



Tyne & Wear Archives & Museums

Statement of Accounts 2022/23

TYNE & WEAR
archives &
museums

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Reference and Administration Details of Tyne & Wear Archives & Museums for the period ended 31 March 2023

Strategic Board Members:

Rt. Hon Baroness Joyce Quin (Chair)	Independent
Cllr Linda Wright (Joint Vice Chair)	Newcastle City Council (Rotating Member)
Cllr Angela Douglas (Joint Vice Chair)	Gateshead Council
Professor James Annesley	Newcastle University
Cllr Julie Cruddas	North Tyneside Council
Cllr Joan Atkinson	South Tyneside Council
Cllr Lesley Storey	Newcastle City Council
Cllr Daniel Weatherley	Gateshead Council (Rotating Member)
Jonathan Blackie	Independent Member
Sarah Green	Independent Member
Helen Cadzow	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: 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 and the university.

Baroness Joyce Quin has announced her intention to step down from the role of Chair in September 2023 after two terms in the role. During spring 2023, TWAM undertook a recruitment process, and appointed Chris Mullin as the new Chair of the TWAM Strategic Board. Chris Mullin is a journalist, author and former Member of Parliament representing Sunderland and will take up his role after the September 2023 Strategic Board meeting.

Induction and training of board members

During 2022/23 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 2022, an induction and refresher session was held, and involved members, trustees and directors from the TWAM Strategic Board, TWAM Development Trust, TWAM Enterprises and Audit Committee.

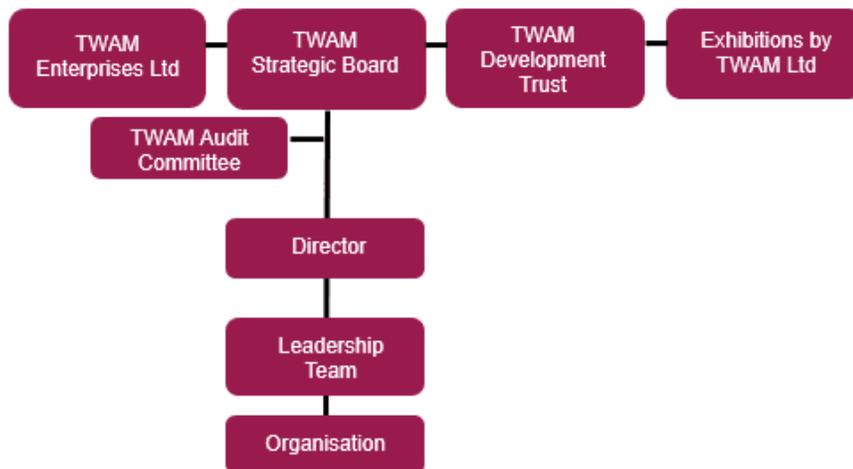
Regular strategic updates are provided at all meetings.

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
Shibley 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.

The Strategic Board reviewed its approach to managing risk and updated its Risk Management Framework in March 2022. 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 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 2022/23 TWAM had 331 volunteers contributing 19,428 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 2022/23 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 2022/23 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.*

In 2022/23, overall in-person visits were 697,637. This meant we ended the financial year 8% above projected target and approximately 70% of a pre-covid year.

Further details are available in TWAM's Impact Report

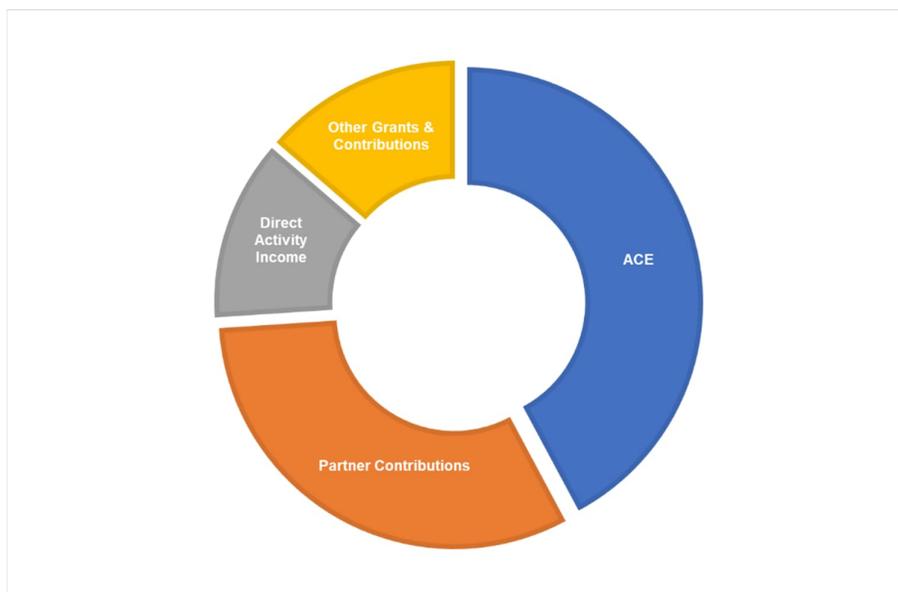
FINANCIAL REVIEW

TWAM's financial position remains sound in the face of ongoing financial challenges. The outturn 2022/23 for TWAM was a net contribution to reserves of £234k.

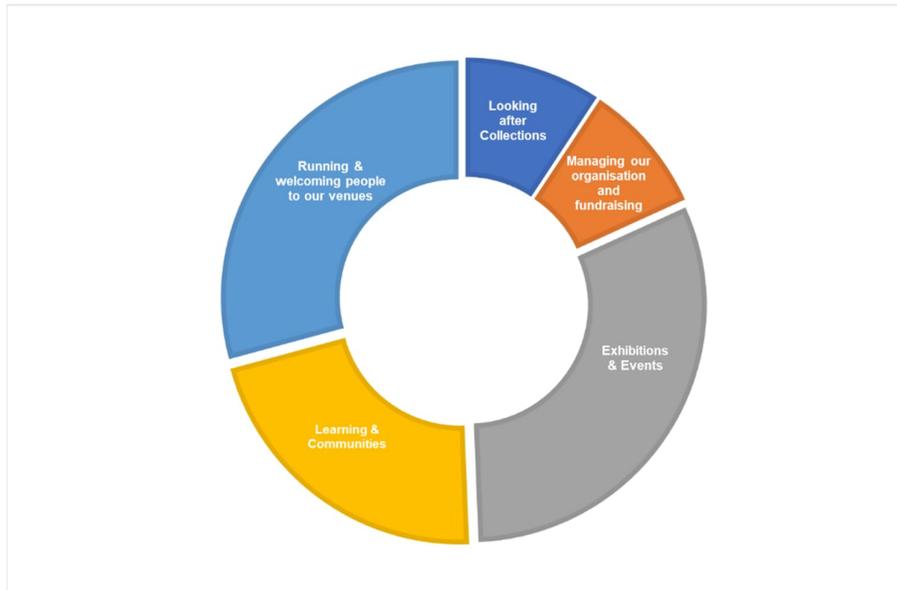
The outturn position (defined as: the position excluding adjustments for accumulated absences and restricted funding carried forward) would have been a loss of £284k had TWAM not been in receipt of a refund of NNDR based on the decision of the Valuation Office relating to Laing Art Gallery, Shipley Art Gallery and Discovery Museum for the 2017 valuation and not been awarded costs, £117k, following its successful defence in the Upper Tribunal of the 2010 NNDR appeals. 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

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 £860,214, general unrestricted funds equate to 7% of the projected TWAM Group turnover 2023/24.

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

Key Management Personnel

The Chair of the Strategic Board received remuneration of £4,167 (2021/22 £2,917) reflecting the work involved with her the 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 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

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

Improving Our Museums - Operating and improving our 9 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 progressing plans for an ambitious redevelopment of Segedunum, creating a new woodland trail and community space at Stephenson Steam Railway, delivering improvements to heating and air conditioning at South Shields Museum and continuing to address the issues associated with the future of Discovery Museum

Engaging Exhibitions - A high quality, popular programme of temporary exhibitions and digital programming in our venues or elsewhere to inspire, delight and educate including To the Roar of the Crowd at Segedunum, Myth Quest at GNM:Hancock, Scran! At South Shields Museum and Matt Rugg at Hatton Gallery.

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.

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.

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 also continue our highly successful refugee and asylum seeker volunteering programme, Multaka.

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.

Opportunities in Culture – A programme of volunteer opportunities, work experience and development of career pathways including continuing to deliver the DCMS funded Volunteer Here project and an enhanced Work Experience programme.

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 TWAM and our regional museum and archive partners.

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 - TWAM 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 TWAM; 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; doing the right job right, cutting out unnecessary or unhelpful processes; and, revisiting our Governance to simplify and increase diversity.

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 2022	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2023
Art (including fine art, decorative art, contemporary craft and design)	46,083	21	46,104
Archaeology	226,941	61	227,002
Ethnography	7,117	0	7,117
History (including social history, costume, maritime history and engineering, science and industry)	210,486	1,369	211,855
Natural Sciences (including geology and biology)	644,770	102	644,872
Total	1,135,397	1,553	1,136,950
	Cubic Metres		Cubic Metres
Archives	1,615		1,627

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 2023 is £134.25 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 2022	Additional Objects recognised in the year	Estimated number of Art objects valued at £10k or above as at 31 March 2023	Heritage Assets recognised at valuation as at 1 April 2022	Revaluation of Art Objects	Carrying Value as at 31 March 2023
Gateshead	743	1	744	14.74m	£0.02m	£14.76m
Newcastle	741	2	743	108.70m	£0.03m	108.96m
North Tyneside	25	0	25	0.01m	£0.00m	£0.01m
South Tyneside	13	0	13	0.54m	£0.00m	£0.54m
Sunderland	134	2	136	10.01m	-£0.03m	£9.97m
Total	1,656	5	1,661	£134.00m	£0.02m	£134.25m

REAPPOINTMENT OF AUDITOR

In 2022/23, TWAM undertook a procurement process and appointed Kinnair Associates Limited as auditors to the TWAM Group for the period 2022/23 to 2025/26.

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

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		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 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 2023 and its income and expenditure for the year ended 31 March 2023.



Mark Nicholson
Treasurer to TWAM Strategic Board

Approval of the Accounts

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



Baroness Joyce Quin
Chair of the TWAM Strategic Board

TYNE & WEAR ARCHIVES & MUSEUMS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2023 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 2023 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 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.

TYNE & WEAR ARCHIVES & MUSEUMS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYNE & WEAR ARCHIVES & 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 is 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 the 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.

TYNE & WEAR ARCHIVES & MUSEUMS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYNE & WEAR ARCHIVES & MUSEUMS (CONTINUED)

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 TWAM 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 requesting significant legal correspondence; 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;
- 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;
- enquiring of management as to actual and potential litigation and claims;
- 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. 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.

TYNE & WEAR ARCHIVES & MUSEUMS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYNE & WEAR ARCHIVES & MUSEUMS
(CONTINUED)**

Use of our report

This report is made solely to the Strategic Board as a body. 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
Kinnair Associates Limited

Chartered Accountants
Statutory Auditors

Aston House

Redburn Road

Newcastle upon Tyne

NE5 1NB

Date: *25th September 2023*

TYNE & WEAR ARCHIVES & MUSEUMS

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £	As restated Total funds 2022 £
Income from:					
Donations and legacies	2	5,078,049	3,681,285	8,759,334	7,802,210
Other trading activities	3	-	972,614	972,614	738,422
Investments	4	-	25,552	25,552	-
Exceptional income NNDR refund	5	-	339,056	339,056	-
Total income		5,078,049	5,018,507	10,096,556	8,540,632
Expenditure on:					
Raising funds	6	-	675,295	675,295	366,337
Charitable activities	7	5,064,873	4,122,687	9,187,560	7,879,267
Total expenditure		5,064,873	4,797,982	9,862,855	8,245,604
Net income		13,176	220,525	233,701	295,028
Transfers between funds	15	14,627	(14,627)	-	-
Net movement in funds		27,803	205,898	233,701	295,028
Reconciliation of funds:					
Total funds brought forward as previously stated		2,449,901	846,988	3,296,889	3,001,861
Prior year adjustment	18	100,000	-	100,000	100,000
Total funds brought forward as restated	16	2,549,901	846,988	3,396,889	3,101,861
Net movement in funds		27,803	205,898	233,701	295,028
Total funds carried forward	16	2,577,704	1,052,886	3,630,590	3,396,889

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

The notes on pages 24 to 42 form part of these financial statements.

TYNE & WEAR ARCHIVES & MUSEUMS
REGISTERED NUMBER:

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Investments	11	271,053	271,053
		<u>271,053</u>	<u>271,053</u>
Current assets			
Debtors	12	2,241,263	1,805,360
Cash at bank and in hand		1,782,901	1,810,591
		<u>4,024,164</u>	<u>3,615,951</u>
Creditors: amounts falling due within one year	13	(664,627)	(490,115)
Net current assets		<u>3,359,537</u>	<u>3,125,836</u>
Total assets less current liabilities		<u>3,630,590</u>	<u>3,396,889</u>
Net assets excluding pension asset		<u>3,630,590</u>	<u>3,396,889</u>
Total net assets		<u><u>3,630,590</u></u>	<u><u>3,396,889</u></u>
Charity funds			
Restricted funds	15	2,577,704	2,549,901
Unrestricted funds	15	1,052,886	846,988
Total funds		<u><u>3,630,590</u></u>	<u><u>3,396,889</u></u>

The financial statements were approved by the TWAM Strategic Board and authorised for issue on 22nd September 2023 and signed on their behalf by:



Baroness Joyce Quin
 Chair of the TWAM Strategic Board

The notes on pages 24 to 42 form part of these financial statements.

TYNE & WEAR ARCHIVES & MUSEUMS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	19	(7,976)	(720,945)
Cash flows from investing activities			
Interest received on funds		25,552	-
Net cash provided by investing activities		25,552	-
Cash flows from financing activities			
Finance charges		(45,266)	(46,153)
Net cash used in financing activities		(45,266)	(46,153)
Change in cash and cash equivalents in the year		(27,690)	(767,098)
Cash and cash equivalents at the beginning of the year		1,810,591	2,577,689
Cash and cash equivalents at the end of the year	20	1,782,901	1,810,591

The notes on pages 24 to 42 form part of these financial statements

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

1.1 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.

1.2 Prior year adjustment and restatement of comparatives

As described more fully in note 18 a loan valued at £100,000 has been de-recognised so that the treatment of the loan is in accordance with TWAM's accounting policy relating to financing through local authorities. This write-back has been treated as a prior year adjustment and comparative figures have been restated accordingly.

1.3 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.

1.4 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. Accounting policies (continued)

1.5 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 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 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.

1.6 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.

1.7 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 2023

1. Accounting policies (continued)

1.8 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.

1.9 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.

1.10 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.

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.

1.11 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).

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.17 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.

1.18 Financing charges

TWAM pays financing charges to local authorities in respect of loan balances held by those authorities against various buildings occupied by TWAM. 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 TWAM Strategic Board.

1.19 Trade debtors

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

1.20 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.

1.21 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.

1.22 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 provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Trade creditors are recognised at the transaction price.

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.23 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.

1.24 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.

1.25 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

As TWAM 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.

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Income from donations and grants

	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £
Donations and grants			
Donations and sponsorship	313,764	370,104	683,868
Other grants	651,765	42,351	694,116
Contributions to running costs from other TWAM entities	-	168,780	168,780
Core contributions			
Client contributions	-	3,100,050	3,100,050
Arts Council England	4,112,520	-	4,112,520
	<u>5,078,049</u>	<u>3,681,285</u>	<u>8,759,334</u>
	<u><u>5,078,049</u></u>	<u><u>3,681,285</u></u>	<u><u>8,759,334</u></u>
	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Donations and grants			
Donations and sponsorship	125,182	184,179	309,361
Other grants	364,006	63,587	427,593
Core contributions			
Client contributions	-	3,040,242	3,040,242
Arts Council England	4,025,014	-	4,025,014
	<u>4,514,202</u>	<u>3,288,008</u>	<u>7,802,210</u>
	<u><u>4,514,202</u></u>	<u><u>3,288,008</u></u>	<u><u>7,802,210</u></u>

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Museum admissions and exhibitions	378,717	378,717	108,693
Other generated income	593,897	593,897	567,700
Museum activities	-	-	62,029
	<u>972,614</u>	<u>972,614</u>	<u>738,422</u>

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

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

4. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Interest on funds held by Newcastle City Council	25,552	25,552	-

5. Exceptional income

	Unrestricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
National Non Domestic Rates refund	339,056	339,056	-

TWAM has obtained a refund in respect of previous years' rates paid following a decision notices challenge against the 2017 rates valuation.

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Cost of trading activities	441,149	441,149	346,656
Allocated wages and salaries	234,146	234,146	19,681
	<u>675,295</u>	<u>675,295</u>	<u>366,337</u>

7. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2023 £	Unrestricted funds 2023 £	Total 2023 £
Museum activities	5,064,873	4,122,687	9,187,560

	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total 2022 £</i>
Museum activities	4,930,358	2,948,909	7,879,267

8. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Museum activities	7,833,272	1,354,288	9,187,560

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Museum activities	6,476,153	1,403,114	7,879,267

Analysis of direct costs

	Activities 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Staff costs	4,351,756	4,351,756	3,745,510
Premises	1,017,229	1,017,229	673,167
Transport	44,916	44,916	41,204
Supplies and services	2,419,371	2,419,371	2,016,272
	<u>7,833,272</u>	<u>7,833,272</u>	<u>6,476,153</u>

Analysis of support costs

	Allocated to Museum Activities 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Staff costs	833,209	833,209	762,651
Premises	116,760	116,760	112,760
Transport	1,619	1,619	662
Supplies and services	124,457	124,457	244,272
Central administration	232,977	232,977	236,616
Financing charges	45,266	45,266	46,153
	<u>1,354,288</u>	<u>1,354,288</u>	<u>1,403,114</u>

9. Auditors' remuneration

The auditors' remuneration amounts to an auditor fee of £9,900 (2022 - £10,000), and an accounts preparation fee of £1,800 (2022 - £ -).

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. Staff costs

	2023	2022
	£	£
Wages and salaries	4,201,399	3,305,296
Social security costs	368,411	360,973
Contribution to defined contribution pension schemes	849,301	861,573
	5,419,111	4,527,842

During the year, the organisation made redundancy payments which totalled £nil (2022: £5,064).

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

	2023
	No.
Operations and management of TWAM	189

The average headcount expressed as full-time equivalents was:

	2023	2022
	No.	<i>No.</i>
Operations and management of TWAM	146	146

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

	2023	2022
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-

The key management personnel are represented by TWAM'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 £286,978 (2022: £244,010).

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11. Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 April 2022	271,053
At 31 March 2023	<u>271,053</u>
Net book value	
At 31 March 2023	<u>271,053</u>
At 31 March 2022	<u>271,053</u>

Other investments are 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 TWAM Development Trust, a related charity which makes donations to TWAM.

12. Debtors

	2023 £	2022 £
Due within one year		
Grants receivable	873,856	857,551
Other debtors	1,367,407	934,554
Prepayments and accrued income	-	13,255
	<u>2,241,263</u>	<u>1,805,360</u>

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	400,437	230,895
Accruals and deferred income	264,190	259,220
	<u>664,627</u>	<u>490,115</u>

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. Related party transactions

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

Newcastle University

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

Received income in the year of £1,276,910 (2022 - £1,136,982)

Incurred expenditure in the year of £43,659 (2022 - £14,853)

At the balance sheet date the net amount due from the related party was £198,527 (2022 - £nil).

University of Northumbria

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

Received income in the year of £nil (2022 - £41,125)

At the balance sheet date the amount due to the related party was £nil (2022 - £nil).

Newcastle City Council

Received income in the year of £883,310 (2022 - £nil)

Incurred expenditure in the year of £nil (2022 - £nil)

At the balance sheet date the net amount due from the related party was £nil (2022 - £nil).

Northumberland County Council

Received income in the year of £37,548 (2022 - £nil)

Incurred expenditure in the year of £8,883 (2022 - £nil)

At the balance sheet date the net amount due from the related party was £17,648 (2022 - £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 £401,293 (2022 - £234,755)

Incurred expenditure in the year of £170,023 (2022 - £208,402)

At the balance sheet date the net amount due from the related party was £3,942 (2022 - £59).

Exhibitions by TWAM

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

Received income in the year of £119,525 (2022 - £49,606)

Incurred expenditure in the year of £246,595 (2022 - £199,296)

At the balance sheet date the net amount due from the related party was £51,194 (2022 - £nil).

TWAM Development Trust

Received income in the year of £393,729 (2022 - £nil)

Incurred expenditure in the year of £8,164 (2022 - £nil)

At the balance sheet date the net amount due from the related party was £53,712 (2022 - £nil).

Sallyanne Flemons

(Spouse to a member of staff)

Incurred expenditure in the year of £21,500 (2022 - £19,408)

At the balance sheet date the amount due to the related party was £nil (2022 - £nil).

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Statement of funds

Statement of funds - current year

	As restated Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
Unrestricted funds					
Designated funds					
Renewals Reserve	19,612	-	-	65,500	85,112
Museums Designated	-	-	-	107,560	107,560
TWAMe Loan	50,000	-	-	(50,000)	-
NNDR Legal Fees	37,468	-	-	(37,468)	-
	<u>107,080</u>	<u>-</u>	<u>-</u>	<u>85,592</u>	<u>192,672</u>
General funds					
General Fund	739,908	5,018,507	(4,797,982)	(100,219)	860,214
	<u>846,988</u>	<u>5,018,507</u>	<u>(4,797,982)</u>	<u>(14,627)</u>	<u>1,052,886</u>
Restricted funds					
ACE National Portfolio Organisation	-	3,194,648	(3,194,648)	-	-
ACE Bridge	503,810	540,133	(714,120)	(22,841)	306,982
ACE Museum Development	127,867	159,824	(218,077)	-	69,614
ACE Capital and other non-core grants	10,997	217,915	(128,758)	-	100,154
Other restricted grants and contributions	61,497	965,529	(809,270)	-	217,756
NNDR Reserve	382,412	-	-	-	382,412
NNDR Reserve - Discovery	793,835	-	-	-	793,835
Newcastle University Projects	216,565	-	-	(15,904)	200,661
	452,918	-	-	53,372	506,290
	<u>2,549,901</u>	<u>5,078,049</u>	<u>(5,064,873)</u>	<u>14,627</u>	<u>2,577,704</u>
Total of funds	<u><u>3,396,889</u></u>	<u><u>10,096,556</u></u>	<u><u>(9,862,855)</u></u>	<u><u>-</u></u>	<u><u>3,630,590</u></u>

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. 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 TWAM 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 TWAM'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.

TWAMe Loan: In 2021, TWAMe shareholders agreed to make available a loan facility to TWAMe of up to £100,000 to underwrite cashflow, to be funded from TWAM reserves. The agreement was 50% repayable at 31 March 2022 and 50% at 31 March 2023. No interest payable. The designation was closed at 31 March 2023.

NNDR Legal Fees: A fund, initially financed from the NNDR refunds to cover the legal costs of defending against the VOA appeal. TWAM was awarded costs following its successful defence in the Upper Tribunal of the 2010 NNDR appeals and received a refund of £117,000. The designation was closed at 31 March 2023.

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.

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.

Museum earmarked balances: The funds within this reserve have been earmarked to support revenue expenditure and projects in future years including Newcastle University.

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>As restated Transfers in/out £</i>	<i>As restated Balance at 31 March 2022 £</i>
Unrestricted funds					
Designated funds					
Renewals Reserve	18,612	-	-	1,000	19,612
TWAMe Loan	90,000	-	-	(40,000)	50,000
NNDR Legal Fees	97,500	-	-	(60,032)	37,468
Business Partner Reserves	29,741	-	-	(29,741)	-
Budget deficit Fund	114,360	-	-	(114,360)	-
Acquisitions reserve	133,146	-	-	(133,146)	-
	<u>483,359</u>	<u>-</u>	<u>-</u>	<u>(376,279)</u>	<u>107,080</u>
General funds					
General Fund	(142,899)	3,773,476	(3,315,246)	424,577	739,908
	<u>340,460</u>	<u>3,773,476</u>	<u>(3,315,246)</u>	<u>48,298</u>	<u>846,988</u>
Restricted funds					
ACE NPO	-	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
Other restricted grants	191,538	742,142	(872,183)	-	61,497
NNDR Reserve	140,760	-	-	241,652	382,412
NNDR Reserve - Discovery	-	-	-	793,835	793,835
Newcastle University	-	-	-	216,565	216,565
Projects	-	-	-	452,918	452,918
Museums earmarked balances	1,653,268	-	-	(1,653,268)	-
	<u>2,661,401</u>	<u>4,767,156</u>	<u>(4,930,358)</u>	<u>51,702</u>	<u>2,549,901</u>
Total of funds	<u><u>3,001,861</u></u>	<u><u>8,540,632</u></u>	<u><u>(8,245,604)</u></u>	<u><u>100,000</u></u>	<u><u>3,396,889</u></u>

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Statement of funds (continued)

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.

16. Summary of funds

Summary of funds - current year

	As restated Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
Designated funds	107,080	-	-	85,592	192,672
General funds	739,908	5,018,507	(4,797,982)	(100,219)	860,214
Restricted funds	2,549,901	5,078,049	(5,064,873)	14,627	2,577,704
	<u>3,396,889</u>	<u>10,096,556</u>	<u>(9,862,855)</u>	<u>-</u>	<u>3,630,590</u>

Summary of funds - prior year

	<i>As restated Balance at 1 April 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>As restated Transfers in/out £</i>	<i>As restated Balance at 31 March 2022 £</i>
Designated funds	483,359	-	-	(376,279)	107,080
General funds	(142,899)	3,773,476	(3,315,246)	424,577	739,908
Restricted funds	2,661,401	4,767,156	(4,930,358)	51,702	2,549,901
	<u>3,001,861</u>	<u>8,540,632</u>	<u>(8,245,604)</u>	<u>100,000</u>	<u>3,396,889</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £
Fixed asset investments	-	271,053	271,053
Current assets	2,577,704	1,446,460	4,024,164
Creditors due within one year	-	(664,627)	(664,627)
Total	<u>2,577,704</u>	<u>1,052,886</u>	<u>3,630,590</u>

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>As restated Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>As restated Total funds 2022 £</i>
Fixed asset investments	-	271,053	271,053
Current assets	2,549,901	1,066,050	3,615,951
Creditors due within one year	-	(490,115)	(490,115)
Total As restated	<u>2,549,901</u>	<u>846,988</u>	<u>3,396,889</u>

18. Prior year adjustment

TWAM's accounting policy in respect of loans held by local authorities for which finance charges are made annually to TWAM is not to recognise those loans. However, since 2019, TWAM has recognised one loan valued at £100,000 within its balance sheet. The loan is held by Newcastle Council and finance charges are made to TWAM annually. This year, to comply with TWAM's accounting policy the loan has been derecognised.

The derecognition of the loan has been dealt with as a prior year adjustment on the grounds that recognition of this material loan does not comply with TWAM's accounting policy in respect of loans that are held by local authorities.

The effect on the comparative figures is to increase net assets and funds by £100,000.

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

	2023 £	2022 £
Net income for the year (as per Statement of Financial Activities)	<u>233,701</u>	<u>295,028</u>
Adjustments for:		
Interest on funds held	(25,552)	-
Increase in debtors	(435,902)	(1,036,417)
Increase/(decrease) in creditors	174,511	(25,709)
Financing charges	45,266	46,153
Net cash used in operating activities	<u>(7,976)</u>	<u>(720,945)</u>

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash held by Newcastle City Council	1,782,901	1,810,591
Total cash and cash equivalents	1,782,901	1,810,591

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

21. Analysis of changes in net funds

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	1,810,591	(27,690)	1,782,901
	1,810,591	(27,690)	1,782,901

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 £965,915 (2022 - £716,406).