9.2026

Sir Chris Mullin
Chair of the NEM Strategic Board

The notes on pages 26 to 45 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 £	2025 £
Cash flows from operating activities			
Net cash used in operating activities	19	**(1,292,828)**	*(4,535)*
Cash flows from investing activities			
Interest received on funds		**28,560**	*49,969*
Net cash provided by investing activities		**28,560**	**49,969**
Cash flows from financing activities			
Finance charges		**(39,614)**	*(41,532)*
Net cash used in financing activities		**(39,614)**	**(41,532)**
Change in cash and cash equivalents in the year		**(1,303,882)**	**3,902**
Cash and cash equivalents at the beginning of the year		**2,384,187**	*2,380,285*
Cash and cash equivalents at the end of the year	20	**1,080,305**	*2,384,187*

The notes on pages 26 to 45 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. Accounting policies

1.1 Statement of compliance

As a result of the implementation of the Local Audit and Accountability Act 2014, North East Museums (NEM) is no longer required to comply with the CIPFA Code or be subject to a mandatory external audit. However, in order to ensure that an effective financial and governance framework is maintained, the Strategic Board have opted to produce a Statement of Accounts in a manner consistent with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP) and the Financial Reporting Standard FRS102.

1.2 Basis of preparation

NEM meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The functional currency is Sterling. The financial statements are presented in pounds Sterling and rounded to the nearest pound.

1.3 Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

Management have provided prepayments, accruals and other cut-off adjustments. Whilst management believe that these estimates and judgements are appropriate, there is every likelihood that they will not be exact.

These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.4 Going concern

The financial statements have been prepared on a going concern basis.

NEM is an aggregation of the income and expenditure received and expended by the relevant Local Authority Councils and Newcastle University in respect of the various venues operated. All venues, employees and contracts are owned by, employed by, and entered into by the underlying Local Authorities. As a result, the budgets and forecasts are those of the aggregated underlying Local Authority.

Following the announcement that NEM has secured Arts Council National Portfolio Funding for 2023-2028, NEM's forecasts and projections for the next twelve months show that NEM should be able to continue in operational existence for that period.

Although the forecast prepared takes account of the matters above to support the ability of NEM to remain a going concern and to be able to trade and meet its debts as they fall due, the continued level of government support and the underlying assumptions used in forecasting are judgemental and difficult to predict and could be subject to variation.

Based on the factors set out above, NEM Strategic Board believe that it remains appropriate to prepare the financial statements on a going concern basis.

1. Accounting policies (continued)

1.5 Income

All income is recognised once the entity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Revenue from the sale of goods is recognised when the entity transfers the significant risks and rewards of ownership to the purchaser and it is probable that consideration will flow to the entity.

Revenue from the provision of services is recognised when the entity can measure reliably the percentage completion of the transaction and it is probable that consideration will flow to the entity.

Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

1.6 Grants receivable

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to NEM when there is reasonable assurance that:

- NEM will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Where there are preconditions attached to grants receivable, such as the need to achieve planning consent prior to receipt of a grant, no income is recognised prior to the fulfilment of that condition.

Monies advanced as grants and contributions for which conditions have not yet been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Statement of Financial Activities.

1.7 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party and it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the entity.

Costs of raising funds are those costs incurred in trading activities that raise funds.

1. Accounting policies (continued)

1.8 Cost of Support Services

The costs of central support e.g. Human Resources and Legal Services, have been allocated to NEM on the basis of Service Legal Agreements with Newcastle City Council.

1.9 Employee costs

NEM employees are employed by the Lead Authority, Newcastle City Council. Employee costs in the Statement of Financial Activities include all direct salaries and wages, employers' contributions for National Insurance and pension costs. NEM's employees consist of curators, archivists, officers, drivers, and visitor services personnel.

Short term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to NEM. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

Termination benefits are amounts payable as a result of a decision by the Strategic Board to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Statement of Financial Activities when the Strategic Board is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

1.10 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities as an expense of benefiting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

1.11 Governance costs

These include the costs attributable to the entity's compliance with constitutional and statutory requirements, including audit, strategic management and Strategic Board's meetings and reimbursed expenses. These costs form part of support central administration costs.

1.12 Tangible fixed assets

The buildings in which the Archives and Museums are housed are the property of the stakeholders, and are therefore excluded from NEM's balance sheet.

Museum exhibits purchased before local government reorganisation in 1974 are the property of the constituent authority, which succeeded the local authority owning the exhibit prior to reorganisation. Exhibits purchased by the former Tyne and Wear Metropolitan County Council and the Strategic Board are held by Newcastle City Council and are placed at the disposal of the Strategic Board in the interests of all the constituent authorities.

1. Accounting policies (continued)

All records and archives acquired on behalf of NEM with the records and archives acquired by the former Tyne and Wear Metropolitan County Council and NEM are held by Newcastle City Council as Trustee for the joint use and benefit of all of the Constituent Councils.

The value of records, archives and exhibits is excluded from the balance sheet because NEM's legal status does not allow ownership.

1.13 Heritage assets

Heritage assets are assets that are held 'principally for their contribution to knowledge or culture'. The standard requires that a separate class of asset, heritage assets, is disclosed in an entity's balance sheet. NEM's legal status does not allow ownership of 'assets', therefore, heritage assets will be included in the balance sheets of the local authorities, alongside any other appropriate disclosures required under FRS 102. Assets have been allocated to the local authorities based on the methodology laid out in the Joint Agreement.

1.14 Fixed asset investments

During the year ended 31 March 2019 the entity made an investment in TWAM Enterprises Limited through the transfer of its stock, as part of a restructure of NEM's charitable and trading activities.

The investment is measured at cost less impairment.

TWAM Enterprises Limited shareholders are the Constituent Authorities and Newcastle University.

1.15 Financing charges

NEM pays financing charges to local authorities in respect of loan balances held by those authorities against various buildings occupied by NEM. As the buildings in which the Archives and Museums are housed are the property of the constituent authorities, any financing charges due in respect of the Archives and Museums are paid by the individual authorities and appear as recharges to the NEM Strategic Board.

1.16 Trade debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered.

1.17 Doubtful Debts

The write off of debt is part of the normal accounting process. Write off can occur in circumstances where the debts are unlikely to be collected for a number of reasons, e.g. the death of the debtor, uneconomical to collect, on legal advice or when the debtor is untraceable. Although it is good accounting practice for debts to be written off in the accounts to reflect a more accurate view of the fair value of trade debtors, they will still be pursued and recovered if the opportunity arises.

NEM's Treasurer may write off amounts under £2,000 using delegated powers. A report is submitted annually to the Audit Committee summarising the items written off under delegated powers. Accounts written off in excess of £2,000 are submitted to the Strategic Board for approval once NEM is satisfied that all appropriate measures have been taken to try to recover the debt. The cost of the write off is met from the provision for doubtful debts.

1. Accounting policies (continued)

1.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty. Cash equivalents are investments that mature in no more than three months or less than three from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

1.19 Trade creditors

Creditors and provisions are recognised where NEM has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Trade creditors are recognised at the transaction price.

1.20 Provisions

Provisions are made where an event has taken place that gives NEM a legal or constructive obligation that probably requires settlement and a reliable estimate can be made of the amount.

Provisions are charged as an expense to the appropriate service line in the Statement of Financial Activities in the year that the Strategic Board becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged against the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a settlement will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

1.21 Fund structure

General funds are those funds spent on the day to day activities of NEM.

The Strategic Board sets aside specific amounts as designated reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts from General Funds. When expenditure is to be financed from the Designated fund it is charged to the appropriate revenue account in that year against the Surplus or Deficit on the Provision of Services in the Statement of Financial Activities. The designated fund is then appropriated back in the Movement in Funds Statement so that there is no net charge against current year contributions for the expenditure.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the entity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.22 Pensions and other post retirement obligations

Employees of NEM are admitted to the Tyne and Wear Pension Fund, which is administered by South Tyneside Council under the Local Government Pension Regulations 1997. The scheme is a defined benefit type whereby benefits are based on employee pensionable remuneration and length of service. The scheme's assets are held within the Tyne and Wear County Pension Fund.

1. Accounting policies (continued)

Contributions to the scheme are set by an independent actuary at a rate designed to eliminate any surplus or deficit in the fund, based on a three yearly valuation. The funds website may be visited at www.twpf.info

As NEM employees are employed by the Lead Authority, Newcastle City Council, the current service cost of these employees is borne by Newcastle City Council and disclosed in Newcastle City Council's accounts.

2. Income from donations and grants

	Restricted funds 2026 £	Unrestricted funds 2026 £	Total funds 2026 £
Donations and grants			
Donations and sponsorship	263,139	231,829	**494,968**
Other grants	526,447	195,626	**722,073**
Contributions to running costs from other NEM entities	-	113,847	**113,847**
Core contributions			
Client contributions	-	3,945,459	**3,945,459**
Arts Council England	4,306,601	-	**4,306,601**
	5,096,187	4,486,761	**9,582,948**

	Restricted funds 2025 £	*Unrestricted funds 2025 £*	*Total funds 2025 £*
Donations and grants			
Donations and sponsorship	*345,275*	*314,125*	*659,400*
Other grants	*557,958*	*113,604*	*671,562*
Contributions to running costs from other NEM entities	-	*214,219*	*214,219*
Core contributions			
Client contributions	-	*3,545,408*	*3,545,408*
Arts Council England	*3,597,339*	-	*3,597,339*
	-	-	-
	4,500,572	*4,187,356*	*8,687,928*

3. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2026 £	Total funds 2026 £	*Total funds 2025 £*
Museum admissions and exhibitions	305,193	**305,193**	*244,686*
Other generated income	674,944	**674,944**	*733,859*
	980,137	**980,137**	*978,545*

Other generated income includes income derived from events and experiences, education and workshops.

4. Investment income

	Unrestricted funds 2026 £	Total funds 2026 £	*Total funds 2025 £*
Interest on funds held by Newcastle City Council	28,560	**28,560**	*49,969*

5. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2026 £	Total funds 2026 £	*Total funds 2025 £*
Cost of trading activities	167,496	**167,496**	*178,842*
Allocated wages and salaries	299,104	**299,104**	*306,893*
	466,600	**466,600**	*485,735*

6. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2026 £	Unrestricted funds 2026 £	Total 2026 £
Museum activities	5,395,862	4,893,689	**10,289,551**

	Restricted funds 2025 £	*Unrestricted funds 2025 £*	*Total 2025 £*
Museum activities	*4,493,901*	*4,865,581*	*9,359,482*

7. Analysis of expenditure by activities

	Activities undertaken directly 2026 £	Grant funding of activities 2026 £	Support costs 2026 £	Total funds 2026 £
Museum activities	8,535,674	130,952	1,622,925	**10,289,551**

	Activities undertaken directly 2025 £	*Grant funding of activities 2025 £*	*Support costs 2025 £*	*Total funds 2025 £*
Museum activities	*7,622,258*	*211,771*	*1,525,453*	*9,359,482*

7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2026 £	*Total funds 2025 £*
Staff costs	**4,754,003**	*4,589,728*
Premises	**916,424**	*1,107,838*
Transport	**30,408**	*28,829*
Supplies and services	**2,834,839**	*1,895,863*
	8,535,674	*7,622,258*

Analysis of support costs

	Allocated to Museum Activities 2026 £	Total funds 2026 £	*Total funds 2025 £*
Staff costs	982,837	**982,837**	*937,239*
Premises	134,120	**134,120**	*134,980*
Transport	700	**700**	*357*
Supplies and services	221,875	**221,875**	*186,497*
Central administration	243,779	**243,779**	*224,848*
Financing charges	39,614	**39,614**	*41,532*
	1,622,925	**1,622,925**	*1,525,453*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

8. Grant funding expenditure

	2026 £	2025 £
Volunteering Futures programme	-	5,000
Bridge programme	**84,800**	164,771
Cultural Match programme	**43,912**	42,000
Environmental Records Information Centre	**2,240**	-
	130,952	211,771

9. Auditors' remuneration

The auditors' remuneration amounts to an auditor fee of £11,650 *(2025 - £10,700)*, and an accounts preparation fee of £2,020 (*2025 - £1,940*).

10. Staff costs

	2026 £	2025 £
Wages and salaries	**4,209,452**	4,388,936
Social security costs	**710,720**	474,262
Contribution to defined contribution pension schemes	**1,115,772**	970,662
	6,035,944	5,833,860

The average number of persons employed by the entity during the year was as follows:

	2026 No.	2025 No.
Operations and management of NEM	**212**	181

The average headcount expressed as full-time equivalents was:

	2026 No.	2025 No.
Operations and management of NEM	**159**	142

NEM also utilised the services of a further 57 supply staff.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

10. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2026 No.	*2025 No.*
In the band £60,001 - £70,000	**1**	*2*
In the band £70,001 - £80,000	**1**	*-*
In the band £100,001 - £110,000	**1**	*1*

The key management personnel are represented by NEM's three senior members of the leadership team. The employee benefits of the leadership team (which represents all remuneration including pension and national insurance costs) are £318,187 (2025 - £303,919).

One member of the Strategic Board received remuneration of £2,500 during the year (2025 - £3,333).

11. Fixed asset investments

	Other investments £
Cost or valuation	
At 1 April 2025	**271,053**
Additions	**27,241**
At 31 March 2026	**298,294**
Net book value	
At 31 March 2026	**298,294**
At 31 March 2025	*271,053*

Other investments comprise:-

a) Investments brought forward: This is the value of stock that was transferred to TWAM Enterprises Limited (a company related through common control) on the formation of that company in 2019. This company exists to undertake commercial and enterprise activity to increase self-generated income. Any profits of that company are to be gift aided to NEM Development Trust, a related charity which makes donations to NEM.

b) Investment additions in the year, £27,241: Additions are the value of stock transferred to NEM and on to NEM's trading company by Northumberland County Council on the take over of the management of the assets and undertakings of three museums of Northumberland County Council in the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

12. Debtors

	2026 £	2025 £
Due within one year		
Grants receivable	**730,489**	*201,831*
Other debtors	**1,402,700**	*835,767*
Prepayments and accrued income	**17,017**	*23,820*
	2,150,206	*1,061,418*

13. Creditors: Amounts falling due within one year

	2026 £	2025 £
Trade creditors	**224,089**	*365,735*
Accruals and deferred income	**352,328**	*234,029*
	576,417	*599,764*

14. Transfer from Northumberland Museums

On 01/04/2025, NEM became responsible for the management of three Museums owned by Northumberland County Council: Woodhorn Museum in Ashington; Hexham Old Gaol; and Morpeth Chantry Bagpipe Museum. The following assets were brought in as donations income into NEM.

	Book value £	Fair value £
Current Assets		
Stocks	**27,241**	**27,241**
Prepayments	**52,005**	**52,005**
Cash at bank and in hand	**67,205**	**67,205**
Total Assets	**146,451**	**146,451**
Creditors		
Deferred income within one year	**(60,102)**	**(60,102)**
Provisions for liabilities	**(9,430)**	**(9,430)**
Total Identifiable net assets	**76,919**	**76,919**

15. Related party transactions

North East Museums is a joint service of five local authorities in North East England: Newcastle City Council (which acts as lead authority and legal body), Gateshead Council, North Tyneside Council, South Tyneside Council and, from 1 April 2025, Northumberland County Council. Each council is represented on the Strategic Board of North East Museums, makes a core contribution towards the running of their venues managed by North East Museums on their behalf and in some cases provide services directly, e.g. repairs and maintenance, cleaning, and National Non-Domestic Rates. As lead authority, Newcastle City Council also provides ICT, health and safety, legal services, operational HR, payroll, procurement, internal audit, energy services and democratic services.

Other related parties are as follows:

Newcastle University
(A Strategic Board member of NEM is a Member of the Court of the University).

Received income in the year of £1,239,008 (2025 - £1,417,510).
Incurred expenditure in the year of £2,501 (2025 - £1,828).

At the balance sheet date the net amount due from the related party was £1,076,074 (2025 - £400,162).

TWAM Enterprises Ltd
(Two members of the senior management of NEM and one Strategic Board member of NEM are board members).

Received income in the year of £5,120 (2025 - £102,141).
Incurred expenditure in the year of £107,954 (2025 - £25,769).

At the balance sheet date the net amount due from the related party was £11,691 (2025 - due to the related party £14,126).

Exhibitions by TWAM
(Two members of the senior management of NEM and one Strategic Board member of NEM are board members).

Received income in the year of £69,007 (2025 - £28,557).
Incurred expenditure in the year of £35,247 (2025 - £156,490).

At the balance sheet date the net amount due from the related party was £12,489 (2024 - £10,032).

North East Museums Development Trust (known as Tyne and Wear Archives & Museums Development Trust until (29th April 2025)
(One member of the senior management of NEM is Company Secretary and one Strategic Board member of NEM is a board member).

Received income in the year of £405,420 (2025 - £643,056).
Incurred expenditure in the year of £nil (2025 - £nil).

At the balance sheet date the net amount due from the related party was £123,548 (2025 - £165,308).

15. Related party transactions (continued)

Sallyanne Flemons
(Spouse to a member of staff).

Incurred expenditure in the year of £24,613 (2025 - £20,339).

At the balance sheet date the amount due to the related party was £nil (2025 - £1,760).

Baltic Flour Mills Visual Arts Trust (Baltic Centre for Contemporary Art)
One NEM member of staff also works at The Baltic.

Received income in the year of £1,100 (2025 - £1,100).
Incurred expenditure in the year of £800 (2025 - £800).

At the balance sheet date the amount due to/from the related party was £nil (2025 - £nil).

5th Seaham Scouts
One NEM member of staff is Group Scout Leader.

Received income in the year of £nil (2025 - £150).

At the balance sheet date the amount due to/from the related party was £nil (2025 - £nil).

North East Theatre Trust Ltd (Live Theatre)
One NEM member of staff also works at the Theatre.

Received income in the year of £2,200 (2025 - £1,100).

At the balance sheet date the amount due to/from the related party was £nil (2025 - £nil).

York Museums Trust
One NEM member of staff also works at the Museum.

Received income in the year of £72,810 (2025 - £61,617).
Incurred expenditure in the year of £nil (2025 - £23,919).

At the balance sheet date the net amount due to/ from the related party was £nil (2025 - £nil).

North Exhibition Services Ltd
The sole director is the spouse to a member of staff. (2024/25 figures are included for comparison although the company was not a related party during that year.)

Received income in the year of £nil (2025 - £nil).
Incurred expenditure in the year of £12,652 (2025 - £500).

At the balance sheet date the net amount due to/ from the related party was £nil (2025 - £nil).

16. Statement of funds

Statement of funds - current year

	Balance at 1 April 2025 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2026 £
Unrestricted funds					
Designated funds					
Renewals Reserve	87,112	-	-	1,000	88,112
Museums Designated	10,000	-	-	-	10,000
Northumberland Museums	-	-	-	39,409	39,409
	97,112	-	-	40,409	137,521
General funds					
General Fund	820,133	5,495,458	(5,360,289)	(40,409)	914,893
Total Unrestricted funds	917,245	5,495,458	(5,360,289)	-	1,052,414
Restricted funds					
ACE National Portfolio Organisation	-	3,763,968	(3,763,968)	-	-
ACE Bridge	21,931	-	(5,931)	-	16,000
ACE Capital and other non-core grants	77,658	542,633	(620,291)	-	-
Other restricted grants and contributions	272,425	789,586	(785,309)	-	276,702
NNDR Reserve	322,412	-	-	-	322,412
NNDR Reserve - Discovery	692,261	-	-	-	692,261
Newcastle University	345,091	-	(148,743)	-	196,348
Projects	467,871	-	(71,620)	-	396,251
	2,199,649	5,096,187	(5,395,862)	-	1,899,974
Total of funds	3,116,894	10,591,645	(10,756,151)	-	2,952,388

16. Statement of funds (continued)

The specific purposes for which the funds are to be applied are as follows:-

Designated funds

Renewals Reserve: This fund includes funding set aside for:

- Regional Museums Store Sinking Fund: the Agreement in respect of the Regional Museum Store (RMS) of 4 June 2001 between Beamish and NEM obliged each partner to establish a sinking fund for periodic major repairs.

- IT Refresh: To enable IT infrastructure to be replaced on a rolling basis.

Museums Designated Fund: This fund includes two amounts set aside to assist with two significant areas of cost pressure, staff salaries and utilities which are outside of NEM's control – staff remuneration is governed by the National Employers for Local Government Services and utilities are procured by Newcastle City Council via NEPO for all venues other than University owned buildings.

Unrestricted fund

General fund: This fund comprises monies received or receivable in respect of grants received for which conditions have been satisfied (or no conditions were attached) and monies held for accumulated absences.

Restricted Funds

Arts Council England ("ACE"): NEM is in receipt of various income streams from Arts Council England in respect of specific activities or aims. NEM also receives additional small amounts of funding that is allocated towards these projects.

Other Restricted Grants and Contributions are obtained from a variety of donors, Charities and Trusts towards specific purposes.

NNDR Reserves: These funds were originally set aside to hold refunds of NNDR resulting from an appeal against the 2010 valuations. Now the appeals have been upheld, these sums are ring-fenced to the venue to which they relate and will be used as potential match funding in respect of capital redevelopments.

Newcastle University Fund and Projects Fund: The funds within these reserves have been earmarked to support revenue expenditure and projects in future years including Newcastle University.

16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2025 £
Unrestricted funds					
Designated funds					
Renewals Reserve	86,112	-	-	1,000	87,112
Museums Designated	117,560	-	-	(107,560)	10,000
	203,672	-	-	(106,560)	97,112
General funds					
General Fund	840,762	5,215,870	(5,351,316)	114,817	820,133
Total Unrestricted funds	1,044,434	5,215,870	(5,351,316)	8,257	917,245
Restricted funds					
ACE National Portfolio Organisation	-	3,357,648	(3,357,648)	-	-
ACE Bridge	118,676	-	(96,745)	-	21,931
ACE Museum Development	15,002	10,000	(25,002)	-	-
ACE Capital and other non-core grants	43,887	229,691	(195,920)	-	77,658
Other restricted grants and contributions	130,806	903,233	(761,614)	-	272,425
NNDR Reserve	322,412	-	-	-	322,412
NNDR Reserve - Discovery	749,233	-	(56,972)	-	692,261
Newcastle University	313,528	-	-	31,563	345,091
Projects	507,691	-	-	(39,820)	467,871
	2,201,235	4,500,572	(4,493,901)	(8,257)	2,199,649
Total of funds	3,245,669	9,716,442	(9,845,217)	-	3,116,894

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

17. Summary of funds

Summary of funds - current year

	Balance at 1 April 2025 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2026 £
Designated funds	**97,112**	**-**	**-**	**40,409**	**137,521**
General funds	**820,133**	**5,495,458**	**(5,360,289)**	**(40,409)**	**914,893**
Restricted funds	**2,199,649**	**5,096,187**	**(5,395,862)**	**-**	**1,899,974**
	3,116,894	**10,591,645**	**(10,756,151)**	**-**	**2,952,388**

Summary of funds - prior year

	Balance at 1 April 2024 £	*Income* £	*Expenditure* £	*Transfers in/out* £	*Balance at 31 March 2025* £
Designated funds	*203,672*	-	-	*(106,560)*	*97,112*
General funds	*840,762*	*5,215,870*	*(5,351,316)*	*114,817*	*820,133*
Restricted funds	*2,201,235*	*4,500,572*	*(4,493,901)*	*(8,257)*	*2,199,649*
	3,245,669	*9,716,442*	*(9,845,217)*	-	*3,116,894*

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2026 £	Unrestricted funds 2026 £	Total funds 2026 £
Fixed asset investments	-	298,294	**298,294**
Current assets	1,899,974	1,330,537	**3,230,511**
Creditors due within one year	-	(576,417)	**(576,417)**
Total	1,899,974	1,052,414	**2,952,388**

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Restricted funds 2025 £	*Unrestricted funds 2025 £*	*Total funds 2025 £*
Fixed asset investments	-	*271,053*	*271,053*
Current assets	*2,199,649*	*1,245,956*	*3,445,605*
Creditors due within one year	-	*(599,764)*	*(599,764)*
Total	*2,199,649*	*917,245*	*3,116,894*

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2026 £	*2025 £*
Net expenditure for the year (as per Statement of Financial Activities)	**(164,506)**	*(128,775)*
Adjustments for:		
Interest on funds held	**(28,560)**	*(49,969)*
Decrease/(increase) in debtors	**(1,088,788)**	*64,401*
Increase/(decrease) in creditors	**(23,347)**	*68,276*
Financing charges	**39,614**	*41,532*
Donation of investment	**(27,241)**	-
Net cash used in operating activities	**(1,292,828)**	*(4,535)*

20. Analysis of cash and cash equivalents

	2026 £	*2025 £*
Cash held by Newcastle City Council	**1,080,305**	*2,384,187*
Total cash and cash equivalents	**1,080,305**	*2,384,187*

21. Analysis of changes in net debt

	At 1 April 2025	Cash flows	At 31 March 2026
	£	£	£
Cash at bank and in hand	2,384,187	(1,303,882)	1,080,305
	2,384,187	(1,303,882)	1,080,305

22. Pension commitments

The Lead Authority operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the Lead Authority in respect of the organisation to the scheme and amounted to £1,115,772 (2025 - £970,662).