



# **Tyne & Wear Archives & Museums Statement of Accounts 2021/22**

TYNE & WEAR  
archives &  
museums

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## Reference and Administration Details of Tyne & Wear Archives & Museums for the period ended 31 March 2022

### Strategic Board Members:

Rt. Hon Baroness Joyce Quin (Chair)	Independent
Cllr John-Paul Stephenson (Joint Vice Chair)	Newcastle City Council
Cllr Angela Douglas (Joint Vice Chair)	Gateshead Council
Professor Vee Pollock	Newcastle University
Cllr Julie Cruddas	North Tyneside Council
Cllr Joan Atkinson	South Tyneside Council
Cllr Sarah Day	North Tyneside Council (Rotating Member)
Cllr Ann Best	South Tyneside Council (Rotating Member)
Jonathan Blackie	Independent Member
Sarah Green	Independent Member
Helen Cadzow	Independent Member

**Director:** Keith Merrin (Appointed 19 April 2021)

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

**Auditors:** Azets Audit Services, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS

**Solicitors:** John Softly, Newcastle City Council, Civic Centre, Newcastle upon Tyne, NE1 8QH

# **STRUCTURE, GOVERNANCE AND MANAGEMENT**

## **Nature of governing document**

Tyne & Wear Archives & Museums (TWAM) is a joint service of the four local authorities on Tyneside: Newcastle (which acts as lead authority and legal body), South Tyneside, North Tyneside, 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 Tyne & Wear Archives & Museums Joint Agreement. The Joint Agreement lays out the terms and conditions of the relationship.

Policy and decision making is undertaken by the Tyne & Wear Archives & Museums Strategic Board and key decisions are outlined in the Corporate Plan 2018-2023. 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**

TWAM is governed by a Strategic Board which comprises 11 members. Each Council in Tyneside provides one member from amongst its elected members, Newcastle University appoints one member, each year two different councils appoint one additional member each 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 TWAM to explore new ways of working and engage with a wider sector; and to ensure a sustainable, resilient and positive future for TWAM, 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 three councils.

## **Induction and training of board members**

During 2021/22 meetings were held in a hybrid format enabling members to join in-person or remotely. In September 2021, two one day induction sessions were held, which included visits to all 9 of TWAM's and involved members, trustees and directors from the Strategic Board, TWAM Development Trust, TWAM Enterprises and Audit Committee.

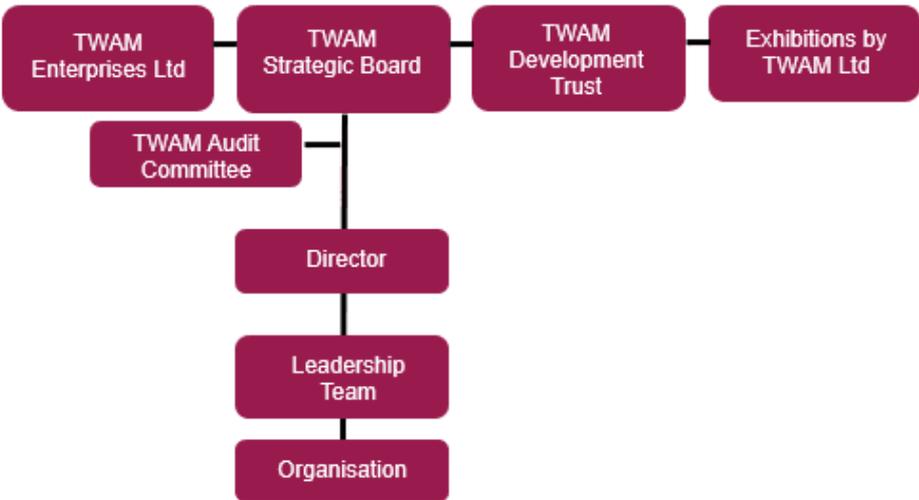
Regular strategic updates are provided at all meetings.

## Arrangements for setting key management personnel remuneration

All TWAM 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 four local authorities on Tyneside: Newcastle (which acts as lead authority and legal body); South Tyneside; North Tyneside; and Gateshead, TWAM 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.

TWAM is also supported by the Tyne & Wear Archives & 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.

TWAM Enterprises Ltd (Company number 10940488) was established on 1 May 2018 following a major review of TWAM’s governance structure. Its purpose is to allow TWAM to capitalise on the expertise it has already developed in relation to commercial activity by assuming responsibility for activity previously delivered through TWAM’s

trading team including retail operation, venue hire and management of catering contracts. It donates/gift aids its profit to TWAM Development Trust to further TWAM'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 TWAM 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. TWAM contracts out exhibition management production activities to Exhibitions by TWAM.

TWAM manages the following venues on behalf of its partners.

Venue	Funder & Owner
Shipleigh 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
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

## 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 TWAM has and could be exposed to.

During 2021/22 the Strategic Board reviewed its approach to managing risk and updated its Risk Management Framework. 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 TWAM Group entity maintains its own risk register or risk radar for Board members to review at each Board meeting. The TWAM audit committee also consider the TWAM 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;
- The Audit Committee, which reviews how and whether TWAM management has followed up on internal audit recommendations. Audit Committee 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**

### **Objects and aims**

**Our mission...** is to help people determine their place in the world and define their identities, so enhancing their self-respect and their respect for others.

**Our creative vision:** Working together to make sense of the world through compelling stories of heritage, art, culture and science.

## **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. Whilst we couldn't invite our loyal volunteers into most of our venues, we made sure to keep in touch with them whilst venues were closed. We are also developing a programme of remote volunteering opportunities. One group of volunteers who were able to continue volunteering were the members of the North Tyneside Steam Railway Association who support the maintenance and running of the trains at Stephenson Steam Railway. In 2021/22 TWAM had 174 volunteers contributing 12,646 hours.

## **FUNDRAISING DISCLOSURES**

TWAM is required to report how it conducts fundraising from the public. TWAM 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 TWAM during 2021/22 is available in TWAM's Impact Report.

## **ACHIEVEMENTS & PERFORMANCE**

TWAM, through its Strategic Board and its officers, delivers programmes which support its five priorities. These are aligned with the aims of TWAM's key funding stakeholders. For reporting purposes in 2021/22 TWAM reports against the five Arts Council goals. These are:

- **Goal 1:** *Excellence is thriving and celebrated in the arts, museums and libraries.*
- **Goal 2:** *Everyone has the opportunity to experience and to be inspired by the arts, museums and libraries.*
- **Goal 3:** *The arts, museums and libraries are resilient and environmentally sustainable.*
- **Goal 4:** *The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled.*
- **Goal 5:** *Every child and young person has the opportunity to experience the richness of the arts, museums and libraries.*

Following the announcement by the Prime Minister that museums and galleries were able to reopen indoors from 17 May, TWAM venues re-opened as follows:

- 17 May – Arbeia, Discovery Museum, Great North Museum: Hancock, Laing Art Gallery, Segedunum Roman Fort, South Shields Museum & Art Gallery
- 18 May - Shipley Art Gallery
- 23 May - Stephenson Steam Railway (Sundays only / Sundays and Thursdays in May half term holidays)

- 5 June – Hatton Gallery
- 8 June - Tyne & Wear Archives (Search room)

Between Venues re-opening in May 2021 and 31 March 2022, overall in-person visits were 459,007. This meant we ended the financial year 32% above projected target and approximately 40-50% of a normal year.

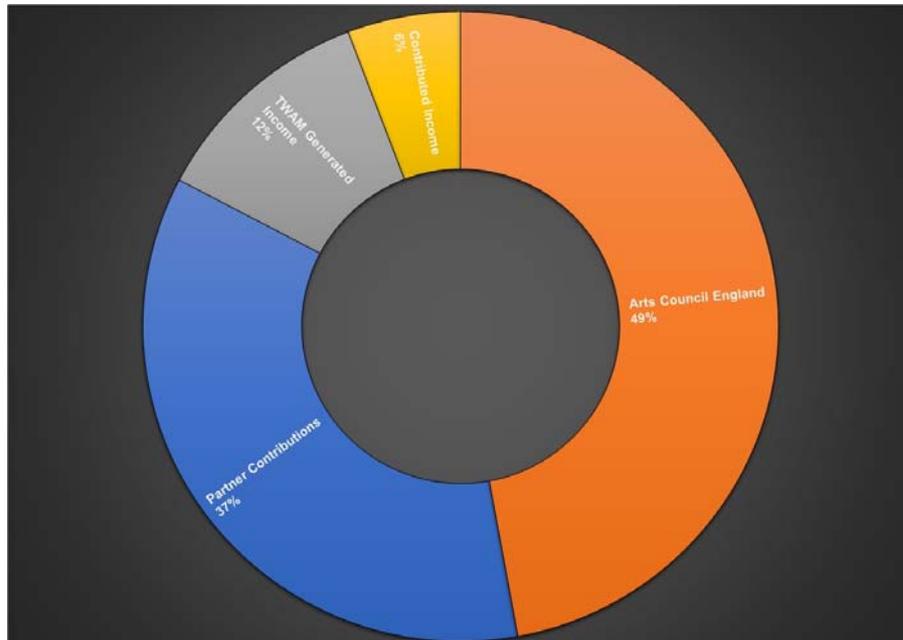
Further details are available in TWAM's Impact Report

## FINANCIAL REVIEW

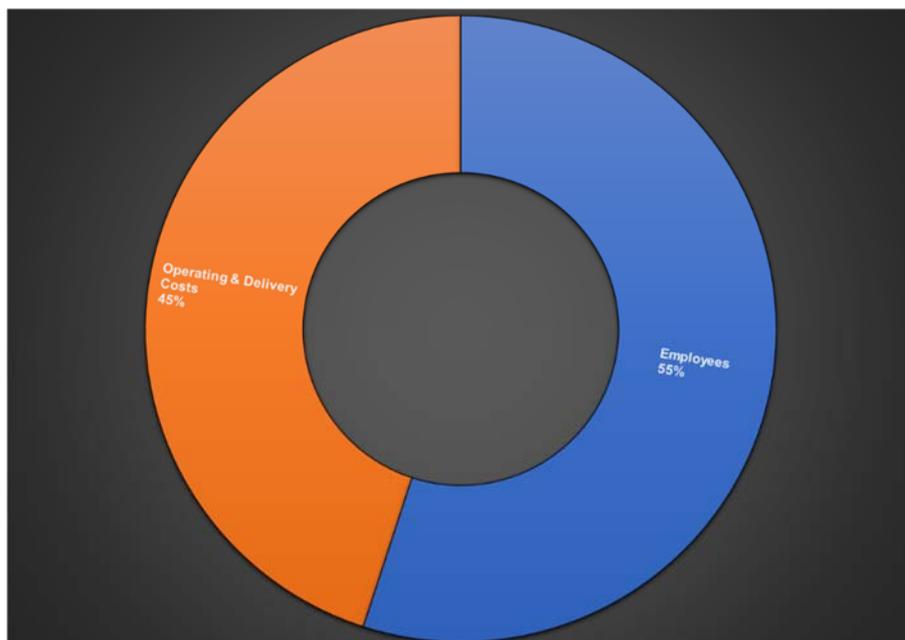
TWAM's financial position remains sound in the face of ongoing financial challenges. The outturn 2021/22 for TWAM was a net contribution from reserves of £353k.

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 TWAM 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.

Following the announcement that TWAM has secured Arts Council National Portfolio Funding for 2023-2026, TWAM's forecasts and projections for the next twelve months show that TWAM 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 TWAM to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID-19, 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, TWAM Strategic Board believe that it remains appropriate to prepare the financial statements on a going concern basis.

## Policy on Reserves

During 2021/22, TWAM undertook a review of its Reserves Strategy. The new strategy is in line with the Charities Statement of Recommended Practice (SORP).

This now enables the reclassification of un-earmarked balances as 'unrestricted', which provides greater transparency and assurance about TWAM's resilience.

TWAM recognises that a reserves policy gives confidence to funders by demonstrating good stewardship and active financial management and manages the

risk to TWAM'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 TWAM 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 TWAM turnover. At £702,395, general unrestricted funds equate to 6.2% of the projected TWAM Group turnover 2022/23.

At 31 March 2022, Cash at Bank and Restricted Funds reflect a deposit of £382k National Non Domestic Rate refunds received as a result of a favourable rate valuation tribunal decision in November 2020. The Valuation Office has appealed the decision, so the refund is required to be ring fenced in a restricted reserve pending the appeal decision. The upper tribunal hearing took place in May 2022. The decision announced in early August 2022, upheld the original decision. The VOA has four weeks to decide whether to appeal again.

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

### **Key Management Personnel**

The Chair of the Strategic Board received remuneration of £2,917 reflecting the work involved with the role of Founding Chair of the new Strategic Board and establishing new working relationships. The board, who give their time freely, other than the Chair, have considered and appointed the Director. Other Key Management Personnel (KMP) of TWAM, 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 TWAM 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**

TWAM's Business Plan for 2018-23 is available online at <https://www.twmuseums.org.uk/corporate-publications-and-policies/corporate-plan>

Strategic Board approved an extension to the business plan for the year 2022/23 which reflected an extension year to our Arts Council England NPO funding agreement.

With the gradual recovery of visitor numbers at our venues we will see more ambitious programming and activity during the year. This will include Stories of Service at Discovery Museum and Pushing The Boat out at South Shields Museum. Our biggest exhibition of the year will be Lindisfarne Gospels at Laing Art Gallery which will see the iconic artefact displayed alongside 20 other “treasures” of Anglo-Saxon England and an immersive digital introductory experience for visitors. Alongside the Gospels itself will be an exhibition bringing together items precious to people in our communities called These Are Our Treasures.

Our programme will continue to reflect the communities that we serve and maintain our commitment to the creative case for diversity.

Our learning programmes have recovered almost to pre-pandemic levels meaning many more school pupils in our venues taking part in workshops around history, art and science. Similarly sessions for early years and opportunities for students and older learners will be in place throughout the year.

Our work with communities will focus on health and wellbeing, older people and communities who otherwise would not have access to culture. This work is a major focus in Gateshead where Shipley Art Gallery acts as a hub for this.

The Multaka project, funded by Esmée Fairbairn Foundation, offers opportunities for refugees and asylum seekers to volunteer in our venues whilst a new volunteering scheme, Volunteer Futures funded by DCMS, will enable more young people to use volunteering to develop new skills..

2022 sees the 1900<sup>th</sup> anniversary of Hadrian’s Wall and our sites at Arbeia, Segedunum and Great North Museum will all be taking part in activities, exhibitions and installations to mark the event. This will include new permanent digital displays at Great North Museum which bring some of the stone alters to life and also tell the story of Hadrian’s Wall on Tyneside.

We will also be progressing plans for new capital investments at Segedunum, in partnership with North Tyneside Council and Discovery Museum in partnership with Newcastle City Council. At Discovery we will implement changes to the building which will reduce the carbon footprint of the building, vital in both combatting climate change and tackling our rising utilities bills.

We will be building on the success of the Must See Museums programme with a new membership scheme to encourage a deeper level of engagement from visitors and generate additional funds. We will also be expanding our Must See Stories programme which reaches an even wider audience through digital and new media channels.

Tyne and Wear Archives will be renewing our accreditation as a place of deposit with The National Archives. We will also be continuing to explore options to rationalise and improve storage of collections and increase digital access.

We are entering the final phase of our work as the Culture Bridge Organisation for the North East which puts greater emphasis on supporting Local Cultural Education Partnerships. During the year we will be making the case to Arts Council England to fund the legacy of this work and in particular to maintain support for the LCEPs.

We will also be continuing to support other museums in the region through our Museums Development North East function and starting to discuss the future structure of that support with other museums across the greater North region..

TWAM is continuing our work as an anti-racist organisation. We have committed to looking at the stories of colonialism within our collections and displays and how we might better reflect the hidden stories of diverse communities. We are very grateful to members of the community who have come forward to join our “Exchange” Group and will be working with us on this. We will also be working with University of Newcastle to look at the collections at Great North Museum and progress with our commitment to offer up for repatriation the Benin Bronze currently on display.

During the year we will have the opportunity to bid to remain part of Arts Council England’s National Portfolio. This currently makes up approximately 40% of our income and is therefore a key piece of work. In doing this we will be embedding a new mission and objectives for TWAM which reflect the needs of our communities and strategic partners and ensure that we are delivering maximum impact. We will continue to be ambitious, dynamic, inclusive and environmentally responsible.

Our business model will continue to respond to the ongoing pressures on utilities costs, pay and rising inflation. With reduced visitor numbers and a cost of living crisis, conditions for our trading operations will continue to be challenging.

We remain grateful to our Local Authority and University partners, Arts Council England and othg for 2023-2026er public and private funders for their commitment to fund and support all of this activity over the coming year.

## **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. TWAM’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.

TWAM’s policy for acquisition, preservation, management and disposal of heritage assets can be referenced on the TWAM website:

<https://twmuseums.org.uk/files/5029-acquisitions-and-disposal-policy.pdf>

The heritage assets held and managed by TWAM are the collections of assets and

artefacts either exhibited or stored in the venues listed on page 9. 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 TWAM, TWAM 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 TWAM 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 1.62k 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 2021	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2022
Art (including fine art, decorative art, contemporary craft and design)	46,053	30	46,083
Archaeology	226,869	72	226,941
Ethnography	7,117	0	7,117
History (including social history, costume, maritime history and engineering, science and industry)	209,643	843	210,486
Natural Sciences (including geology and biology)	644,770	0	644,770
Total	1,134,452	945	1,135,397
	<b>Cubic Metres</b>		<b>Cubic Metres</b>
Archives	1,599		1,615

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 2022 is £134 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.

TWAM 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 TWAM staff.

Local Authority	Estimated number of Art objects valued at £10k or above as at 1 April 2021	Additional Objects recognised in the year	Estimated number of Art objects valued at £10k or above as at 31 March 2022	Heritage Assets recognised at valuation as at 1 April 2021	Revaluation of Art objects	Carrying Value as at 31 March 2022
Gateshead	742	1	743	£14.69m	£0.05m	£14.74m
Newcastle	740	1	741	£107.47m	£1.23m	£108.70m
North Tyneside	25	0	25	£0.01m	0.0m	£0.01m
South Tyneside	13	0	13	£0.54m	£0m	£0.54m
Sunderland	133	1	134	£9.98m	£0.03m	£10.01m
<b>Total</b>	<b>1,653</b>	<b>3</b>	<b>1,656</b>	<b>£132.69m</b>	<b>£1.31m</b>	<b>£134.00m</b>

## REAPPOINTMENT OF AUDITOR

In 2018/19, the TWAM Strategic Board appointed MHA Tait Walker as auditor of the TWAM 'Group' for a four-year period. Azets Audit Services Limited, trading as Azets Audit Services were appointed auditor to the Twam 'Group' following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022. A procurement process will take place in autumn/winter 2022 for the audit contract for the next four-year period.

## ACKNOWLEDGEMENTS

The production of this Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across TWAM. 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, Tyne & Wear Archives & Museums on 07920 295748 or e-mail [jackie.reynolds@twmuseums.org.uk](mailto:jackie.reynolds@twmuseums.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

or Keith Merrin

Head of Finance, Governance &  
Resources

Director

Tyne & Wear Archives & Museums

Tyne & Wear Archives & Museums

Discovery Museum

Discovery Museum

Newcastle upon Tyne

Newcastle upon Tyne

NE1 4JA

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## **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 TWAM, 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.

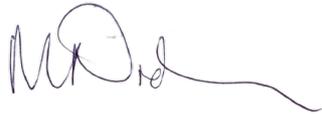
### **Statement as to disclosure to our auditors**

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 TWAM 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 Tyne & Wear Archives & Museums at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.



16/12/22

Mark Nicholson  
Treasurer to TWAM Strategic Board

## **Approval of the Accounts**

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



16/12/22

Baroness Joyce Quin  
Chair of the TWAM Strategic Board

# Tyne & Wear Archives & Museums

## Independent Auditor's Report to the Strategic Board of Tyne & Wear Archives & Museums

### Opinion

We have audited the financial statements of Tyne & Wear Archives & Museums (the 'entity') for the year ended 31 March 2022, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 2022 and of its incoming resources and application of resources, including its income and expenditure 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 auditor 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 UK, including the FRC'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 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 original financial statements were 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.

### Other information

The Strategic Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

## **Tyne & Wear Archives & Museums**

### **Independent Auditor's Report to the Strategic Board of Tyne & Wear Archives & Museums**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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**

In the light of our knowledge and understanding of the entity and its environment obtained in the course of the audit, we have not identified material misstatements in the Explanatory Foreword.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Strategic Board members remuneration specified by law are not made; 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 (set out on page 17), 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.

#### **Auditor 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 auditor's 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## Tyne & Wear Archives & Museums

### Independent Auditor's Report to the Strategic Board of Tyne & Wear Archives & Museums

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business'.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety and employment law (including the Working Time Directive).

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the entity Strategic Board as a body. Our work has been undertaken so that we might state to the Strategic Board those matters we are required to state to Strategic Board members 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.

..........

Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of  
Azets Audit Services  
Chartered Accountants  
Statutory Auditor

Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date:..........

Azets Audit Services is a trading name of Azets Audit Services Limited

## Tyne & Wear Archives & Museums

### Statement of Financial Activities for the Year Ended 31 March 2022

	Note	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
<b>Income and Endowments from:</b>					
Donations and grants	2	3,288,008	4,514,202	7,802,210	7,756,416
Museum activities	3	62,029	-	62,029	2,209
Other trading activities	4	<u>423,439</u>	<u>252,954</u>	<u>676,393</u>	<u>368,237</u>
Total Income		3,773,476	4,767,156	8,540,632	8,126,862
<b>Expenditure on:</b>					
Raising funds	5	(366,337)	-	(366,337)	(170,942)
Museum activities	6	<u>(2,948,909)</u>	<u>(4,930,358)</u>	<u>(7,879,267)</u>	<u>(6,115,627)</u>
Total Expenditure		<u>(3,315,246)</u>	<u>(4,930,358)</u>	<u>(8,245,604)</u>	<u>(6,286,569)</u>
Net income/(expenditure)		458,230	(163,202)	295,028	1,840,293
Gross transfers between funds		<u>48,298</u>	<u>(48,298)</u>	<u>-</u>	<u>-</u>
Net movement in funds		506,528	(211,500)	295,028	1,840,293
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>340,460</u>	<u>2,661,401</u>	<u>3,001,861</u>	<u>1,161,568</u>
Total funds carried forward	19	<u><u>846,988</u></u>	<u><u>2,449,901</u></u>	<u><u>3,296,889</u></u>	<u><u>3,001,861</u></u>

All of the entity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2021 is shown in note 19.

Included within the above net income figure of £1,840,293 for the year ended 2021, is exceptional income of £1,426,676, relating to a rates appeal and subsequent refund, and a further £163,495, relating to monies received from the Cultural Recovery Fund.

Without this exceptional income in the year, net income would have been £250,122.

## Tyne & Wear Archives & Museums

### Statement of Financial Activities for the Year Ended 31 March 2022

#### Comparative Year Ending 31 March 2021 Statement of Financial Activity

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £
<b>Income and Endowments from:</b>				
Donations and legacies		3,221,442	4,534,974	7,756,416
Charitable activities		2,209	-	2,209
Other trading activities		221,641	146,596	368,237
Total income		3,445,292	4,681,570	8,126,862
<b>Expenditure on:</b>				
Raising funds		(170,942)	-	(170,942)
Charitable activities		(1,776,593)	(4,339,034)	(6,115,627)
Total expenditure		(1,947,535)	(4,339,034)	(6,286,569)
Net income		1,497,757	342,536	1,840,293
Gross transfers between funds		(1,352,114)	1,352,114	-
Net movement in funds		145,643	1,694,650	1,840,293
<b>Reconciliation of funds</b>				
Total funds brought forward		194,817	966,751	1,161,568
Total funds carried forward	19	340,460	2,661,401	3,001,861

# Tyne & Wear Archives & Museums

## Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	11	-	-
Investments	12	271,053	271,053
		<u>271,053</u>	<u>271,053</u>
<b>Current assets</b>			
Debtors	13	1,805,360	768,943
Cash at bank and in hand	14	1,810,591	2,577,689
		<u>3,615,951</u>	<u>3,346,632</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(489,145)</u>	<u>(514,854)</u>
<b>Net current assets</b>		<u>3,126,806</u>	<u>2,831,778</u>
<b>Total assets less current liabilities</b>		3,397,859	3,102,831
<b>Creditors: Amounts falling due after more than one year</b>	16	<u>(100,970)</u>	<u>(100,970)</u>
<b>Net assets</b>		<u>3,296,889</u>	<u>3,001,861</u>
<b>Funds of the entity:</b>			
<b>Restricted</b>		2,449,901	2,661,401
<b>Unrestricted income funds</b>			
Unrestricted		<u>846,988</u>	<u>340,460</u>
<b>Total funds</b>	19	<u>3,296,889</u>	<u>3,001,861</u>

The financial statements on pages 22 to 43 were approved by the TWAM Strategic Board, and authorised for issue on <sup>16 December 2022</sup> ..... and signed on their behalf by:

  
 .....  
 Baroness Joyce Quin  
 Chair of TWAM Strategic Board

## Tyne & Wear Archives & Museums

### Cash Flow Statement for the Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net cash income		295,028	1,840,293
<b>Working capital adjustments</b>			
(Increase)/decrease in debtors	13	(1,036,417)	1,147,246
Decrease in creditors	15	<u>(25,709)</u>	<u>(413,212)</u>
Net cash flows from operating activities		<u>(767,098)</u>	<u>2,574,327</u>
Net (decrease)/increase in cash and cash equivalents		(767,098)	2,574,327
Cash and cash equivalents at 1 April		<u>2,577,689</u>	<u>3,362</u>
Cash and cash equivalents at 31 March	14	<u><u>1,810,591</u></u>	<u><u>2,577,689</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 1 Accounting policies

#### Statement of compliance

As a result of the implementation of the Local Audit and Accountability Act 2014, Tyne & Wear Archives & Museums (TWAM) 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.

#### Basis of preparation

TWAM 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.

#### 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 depreciation, prepayments, accruals and other cut-off adjustments. Whilst management believe that these estimates and judgements are accurate, 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.

#### Going concern

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

TWAM is an aggregation of the income and expenditure received and expended by the relevant Local Authority Councils and 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.

In May 2022, TWAM submitted an application to Arts Council England for National Portfolio Funding. The application was for 2023-2026 to deliver our work across all venues, communities and learning. TWAM applied for the full amount indicated in the planning figure given to us by Arts Council England, i.e., £3,653,550 pa (£10,960,650 in total). In submitting outline budgets for the three year period we assumed local authority funding remained at standstill, university funding increased by 3% pa and factored in inflation, pay increases and utility increases based on best current available knowledge. TWAM also applied for a further uplift of £200,000 pa (£600,000 in total) to enable additional work to be delivered in North and South Tyneside. We will be informed of the outcome of the application in October 2022.

TWAM's forecasts and projections for the next twelve months show that TWAM should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

The business plans for 2023 onwards build in this flexible approach & includes the risk of consumers being slower to return to cultural venues/activities within the risk analysis. Risks are identified by a 'risk radar' approach undertaken by the Leadership Team and monitored and challenged by TWAM Enterprises Board, Audit Committee and Strategic Board.

Although the forecast prepared takes account of the matters above to support the ability of TWAM to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID-19, 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, TWAM Strategic Board believe that it remains appropriate to prepare the financial statements on a going concern basis.

### **Income and endowments**

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.

### **Grants receivable**

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

- TWAM 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.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### Expenditure

Expenditure is recognised once there is 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.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories. 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.

### Recharges

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 TWAM.

### Cost of Support Services

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

### Employee costs

TWAM 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. TWAM's employees consist of curators, archivists, officers, drivers, and visitor services personnel. The costs of certain technical and professional staff are charged initially to various holding accounts from which a recharge is made to the appropriate service such as transport or premises, to capital projects or to an outside agency.

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 TWAM. 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.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities as an expense of benefitting 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).

### 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.

### Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Strategic Board as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to TWAM.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by TWAM can be determined by reference to an active market. In practice, no intangible asset held by TWAM meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life in the Statement of Financial Activities. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted in the Statement of Financial Activities. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Statement of Financial Activities.

### Tangible fixed assets

The buildings in which the Archives and Museums are housed are the property of the stakeholders, and are therefore excluded from TWAM'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.

All records and archives acquired on behalf of TWAM with the records and archives acquired by the former Tyne and Wear Metropolitan County Council and TWAM 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 TWAM's legal status does not allow ownership.

### 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. TWAM'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.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software	5 years straight line

### 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 TWAM's charitable and trading activities.

The investment is measured at cost less impairment.

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

### Trade debtors

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

### 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.

TWAM'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 TWAM 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.

### 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.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of TWAM's cash management.

### Trade creditors

Creditors and provisions are recognised where TWAM 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 provision are normally recognised at their settlement amount after allowing for any trade discounts due.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## **Tyne & Wear Archives & Museums**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Provisions**

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

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.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### Fund structure

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

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.

### Pensions and other post retirement obligations

Employees of TWAM 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. 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](http://www.twpf.info)

As TWAM employees are employed by the Lead Authority, Newcastle City Council, therefore, 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

	Unrestricted		Total 2022	Total 2021
	General £	Restricted £	£	£
Donations and grants;				
Donations and sponsorship	184,179	125,182	309,361	130,598
Other grants	63,587	364,006	427,593	384,995
Core contributions				
Client contributions	3,040,242	-	3,040,242	3,133,672
Arts Council England	-	4,025,014	4,025,014	4,107,151
	<u>3,288,008</u>	<u>4,514,202</u>	<u>7,802,210</u>	<u>7,756,416</u>

Total income in 2021 of £7,756,416, comprised unrestricted income of £3,221,442 and restricted income of £4,534,974.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 3 Income from museum activities

	<b>Unrestricted funds General £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Museum activities	<u>62,029</u>	<u>62,029</u>	<u>2,209</u>

Income from museum activities is sundry income derived from existing projects and includes income from fees and charges.

### 4 Income from other trading activities

	<b>Unrestricted</b>		<b>Total 2022 £</b>	<b>Total 2021 £</b>
	<b>General £</b>	<b>Restricted £</b>		
Trading income;				
Museums admissions and exhibitions	108,693	-	108,693	37,817
Other generated income	<u>314,746</u>	<u>252,954</u>	<u>567,700</u>	<u>330,420</u>
	<u>423,439</u>	<u>252,954</u>	<u>676,393</u>	<u>368,237</u>

Total income in 2021 of £368,237 comprised unrestricted income of £221,641 and restricted income of £146,596.

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

### 5 Expenditure on raising funds

#### a) Costs of trading activities

	<b>Unrestricted funds General £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Costs of trading activities	<u>366,337</u>	<u>366,337</u>	<u>170,942</u>
	<u>366,337</u>	<u>366,337</u>	<u>170,942</u>

All trading expenditure in 2021 was unrestricted.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 6 Expenditure on museum activities

#### Direct costs

	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Museum Activities	1,545,795	4,930,358	6,476,153	4,781,614
Support Costs	1,403,114	-	1,403,114	1,334,013
	<u>2,948,909</u>	<u>4,930,358</u>	<u>7,879,267</u>	<u>6,115,627</u>
		<b>Museum Activities £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Premises		673,167	673,167	(525,667)
Transport		41,204	41,204	29,411
Supplies and services		2,016,272	2,016,272	851,288
Employee costs		<u>3,745,510</u>	<u>3,745,510</u>	<u>4,426,582</u>
		<u>6,476,153</u>	<u>6,476,153</u>	<u>4,781,614</u>

Included within premises costs for the 2021 year end is £1,426,676 rates refund given in the year with £140,760 being under appeal and £1,285,916 no longer subject to appeal. Included within the 2022 year end is a further £241,651 rates refund given in the year all being under appeal.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 7 Analysis of governance and support costs

#### Support costs allocated to charitable activities

	Allocated to Museum Activities £	Total 2022 £	Total 2021 £
Premises	112,760	112,760	112,760
Transport	662	662	446
Supplies and services	244,272	244,272	140,849
Central administration	236,616	236,616	246,377
Financing charges	46,153	46,153	44,158
Employee costs	762,651	762,651	789,423
	<u>1,403,114</u>	<u>1,403,114</u>	<u>1,334,013</u>

### 8 Auditors remuneration

	2022 £	2021 £
Audit fees	<u>10,000</u>	<u>8,000</u>

### 9 Strategic board members remuneration and expenses

During the year one member of the Strategic Board received remuneration allowance for the post of £Nil (2021 - one member £3,333).

No other member received any remuneration or benefits in kind in the current or prior year.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 10 Staff costs

The aggregate payroll costs were as follows:

	2022 £	2021 £
<b>Staff costs during the year were:</b>		
Wages and salaries	3,527,633	4,115,559
Social security costs	283,803	329,731
Pension costs	716,406	793,487
	<u>4,527,842</u>	<u>5,238,777</u>

In 2021/22, £990,416 of staff costs related to time spent by TWAM staff delivering exhibitions. This time was recharged to Exhibitions by TWAM. This cost now appears in TWAM's accounts as exhibition costs within supplies and services.

The monthly average number of persons (including senior management team) employed by the Lead Authority in respect of TWAM during the year expressed as full time equivalents was as follows:

	2022 No	2021 No
Operations and management of TWAM	<u>146</u>	<u>138</u>

During the year, the entity made redundancy and/or termination payments which totalled £5,064 (2021 - £11,787).

The number of employees whose emoluments fell within the following bands was:

	2022 No	2021 No
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£110,001 - £120,000	<u>1</u>	<u>1</u>

The total employee benefits of the key management personnel of the entity were £244,010 (2021 - £252,876).

### Volunteers

TWAM operates an extensive volunteer programme. Volunteers are engaged across many areas of our operation, from collections research and maintenance to visitor welcome. We have volunteers giving any amount of time - from one afternoon to regular attendance throughout the year. Volunteer roles are advertised via our website. In 2021/22 TWAM had 174 volunteers who contributed a total 12,646 hours (2020/21 138 volunteers and 7,302 hours).

## Tyne & Wear Archives & Museums

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 11 Intangible fixed assets

	Software £	Total £
<b>Cost</b>		
At 1 April 2021	<u>133,159</u>	<u>133,159</u>
At 31 March 2022	133,159	133,159
<b>Amortisation</b>		
At 1 April 2021	<u>133,159</u>	<u>133,159</u>
At 31 March 2022	<u>133,159</u>	<u>133,159</u>
<b>Net book value</b>		
At 31 March 2022	<u><u>-</u></u>	<u><u>-</u></u>
At 31 March 2021	<u><u>-</u></u>	<u><u>-</u></u>

The software continues to be used by TWAM.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 12 Fixed asset investments

#### Other investments

	Unlisted investments £	Total £
<b>Cost or Valuation</b>		
At 1 April 2021	<u>271,053</u>	<u>271,053</u>
At 31 March 2022	<u>271,053</u>	<u>271,053</u>
<b>Net book value</b>		
At 31 March 2022	<u>271,053</u>	<u>271,053</u>
At 31 March 2021	<u>271,053</u>	<u>271,053</u>

During the year ended 31 March 2019 stock held by TWAM was gifted to TWAM Enterprises Limited a company related through common control. This company was formed to undertake commercial and enterprise activity to increase self-generated income. Any profits of TWAM Enterprises Limited are to be gift aided back to TWAM Development Trust.

The value of stock at the date of transfer was transferred to long term investments.

### 13 Debtors

	2022 £	2021 £
Prepayments and accrued income	13,255	14,040
Grants receivable	857,551	106,056
Other debtors	<u>934,554</u>	<u>648,847</u>
	<u>1,805,360</u>	<u>768,943</u>

### 14 Cash at bank and in hand

	2022 £	2021 £
Cash at bank	<u>1,810,591</u>	<u>2,577,689</u>

The organisation does not hold a bank account. Cash deposits and overdraft facility are held by Newcastle City Council.

## Tyne & Wear Archives & Museums

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	229,925	168,530
Accruals	259,220	346,324
	<u>489,145</u>	<u>514,854</u>

#### 16 Creditors: amounts falling due after one year

	2022 £	2021 £
Other creditors	<u>100,970</u>	<u>100,970</u>

A £100,000 loan from the public loans board was made towards the cost of the replacement of the doors at Discovery Museum in advance of a wider redevelopment scheme for the building. The loan bears interest at a rate of 4.5% and is repayable over a period of 50 years.

#### 17 Pension and other schemes

##### Defined contribution pension scheme

The Lead Authority operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Lead Authority in respect of the organisation to the scheme and amounted to £716,406 (2021 - £793,487).

#### 18 Commitments

The total amount contracted for but not provided in the financial statements was £Nil (2021 - £1,492).

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 19 Funds

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2022 £
<b>Unrestricted funds</b>					
<b>General</b>					
General fund	(142,899)	3,773,476	(3,315,246)	424,577	739,908
<b>Designated</b>					
Acquisitions reserve	133,146	-	-	(133,146)	-
Renewals reserve	18,612	-	-	1,000	19,612
Business partner reserve	29,741	-	-	(29,741)	-
Budget deficit fund	114,360	-	-	(114,360)	-
TWAME Loan	90,000	-	-	(40,000)	50,000
NNDR Legal Fees	97,500	-	-	(60,032)	37,468
	<u>483,359</u>	<u>-</u>	<u>-</u>	<u>(376,279)</u>	<u>107,080</u>
<b>Total unrestricted funds</b>	<u>340,460</u>	<u>3,773,476</u>	<u>(3,315,246)</u>	<u>48,298</u>	<u>846,988</u>
<b>Restricted funds</b>					
ACE National Portfolio Organisation	-	3,194,648	(3,194,648)	-	-
ACE Bridge	475,670	540,133	(511,993)	-	503,810
ACE Museum Development	131,135	165,824	(169,092)	-	127,867
ACE Capital and other non-core grants	69,030	124,409	(182,442)	-	10,997
Museums earmarked balances	1,653,268	-	-	(1,653,268)	-
Other restricted grants and contributions	191,538	742,142	(872,183)	-	61,497
NNDR Reserve	140,760	-	-	241,652	382,412
NNDR Reserve - Discovery	-	-	-	693,835	693,835
Newcastle University Projects	-	-	-	216,565	216,565
	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,918</u>	<u>452,918</u>
<b>Total restricted funds</b>	<u>2,661,401</u>	<u>4,767,156</u>	<u>(4,930,358)</u>	<u>(48,298)</u>	<u>2,449,901</u>
<b>Total funds</b>	<u>3,001,861</u>	<u>8,540,632</u>	<u>(8,245,604)</u>	<u>-</u>	<u>3,296,889</u>

Included in the net transfer figure above is a reclassification of restricted funds from the previously defined 'Museums earmarked balances' to the general unrestricted fund. The reason for this reclassification is to recognise that whilst these earmarked funds are only spent in each respective authority area, the funds are the general funds of the organisation used to support the general activities, distinct from any third party donor restricted monies received.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

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

### Designated funds

Acquisitions Reserve: A reserve to acquire objects for the collections.

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

Business Partners Reserve: Funds generated by businesses that support TWAM's work through the Connecting through Culture programme.

Budget deficit fund: This fund represents monies set aside from earmarked funds to fund a budgeted deficit for the following year. TWAM makes transfers to reserves from general funds to reflect the underlying purpose of the reserve.

TWAME Loan: TWAME shareholders have agreed to make available a loan facility to TWAME of up to £100,000 to underwrite cashflow, to be funded from TWAM reserves.

NNDR Legal Fees : A fund, initially financed from the NNDR refunds to cover the legal costs of defending against the VOA appeal.

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

Museums Earmarked Balances: The funds within this reserve have been earmarked to support revenue expenditure and projects in future years. Balances sit within the budgets of individual stakeholders and there is, of course, no transfer between budgets of separate stakeholders. Equally, balances on central funds are allocated centrally.

NNDR Reserve : The refunds are subject to an appeal by the VOA. This has been ringfenced pending the outcome.

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

Following the Valuation Office decision, on 16 March 2021, to withdraw its appeal of the tribunal decision for Discovery Museum, TWAM have settled the debtor of £436k to Newcastle relating to the cash flowing of NNDR since 2017 decision, from the refund backdated to 2010 for Discovery. The remaining funds are held as potential match funding for the Blandford House redevelopment project, which is currently part of a wider Discovery Museum feasibility study.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 20 Analysis of net assets between funds

	Unrestricted funds		Restricted funds £	Total funds at 31 March 2022 £
	General £	Designated £		
Fixed asset investments	271,053	-	-	271,053
Current assets	1,058,970	107,080	2,449,901	3,615,951
Current liabilities	(489,145)	-	-	(489,145)
Creditors over 1 year	<u>(100,970)</u>	<u>-</u>	<u>-</u>	<u>(100,970)</u>
Total net assets	<u>739,908</u>	<u>107,080</u>	<u>2,449,901</u>	<u>3,296,889</u>

	Unrestricted funds		Restricted funds £	Total funds at 31 March 2021 £
	General £	Designated £		
Fixed asset investments	271,053	-	-	271,053
Current assets	201,872	483,359	2,661,401	3,346,632
Current liabilities	(514,854)	-	-	(514,854)
Creditors over 1 year	<u>(100,970)</u>	<u>-</u>	<u>-</u>	<u>(100,970)</u>
Total net assets	<u>(142,899)</u>	<u>483,359</u>	<u>2,661,401</u>	<u>3,001,861</u>

### 21 Analysis of net funds

	At 1 April 2021 £	Financing cash flows £	At 31 March 2022 £
Cash at bank and in hand	7,170	1,803,421	1,810,591
Debt due after more than one year	<u>(100,000)</u>	<u>(970)</u>	<u>(100,970)</u>
Net debt	<u>(92,830)</u>	<u>1,802,451</u>	<u>1,709,621</u>

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2022

### 22 Related party transactions

During the year the entity made the following related party transactions:

#### **Durham University**

(An employee of TWAM is an honorary research associate within a department of the University)

Received income in the year of £Nil (2021 - £Nil)

Incurred expenditure in the year of £Nil (2021 - £25,628)

At the balance sheet date the amount due to/from Durham University was £Nil (2021 - £Nil).

#### **Newcastle University**

(A Strategic Board member of TWAM is a Member of the Court of the University)

Received income in the year of £1,136,982 (2021 - £1,309,585)

Incurred expenditure in the year of £14,853 (2021 - £13,450)

At the balance sheet date the amount due to/from Newcastle University was £Nil (2021 - £Nil).

#### **University of Northumbria**

(A Strategic Board member of TWAM is a visiting professor)

Received income in the year of £41,125 (2021 - £6,600)

At the balance sheet date the amount due to/from University of Northumbria was £Nil (2021 - £Nil).

#### **TWAM Enterprises Ltd**

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

Received income in the year of £234,755 (2021 - £78,263)

Incurred expenditure in the year of £208,402 (2021 - £86,387)

TWAM has approved a loan of up to £100,000 which can be drawn by TWAM Enterprises Ltd. During the year £Nil (2021: £10,000) was drawn by TWAM Enterprises Ltd

At the balance sheet date the amount due to/from from TWAM Enterprises Ltd was £Nil (2021 - £10,000).

#### **Exhibitions by TWAM**

(Two members of the senior management of TWAM are board members)

Received income in the year of £49,606 (2021 - £11,667)

Incurred expenditure in the year of £199,296 (2021 - £132,948)

At the balance sheet date the amount due to/from Exhibitions by TWAM was £Nil (2021 - £Nil).

#### **Sallyanne Flemons**

(Spouse to a member of staff)

Incurred expenditure in the year of £19,408 (2021 - £Nil)

At the balance sheet date the amount due to/from Sallyanne Flemons was £Nil (2021 - £Nil).