

# National Museums and Galleries on Merseyside Annual Report and Accounts 2014-2015

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HC259

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# **National Museums & Galleries on Merseyside**

## **Annual Report for the year ended 31 March 2015**

### **Introduction**

### **Legal and Administration**

#### **Status**

National Museums & Galleries on Merseyside (NMGM) is an exempt charity by virtue of Schedule 3 to the Charities Act 2011.

On the 16 April 2003 the Board of Trustees adopted the operating name “National Museums Liverpool” (NML). Government reporting protocols require that the statutory name be used to identify the account on the cover and sheet headers. However, where possible the operating name or its abbreviated form has been used throughout the Annual Report and Accounts (ARA).

NML has status as a Non Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS). The DCMS became the principal regulator of NML on 1 June 2010 and provides the majority of its revenue funding.

The ARA has been prepared in accordance with the accounting policies set out in Note 1 to the accounts and complies with the Charities SORP 2005, HM Treasury Financial Reporting Manual (FRM), and the applicable standards as modified by the Accounts Direction produced by the Secretary of State for Culture, Media and Sport. The ARA consolidates the ARA for the museum and the wholly owned trading company National Museums Liverpool Trading Ltd (NMLT).

#### **Structure, Governance and Management**

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

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

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

#### **Trustees**

NML is governed by a Board of Trustees, appointed after consultation with the DCMS; the appointment process aims to ensure that appointees reflect a wide range of experience and expertise. Trustees receive an induction pack when appointed.

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

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The Board of Trustees during the year comprised:

Professor Phil Redmond CBE Chairman  
Prof John Ashton CBE (retired 25 January 2015)  
Carmel Booth  
Laura Carstensen  
Sir Robert Crawford CBE (retired 15 March 2015)  
Dr Clive Elphick  
Joe Godwin (retired 15 April 2015)  
Nisha Katona (retired 15 March 2015)  
Norman A Kurland (retired 19 November 2014)  
Andrew McCluskey  
Philip Price  
Deborah Shackleton CBE (retired 10 December 2014)  
Dr Nicola Thorp

**Trustee Committees**

The following Trustee Committees met during the year:

Audit Committee  
Finance Committee  
Remuneration Committee

**Register of Interests**

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

Related party transactions are shown in note 20.

**Open Government**

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

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

Copies of the proceedings of the Board of Trustees, subject to exemption where appropriate under the Freedom of Information Act 2000, are also available on our website (summaries in the case of meetings prior to 2004-05).

**National Museums & Galleries on Merseyside**  
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**Principal and Registered Office of NML**

World Museum  
William Brown Street  
Liverpool  
L3 8EN

**Bankers**

National Westminster Bank Plc  
PO Box 138  
22 Castle Street  
Liverpool  
L69 2BE

**Auditors**

**Consolidated Account**

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

**Trading Company**

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

**Solicitors**

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

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

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

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2015**

### **Management**

At officer level the direction of NML is determined by the:

Director and Accounting Officer, National Museums Liverpool (David Fleming);  
Executive Director of Development and Communications (Amy de Joia); (left through voluntary severance 21 November 2014)  
Executive Director of Finance (Ann Monk until 31 August 2014; Louise Parnell from 1 December 2014)  
Executive Director of Collections and Estates (Sharon Granville);  
Executive Director of Education and Visitors (Carol Rogers) and;  
Director of Human Resources (Maxine Carden-left 30 April 2015)

The Executive Team reports to the Board of Trustees, and to other committees of Trustees, in accordance with an annual committee cycle; where urgent business requires meetings outside of the meeting cycle, these are arranged as required. The Director, David Fleming, attends each Trustee committee meeting.

There are two further strategic management levels below the Executive Team, namely, the Senior Management Team, and the Managers' Communication Forum. Further information on the composition of these levels can be found in the Remuneration Report.

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

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

### **Human Resources**

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

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

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

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

The impact and our response to the funding cuts between 2010 and 2015 have been discussed with staff through individual and collective consultation processes and meetings have been held with the trade unions.

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

The decisions of the Executive Team and specific working groups are communicated via an agreed briefing process.

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

NML and its subsidiary trading company continue to apply established policies toward the employment, training and development of disabled persons. Staff are actively encouraged to become involved in the assessment of policies affecting the employment, training and personal development of people with disabilities, through NML's Diversity Working Group. NML will facilitate an occupational health and workplace assessment to consider any reasonable adjustments necessary to be able to perform the role for both job applicants and existing employees who have a disability.

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

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

#### **Staff Resource Strategy**

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

NML has responded to the challenges created by reductions in public funding. NML has undergone a review of what we do and how we work across all functions and has implemented a restructure of key areas of the organisation. These changes have reduced NML's overall staffing whilst keeping with the approach of protecting front line services as much as possible.

#### **Volunteer Programme**

Volunteers make a significant and diverse contribution to the success of NML. They support us in all areas of the organisation in roles ranging from administrative, curatorial and conservation assistance to assisting with visitor services, education and communities.

Due to the restructure process NML has been unable to commit to new volunteers during the year. This has led to an ongoing reduction in the number of volunteers to 145 (2013/14 205). NML will be rejuvenating the volunteer programme in the next financial year.

#### **Health & Safety Policy**

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

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



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**Director's Statement**

NML remains one of the leading museum services in the world, run efficiently and effectively, showing how museum activity can be of real benefit to communities. Our expertise is in growing demand, nationally and internationally. We are more influential than ever before. Our commitment to social justice is unwavering and we have become a pivotal part of the social and economic fabric of Liverpool and the surrounding area.

As a result of our performances, our reputation in the museum world continues to grow as a popular, emotional, critically-acclaimed, innovative and progressive museum service, and we continue to garner plaudits and awards for our work. Our House of Memories programme, which is designed for people living with dementia, has gone from strength to strength.

Nonetheless, this has been another difficult year for NML. After a decade of continuous improvement and modernisation, resulting in a growing social and economic impact and ever-increasing visitor numbers, and a consequent steep fall in cost-per-visitor, reductions in our grant-in-aid have led to job losses, with consequent cutbacks in programming, and the inevitable fall-off in visitor numbers.

We are doing everything we can to augment our income from central government, through our trading activities (our trading performances are our best ever), increasing commercialisation and fundraising. Our income generation is more successful than ever, though it is increasingly challenging to compensate for reductions in public funding through income generation.

What we can be sure of is that staff and Trustees will all continue to work hard to make NML as relevant as possible, with a social impact that is as great as we can manage. We have to find ways of innovating and continuing to deliver a public service that is first class and sustainable, in a public sector world that is shifting on its axis. We must remain extrovert, ambitious and determined, and committed to providing the best service possible to our audiences.

**Dr David Fleming OBE**  
**Director and Accounting Officer**

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2015**

### **Operating Review**

#### **Introduction**

For the financial year 2014/15, NML's mission has been *To be the world's leading example of an inclusive museum service.*

A four-year strategic plan was introduced in 2011/12, responding to the changing external environment and setting out NML's strategic objectives and delivery plan. This plan is updated every year.

NML has continued to prioritise the public offer wherever possible, the success achieved in 2013/14 was largely maintained during 2014/15, notwithstanding the reductions on our budgets and subsequent loss of jobs. The following is a summary of NML's key achievements during the year.

A study in 2013<sup>1</sup> showed that NML added £97.2m to the economy in the Liverpool City Region and hence supports over 1600 jobs both directly in NML and indirectly in the region.

NML plays a distinct and significant role as the leading culture and heritage organisation based in the NW region. NML occupies a unique position in the English museum sector being the only national museum based wholly outside London and serving international, national, regional and local audiences. Professionally NML enjoys an international reputation for building diverse audiences; executing successful large scale capital projects and for ground-breaking work in dementia care and human rights.

NML is a jewel in the regions of the UK and a national cultural asset within the evolving 'Northern Powerhouse' agenda.

NML is an exemplar of a shared service, operating across local authority boundaries and also government departments (NML also operates the Border Force National Museum funded by the Home Office) to deliver services to more than 2.5m users, the majority of whom (62%) travel from outside the city region to visit our internationally important museums and collections. NML's museums are the busiest in England outside of London.

NML performs a crucial strategic relationship with museums partners and educational providers across the UK. This is a principle of our national status and measurable through our national partnerships, touring exhibitions, collection loans, education and training initiatives. Our aim is to achieve a connected and sustainable alliance between museums, arts, health, universities and education sectors.

NML performs an important role in representing the UK Brand and 'soft diplomacy' being internationally renowned for our socially inclusive mission and for our ability to connect museum professionals/collections/venues with non-traditional settings and public service providers. Cultural delegations from Europe, Scandinavia, South America and the Far East travel regularly to Liverpool to view our work and learn from our experiences in running shared services; building audiences, executing large scale capital projects, human rights and dementia work. Recent delegations received include from Brazil, China, Argentina, Sweden, Stuttgart, Helsinki, Taiwan. NML senior staff travel and lecture worldwide on a paid for basis in all of these areas and we are looking to further monetise our skills and experiences in selling our valuable professional advice. In the last 12 months alone NML was represented in more than 20 countries including Russia, Denmark, Sweden, Norway, Albania, Argentina, Austria, Japan, Taiwan, and Brazil.

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<sup>1</sup> Study carried out by England's North-West Research Service

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### **Audiences**

We attracted 2.7m visits to our venues (a 2% decrease on 2013/14).

There were in excess of 2m visits to the website in 2014/15 compared to 1.8m last year (an increase of 9%). This reflects the fact that despite smaller exhibitions, and fewer visits to the venues, our investment in website redesign and in making more of our collections available online, is paying off.

183k children and young people took part in NML's education programme during the year (a 2% increase on 2013/14).

We opened 25 exhibitions across our venues. Particular highlights included:

- In March 2015 Merseyside Maritime Museum commemorated the 100th anniversary of the sinking of the Lusitania with a brand new exhibition. *Lusitania: life, loss, legacy* tells the story of the city's most loved ship and the passengers and crew who sailed aboard her on the tragic last voyage.
- The *John Moores Painting Prize* at the Walker Art Gallery, which benefited from a linked BBC documentary which included interviews with jurors and artists.
- *Rossetti's obsession: images of Jane Morris* at the Lady Lever Art Gallery brought together compelling examples of this pictorial obsession.
- Visitors to World Museum were invited to find out fascinating facts and come face to face with live snakes at *Sssnakes Alive!* This hugely popular family exhibition far exceeded its visitor target and attracted over 0.2m visitors
- *First World War: Reflections on Liverpool's Home Front* was timed to open in conjunction with centenary of the First World War. The Museum celebrates the contribution the city's Black soldiers made to the war effort as well as looking at daily life in Liverpool between 1914 and 1918.
- From the 1860s until the late 1960s more than 100k children were sent from Britain to Canada, Australia and other Commonwealth countries through child migration schemes. At the Merseyside Maritime Museum, *On their own* – a collaboration between the Australian National Maritime Museum and National Museums Liverpool - tells the emotional stories of the children through detailed case studies.
- *Liberty Bound* – in partnership with the St Helena government, this was the first exhibition to look at the recently discovered graveyards of 'liberated' Africans on the island.
- *Only in England* at the Walker Art Gallery explores the lasting influence of the British photographer Tony Ray-Jones on photographers such as Martin Parr, from the 1970s to the present day.

We refocused our digital strategy and created a new set of goals for social media and the blog for 2014/15. We are actively engaged in growing our social media activities and during the course of the year, gaining 12k Twitter followers and 12k Facebook likes. We now have 59k followers on Twitter and 40k on Facebook. New developments this year included the

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development of our presence on Pinterest and the creation of an Instagram account for the Walker Art Gallery.

We held a series of successful events for Light Night on 15 May 14. Both the Walker Art Gallery and the Museum of Liverpool stayed open late and welcomed almost 3k additional visitors. Among the attractions was the opening event for the *Grayson Perry: the vanity of small differences* exhibition at the Walker.

We produced new video content to engage audiences online, covering subjects as diverse as House of Memories, our legacies programme and the Lady Lever South End development.

We developed the presentation of our collections online, with a particular focus on the Walker Art Gallery collections in 2014/15. This included redesigning the home page, adding a new section for works on paper, and the addition of a new 'videos and installations' page, which reflects a growing area of the collections.

We delivered the Communications and Marketing Plan for the initial phase of the Lady Lever South End galleries development. This included information and signage for existing visitors as well as a campaign comprising digital, print and advertising to highlight the development to new audiences. The campaign will continue throughout 2015 until the project launch in March 2016.

### **Collections**

As part of the organisation-wide Making Choices restructuring, collections management, conservation and curatorial divisions have been integrated under the management of relevant venue directors who hold responsibility for the collections. This will enable greater integration of work programmes and ensure that resources are aligned across the divisions towards public outputs.

NML was very successful this year in attaining external funding totalling in excess of £700k for collections-related research and collections development and display from Heritage Lottery Fund (HLF), the Esmée Fairbairn Collections Fund, DCMS Wolfson, NERC and other academic sources. This allows NML to maintain Independent Research Organisation status. Collections development funding will enable us to expand our collecting activity, acquisitions and research in LGBT material, and Slavery collections.

The Lady Lever Art Gallery South End Development project was awarded £1.262m from HLF(Stage 2) in September 2014, attaining a Stage 2 pass from HLF. This will see the redevelopment of the South End galleries and research and redisplay of Lord Leverhulme's outstanding collections of 18th century English furniture and female portraiture; Chinese ceramics, Napoleon collections, Victorian and early 20th century sculpture and the world's best collection of Wedgwood jasperware. The capital project is on plan and aims to reopen the galleries to the public in early 2016.

Progress in digitising the collections and making them available through the NML website continued throughout the year and included the catalogue of mediaeval ivories; highlights of the Walker Art Gallery painting collection, the Ratoff studio ceramics collection and botanical plant models.

Curatorial research and input to the development of the exhibitions programme remains a priority and notable exhibitions in the year generated from NML's own collections included: *Turner: travels light and landscape* from our superb collections paintings, watercolours and prints by JMW Turner at the Lady Lever Art Gallery; at the Merseyside Maritime Museum

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Sail Away: Liverpool Shipping Posters; and an important new *display Lusitania: Life Loss & Legacy* in commemoration of the catastrophic sinking of RMS Lusitania during the First World War; and at Sudley House the programme of costume displays bring animation to the historic house with this year's exhibition *Drip Dry: Synthetic Fibres in Fashion* featuring outfits from NML collections dating from the 1920s to the present day.

Curatorial input into developing the exhibitions programme with partner organisations helps us to forge strong working relationships with national and local organisations most notably perhaps at the Museum of Liverpool where the partnership with Homotopia continued with the inspirational *April Ashley: Portrait of a Lady* exhibition; *From There to Here*: the hidden history of people with learning difficulties in Merseyside in partnership with Wicked Fish performing and creative arts company, and *Now +Then: three decades of HIV in Merseyside* created by Sahir House. At the International Slavery Museum *Liberty Bound: slavery and St. Helena* presented recently discovered burial sites containing the remains of 'liberated' enslaved Africans on the South Atlantic island of St. Helena. This was produced in collaboration with the Government of St. Helena, the Museum of St. Helena, the Department for International Development (DFID) and Dr. Andrew Pearson. The above are examples of an open and collaborative approach to partnerships that characterises our work and is, we believe, essential to the vibrancy of our museums and their relevance in society.

Contemporary collecting and fieldwork continues in line with NML's Collections Development Policy and during the year we received generous donations from the public and benefactors. Notable accessions include two important paintings formerly owned by the Lever family under the Acceptance in Lieu of Inheritance Tax by HM Government and allocated to the Lady Lever Art Gallery *A Tuscan Girl* by William Holman Hunt, and *A Votive Offering (The Late Roses)* by Lawrence Alma-Tadema; and *Untitled (Dollhouse)*, 2002 by Yinka Shonibare presented by an anonymous donor through the Contemporary Art Society.

This is probably our busiest year to date in terms of loan activity with some 3,764 objects from across our collection areas being loaned to museums and galleries both within the UK (145 venues) and internationally (22 venues). The major loan of 140 pieces of Wedgwood jasperware and other items from NML's collections from the Lady Lever Art Gallery to the All Russian Museum of Decorative Art in Moscow saw the world's finest collection of this material being displayed alongside Wedgwood's magnificent Frog Service of Catherine the Great during the UK-Russia Year of Cultural Cooperation 2015.

## **Education**

Our Education and Visitors teams produced a creative and engaging cultural education programme throughout the year for schools, children and young people, adult learners, older people, families and community groups. A summary of activities are described below.

New education resources have been created including; Legacies of Transatlantic Slavery for secondary students, a Battle of the Atlantic self led trail, When I was Little intergenerational resource for grandparents and grandchildren, and new Memory Suitcases.

The International Slavery Museum successfully received funding to commemorate the 800th anniversary of the Magna Carta with a Teach the Teacher study day and Schools Parliament event.

An events programme for *Sssnakes Alive!* exhibition at World Museum attracted significant numbers of visitors. Over 4,000 visitors engaged with events each weekend.

The Meet me at the Museum initiative at the Museum of Liverpool and World Museum engaged isolated older people in reminiscence activity using handling objects, film and music.

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An extensive education and community programme continues at the Lady Lever Art Gallery following the success of the Stage 2 HLF. For the majority of participants, the engagement represented their first visit to the Lady Lever Art Gallery.

Marking the 15th Slavery Remembrance Day Commemorations, BAFTA award winning Director, Amma Asante, director of the film *Belle*, delivered the inaugural Dorothy Kuya Slavery Remembrance Memorial Lecture.

A programme of events to support the John Moores Painting Prize 2014 including artist talks was delivered at the Walker Art Gallery.

Ongoing partnership activity at the Museum of Liverpool with Homotopia included a programme of events themed around *April Ashley Portrait of a Lady*, and a wreath laying for Transgender Day of Remembrance.

*The Seized!* Education team collaborated with Everton in the Community as part of their 'Safe Hands' Project. The programme supports offenders through rehabilitation and the transition from imprisonment to freedom.

As part of Black History Month, a series of thought provoking talks took place at the International Slavery Museum including Julia Immonen from the Row for Freedom Campaign to raise awareness of child trafficking.

500 Brownies and 89 leaders participated in a sleepover at the World Museum, with activities including Meet the Mummy and Planetarium shows.

*The Seized!* education team organised Public Service Days attended by over 300 pupils from nine colleagues across England and Wales to find out about careers in public service.

As part of Light Night, the Walker Art Gallery hosted the Dot Art Schools exhibition, while the Museum of Liverpool welcomed Biennial artist Ali Harwood who ran public art workshops throughout the evening.

The Maritime Museum education team hosted an event with Australian National Maritime Museum curator Kim Tao, and a screening of Ken Loach's film 'Oranges & Sunshine'.

## **Team**

NML continued to restructure the organisation to maximise delivery to our visitors within the boundaries of the reduced funding available. In 2014/15 this resulted in the removal of 42 posts.

We continued with a recruitment freeze and recruited internally for vacancies where possible.

A 1% pay increase was awarded to most staff in line with the government's pay remit. Our lower graded staff received an average 6% pay increase. A further 0.9% non consolidated payment was paid to all staff in January 2015.

We continue to coach, train and develop our teams to maximise and prioritise our resources within the context of reshaping NML and ensuring we are able to maximise opportunities in the future. We also try wherever possible to secure external funding to further support the development of our staff

From December 2014 the Director of Commercial Operations for NMLT joined the Executive

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Team highlighting the increased importance of commercial activities within NML.

#### **Buildings**

We delivered a programme of maintenance across all venues with more than 1,700 requests for reactive maintenance completed within the year.

We were delighted to receive HLF Stage 2 funding for the South End Galleries project at the Lady Lever Art Gallery. This will breathe new life into galleries last refurbished in the 1960s including the Wedgwood Room and Napoleon Room. As well as providing better access to the magnificent collections the refurbishment will also enable us to offer new spaces for commercial hire supporting NML's increased focus on income generation. The professional team has been procured; the main contractor has commenced on site and, with the stripping out of the 1960s interventions having been undertaken, the task of bringing the architecture back to its former glory has commenced. The project will be complete in 2016.

Major infrastructure works were undertaken at the Lady Lever Art Gallery to enable and enhance the South End galleries project. This included replacement of the roof and roof lights to the galleries and south end of the Main Hall; clearing of risers to enable services and cable runs and major fabric repairs to the external of the building, repointing, painting and cleaning of the stonework.

A programme of works to enhance trading facilities and commercial hire for events has been developed in conjunction with NML Trading Ltd (NMLT) to ensure that we continue to remain attractive to visitors and commercial clients. Closer working with the Trading Company as a result of the Director of Commercial Operations joining the Executive Team will ensure that we plan and develop our buildings to make them more flexible for use across the organisation in the future.

As part of a plan of works to consolidate office and workshop accommodation across the estate as a result of both the reduction in staff numbers and the need to upgrade facilities, the decant of the North Street building commenced in year with the relocation of the joinery and mount making workshops to previously under-utilised spaces within the Midland Railway Building. Continuing this, a Project Archivist has been appointed to commence the planning of the decant of NML Archives collections currently housed in low quality storage in the North Street building. Talks have commenced with the British Library at Boston Spa to see if they can offer a suitable repository for the archives, thus delivering efficiencies across DCMS bodies. The decant of the archive collections from the building will commence towards the end of the year. Other collection and storage areas in the building will be addressed on a rolling basis from 2016 onwards.

NML was one of 5 organisations which participated in the National Audit Office review of the management of the wider DCMS and ALB's estates *Approaches to Estates Management*, February 2015, and was selected because of diversity of the collection of buildings for which we care. The review team found that NML's management of the estate is robust.

#### **Partnerships**

NML has a strong influence over Liverpool's city cultural plan to achieve economic benefits through developing cultural tourism, and by helping build a strong image for Liverpool and the city region in line with the government's "Northern Powerhouse" agenda.

The multiple award-winning House of Memories, has continued to grow, training 7,000 carers across Liverpool and the UK and expanding partnerships across health, housing and social

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care.

The Department of Health is supporting the further roll out of *House of Memories* with the programme being taken to the South East region including the British Museum, Cinema Museum, Bexley Heritage Trust and Brighton Royal Pavilion and Museum.

A new version of the *My House of Memories* app, created with support from people living with dementia, was released with over 3,000 downloads to date. The app features classical music performed by the Royal Liverpool Philharmonic Orchestra.

The International Slavery Museum has become a third party Reporting Centre, an initiative with the Merseyside Criminal Justice Board to help increase the reporting of hate based behaviour.

As part of our Esmée Fairbairn Collections Fund application we have developed a partnership with Royal Pavilion & Museums, Brighton & Hove in order to develop our LGBT collections.

The *Happy Older People Network* membership has grown to over 140 professionals and community leaders, helping to support the work of the Liverpool's Mayoral Lead for Older People to establish age-friendly cities activity in Liverpool.

The World Museum co-hosted this year's National Aquarium Conference. This prestigious event involved 1,220 delegates from British public Aquaria.

Liverpool City Council have awarded funding to develop a *House of Memories* 'Buddy' programme to support the local community that cares for the growing number of people living with dementia.

### **Advocacy**

We had 1,887 media mentions throughout the year, worth £7.3m in estimated advertising value (EAV). This was 4% up on 2013/14.

We were delighted to have won the following awards:

- Museums and Heritage Awards 2014 - National Educational Initiative (House of Memories Northern Model)
- Visit England awards 2014 – Best Tourism Experience (Titanic & Liverpool: The Untold Story)
- NIACE Adult learners week Regional Award – House of Memories Northern Model
- CorpComms Digi Awards 2014 – Best Corporate blog (NML Blog)
- Merseyside Woman of the year – Carol Rogers (work on House of Memories project)
- European innovate dementia awards – Best professional innovation (My House of memories app)
- Family go Live nominations – World Museum
- The OMD Dazzle ship won as the Most Innovative Enterprise in the ACE (Association of Cultural Enterprises) Best product awards

We were highly commended in the following awards:

- Alzheimer's Society Dementia friendly Awards
- Webby awards – NML website in the cultural institutions category

We were shortlisted for the following awards:

- Northern Digital Awards 2015 - Best app (My House of Memories)



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- M&H awards 2014 – Events category (NMLT Christmas Party offer)
- Liverpool Regional Tourism awards 2014
  - Large Visitor attraction (Museum of Liverpool)
  - Outstanding Customer Service (Simon Breedon & Dave Brown)
  - Excellence in Business tourism (NMLT Conference and Events)
- CorpComms Digi awards 2014 – Best Consumer website (NML website redesign)
- National Lottery National Treasures – Museum of Liverpool
- National Lottery Good Causes – Museum of Liverpool
- Northern Digital awards – My House of Memories app
- CIPR Inside story awards – Best Intranet (NML intranet redesign)
- Wirral Tourism awards – Outstanding Young Person of the Year (Sadie Weedon) (final result in April 15 – runner up)

We launched a new e-newsletter to keep partners, stakeholders and business contacts up to date with NML developments. The *Latest* e-blast is sent to a wide range of subscribers each month.

Norman Lamb MP headlined the official launch of *My House of Memories* app at the House of Commons. Over 150 guests including Culture Minister Ed Vaizey, Andy Burnham MP, Steve Rotherham MP, strategic health, social care, housing and technology leaders attended the event. Press attendees included influential dementia blogger Beth Britton and Museums Journal's Sharon Heal.

Our Executive Director of Education and Visitors was awarded an MBE in the New Year's Honours List 2015 for Services to Museums. This was achieved as a result of the House of Memories project.

### **Income and Fundraising**

We have refocused on income generation during the year by creating an Income Generation Team made up of Executive Team members. This reflects the fact that income generation is a strategic priority for NML and highlights its importance at the highest level in the organisation.

Plans are in place to generate additional contribution to NML through new models, for example selling NML skills, charging for educational visits, developing exhibitions with touring income potential.

Achievements in income generation during 2014/15 are :-

- 32% of NML's income was self-generated in 2014/15.
- NML's self-generated income was £10m in 2014/15 (including Museum Of Liverpool legal income and donated items).
- NMLT made a £417k operating profit, significantly surpassing its profit targets for the year and merchandising income increased to £3.8m in 2014/15 from £3.5m in 2013/14.
- In winter 2014 NML started selling electricity back to the National Grid from the Combined Heat and Power plant which services the Museum of Liverpool.
- Project income of £191k was recognised in the year from the Department of Health

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towards the House of Memories programme.

Fundraising achievements are summarised below.

Total fundraising recognised in the financial statements in 2014/15 was £1.6m – this is included in the self-generated income of £10m above.

Our donations boxes have raised £194k a fall of 3% against 2013/14 in line with a fall in visitor numbers. We secured major trust and foundation funding support for our capital developments and public programmes (cash and pledges, if the income has been recognised in the financial statements in 2014/15 it is indicated below), including:

- £1.262m from HLF towards the South End Development at the Lady Lever Art Gallery. This formed part of the total £1.4m total award. We previously secured £149k as part of our HLF first-round pass. £368k of this is recognised in the financial statements in 2014/15.
- £50k from J Paul Getty Jnr Charitable Trust awarded towards the Lady Lever Art Gallery South End Development. This is recognised in the financial statements in 2014/15.
- £25k from The Charles Hayward Foundation towards the South End Development at the Lady Lever Art Gallery.
- £20k from Sir Siegmund Warburg's Voluntary Settlement towards the South End Development at the Lady Lever Art Gallery. This is recognised in the financial statements in 2014/15.
- £20k from The Henry Moore Foundation towards the South End Development at the Lady Lever Art Gallery. £10k of this is recognised in the financial statements in 2014/15.
- £300k towards our Ancient Egypt Gallery improvements from the DCMS/Wolfson Museums and Galleries Improvement Fund.
- We secured £225k from the HLFs Collections Fund towards the International Slavery Museum Transatlantic and Contemporary Slavery Collecting Project. £112.5k of this is recognised in the financial statements in 2014/15.
- The Esmée Fairbairn Collections Fund awarded £92k towards Pride and Prejudice. This project will identify, research, understand, digitise, catalogue and highlight previously hidden or marginalised LGBT objects, within the collections of: Museum of Liverpool, NML's Art Galleries (Walker Art Gallery, Sudley House and Lady Lever Art Gallery) and Royal Pavilion & Museums, Brighton & Hove.
- We were awarded £10k towards ISM's Our Modern Magna Carta project by the Magna Carta 800<sup>th</sup> Anniversary Committee. This is recognised in the financial statements in 2014/15.
- Andrew Collinge pledged £13k towards the South End Development at the Lady Lever Art Gallery. £1.5k is recognised in the financial statements in 2014/15.

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- Health Education North West confirmed £20k funding for a House of Memories Hospital Trust (acute care model).
- Liverpool City Council confirmed £30k funding for a House of Memories 'Buddy' programme. Barnett Waddingham also agreed to support the 'Buddy' programme at £6k.
- The Department of Health approved an NML and Mersey Care NHS Trust partnership application to support the development of *My House of Memories App* in the South East of England. They have awarded £80k. The project will deliver six half day training sessions for museum partners, health and social care partners.
- All of our Patrons (five) and Corporate Members (four) have renewed for another year.
- We launched two public appeals for the Lady Lever Art Gallery: the Centenary Club and Patrons' Circle. The Lady Lever Art Gallery South End appeals have raised to date: £17k. This represents 114 Centenary Club members - £11k and four Patron's Circle members - £6k. Funds raised will support our South End Development at the Lady Lever Art Gallery. This is recognised in the financial statements in 2014/15.
- Rathbones agreed to hire three maritime paintings.
- The Paul Mellon Centre for Studies in British Art has awarded us £10k towards a curatorial research grant to create the *Online Dictionary of the Liverpool Autumn Exhibitions and Spring Exhibitions (1871-1938)*.

### **Efficiencies and effectiveness**

To manage on-going reductions to our funding, we have continued to develop our Making Choices programme which is focused on reorganising NML and how we work in line with the revised funding base whilst aiming to maintain sufficient flexibility to respond to opportunities. NML has now lost 137 posts between 2010 and 2015 improving financial sustainability and demonstrating NML's resilience in the face of reduced funding.

The new HR and Payroll system has been effective from 1 April 2014 and is working well operationally. In 2015/16 NML will exploit the system to ensure advantage is being taken of its capabilities.

The new IT Virtual desktop environment has been rolled out across NML to provide Windows 8 functionality to all NML staff to reduce IT support costs and improve efficiency and flexibility for staff

The IT Disaster Recovery Solution was tested in March 2015 and results were excellent, the test demonstrated that we could recover IT systems within 6 hours of a disaster. Minor actions resulting are being implemented and the next target is to recover the IT systems within 3 to 4 hours.

A new multi-functional printing solution is now in place to simplify and improve printing across NML, whilst giving full visibility of volumes to reduce costs.

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A new budgeting process has been put in place to agree budgets earlier. It will be effective from 2016/17. Other financial reporting processes have been improved during the year enabling more effective monitoring and forecasting of revenue budgets including projects and restricted income. Improvements to reporting are part of an on-going process to adapt to continuously changing requirements.

Planning for rationalising office accommodation continues with the decant of workshops into vacant space at Midland Railway Building.

Planning for the decant of the archives and collections store at North Street commenced and discussions with the British Library at Boston Spa for the relocation of archives and printed materials are underway.

A new process for environmental monitoring which devolves data collection and monitoring as well as calibration and servicing of the monitors at a local venue or store level is now in place.

During the period the Estate Management Department secured a Power Purchase Agreement (export contract) for the CHP plant at the MoL and is now receiving income from electricity generated on site and provided to the grid. NML is the first public sector organisation with charitable status, generating income from the export of electricity, under a Public Private Partnership arrangement, using an Energy Services Contract.

### **Strategic Objectives for 2015/16**

With reference to our Strategy Statement at the beginning of this Strategic Plan, our major priorities over the next year are:

- To strive to deliver an excellent, socially inclusive, entrepreneurial and sustainable museum service.
- To continue to mitigate the effects of funding cuts by controlling costs
- To manage the reduction in scale of NML, while striving to maximise our public impact.
- To implement a new income-generation strategy and develop a new strategy for increasing philanthropic support for NML
- To develop appropriate partnerships which offer strategic development opportunities.

The key drivers in our achieving these objectives are the need to provide a *basic level of care to our collections*, and the need to ensure that the public has *continued access to these collections* through being able to use our museums. While during the course of the year we will see further change and disruption to what we do and how we do it, these drivers will remain at the core of our efforts.

In the face of continuing cuts in our funding support, we will need to refocus efforts onto augmenting our income and pursuing productive partnerships at the same time as doing all we can to maintain morale among our staff and volunteers.

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**Financial Review**

**Overview**

NML receives the majority of its revenue and capital funding from the DCMS, in the form of Grant-in-Aid. For the year NML received £20.5m (£20.9m 2013/14).

As a result of Grant-in-Aid funding reductions NML continued with its Making Choices programme which saw a reduction of 42 staff during the year (3 staff 2013/14) due to the fourth voluntary exit programme which was provided for in the 2013/14 financial year. This resulted in a reduction in activity and in year savings on staff costs. NML will continue to review its operations to ensure that appropriate contingency plans are in place and that it continually strives to deliver excellent value for money.

The consolidated revenue free funds are shown on page 23. The surplus for the year was £0.6m resulting in a total revenue free fund balance of £5.3m as at 31 March 2015. This surplus was due to lower energy costs than budgeted and increased income.

Net incoming resources, before transfers and gross indexation of tangible fixed assets, for the year showed a deficit of £0.6m. The unrealised surplus on revaluation of land and buildings as at 31 March 2015 produced a gain of £10.6m. A revaluation of investments produced a surplus of £38k resulting in a total increase in revaluation funds of £10.6m

**Reserves Policy**

The consolidated free income reserve available at 31 March 2015 was £5.3m (£4.7m 2013/14). This is inclusive of designated funds of £0.3m (£0.3m 2013/14) and the general fund £5m (£4.4m 2013/14). The General fund includes £0.2m (£0.2m 2013/14) which is the fixed asset representation of the subsidiary trading company. The resulting free income reserve representation is £4.8m (£4.2m 2013/14).

As part of the annual planning and budget setting process the Trustees review and approve the level of readily available reserves appropriate to the scale, complexity, and risk profile of NML. Historically, Trustees have been committed to holding free fund reserves of between one and three months equivalent Grant-in-Aid. The level of reserves takes into account the fact that Grant-in-Aid provides a significant proportion of NML's incoming resources which has historically been reasonably certain as a result of spending review funding agreements being set over a three year period.

The current spending review covers the period to 2015/16 and shows a reduction in resource Grant-in-Aid of 28% in real terms since 2010/11. The DCMS have also notified NML that further reductions are likely in the new government and have suggested a real terms drop over the next 3 years of between 8-10% per annum is possible. As a result Grant-in-Aid funding no longer carries the level of certainty that could be relied upon in the past.

The level of free reserves is set to provide what is considered to be a reasonable contingency for a shortfall in income from NML's funding and any cash flow risks (whether due to timing or other factors) on capital projects, restructuring costs and other unforeseen liabilities. However on-going financial planning is essential to identify any potential issues at the earliest opportunity.

The Trustees remain committed to holding free fund reserves of between one and three months (£1.7m - £5.1m) equivalent Grant-in-Aid, to protect NML against falls in income streams or unpredicted liabilities. This is challenging given the financial environment however the Trustees consider this to be a reasonable policy to underpin NML's financial stability.

Whilst Grant-in-Aid represents a significant proportion of NML's gross income (67% in

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2014/15) and is therefore less volatile than self-generated income, the Trustees remain concerned about the levels of reserves, particularly given that further reductions to Grant-in-Aid could be imposed during the coming financial years.

The Trustees have determined that the current level of reserves will be adequate in respect of 2015/16 although this should continue to be reviewed during the year so that any issues are identified at the earliest opportunity. NML's ability to generate any increase in the general reserve will continue to be an area of focus to provide contingency for any further reductions to funding.

#### **Capital Programme**

The final account for the construction of the Museum of Liverpool was agreed in March 15.

The main capital project in 2014/15 is the Lady Lever Art Gallery South End Development. This is a project that will continue into 2015/16 at a total cost of £2.8m, which is largely being funded outside of Grant In Aid. HLF is the largest contributor awarding £1.4m.

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

In compliance with the Charities SORP 2005, NML appointed Drivers Jonas Deloitte to carry out a full "red book" valuation of its land and buildings, as at 31 March 2012. In 2014/15 NML commissioned Deloitte to undertake a desktop valuation for both land and buildings as at 31 March 2015 to avoid the significant swings in valuation seen between years when applying an index and to get a realistic valuation of the Estate.

The indexation movement on asset categories other than land and buildings was such that no adjustment was required as they were not deemed to be material.

Historically NML has held an unapplied receipt from the disposal of a property within its capital reserve account. £0.2m in respect of 63/65 Blundell Street, Liverpool, continues to be held unapplied. Application consents were received from DCMS In March 2002.

#### **Trading Subsidiary**

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

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

In 2014/15 NMLT made an operating profit of £417k, £408k of which will be donated to NML by way of Gift Aid.

#### **Border Force National Museum**

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

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

There were nil capital grants due or received during the year in respect of the "*Seized! The*

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*Border and Customs Uncovered*".

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

### **Connected Charities**

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

### **Speke Hall**

An agreement entered into by Ministers in 1986 required NML to make annual Grant-in-Aid payments to the National Trust towards the upkeep of Speke Hall until the year commencing 1 April 2015. The level of this grant was agreed annually between NML and the National Trust. In 2010 a new agreement between NML and The National Trust stated that NML shall continue to make annual payments of £140k per annum. The final year will be 2015/16. The grant is no longer subject to any inflators. The full grant £140k was paid during the year and is associated with the revenue activities of Speke Hall and is not capital in nature.

### **Grants**

The Board of Trustees of NML has made grants to the NML Foundation of £775k in support of its charitable objectives. Including the grant to Speke Hall the total amount of grants made in the financial year was £915k.

### **Gower Street Estates**

NML is a member of Gower Street Estates Limited (GSEL) a company formed to manage those areas within the Albert Dock formerly managed by the Merseyside Development Corporation which ceased to exist as a body on 31 March 1998. The company is limited by guarantee and is non-profit making. The activities of the company are covered by a service charge levied on members which is calculated after taking into consideration any earned income. The service charge applicable to NML for 2014/15 is referred to in note 17.

### **Prompt Payment of Creditors**

NML is aware of the importance of paying suppliers promptly and takes every step to ensure that payments to creditors are made as quickly as possible. In 2014/15 89% (2013/14 92%) of NML's creditors were paid within 30 days of receipt of the invoice.

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

### **Principal Risks and Uncertainties**

In 2014/15, £20.5m (67%) of NML's gross income derived from Grant-in-Aid from the DCMS. In addition revenue Grant-in-Aid of £247k was received from Border Force. The remaining operating expenditure was financed from self-generated income which tends to be more volatile in nature compared to Grant-in-Aid. NML is therefore exposed to some liquidity risk.

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

A systematic programme of inspections and surveys is integral to our management of the NML Estate. This has identified a £10.7million backlog of repairs that are required to address both the legacy of past under-investment and also low quality repairs that were undertaken in the 1980s and 90s and which still continue to have an impact; as well as the normal wear and tear on service infrastructures and building fabrics. In the absence of the full sum being available to

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address these issues a risk-based approach is undertaken to help prioritise the works programme in any one year to maintain operations across all sites and venues, and meet statutory obligations to ensure public safety and security of the collections.

Provisions and accruals have been made in respect of restructuring costs, due to a constructive and contractual obligation existing regarding redundancies expected to take place in the 2015/16 financial year, and the final account for the construction of the Museum of Liverpool.

The Making Choices programme identified a number of efficiency savings and income generation opportunities. NML needs to continue with this programme to deliver its core aims efficiently within the current funding environment.

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

**Donations made**

There were no charitable donations, or political donations paid during the financial year 2014/15.

**Investments**

Investments listed on a recognised stock exchange are re-valued at year-end mid-market price, excluding any applicable accrued interest.

The investment manager provides half yearly reports which include a statement confirming adherence to the investment policy statement or details of exceptions. The report also includes a comparison of the portfolio return in relation to the benchmark.

**Investment income**

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



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

**Consolidated Free Funds income & expenditure 2014/2015**

	£000	£000
	2015	2014
<b>Incoming resources</b>		
Grant-in-Aid DCMS	<b>18,955</b>	19,431
Incoming resources from generated funds:		
Other grants and donations	<b>218</b>	243
Merchandising income of subsidiary company	<b>3,702</b>	3,482
Investment income	<b>48</b>	47
Incoming resources from charitable activities	<b>2,513</b>	4,352
<b>Total incoming resources</b>	<b>25,436</b>	27,555
<b>Resources expended</b>		
<b>Costs of activities in furtherance of the objects of the charity:</b>		
Fundraising costs	<b>348</b>	356
Costs of subsidiary company merchandising	<b>3,119</b>	2,922
Charitable activities;		
Operating expenditure (excluding depreciation)	<b>19,874</b>	22,306
Grants to third parties	<b>915</b>	1,650
Fees & charges activities of charity staff	<b>249</b>	320
Governance costs	<b>243</b>	249
<b>Total resources expended</b>	<b>24,748</b>	27,803
<b>Surplus / (deficit) on free income funds before transfers</b>	<b>688</b>	(248)
<b>Transfers to/from funds</b>	<b>(67)</b>	78
Surplus / (deficit) on free income funds for the year	<b>621</b>	(170)
Balance brought forward at 1 April	<b>4,678</b>	4,848
Balance carried forward at 31 March	<b>5,299</b>	4,678
The balance on free income funds comprised:	<b>2015</b>	2014
	£000	£000
Collection Purchase Fund	<b>3</b>	-
Border Force admissions	<b>94</b>	113
Academic publications	<b>139</b>	107
Miscellaneous	<b>70</b>	70
General funds	<b>4,993</b>	4,388
Balance at 31 March	<b>5,299</b>	4,678

It should be noted that the Fixed Assets of the subsidiary trading company NMLT Ltd £200k (£173k 2013/14) is contained within the General funds balance. The full NMLT representation within the fund is £381k (£373k 2013/14).

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**Capital Projects**

This financial year saw a number of smaller sized projects carried out including critical repairs and refurbishments.

**Audit**

Under statute the Comptroller and Auditor General is the principal auditor of the Museum's consolidated account for the year 2014/15. The audit fee in respect of this work was £44.5k. BWMacfarlane and Co are the auditors of NML's trading company account and the audit fee in respect of this work was £9k. Non-audit services were not provided by either of these auditors.

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

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**Sustainability Report**

**Summary of performance and future strategy**

NML is committed to sustainability and sustainable development, and has been working hard for many years to understand, manage and reduce energy consumption across its estate, and in doing so, reduce the carbon impact on society. NML is pleased to report that its “Carbon Equivalent” impact in 2014/15 has again reduced by 6.6% from 2013/14 through a reduced demand for Electricity and Gas particularly in the World Museum, our largest energy. A continued mild winter is still a contributing factor in this reduction over the period.

Sustainability is explicit within NML’s vision and values and is an integral part of our strategic objectives. NML first produced an Energy and Environmental Policy 14 years ago, which led to the implementation of energy saving environmental measures, resulting in accreditation from the National Energy Foundation as an energy efficient organisation in 2002. This early policy has since developed into a Sustainability Policy, which may be found on the NML website at:

[www.liverpoolmuseums.org.uk/sustainability/](http://www.liverpoolmuseums.org.uk/sustainability/)

NML realised at a very early stage that improvements could only be assessed if a baseline of data was gathered and, from that data, targets could be set. NML therefore made a major investment in installing ½ hourly monitoring throughout our buildings. This provides the information to map trends of electricity, gas and water usage, both for buildings as a whole and, in the case of the larger venues, by area, through sub-metering. These actions assisted NML in gaining re-accreditation from the Energy Foundation in 2005, 2008 and Carbon Trust Accreditation in 2010, 2012 and 2014. This information is now used to supply the data for the annual Carbon Reduction Commitment report.

The Museum of Liverpool, which opened in July 2011, was designed as a 21<sup>st</sup> century building, and has received national acclaim for its green initiatives. The Museum is powered using state-of-the-art renewable and energy efficient technologies. The Combined Heat and Power (CHP) plant enables the site to operate on power generated directly on site.

In July 2014, following a tender evaluation, NML entered into an electrical export agreement with SMARTESTENERGY Ltd, which commenced on the 1<sup>st</sup> August 2014. In the 8 months of operation NML has received income in the sum of £12k for the excess electricity ‘spilled’ back to the grid. Based upon the current operation of the plant it is estimated that the net revenue from export is £16,000 per year. Once it is proved that the systems for monitoring, data recording and invoicing are accurate and are running in line with projections, NML will then run a number of models to investigate whether operating the equipment at different times, capacities, and/or by means of different combinations of fuel types; revenue generation can be increased.

NML is the first public sector organisation with charitable status that is generating income from the export of electricity under a Public Private Partnership arrangement, using an Energy Services Contract.

The building also benefits from a rain water harvesting system which supplies ‘grey’ water to the museum’s toilets. From 2011, NML set new targets based on the Government’s Sustainable Development in Government guidance. Although

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challenging, the organisation believes it is well placed to drive towards meeting these in the coming years.

NML is a member of the International Association of Museums Facility Administrators (IAMFA). From this group a working party, representing estates and conservation departments, meet every six months to discuss and evaluate the effect of environmental requirements on energy consumption. The main aim of this group is to understand requirements and to look for ways to reduce the future dependence on fossil fuels for providing environmentally suitable conditions.

**Greenhouse gas emissions**

The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is the regulatory incentive to improve energy efficiency in large public and private sector organisations. This mandatory scheme aims not only to improve energy efficiency but also to reduce the amount of carbon dioxide (CO<sup>2</sup>) emitted in the UK. Every organisation whose annual half hourly metered electricity was above 6,000 MWh in 2009/10 was obliged to participate.

**Estate wide Carbon impact**

Area		2012/13	2013/14	2014/15
<b>Greenhouse Gas emissions</b>		9,904 t CO <sup>2</sup> e	9,179 tCO <sup>2</sup> e	8,543 tCO <sup>2</sup> e
<b>Estate energy</b>	Electricity consumption	11,438,059 kWh	10,925,178 kWh	10,509,695 kWh
	Expenditure	£952,710	£1,029,585	£1,048,250
	Gas consumption	20,246,643 kWh	17,803,660 kWh	15,934,096 kWh
	Expenditure	£580,701	£521,522	£417,465
<b>Estate Waste</b>	Total Amount	257.1 tonnes	188.4 tonnes	202.2 tonnes
	Total Expenditure	£35,536	£35,824	£40,602
	ICT Waste (at zero cost)	not available	1.3 tonnes	3.5 tonnes
	Waste incinerated with energy recovery	8.5 tonnes	6.5 tonnes	49.4 tonnes
	Waste to Landfill	47.4 tonnes	27.9 tonnes	15.7 tonnes
	Waste Recycled	209.7 tonnes	160.3 tonnes	186.5 tonnes
<b>Estate Water</b>	Consumption	38,792 m <sup>3</sup>	40,521 m <sup>3</sup>	37,055 m <sup>3</sup>
	Expenditure	£61,551	£65,619	£60,337

**Note: The statistical information in the table above relating to gas emissions, gas and electrical consumption is from NML's internal verification data. Costs have risen in line with inflation. At the time of publication a final reconciliation of water consumption / cost is unavailable due to outstanding invoices from the utility company. Figures used include accruals based on expected rates.**

### **Waste minimisation and management**

NML is committed to minimising waste to landfill and to this end work closely with Bagnall & Morris, a waste service provider, to ensure that as much waste as possible is diverted from landfill and recycled. NML actively segregates waste at a venue based level into general waste and recyclable waste. Once waste is removed from the buildings, the waste service provider further segregates the waste in order to divert as much of it as possible from landfill. Bagnall & Morris provide quarterly environmental reports.

92% of total waste is recycled/recovered. Bagnall & Morris have confirmed that NML is doing all that is practically possible to maximise recycling efficiency at all sites and that the current practice falls in line with 'TEEP' legislation. This legislation states that individual waste stream collections should be provided if it is 'Technically, Environmentally, Economically and Practically' beneficial.

### **Biodiversity and Natural Environment**

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

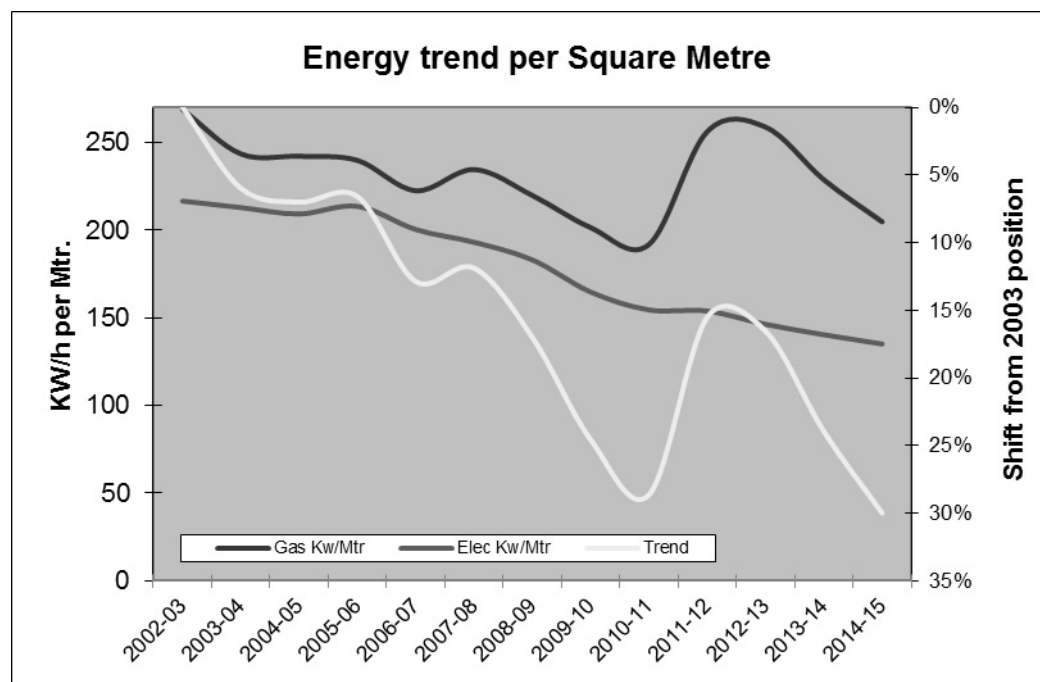
It is important that visitors understand the role played in supporting the protection of the natural world. Through education programmes and the Clore Natural History Centre, Aquarium and Bug House at World Museum in particular, staff take the opportunity to talk to visitors about issues such as climate change and the importance of natural resources. NML has been able to reinforce these messages through the special exhibition programme at World Museum with displays, trails and activities focusing on the theme of biodiversity. A city wildflower meadow is also being established in front of World Museum and the 150 native plants species that have been established are providing valuable urban habitat for birds, bees and other wildlife.

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

### **Resource consumption**

Through many initiatives over recent years, NML has exceeded the targets originally set in 2002 to reduce energy consumption per m<sup>2</sup> by 12.5% below 2001/02 levels by 2010.

**National Museums & Galleries on Merseyside  
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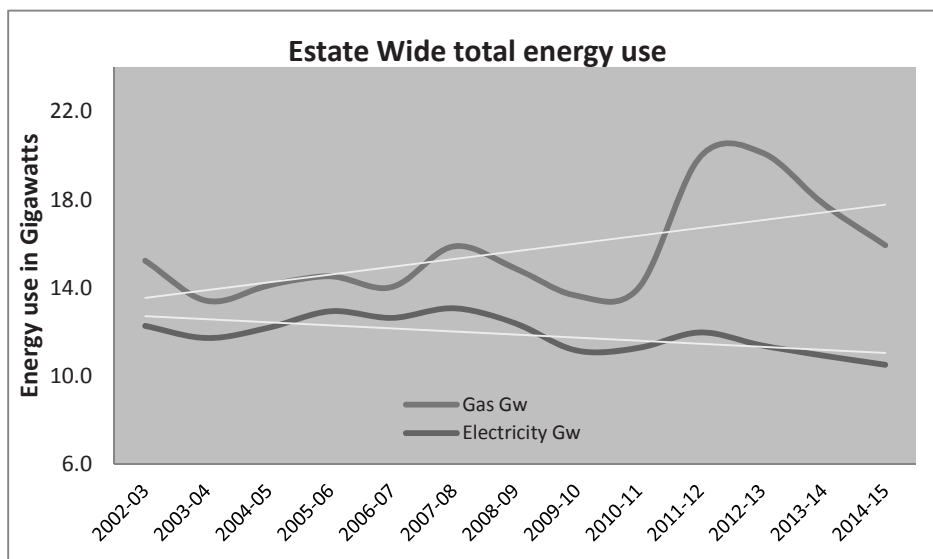


***In July 2011 the new 10,000 square metre Museum of Liverpool building opened. A commensurate increase in energy consumption could have been anticipated. However, despite this increase in operational footprint; as NML has developed understanding and management of the relationship between the CHP supply and energy demand from the operational building and more than contained the anticipated rise, Through close energy management the energy trend across the NML Estate has reduced significantly over the period, bringing the year on year reduction to 31% below its 2002/03 peak.***

In dealing with areas of significant consumption, a number of issues were targeted. The electrical infrastructure of NML’s estate, given the age, nature and use of the different venues had been altered and added to over the last 40-50 years, leading to (in places) inefficient electrical performance. This led to many new initiatives and infrastructure improvement over the past years the most notable being the introduction of a voltage optimisation system at World Museum. An energy stabilising and reducing system was installed, which has delivered an average of 7% reduction in electrical consumption at the venue (which is the highest energy consuming building on the Estate). In August 2013 a power quality report was commissioned on this installation which identified that the system had exceeded expectations and measured a 9% reduction in overall power consumption. This system was installed using a granted/loan of £160K, which has now been repaid in full from the savings this installation has made.

The opening of the Museum of Liverpool in 2011 saw a rise in energy consumption and CO<sup>2</sup> emissions. However, after closely monitoring the pattern of energy usage and continuously reviewing performance, an altered energy supply strategy has resulted in a reduction of 1Gw of gas since the baseline 2011/12 year, this is a slight increase on last year’s consumption for MOL, but it now includes heating at the adjacent Pilotage building which now houses 30 staff in occupation. This slight growth is more than offset by the reduction at the MLK3 building, where this team relocated from.

## National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2015



***NML's gross Gas use is naturally higher since the opening of the MOL, but is now being managed down as previously explained. Gross Electricity use continues to reduce, this being due to a combination, of increased efficiencies in equipment, and continued improvements in infrastructure.***

### 2014/15 Sustainability focused projects

In the operating year 2014/15, NML has invested extensively in its property with all projects being subject to improvements in energy efficiency which typically include :

- New roof and improved insulation levels to the MLK3 building;
- Complete new boiler system and controls to Walker Art Gallery and County Sessions House;
- Introduction of Power factor correction and new distribution boards to the electrical infrastructure in the Walker Art Gallery;
- The refit of the Lusitania Gallery at the Merseyside Maritime Museum includes energy efficient LED's;
- New thermal roof coverings and glazing system to South End of Lady Lever Art Gallery; and
- Full refurbishment of public toilets at the Maritime Museum including sensor lighting and auto water dispensers in sinks and toilets.

The Pilotage building refurbishment was completed in this year, which incorporates low energy lighting and heating throughout, however the major saving here was taking all power and heating from our CHP at the Museum of Liverpool, 30+ staff now occupy a fuel efficient building, with the further advantage of a substantial energy reduction in the MLK3 building.

### Climate change adaptation and mitigation

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

In exceeding the targets set in 2002 for the reduction of energy consumption, NML has over the last 12 years reduced its carbon emissions per m<sup>2</sup> by more than 30 %.

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2015**

### **Sustainable procurement and construction**

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

NML has produced a Sustainable Procurement Plan which aims to ensure that sustainability is considered and viewed as an integral part of the procurement process. Procurement of materials is sourced from local wholesalers, with all timber products being Forest Stewardship Council certified, paints being low in Volatile Organic Compounds, electrical goods including lamps, being of the lower energy category, and DEFRA approved EU eco-labelled cleaning products. NML's main maintenance contractor, procured through an OJEU open tender procedure, is accredited with ISO 14001 and BS 9000. The Plan also encourages staff to buy and use recycled materials, to cut down on the amount of packaging, where possible to ensure that materials can be re-used and that exhibits are designed to be low maintenance or maintenance free.

NML is continuing with a programme of replacing printers with multi-functional copier/printer devices. This is enabling the organisation to reduce the number of printers per member of staff significantly, and has reduced paper usage whilst improving information security. Physical prints are not generated until staff confirm the request at the printer, helping to reduce unnecessary prints. As existing photocopiers come out of contract, NML will continue to migrate to the preferred multi-functional devices.

### **People**

NML, as the only national museum in England based wholly outside London, plays a very significant role in Liverpool and the North West – as a visitor attraction and as an employer.

A study carried out by England's North-West Research Service in 2013 found that NML was worth £97.2m to the economy of the Liverpool City Region. This includes visitor spend, staff direct and indirect spend, and the use of local suppliers. For further details see;

<http://www.liverpoolmuseums.org.uk/about/corporate/reports/nml-social-and-economic-impact-report.pdf>

### **Environmental Management System (EMS)**

NML has a number of systems to check and manage its environmental impact, principally within the use and distribution of its energy resources, NML is confident of its ability to manage these effectively and under repeated review we have been awarded, and subsequently retained, the Carbon Trust Standard.

### **Governance**

NML invested in a comprehensive Environmental Monitoring System, which is common in all buildings. The provision of an extra 200 sensors can now be accessed by key staff throughout the venues, giving closer control of the conditions. Dovetailed into this is the improved ability of staff and contractors to view this new system alongside the Building Management System and thus more accurately control and improve energy efficiency.



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NML has comprehensive remote monitoring of energy consumption with half hourly data fed back to a TEAM Sigma energy management system. All half-hour data (gas, electricity and water) is imported into the intelligent system, collating and analysing information from all sources and sites into one reporting location.

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**Remuneration Report**

The membership of the Remuneration Committee for the year ending 31 March 2015 comprised:

- Chair of Remuneration and Audit Committee
- Chair of Board of Trustees, Chair
- Chair of Finance Committee,

The role of the Remuneration Committee is to:

- determine the pay and conditions of the Director including annual performance awards and pay progression;
- provide, through a panel selected by the chairmen; an appellant recourse in disciplinary and grievance cases concerning senior staff for whom the Director is the reporting officer;
- keep governance arrangements, including the Committee structure and schemes of delegation, under review;
- act as a Nominations Committee for the appointment of trustees;
- provide information about service contracts and compensation payable on early severance to senior staff; and
- improve accountability and transparency about NML's general remuneration policy.

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

There are nine pay-bands and all staff apart from the Director are covered by these. Recruitments to Pay-band 8 and above are approved by the Trustees.

The Director's contract was made permanent on 11 July 2006.

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

The performance of the Director is assessed annually by the Trustees and a rate of bonus for the review year is determined. The reporting period for this performance review is 1 April to 31 March. In line with NML's pay year, any payments are effective from 1 April 2014.

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

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

The Director was awarded a non-consolidated bonus of £14,608 which was paid in 2014/15.

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2015**

A 1% pay increase was awarded to most staff in line with the government's pay remit. Our lower graded staff received an average 6% pay increase. A further 0.9% non- consolidated payment was paid to all staff in January 2015

The average number of days lost (per employee) due to sickness during the year was 9.37 days, or 4.07 days excluding long term sick in 2014/15, (8.9 days, or 4.4 days excluding long term sick 2013/14).

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

There are now five Directorships within NML, these are:

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

The post of Executive Director of Development & Communications was removed on 21 November 2014 as part of NML's restructure.

The Trustees and the Directors assume the ultimate responsibility for the direction of NML and the associated control mechanisms.

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

- Executive Team;
- Senior Management Team; and
- Managers' Communication Forum.

The Executive Team consists of five Directors, plus the Secretary to the Board of Trustees, and the Director of Commercial Operations NMLT (from December 2014). The Director of Commercial Operations and the Secretary to the Board do not have any decision making powers. The annual appraisals of the Executive Team (minus the Director of Commercial Operations) are countersigned by the Remuneration Committee.

The Senior Management Team consists of the Executive Team plus a number of Venue and Operational Heads.

The Managers Communication Forum is the largest managerial grouping and consists of the Senior Management Team plus managers from all disciplines across the museums.

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

Senior staff are permanent employees of National Museums Liverpool.

The notice periods for staff who wish to resign are:

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

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

Please refer to severance tables provided for this information.

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

**Single total figure of remuneration**

	Salary Including Performance pay 2014/15 £'000	Salary Including Performance pay 2013/14 £'000	Pension Benefits <sup>1</sup> To nearest £1,000 2014/15 £'000	Pension Benefits <sup>1</sup> To nearest £1,000 2013/14 £'000	Total 2014/15 £'000	Total 2013/14 £'000
D Fleming Director	110-115 Plus non-consolidated bonus 10-15	110-115 Plus non-consolidated bonus 15-20	20-25	5-10	145-150	130-135
S Granville Executive Director of Collections and Estates	70-75	70-75	15-20	5-10	85-90	75-80
A de Joia <sup>3</sup> Executive Director of Development & Communications Exit Payment	50-55  (70-75) <sup>2</sup>	70-75	5-10	5-10	60-65	75-80
Carol Rogers Executive Director of Education and Visitors	70-75	65-70	15-20	15-20	85-90	80-85
Maxine Carden <sup>4</sup> Director of Human Resources	50-55	50-55	10-15	0-5	65-70	55-60
Ann Monk Executive Director of Finance	25-30  (60-65) <sup>2</sup>	60-65	10-15	20-25	35-40	85-90
Louise Parnell Executive Director of Finance	20-25  (65-70) <sup>2</sup>	n/a	5-10	n/a	30-35	n/a

- <sup>1</sup>The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases

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exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

- <sup>2</sup>Represents annualised salary
- <sup>3</sup>A de Joia received an exit payment of £95,750 in December 2014.
- <sup>4</sup>M Carden received an exit payment of £72,000 which was paid in May 2015.
- There were no benefits in kind received by the Executive Team members.

**Salary**

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

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

The following information and table has been subject to audit: (please refer to updates previously provided)

	<u>2014/15</u>	<u>2013/14</u>
<i>Mid-point of Band of Highest Paid Director’s</i>		
<i>Total Remuneration</i>	£127,500	£127,500
<i>Median Total Remuneration</i>	£18,378	£18,294
<i>Remuneration Ratio</i>	6.94	6.97

The mid-point of the band of remuneration of the highest-paid director in the National Museums Liverpool in the financial year 2014/15 was £127,500 (2013/14 £127,500). This was 6.94 (2013/14 6.97) times the median remuneration of the workforce, which was £18,378 (2013/14 £18,294).

In 2014–15, nil employees received remuneration in excess of the highest-paid director. Remuneration ranged from £14,759 to £127,500 (2013/14, £13,794-£127,500).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in kind (of which there are none) as well as severance payments (of which none were made to staff who were employed at the reporting period end date). It does not include employer pension contributions and the cash equivalent transfer value of pensions.

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**Pension Benefits**

	Accrued pension at normal retirement age as at 31/03/15 and related lump sum £'000	Real increase in pension and related lump sum at normal retirement age £'000	CETV at 31/03/15 £'000	CETV <sup>1</sup> at 31/03/14 £'000	Real increase in CETV £'000
D Fleming Director	40-45 Plus lump sum of 130-135	0-2.5 Plus lump sum of 2.5-5.0	986	961	22
S Granville Executive Director of Collections and Estates	25-30 Plus lump sum of 75-80	0-2.5 Plus lump sum of 2.5-5.0	493	458	12
A de Joia Executive Director of Development & Communications	20-25 Plus lump sum of 65-70	0-2.5 Plus lump sum of 0-2.5	416	393	5
Carol Rogers Executive Director of Education and Visitors	10-15	0-2.5	212	186	12
Maxine Carden Director of Human Resources	20-25 Plus lump sum of 60-65	0-2.5 Plus lump sum of 0-2.5	367	342	8
Ann Monk Executive Director of Finance	0-5	0-2.5	36	30	5
Louise Parnell Executive Director of Finance (from 01 Dec14)	0-5	0-5	5	0	3

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

**Pension**

All NML employments are covered by the Principal Civil Service Pension Scheme. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but NML is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Government Actuary's Department) valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionschemes.gov.uk](http://www.civilservicepensionschemes.gov.uk)).

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

### **Annual Report for the year ended 31 March 2015**

For 2014/15, employers' contributions of £1,640,335 were payable to the PCSPS (2013/14: £1,584,858) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands (the rates in 2013/14 were between 16.7% and 24.3%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. In 2013/14 the salary bands were revised and the rates remained as above. The contribution rates are set to meet the cost of the benefits accruing during 2014/15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

For 2015/16 there has been revision of salary bands for accruing superannuation liability charges (ASLCs) to four bands in the range of 20.00 per cent to 24.5 per cent.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. For 2014/15 employers' contributions of £18,609 were paid to one or more of a panel of three appointed stakeholder pension providers. Employee contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,410, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

There were no early retirements on ill-health grounds during the year; the total additional accrued pension liabilities in the year amounted to zero.

#### **Cash Equivalent Transfer Values**

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

#### **Real increase in CETV**

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

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Employees received no benefits in kind during the year.

The following table has been subject to audit

1	Exit package cost band	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band	
		2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
2	< £10,000	nil	nil	nil	4	nil	3
3	£10,000-£25,000	nil	nil	nil	22	nil	22
4	£25,000-£50,000	nil	nil	2	13	2	12
5	£50,000-£100,000	nil	nil	1	3	1	3
6	Total number of exit packages	nil	nil	3	42	3	42
7	Total resource cost / £000s	nil	nil	153	1,079	153	1,079

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

**Dr David Fleming OBE**  
**Director and Accounting Officer**  
**Date: 6 July 2015**



**National Museums & Galleries on Merseyside  
Statement of Trustees' and Director's responsibilities  
For the year ended 31 March 2015**

**FUNDING AGREEMENT PERFORMANCE INDICATORS – 2015 OUTTURN**

<b>Performance Indicator</b>	<b>2013/14 Out-turn</b>	<b>2014/15 Out-turn</b>
<b>Core Targets</b>		
<b>KPI (1)</b> Total number of visits	<b>2,710,184</b>	<b>2,654,301</b>
<b>KPI (2)</b> Charitable giving (fundraising)	<b>£1,000,480</b>	<b>£3,937,000</b>
<b>OPI (1)</b> Number of unique website visits <sup>1</sup>	<b>1,835,087</b>	<b>2,008,068</b>
<b>OPI (2)</b> Number of visits by children under 16	<b>433,629</b>	<b>501,663</b>
<b>OPI (3)</b> Number of overseas visits	<b>433,629</b>	<b>403,454</b>
<b>OPI (4)</b> Number of facilitated & self-directed visits to the museum/gallery by visitors under 18 in formal education	<b>179,902</b>	<b>183,289</b>
<b>OPI (5)</b> Number of instances of visitors under 18 participating in on-site organised activities	<b>241,150</b>	<b>214,019</b>
<b>OPI (6)</b> Percentage (%) of visitors who would recommend a visit	<b>99%</b>	<b>98%</b>
<b>OPI (7)</b> Admissions income (gross income)	<b>£201,314</b>	<b>£194,156</b>
<b>OPI (8)</b> Trading income (net income)	<b>£1,291,636</b>	<b>£1,278,436</b>
<b>OPI (9)</b> Number of UK loan venues <sup>2</sup>	<b>250</b>	<b>145</b>

**Explanatory Note:**

**KPI** represents Key Performance Indicators

**OPI** represents Other Performance Indicators

<sup>1</sup>From 2011/12 the number of website visits has been calculated using Google Analytics.

<sup>2</sup>Whilst the number of UK Loan Venues was reduced, the numbers of items on loan in the UK and abroad was 3764.

NML has stated both key and other indicators.

No targets were set with the DCMS for 2014/15

Dr David Fleming OBE  
Director and Accounting Officer  
Date: 6 July 2015

Professor Phil Redmond CBE  
Chairman of Trustees  
Date: 6 July 2015

**National Museums & Galleries on Merseyside**  
**Statement of Trustees' and Director's responsibilities**  
**For the year ended 31 March 2015**

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

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State<sup>1</sup>, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the account on the going concern basis, unless it is inappropriate to presume that NML will continue in operation.

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

Dr David Fleming OBE  
Director and Accounting Officer  
Date: 6 July 2015

Professor Phil Redmond CBE  
Chairman of Trustees  
Date: 6 July 2015

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

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2015**

**Governance Framework**

NML is governed by the Board of Trustees who are accountable for the overall direction and strategy of NML and have due regard for the guidance published by the Charities Commission and the Merseyside Museums and Galleries Order 1986. The Trustees monitor the risks facing NML as identified in papers submitted to the Board and Trustee Committees during the year. The Director, who is the Accounting Officer, is responsible for the day to day running of the organisation and ensuring that a sound system of Governance and Internal Control are in place. The Accounting Officer is responsible for ensuring that public money and assets are safeguarded and properly accounted for in accordance with Managing Public Money and, in doing so, aims to secure continuous improvement in the way in which NML's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

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

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

**The Board of Trustees**

During the year the Trustees have approved the Strategic Plan, the Annual Report and Accounts for the previous year, reviewed key organisational policies (including approval of the Collections Development Policy and Collections Management policy), the issues associated with the construction of the new Museum of Liverpool which are now largely resolved, and in particular have provided challenge and support to the Executive Team in planning and preparation for the impact of significant challenges due to the fact that public funding has reduced significantly and is likely to continue to reduce during the next parliament.

The Board met five times during the year and received reports covering the following:

- management overview summary of key activities and highlights in line with strategic objectives;
- minutes of activity and reports from Audit, Finance, and Remuneration committees;
- items accessioned;
- loans agreed;
- performance metrics;
- health and safety; and
- updates to policies.

The Chairman of Trustees is consulted on major strategic issues, or where it is foreseeable that a decision or action could damage the reputation of NML.

Due to recent changes in Trustees there are a number of vacancies on the Board.

**National Museums & Galleries on Merseyside  
Governance Statement  
For the year ended 31 March 2015**

Recruitment will begin in June 2015.

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

**The Finance Committee** met five times during the year to review, the forward financial plan and specific risks to its achievement, the capital project budget, accounting policy, and the Annual Report and Accounts.

**The Audit Committee** met five times during the year to review the control environment. This consisted of a review of: the risks of the organisation, the work of internal and external audit, progress against actions identified from internal and external audit recommendations, and the Annual Report and Accounts.

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

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

**Board and Committee Attendance**

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

<b>Name</b>	<b>Board (5)</b>	<b>Audit (5)</b>	<b>Finance (5)</b>	<b>Remuneration (1)</b>
<b><u>Trustees</u></b>				
* P Redmond	100%			100%
J Ashton	75%			
* C Booth	80%	80%	80%	100%
* L Carstensen	40%	100%		
R Crawford	80%		80%	
* C Elphick	60%	40%	20%	
* J Godwin	20%			
N Katona	80%			
N Kurland	75%			
* A McCluskey	60%			
* P Price	100%		100%	
D Shackleton	100%	100%		100%
* N Thorp	60%	80%		
<b><u>Associate Trustees</u></b>				
* D Appleton		80%		
* G Hitchmough			80%	

The number of meetings held in the year is shown in brackets next to meeting name.

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2015**

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

**Compliance with the Corporate Governance Code**

The 'Corporate governance in central government departments: Code of good practice 2011' was developed specifically to support corporate governance in ministerial departments. NML has adopted many of the practices set out in this code. In particular NML's compliance with this code is demonstrated within this governance statement in relation to our management of :-

- the control environment
- quality of Board information
- Board effectiveness
- internal audit
- risk

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

There are currently a number of vacancies that will be progressed in June 15. The recruitment is being managed to ensure that the Board is well balanced in its expertise in the future.

**Control Environment**

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

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

In order to assess and monitor the level of risk in the organisation a risk register is maintained which documents the manner in which identified risks have been, and are being, managed. The risk register is comprehensively reviewed by the Executive Team. Emerging risks are added to the risk register and are considered against the wider implications for the organisation.

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

**National Museums & Galleries on Merseyside  
Governance Statement  
For the year ended 31 March 2015**

The Board and Executive Team reviewed and amended the Schedule of Matters Reserved to Trustees in the period.

The main areas of concentration for managing internal controls in the coming financial year will be to continue to build on the good progress made regarding Risk Management and the Internal Audit plan.

**Quality of information presented to the Board**

While a standard reporting set has been agreed with the Chair and the Secretary to the Board, feedback is taken into account regarding on-going changes to requirements. Financial reporting is scrutinised by the Finance Committee prior to submission to the Board. Risk and Audit information is reviewed in detail by the Audit Committee before reporting to the Board. The reporting of regular performance information has been standardised and, where practical, requests for improvements are responded to.

**Governance of Trading Subsidiary**

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

**Review of the Effectiveness of Governance**

A review of the effectiveness of the Audit Committee was carried out during the year and outcomes were discussed between the Committee and the Executive Team and demonstrated that the Audit Committee is meeting its remit as an advisory body in ensuring risks and controls are managed within NML.

A review of the effectiveness of the Board was carried out in 2013/14, which included a review of training requirements. There will be an induction programme for new Trustee appointments as they occur in 2015/16.

The level of assurance in the process of internal control and risk management is informed by the work of internal audit, the Executive Team and other senior managers within NML. In addition assurance is also informed by External Audit in the form of specific reports and their management letter.

NML has suffered no protected personal data incidents during 2014/15 and has made no reports to the Information Commissioner's Office.

**Internal Audit**

NML's internal audit function is outsourced to PricewaterhouseCoopers. The Audit Committee approved the internal audit plan in June 2014 for the period to March 2015. The Audit Committee has been informed of the overall progress of the Internal Audit programme of work. This, in turn, has enabled the appropriate level of prioritisation to be given to the completion of Internal Audit reports and the implementation of recommendations.

During the year internal audit reviews have been carried out in the following areas according to the internal audit plan: Central Financial Health check, Restricted Income, Risk Management Review, Collections Management, Board Effectiveness

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2015**

Review, Payroll Project Assurance, Venue Reviews – NMLT, Starters and Leavers, Strategic Partnerships, Risk Management and IT Disaster Recovery. In addition a rolling programme of venue-based reviews is carried out which focuses on physical security processes and financial controls.

An IT Disaster Recovery test was successfully performed in the year, and minor actions arising are being implemented.

The Head of Internal Audit's opinion for the year has improved from last year into the top category of "adequate and effective". This is reflective of the focus that management have continued to give to the internal audit programme and follow up of findings from previous years.

**Head of Internal Audit's opinion**

Based on the risk appetite and the internal audit plan agreed with you, we have completed our programme of work and we believe there are adequate and effective governance, risk management and control processes to enable the related risks to be managed and objectives to be met.

**Risk Management**

The risk management process is designed to enable risks to be identified and then to put plans into place to either manage or mitigate them. The risk register is reviewed at each Audit Committee meeting. Periodically, members of the Executive Team will present to the Audit Committee in detail on the risks pertaining to their directorate. In addition risks are evaluated and added to the risk register when they arise and archived when appropriate.

During the year Internal Audit's review of Risk Management across the organisation again placed this as a low risk and the risk maturity level of the organisation as 'established'. This reflects the ongoing prioritisation that management have placed on the importance of the risk management process.

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

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

During the year the NML has updated its strategic risks to the organisation and managed accordingly the relevant controls in place and detailed reviews presented to and discussed with the Audit Committee. NML has identified the following risks as the most critical :

- Decline in Grant-in-Aid funding and
- Inability to generate significant additional earned income to bridge growing funding gap

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2015**

NML has an income generation team in place to maximise external commercial and funding opportunities and to demonstrate NMLs successes to its stakeholders. NML continues to look at reducing costs both through staffing and non-staffing measures. 137 posts have been lost in the last 5 years through staffing efficiencies and NML also has plans to consider rationalising the estate to reduce running costs.

Post the year end NML reduced “deterioration of the estate” from a high risk to medium risk based on the view that, though damage or deterioration to the estate would be significant, the likelihood of the whole estate or large parts of it being affected at once is not likely, due to ongoing good management and a rolling maintenance programme.

**Governance issues**

The main governance issue in 2014/15 related to the continuation of the legal cases around the Museum of Liverpool which opened in 2011. This was largely resolved in March 2015.

NML’s deepest concern is with regard to the impact that reductions in public funding are having and the uncertainty regarding business planning assumptions. This could have far reaching consequences for the organisation itself, the wider community and the local economy.

Dr David Fleming OBE  
Director & Accounting Officer  
Date: 6 July 2015

Professor Phil Redmond CBE  
Chairman of Trustees  
Date: 6 July 2015



**National Museums & Galleries on Merseyside  
The Certificate and Report of the Comptroller and Auditor General to the  
Houses of Parliament**

I certify that I have audited the financial statements of National Museums and Galleries on Merseyside for the year ended 31 March 2015 under the Merseyside Museums and Galleries Order 1986. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

**Respective responsibilities of the Board of Trustees, the Accounting Officer and auditor**

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Trustees and the Director, as Accounting Officer, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Merseyside Museums and Galleries Order 1986. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to National Museums and Galleries on Merseyside's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by National Museum and Galleries on Merseyside; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Opinion on regularity**

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

**Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of National Museums and Galleries on Merseyside's affairs as at 31

**National Museums & Galleries on Merseyside  
The Certificate and Report of the Comptroller and Auditor General to the  
Houses of Parliament**

March 2015 and of the net outgoing resources and application of resources for the year then ended; and

- the financial statements have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and Secretary of State directions issued thereunder.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Merseyside Museums and Galleries Order 1986; and
- the information given in Legal and Administration, Operating Review, Financial review and Sustainability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

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

**Date 9 July 2015**

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

**National Museums & Galleries on Merseyside  
Consolidated Statement of Financial Activities  
For the year ended 31 March 2015**

	Notes	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
<b><u>Incoming resources:</u></b>					
Grant-in-Aid - DCMS	2	20,501	-	20,501	20,912
Grant-in-Aid - Border Force	2	-	247	247	247
Incoming resources from generated funds:					
Voluntary income:					
Grants and donations	2a	218	1,349	1,567	1,521
Donated items	6a	-	2,104	2,104	432
Merchandising income of subsidiary company	9	3,702	-	3,702	3,482
Investment income	7b	48	35	83	80
Incoming resources from charitable activities	7a	<u>2,513</u>	<u>-</u>	<u>2,513</u>	<u>4,352</u>
<b>Total incoming resources</b>		<b><u>26,982</u></b>	<b><u>3,735</u></b>	<b><u>30,717</u></b>	<b><u>31,026</u></b>
<b><u>Resources expended:</u></b>					
Costs of generating funds:					
Fundraising costs in respect of voluntary income		348	-	348	356
Costs of subsidiary company merchandising	9	3,119	-	3,119	2,922
Charitable activities:					
Care of collections		5,261	844	6,105	6,394
Care of buildings		9,516	2,777	12,293	13,541
Visitor services		4,077	127	4,204	4,570
Exhibitions		1,596	55	1,651	1,403
Education and research		2,095	65	2,160	2,605
Other resources expended:					
Grants to third parties		915	-	915	1,650
Fees and charges activities of charity staff		249	-	249	320
Governance costs		<u>243</u>	<u>-</u>	<u>243</u>	<u>249</u>
<b>Total resources expended</b>	4	<b><u>27,419</u></b>	<b><u>3,868</u></b>	<b><u>31,287</u></b>	<b><u>34,010</u></b>
<b>Net (outgoing) resources before transfers between funds</b>	3	<b>(437)</b>	<b>(133)</b>	<b>(570)</b>	<b>(2,984)</b>
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net (outgoing) resources after transfers between funds</b>		<b>(437)</b>	<b>(133)</b>	<b>(570)</b>	<b>(2,984)</b>
<b>Movement on assets:</b>					
<b>Unrealised net surplus on revaluation of fixed assets and investments</b>	6 & 24	<b><u>6,657</u></b>	<b><u>3,957</u></b>	<b><u>10,614</u></b>	<b><u>23,792</u></b>
<b>Net movement in funds</b>		<b><u>6,220</u></b>	<b><u>3,824</u></b>	<b><u>10,044</u></b>	<b><u>20,808</u></b>
Fund balances brought forward at 1 April		<u>112,683</u>	<u>113,869</u>	<u>226,552</u>	<u>205,744</u>
Fund balances carried forward at 31 March	14	<b><u>118,903</u></b>	<b><u>117,693</u></b>	<b><u>236,596</u></b>	<b><u>226,552</u></b>

All of NML's operations relate to continuing activities. There are no recognised gains and losses other than those shown above. The notes on pages 53 to 90 form part of these accounts.

**National Museums & Galleries on Merseyside  
Consolidated Balance Sheet  
As at 31 March 2015**

	Notes	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	6	212,765	205,901
Heritage assets	6a	<u>14,104</u>	<u>11,999</u>
		<b>226,869</b>	217,900
<b>Current assets:</b>			
Stock		238	217
Investments	24	679	639
Debtors	10	2,880	2,316
Cash at bank and in hand		<u>10,515</u>	<u>11,875</u>
		<b>14,312</b>	15,047
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,657)</u>	<u>(2,918)</u>
<b>Net current assets</b>		<b><u>10,655</u></b>	<b><u>12,129</u></b>
<b>Total assets less current liabilities</b>		<b><u>237,524</u></b>	<b><u>230,029</u></b>
<b>Creditors: due after more than one year</b>	11	(445)	(427)
<b>Provisions</b>	12	<u>(483)</u>	<u>(3,050)</u>
<b>Total net assets</b>		<b><u>236,596</u></b>	<b><u>226,552</u></b>
<b>Represented by:</b>			
<b>Income funds</b>			
Restricted funds	14	117,693	113,869
Unrestricted funds:			
Designated funds	14	113,910	108,295
General funds	14	<u>4,993</u>	<u>4,388</u>
<b>Total funds</b>		<b><u>236,596</u></b>	<b><u>226,552</u></b>

The notes on pages 53 to 90 form part of these accounts

Dr David Fleming OBE  
Director and Accounting Officer  
Date: 6 July 2015

Professor Phil Redmond CBE  
Chairman of Trustees  
Date: 6 July 2015

**National Museums & Galleries on Merseyside  
Museum Balance Sheet  
As at 31 March 2015**

	Notes	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	6	212,565	205,728
Heritage assets	6a	14,104	11,999
Investment in NML Trading Limited	9	<u>380</u>	<u>380</u>
		<b>227,049</b>	218,107
<b>Current assets:</b>			
Stock		16	17
Investments	24	679	639
Debtors	10	3,399	2,830
Cash at bank and in hand		<u>9,755</u>	<u>11,126</u>
		<b>13,849</b>	14,612
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,429)</u>	<u>(2,683)</u>
<b>Net current assets</b>		<b><u>10,420</u></b>	<b><u>11,929</u></b>
<b>Total assets less current liabilities</b>		<b><u>237,469</u></b>	<b><u>230,036</u></b>
<b>Creditors: amounts due after more than one year</b>	11	(391)	(427)
<b>Provisions</b>	12	<u>(483)</u>	<u>(3,050)</u>
<b>Total net assets</b>		<b><u>236,595</u></b>	<b><u>226,559</u></b>
<b>Represented by:</b>			
<b>Income funds</b>			
Restricted funds	14	117,693	113,869
Unrestricted funds:			
Designated funds	14	113,910	108,295
General funds		<u>4,992</u>	<u>4,395</u>
<b>Total funds</b>		<b><u>236,595</u></b>	<b><u>226,559</u></b>

The notes on pages 53 to 90 form part of these accounts

Dr David Fleming OBE  
Director and Accounting Officer  
Date: 6 July 2015

Professor Phil Redmond CBE  
Chairman of Trustees  
Date: 6 July 2015

**National Museums & Galleries on Merseyside**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 March 2015**

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	<b>Notes</b>	<b>2015</b>	2014
		<b>£000</b>	£000
Net cash inflow from operating activities	<b>19</b>	<b>1,216</b>	4,838
Returns on investments and servicing of finance:			
Interest and dividends received		<b>83</b>	80
(Increase)/ Decrease in investments		<b>(2)</b>	9
Investing Activities:			
Capital expenditure and financial investments:			
Purchase of tangible assets adjusted for capital accruals		<b><u>(2,657)</u></b>	<u>(1,603)</u>
(Decrease) / increase in cash in the year	<b>19</b>	<b><u>(1,360)</u></b>	<u>3,324</u>

The notes on pages 53 to 90 form part of these accounts

## **1. Accounting policies**

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

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

- a. Financial Reporting Manual (FReM);
- b. Other guidance which Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. Any other specific disclosures required by the Secretary of State; and
- d. The provisions of the Charities SORP 2005.

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

Consolidated financial statements have been prepared for NML and its subsidiary company NMLT. In addition a separate balance sheet has been prepared for NML alone. NML's investment in NMLT is shown at book value, less any provision for material impairment.

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

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

### **b) *Incoming resources***

Grant-in-Aid from the DCMS is taken to the SOFA in the year in which it is received.

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

Legacies are treated as receivable as and when they are received unless there is sufficient evidence to provide the necessary certainty that the legacy will be received and that the value of the incoming resource can be measured with sufficient reliability.

A small amount of commercial income has been deferred under the receivable convention; this will be matched and released as and when the contractual obligations have been discharged.

All other income is accounted for under a receivable basis. Income from charitable activities primarily includes; rental income, car parking income, exhibitions, special projects and fees and charges under commercial contracts.

Incoming resources of a similar nature are grouped together in line with SORP 2005 requirements.

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

c) ***Expenditure***

Resources expended of a similar nature are also grouped together in line with SORP 2005.

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

Liabilities are recognised on an accruals basis.

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

Costs of generating funds includes fundraising; seeking contributions, charitable donations and grant income. It also includes the costs of the wholly owned subsidiary trading company.

Governance costs are; external audit fees, corporate governance (including internal audit), legal advice on governance issues and an apportionment of Finance Department costs associated with governance.

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

d) ***Heritage assets***

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

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

The accounting and disclosure requirements under FRS30 are addressed at note 6a. The Trustees have considered the cost of valuing the non-capitalised heritage assets, but the Trustees believe that the cost of doing so is disproportionate and not an appropriate use of the charity's funds.

The threshold for capitalisation of donated items is £500.



e) **Fund accounting**

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

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

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

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

f) **Tangible fixed assets**

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

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

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

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

Land and buildings are professionally re-valued every five years. The last full quinquennial external valuation of all NML's land and buildings was undertaken as at 31 March 2012. In the intervening years, either an external desktop valuation or, a Modified Historical Cost Accounting (MHCA) index is used for land and buildings; the indices are taken from the BIS Price Tender Index for Public Sector Building (non-housing) and are applied to the gross brought forward balances for the year.

The permanent galleries within the new Museum of Liverpool are subject to modified historical cost accounting and material movements are assessed using appropriate indices.

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

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

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

h) **Leases**  
Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.

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

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

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

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

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

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

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

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

**k) Provisions**

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

The total pension liability up to normal retiring age in respect of each employee is charged to the Statement of Financial Activities in the year in which the employee takes early retirement and an increase in the provision for pension payments is made. Funds are released from the provision annually to fund pension payments to the retired employee until normal retiring age.

Where a constructive obligation exists at 31 March a provision is made for voluntary severance in line with the accounting standard FRS12. The estimates are quantified by Paymaster.

Other provisions are made when constructive obligations as a result of past events, existing at 31 March, are identified.

**l) Investments**

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

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

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

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

**m) Long-term Creditors**

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

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2015**

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**2. Grant-in-Aid**

£20,501,000 of DCMS Grant-in-Aid has been received during the year (2014: £20,912,000). This money is available for running costs, capital improvements and collection purchases. During the year Grant-in-Aid was allocated to:

	<b>2015</b>	2014
	<b>£000</b>	£000
General fund	<b>18,955</b>	19,431
Government grant capital allocation	<b><u>1,546</u></b>	<u>1,481</u>
	<b><u>20,501</u></b>	<u>20,912</u>

NML also receives Grant-in-Aid from the Border Force. The amount received in 2014/2015 was £247,000 (2013/14 £247,000). No Capital GiA was received from Border Force in 2014/15 (2013/14 £nil). A summary can be seen at note 16.

**2a. Grants & donations**

£1,567,000 (£1,521,000 2013/14) was recognised during the year; of which only £218,000 (£243,000 2013/14) was unrestricted. The restricted income included the following contributions towards NML's capital programme:-

	<b>2015</b>	2014
	<b>£000</b>	£000
Heritage Lottery Fund	<b>389</b>	59
European Regional Development Fund	<b>0</b>	202
Other revenue and capital grants and donations	<b><u>960</u></b>	<u>1,017</u>
	<b><u>1,349</u></b>	<u>1,278</u>

**3. Net (outgoing) resources**

Net (outgoing) resources before transfers is stated after charging for:

	<b>2015</b>	2014
	<b>£000</b>	£000
Travel and subsistence (including Trustees)	<b>135</b>	145
Hospitality	<b>58</b>	47
Operating lease payments (Ener-G CHP scheme)	<b>517</b>	503
Operating lease payments (Other)	<b>85</b>	77
Consolidated audit fee	<b>45</b>	47
Trading company audit fee	<b>9</b>	9
Depreciation	<b>5,924</b>	5,510

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2015**

<b>4. Total resources expended</b>	<b>Staff Costs £000</b>	<b>Other Costs £000</b>	<b>Depre- ciation £000</b>	<b>2015 Total £000</b>	<b>2014 Total £000</b>
Costs of generating funds:					
Fundraising costs	317	31	-	348	356
Cost of subsidiary company merchandising	1,584	1,469	66	3,119	2,922
Charitable activities:					
Care of collections	4,250	783	1,072	6,105	6,394
Care of buildings	944	6,608	4,741	12,293	13,541
Visitor services	3,418	762	24	4,204	4,570
Exhibitions	796	846	9	1,651	1,403
Education and research	1,803	345	12	2,160	2,605
Grants to third parties	-	915	-	915	1,650
Fees & charges activities of charity staff	135	114	-	249	320
Governance costs	97	146	-	243	249
<b>Total resources expended</b>	<b>13,344</b>	<b>12,019</b>	<b>5,924</b>	<b>31,287</b>	<b>34,010</b>

**Governance costs** includes:

External audit fees	-	54	-	54	56
Corporate governance	55	-	-	55	54
Internal audit	-	77	-	77	54
Legal advice	-	12	-	12	39
Finance	41	4	-	45	46
	<u>96</u>	<u>147</u>	<u>-</u>	<u>243</u>	<u>249</u>

The External audit fees do not include fees for non-audit work. No such work was carried out.

<b>Support costs</b>	<b>Care of Collections</b>	<b>Care of Buildings</b>	<b>Visitor services</b>	<b>Exhibitions</b>	<b>Education &amp; research</b>	<b>2015 Total</b>	<b>2014 Total</b>
Management	90	49	72	21	38	270	277
Finance (inc Audit)	188	52	149	40	79	508	547
Information systems	211	241	171	56	89	768	898
Office services	13	28	11	4	5	61	69
Human resources	<u>170</u>	<u>123</u>	<u>136</u>	<u>41</u>	<u>72</u>	<u>542</u>	<u>481</u>
	<b>672</b>	<b>493</b>	<b>539</b>	<b>162</b>	<b>283</b>	<b>2,149</b>	<b>2,272</b>

The support costs are contained within the respective charitable activities headings above.  
The Museum depreciation is split between Unrestricted £2.670m and Restricted £3.187m.  
The unrestricted element counts against NML's non-cash RDEL allocation.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2015**

**5. Staff costs** During the year staff costs directly associated with the delivery of NML's major capital project were capitalised; Lady Lever Art Gallery. The amount for the year was £206,182. The following Staff cost note has been expanded to disclose the capitalisation of this amount.

	NML	NML	Total	Total
	£000	Trading Ltd	2015	2014
	£000	£000	£000	£000
Wages and salaries	9,530	1,476	11,006	10,984
Social security costs	598	75	673	696
Pension costs	<u>1,632</u>	<u>33</u>	<u>1,665</u>	<u>1,589</u>
<b>Staff Costs within operating expenditure</b>	<b>11,760</b>	<b>1,584</b>	<b>13,344</b>	<b>13,269</b>
Capitalised staff costs	206	-	206	26
Agency staff costs	<u>34</u>	<u>-</u>	<u>34</u>	<u>9</u>
<b>Total staff costs</b>	<b><u>12,000</u></b>	<b><u>1,584</u></b>	<b><u>13,584</u></b>	<b><u>13,304</u></b>

The capitalised staff costs related to capital projects include; Basic Pay £166,143  
Employers NIC £12,079 and Employers Superannuation costs £27,960.

All NML employments are covered by the Principal Civil Service Pension Scheme. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but NML is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Government Actuary's Department) valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionschemes.gov.uk](http://www.civilservicepensionschemes.gov.uk)).

For 2014/15, employers' contributions of £1,640,355 were payable to the PCSPS (2013/14: £1,584,858) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014/15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

For 2015-16 there has been revision of salary bands for accruing superannuation liability charges (ASLCs) to four bands in the range of 20 per cent to 24.5 per cent.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. For 2014/15 employers' contributions of £18,609 were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,410, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

There were no early retirements on ill-health grounds during the year; the total additional accrued pension liabilities in the year amounted to zero.

The subsidiary trading company previously operated a defined contribution scheme. The current pension arrangement means that the pensionable employees of the subsidiary company are in direct contract with the pension provider. NMLT makes a contribution of 5% of basic salary to the pension plans of those staff who are members of the Group Plan and the liability of the subsidiary is limited to this contribution. The employers' contribution amounted to £33,247 (2013/14; £8,324).

**National Museums & Galleries on Merseyside**  
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Analysis of Staff Members with annual salaries over £55,000:-

Annual Salary Band	2014/15 Number of FTE	2013/14 Number of FTE
£50,001-£55,000	4	1
£55,001-£60,000	2	0
£60,001-£65,000	1	1
£65,001-£70,000	1	1
£70,001-£75,000	2	2
£105,001-£110,000	0	1
£110,001-£115,000	1	0

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

<b>Employee Configuration as at 31 March 2015</b>		<b>Employee Configuration as at 31 March 2014</b>	
Director's Office (incl Museum Secretary)	5	Director's Office (incl Museum Secretary)	6
Development and Communications	46	Development and Communications	47
Collections Management	76	Collections Management	78
Education, Communities & Visitors	196	Education, Communities & Visitors	204
Museum of Liverpool	43	Museum of Liverpool	44
Human Resources	14	Human Resources	13
Finance, IS & Procurement	33	Finance, IS & Procurement	34
NML Trading Ltd	<u>69</u>	NML Trading Ltd	<u>59</u>
	<u>482</u>		<u>485</u>

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

<b>Employee Configuration as at 31 March 2015</b>		<b>Employee Configuration as at 31 March 2014</b>	
Senior Management Team	19	Senior Management Team	19
Staff on permanent contract	442	Staff on permanent contract	441
Staff on fixed term contracts	<u>21</u>	Staff on fixed term contracts	<u>25</u>
Total	<u>482</u>	Total	<u>485</u>

NML does not have data available to analyse over the organisation's "Charitable Activities" as required by the SORP.

The average number of 'Full-Time Equivalents' capitalised is 7.

**Trustees**

The Trustees neither received nor waived any emoluments during the year. Payments to reimburse Trustees' travel and subsistence costs associated with the attendance of meetings amounted to £447 (2013/14:£673). Three Trustees were reimbursed in 2014/15 (two in 2013/14).

**National Museums & Galleries on Merseyside**  
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<b>6. Tangible fixed assets</b>	<b>Land</b>	<b>Buildings</b>	<b>Furniture &amp; Fittings</b>	<b>Permn't Galleries</b>	<b>Motor Vehicles</b>	<b>Sub-total</b>	<b>Heritage Assets (note 6a)</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost/valuation</b>								
Valuation base at								
01-Apr-14	12,585	181,215	22,582	26,023	96	242,501	11,999	254,500
Additions in year	-	940	162	1,111	-	2,213	2,105	4,318
Disposals	-	-	(21)	-	-	(21)	-	(21)
Revaluation	<u>1,026</u>	<u>(554)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472</u>	<u>-</u>	<u>472</u>
<b>Closing valuation</b>	<b><u>13,611</u></b>	<b><u>181,601</u></b>	<b><u>22,723</u></b>	<b><u>27,134</u></b>	<b><u>96</u></b>	<b><u>245,165</u></b>	<b><u>14,104</u></b>	<b><u>259,269</u></b>
<b>Depreciation</b>								
Balance as at								
01-Apr-14	-	6,461	22,170	7,873	96	36,600	-	36,600
Base charge for year	-	3,643	192	2,089	-	5,924	-	5,924
Disposals	-	-	(20)	-	-	(20)	-	(20)
Revaluation	<u>-</u>	<u>(10,104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,104)</u>	<u>-</u>	<u>(10,104)</u>
Balance as at								
31-Mar-15	-	-	<u>22,342</u>	<u>9,962</u>	<u>96</u>	<u>32,400</u>	-	<u>32,400</u>
Net book value:								
<b>At 31 March 2015</b>	<b><u>13,611</u></b>	<b><u>181,601</u></b>	<b><u>381</u></b>	<b><u>17,172</u></b>	<b><u>-</u></b>	<b><u>212,765</u></b>	<b><u>14,104</u></b>	<b><u>226,869</u></b>
At 31 March 2014	<u>12,585</u>	<u>174,754</u>	<u>412</u>	<u>18,150</u>	<u>-</u>	<u>205,901</u>	<u>11,999</u>	<u>217,900</u>

This note reflects the consolidated position of NML and its subsidiary trading company NMLT. All of the tangible fixed assets of the trading company are shown within furniture and fittings. The net book value as at 31 March 2015 was made up of:

	<b>2015</b>	2014
	<b>£000</b>	£000
NML tangible fixed assets	<b>212,565</b>	205,728
NML heritage assets	<b>14,104</b>	11,999
NMLT tangible fixed assets	<b><u>200</u></b>	<u>173</u>
	<b><u>226,869</u></b>	<u>217,900</u>

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

**Net Book Value of Land and Buildings.**

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

NML instructed Deloitte LLP, external chartered surveyors, to carry out a full valuation of its land and buildings as at 31 March 2012 and the results of the valuation are reflected in the financial statements. The table reflects an increase this year in net book value. This is the result of a further land and buildings desktop valuation by Deloitte LLP as at 31 March 2015. The valuation complies fully with the RICS Valuation – Professional Standards January 2014 known as the 'Red Book'.

The Mann Island Site and the Maritime Park have been affected by the construction of the new Museum of Liverpool and the extension of the Leeds- Liverpool Canal. In prior years the area of land upon which the museum has been built has been treated as land associated with Assets in the Course of Construction along with the base build costs of the museum.



**National Museums & Galleries on Merseyside**  
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**2015**

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

Property	Basis	Land Value 31-Mar-14 £	NBV Bldgs 31-Mar-14 £	Land Value 31-Mar-15 £	NBV Bldgs 31-Mar-15 £
<b>Freehold Properties</b>					
Lady Lever Art Gallery	DRC	300,000	6,395,504	380,000	8,100,000
County Sessions House	DRC	410,000	1,506,494	430,000	1,550,000
The Walker	DRC	1,771,000	17,235,851	1,667,000	18,047,000
World Museum	DRC	3,250,000	63,372,908	3,550,000	68,300,000
Sudley House	DRC	250,000	1,488,326	250,000	1,600,000
Juniper Street	EUV	630,000	2,947,283	756,000	3,094,000
Dale Street	EUV	1,250,000	1,372,733	1,562,500	1,072,500
Maritime Park (Yellow Zone):-					
Great Western Railway (GWR) Building	EUV		} 3,203,387	132,000	243,000
GWR Amenity Land (T7A)	DRC				
Dockmaster's House	EUV			30,000	95,000
Canning Docks	DRC	1,770,000		1,300,000	1,800,000
Canning Docks / Pilotage Amenity Land	EUV / MV				
Museum of Lpool Life retained / Pilotage building	EUV			384,000	616,000
Maritime Park (Red Zone):-					
Museum of Liverpool	DRC	1,650,000	46,316,718	1,800,000	44,602,000
Prospective canal basin (T1A)	EUV / MV	-	-	-	-
Land abutting canal basin (T2)	EUV / MV	-	-	-	-
Western Steps (T7B)	EUV / MV	-	-	-	-
		<b>11,281,000</b>	<b>143,839,204</b>	<b>12,241,500</b>	<b>149,119,500</b>
<b>Long Leasehold Properties</b>					
Oratory	DRC	60,000	79,377	65,000	85,000
Maritime 'D' Block	DRC	450,000	17,595,353	470,000	18,200,000
Maritime Piermaster's House	DRC		} 490,476	70,000	230,000
Piermaster's and Cooperage	DRC	145,000		75,000	240,000
The Walker	DRC	29,000	135,934	33,000	153,000
National Conservation Centre	DRC	410,000	11,509,724	440,000	12,400,000
Dale Street (11 North St)	EUV	-	56,060	-	65,000
Dock Traffic Office	EUV	210,000	1,048,258	217,000	1,108,000
		<b>1,304,000</b>	<b>30,915,182</b>	<b>1,370,000</b>	<b>32,481,000</b>
<b>Totals</b>		<b>12,585,000</b>	<b>174,754,386</b>	<b>13,611,500</b>	<b>181,600,500</b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
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DRC – Depreciated Replacement Cost

EUV – Existing Use Value

OMV – Open Market Value

MV – Market Value

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

	<b>£000</b>
Land	13,611
Freehold buildings	149,120
Long leasehold buildings	<u>32,481</u>
	<b><u>195,212</u></b>

**Disposals in year**

There was £20,965 (historic cost) of furniture and fittings disposals for the subsidiary trading company.

## **6a. Heritage Assets**

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

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

### **Accreditation**

In August 2014, eight applications were submitted to the Arts Council as part of the Accreditation Scheme for Museums and Galleries in the United Kingdom. This national standards scheme assesses museums across the complete range of their activities, including collections management. Applicant organisations must meet the standards set for each area of activity to achieve accreditation. Following a verification visit to NML in January 2015 and consideration of NML's eight applications by the Accreditation Panel in February, full Accredited status was granted to the Museum of Liverpool, Merseyside Maritime Museum, International Slavery Museum, Border Force National Museum, Sudley House, Lady Lever Art Gallery, Walker Art Gallery and World Museum.

### **Valuation**

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

In relation to those collections acquired by NML prior to the introduction of the Capitalisation of the Collections, NML has demonstrated that this information cannot be obtained at a cost that would be commensurate with the benefits of the users of the financial statements and that a valuation approach to earlier acquisitions is not practicable.

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

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

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

**National Museums & Galleries on Merseyside**  
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**On-Balance-Sheet Heritage Assets**

	Acquisitions at historic cost	Donated assets at valuation	Total
	£000	£000	£000
At 01.04.2014	2,926	9,073	11,999
Additions	1	2,104	2,105
At 31.3.2015	2,927	11,177	14,104

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

	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000
Additions	448	305	740	485	2,105
Purchases	126	47	7	56	1
Donations	322	258	733	429	2,104

### **Collections Management**

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

### **Acquisitions Policy**

Acquisitions are made in line with NML's *Collections Development Policy* (approved by the Board of Trustees in May 2014), supported by more detailed departmental collecting plans. All acquisitions are approved by the appropriate head of collection and reported to the Board of Trustees as a standing agenda item at their meetings (5 times per year). NML's *Collections Development Policy* was accepted and approved by Arts Council England as part of the institution's application under the Accreditation Scheme.

### **Preservation**

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

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

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

### **Documentation**

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

### **Disposal**

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

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

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

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

### **Access**

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

**National Museums & Galleries on Merseyside**  
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The additions to the collections are made by purchase and by gift. In 2014/15 the major additions were:

	£
<b>Donated Items:</b>	
Painting "A Tuscan Girl" by William Holman Hunt - oil on canvas from HM Government in lieu of tax	1,750,000
Painting "A Votive Offering" (The Late Roses) by Lawrence Alma-Tadema - watercolour on paper from HM Government in lieu of tax	280,000
Picasso drawing Study for "Temptation of St Anthony" from HM Government in lieu of tax	12,600
Post medieval ceramics and other finds at Rainford Tennis Club from the Earl of Derby	10,000
Lunt Meadows finds and digital excavation archive from the Environment Agency	10,000
9 items from Christ Church, Norris Green. Including font, lectern and plaque from the Diocese of Liverpool	7,610
C Print on photographic paper "The Gang 1990" from the Contemporary Art Society	5,000
400 collection of dried plant specimens 1956-72 collected by botanist Walter Dudley Richardson from the Natural History Museum	4,000

**Purchases:**

Painting by Joseph Edward Worrall "Cobbling"	1,054

The total value of heritage donated items received during the year was £2,104,475 of which the main ones are shown above.

**Collection Acquisitions**

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

**Donated Items**

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

The threshold for capitalisation of donated items is £500.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

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**7. Incoming resources:**

<b>7a. Incoming resources from charitable activities</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Car parking	83	100
Exhibitions	401	346
Proceeds of settlement	1,475	3,119
Fees & charges activities	329	374
Photography	34	46
Projects income	<u>191</u>	<u>367</u>
	<b><u>2,513</u></b>	<b><u>4,352</u></b>

The proceeds of settlement related to a legal dispute with a contractor associated with the Museum of Liverpool capital project.

**7b. Investment income**

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Interest receivable	60	58
Tomlinson dividend receivable	<u>23</u>	<u>22</u>
	<b><u>83</u></b>	<b><u>80</u></b>



## 8. Financial instruments

The Museum does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables, cash, short-term investments, (Notes 10, 11, 12, 19 and 24). Trade receivables are recognised at fair value less a provision for impairment (bad debt). The provision is made when the Museum is of the view that the debt may not be collectable in full, or in part, in accordance with the terms.

The organisation has no borrowings and relies primarily on departmental grants for its cash requirements.

### Liquidity Risks

In 2014/15, £20.5m (67%) of NML's income derived from Grant-in-Aid from the Department for Culture, Media and Sport. In addition revenue Grant-in-Aid of £247k was received from Border Force. The remaining operating expenditure was therefore financed from self-generated income which tends to be volatile in nature. NML is therefore exposed to some liquidity risk due to uncertainty of the total reserves. However, this risk is mitigated by the regular review of NML's reserves.

Going forward there is a liquidity risk for any on-going capital programme, to the extent that the funding is dependent upon the successful generation of grant and donations, and the receipt of these funds.

### Financial assets by category

	Note	2015	2014
		£000	£000
Trade debtors	10	286	455
Other debtors	10	2,130	1,420
Cash at bank and in hand	per balance sheet	10,515	11,875

The above excludes statutory debtors, which relates to VAT due from HM Revenue and Customs: £350,992 (2013/14, £419,537)

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

	Less Than 30 days	30-60 days	60-90 days	More than 90
	£000	£000	£000	£000
As at March 2015	166	30	35	55
As at March 2014	267	108	38	42

The Museum's principal exposure to risk is primarily attributable to trade debtors. However this risk is minimised because most major customers are longstanding organisations with a history of working with the Museum. A bad debt provision of £34,202 (£60,700 2013/14) has been recognised on the balance sheet. The majority of other debtors represents capital grants receivable and is therefore considered to be low risk.

**Financial liabilities by category**

	Note	2015	2014
		£000	£000
Trade creditors	11	963	1,659
Other creditors	11	1,638	656
Provisions	12	483	3,050
Repayable grants	11	-	19

The above excludes statutory creditors, which relates to tax and social security due to HM Revenue and Customs: £255,616 (2013/14, £286,472). All liabilities are non-interest bearing.

**Interest Rate Risks**

As mentioned above, NML receives less than 1% of its income through returns on invested cash balances. It is therefore not exposed to any material risk in relation to fluctuating interest rates. The weighted average of fixed rate interest for invested deposits for 2014/15 was no more than 0.5%.

**Foreign Exchange Risks**

NML does not engage in market dealings in respect of foreign currencies and the Trustees are therefore not exposed to any foreign exchange risks. However NML does have a Euro bank account with a small deposit balance. There was a minor cumulative “gain” at year end of £2,313.

**Investment Risk**

NML has £0.679m invested in fixed interest and equity stocks. The investment manager (Rathbone Investment Management) works to a low risk profile instruction. The amount invested represents approximately 2.2% of total incoming resources.

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

**Repayable Grants**

Repayable grants have fixed repayments and are not tradable. They have not been recognised at fair value, as this is not significantly different from the amount at which they are stated.

## 9. Trading subsidiary

NML owns all of the issued share capital of NMLT. NMLT is a registered company in England and Wales. The company's principal activities consist of

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

The Directors of the company during the year were:

- Dr David Fleming OBE;
- Prof. Phil Redmond CBE;
- Mrs Carmel Booth;
- Prof John Ashton CBE (retired 26 January 2015)
- Mr Philip Price;
- Mrs Nisha Katona (retired 15 March 2015)
- Mr Andrew McCluskey;
- Mrs A Monk (resigned 31 August 2014);
- Ms Amy de Joia (resigned 21 November 2014) and
- Mrs Louise Parnell (appointed 1 December 2014)

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

The trading performance for the year ended 31 March 2015 and the Company's Balance Sheet are set out below;

<b>Profit and Loss</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Sales	3,789	3,548
Cost of sales	<u>(1,146)</u>	<u>(1,142)</u>
<b>Gross profit</b>	<b>2,643</b>	<b>2,406</b>
Administrative expenses	(2,230)	(2,016)
Other operating income	<u>4</u>	<u>0</u>
<b>Operating profit</b>	<b>417</b>	<b>390</b>
Interest receivable and similar income	3	3
Interest payable and similar charges	<u>(412)</u>	<u>(393)</u>
<b>Profit on ordinary activities before taxation</b>	<b>8</b>	<b>-</b>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>
<b>Profit for the year</b>	<b><u>8</u></b>	<b><u>-</u></b>

For tax planning purposes, NMLT Ltd makes an annual gift aid transfer to NML. This year the figure is £408k and is shown in "Interest payable and similar charges" above.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

<b>Balance Sheet</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Fixed assets	200	173
Current assets	1,092	1,060
Current liabilities	<u>(857)</u>	<u>(860)</u>
Net current assets	<u>235</u>	<u>200</u>
Total assets less current liabilities	435	373
Creditors: amounts due after more than one year	<u>(54)</u>	-
Total net assets	<u>381</u>	<u>373</u>
Called up share capital	380	380
Profit and loss reserve	<u>1</u>	<u>(7)</u>
	<u>381</u>	<u>373</u>
The authorised share capital of the company is £500,000 in £1 shares of which 380,000 shares have been allotted, called up and fully paid.		
The reconciliation to the Consolidated Statement of Financial Activities is as follows: -		
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>NMLT income</b>		
Non group income as shown in the Statement of Financial Activities	3,702	3,482
Intergroup sales	<u>94</u>	<u>69</u>
<b>Equals total NMLT Income</b>	<u>3,796</u>	<u>3,551</u>
<b>NMLT costs</b>		
Non group costs as shown in the Statement of Financial Activities	3,119	2,922
Intergroup costs	<u>261</u>	<u>236</u>
	<u>3,380</u>	<u>3,158</u>
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Amount owed by NML to NMLT</b>	<u>9</u>	<u>11</u>
<b>Amount owed by NMLT to NML</b>	<u>620</u>	<u>614</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

10. Debtors	2015	2015	2014	2014
	Museum £000	Group £000	Museum £000	Group £000
Amounts due from subsidiary	620	-	614	-
Trade debtors	209	286	370	455
Other debtors	2,106	2,130	1,405	1,420
Prepayments	113	113	21	21
Taxation (VAT) recoverable	351	351	420	420
	<u>3,399</u>	<u>2,880</u>	<u>2,830</u>	<u>2,316</u>

The Debtors balance above includes £255,830 by HLF (£773,219 2013/14) and £350,992 owed by HM Revenue & Customs (£419,537 2013/14).

The total for the year is £606,822 (£1,546,324 2013/14).

There were no further Whole of Government Accounts (WGA) related balances outstanding as at 31 March 2015.

Other debtors also includes an amount regarding cost recovery in relation to a settlement of a dispute with one of our contractors.

11. Creditors	2015	2015	2014	2014
	Museum £000	Group £000	Museum £000	Group £000
Amounts falling due within one year:				
Amounts due to subsidiary	9	-	11	-
Trade creditors	916	963	1,596	1,659
Other creditors and accruals	1,539	1,638	575	656
Deferred income	800	800	316	316
Taxation and social security	165	256	185	287
	<u>3,429</u>	<u>3,657</u>	<u>2,683</u>	<u>2,918</u>
Amounts falling due after one year:				
Accrual for CHP and finance lease	<u>391</u>	<u>445</u>	<u>427</u>	<u>427</u>

HMRC were owed £255,616 (£286,472 2013/14).

There were no further WGA related balances outstanding.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

12. Provisions	2015	2015	2014	2014
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Balance brought forward	3,050	3,050	-	-
Provision in year	483	483	3,050	3,050
Payments in year	(2,649)	(2,649)	-	-
Releases in year	(401)	(401)	-	-
<b>Balance carried forward</b>	<b><u>483</u></b>	<b><u>483</u></b>	<b><u>3,050</u></b>	<b><u>3,050</u></b>

The original provision represented the voluntary severance constructive obligation that existed at 31 March 2014 plus an amount for a potential legal case. There have been large payments made against the provisions in year. The provision in year represents continuing obligations for voluntary and compulsory exits and an amount for the continuing legal case.

There were nil staff members who took early retirement in 2014/15, (nil 2013/14).

**13. Financial commitments**

At 31 March 2015 NML had annual commitments under non-cancellable leases as follows:

	2015	2015	2014	2014
	Land & Buildings	Other	Land & Buildings	Other
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	4	-	-
In the second to fifth year	54	37	54	18
More than five years	-	<u>543</u>	-	<u>516</u>
	<u>54</u>	<u>584</u>	<u>54</u>	<u>534</u>

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

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

**Commitments**

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

	Within 1 year (£000)	2 <sup>nd</sup> to 5 <sup>th</sup> year (£000)	6 <sup>th</sup> to 10 <sup>th</sup> year (£000)	11 <sup>th</sup> to 12 <sup>th</sup> year (£000)
Payment commitments	530	2,256	3,153	1,374

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

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

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

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

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

14. Statement of funds	At 1 Apr-14	Income	Expend- iture	Revalua- tions	Transfers	At 31 Mar-15
	£000	£000	£000	£000	£000	£000
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Collection purchase fund	-	3	-	-	-	3
Collection purchase fund - capital	809	-	-	-	-	809
Border Force admissions (Free)	113	-	-	-	(19)	94
Academic publications (Free)	107	32	-	-	-	139
Miscellaneous (Free)	70	-	-	-	-	70
TFA - Capital reserve *	61,334	-	(1,060)	4,554	-	64,828
TFA - Government grant ITF**	576	-	(12)	56	-	620
TFA - Government grant	35,016	1,546	(1,193)	1,500	-	36,869
TFA - General capital	6,578	-	(324)	186	67	6,507
TFA - NMGM ITF	<u>3,692</u>	<u>-</u>	<u>(82)</u>	<u>361</u>	<u>-</u>	<u>3,971</u>
<b>Total designated funds</b>	108,295	1,581	(2,671)	6,657	48	113,910
<b>General funds (Free)</b>	<u>4,388</u>	<u>25,401</u>	<u>(24,748)</u>	<u>-</u>	<u>(48)</u>	<u>4,993</u>
<b>Total unrestricted funds</b>	<u>112,683</u>	<u>26,982</u>	<u>(27,419)</u>	<u>6,657</u>	<u>-</u>	<u>118,903</u>

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

Note 14 reconciles to the Consolidated Statement of Financial Activities on page 49.

The significant transfer between funds during the year was £67,000 from the General Fund to the General Capital Fund to cover capital spend on Fixtures, Fittings and Equipment.

**Unrestricted designated funds:**

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

**Revenue: Unrestricted designated**

Within this group are:

**Collection purchase fund**

for additions to the collections.

**Border Force Admissions fund**

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

**Academic publications fund**

for the production of professional material.

**Miscellaneous**

for minor contributions to revenue and capital projects

The source of these funds is earned income.



**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

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

Within this group are:

**TFA - Capital reserve**

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

**TFA - Government grant**

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

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

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

**TFA - General capital**

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

**TFA - NMGM ITF**

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

**Unrestricted general funds:**

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

	At 1 Apr-14	Income	Expend- iture	Revalua- tions	Transfers	At 31 Mar-15
	£000	£000	£000	£000	£000	£000
<b>Restricted funds</b>						
Collection purchase fund	11,357	2,143	-	-	-	<b>13,500</b>
Development fund revenue	2,522	1,569	(677)	-	(792)	<b>2,622</b>
Tomlinson fund	185	23	(4)	-	-	<b>204</b>
TFA - Development fund	19,833	-	(611)	1,491	792	<b>21,505</b>
TFA - Tomlinson capital	1,127	-	(104)	48	-	<b>1,071</b>
TFA - NMGM ITF - Lottery	24,818	-	(692)	2,422	-	<b>26,548</b>
TFA - Lottery	10,043	-	(700)	(2)	-	<b>9,341</b>
TFA - ERDF ITF	4,087	-	(85)	389	-	<b>4,391</b>
TFA - ERDF	7,430	-	(322)	(76)	-	<b>7,032</b>
TFA - Development fund ITF	1,909	-	(38)	173	-	<b>2,044</b>
TFA - NWDA	<u>30,558</u>	-	<u>(635)</u>	<u>(488)</u>	-	<u><b>29,435</b></u>
<b>Total restricted funds</b>	<u>113,869</u>	<u>3,735</u>	<u>(3,868)</u>	<u>3,957</u>	-	<u><b>117,693</b></u>

**Restricted funds:**

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

**Revenue: restricted**

Within this group are:

**Collection purchase fund**

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

**Development fund**

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

**Tomlinson fund**

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

**Tangible fixed asset funds: Restricted**

Within this group are:

**TFA - NMGM ITF lottery**

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

**TFA - NMGM ITF ERDF**

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

**TFA - ERDF**

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

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

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

**TFA - NWDA**

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

**TFA - Lottery**

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

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
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**TFA - Tomlinson fund**

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

The respective revaluation reserves can be found within the individual Fixed Asset (TFA) funds.

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

Fund balances at 31 March 2015 are represented by:	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total £000</b>
Tangible fixed assets	112,893	113,976	226,869
Investments	-	679	679
Net assets (excl fixed assets and cash)	<u>6,010</u>	<u>3,038</u>	<u>9,048</u>
	<b><u>118,903</u></b>	<b><u>117,693</u></b>	<b><u>236,596</u></b>
Unrealised gains included above:			
On tangible fixed assets and investments	<b><u>6,657</u></b>	<b><u>3,957</u></b>	<b><u>10,614</u></b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

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**16. Border Force National Museum**

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

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

NML receives from the Border Force annual Grant-in-Aid payments which allows the National Collection to be displayed and interpreted alongside NML's other national collections. Payments by Border Force in respect of Grant-in-Aid are made from the Home Office Border Force 2014/15 account, which is audited and published separately.

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

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

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

**Capital grants**

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

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

	<b>£000</b>
<b>Application of funds</b>	
Total funds received as at April 2014	<b>1,469</b>
Funds received in year	-
Virement from Revenue Grant	-
<b>Total funds received as at 31 March 2015</b>	<b><u>1,469</u></b>
Funds applied as at 1 April 2014	<b>(1,469)</b>
Funds applied in year	-
<b>Funds applied as at 31 March 2015</b>	<b><u>(1,469)</u></b>
<b>Unapplied capital funding at 31 March 2015</b>	<b><u>==</u></b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

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**Running Cost Grant-in-Aid** **£000**

The funding position for 2014/15 is as follows:

**Application of funds**

Unapplied funds as at 1 April 2014	<b>30</b>
2014/15 Grant-in-Aid	<b>247</b>
	<u>          </u>
Total Available Grant-in-Aid funds	<b><u>277</u></b>
	<u>          </u>
Funds applied to the running of the Museum	<b><u>277</u></b>
<b>Unapplied funds as at 31 March 2015</b>	<b><u>          </u></b>

**17. Gower St Estates Ltd.**

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

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

The company is managed by a Board of Directors all of whom are appointed by the members. NML's nominated director is Mr Ian Murphy from 11/02/2013. Directors of the company are not remunerated.

There are no employees of the company, the practical management of the estate being delegated to CB Richard Ellis (commercial real estate advisors). This arrangement transferred to Savills UK Limited with effect from June 2013.

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

NML's contribution for the year, under this arrangement, was £112,921.

**18. Capital Commitments**

NML has one major capital project, which is the refurbishment of the south end of the Lady Lever Art Gallery. This project is currently in its delivery phase following a successful stage 2 application to the Heritage Lottery Fund. The total budgeted cost for the project is £2.8m. HLF are funding £1.4m, and the balance match-funded from other external grants and donations. The South End Galleries are planned to reopen to the public in early 2016. There is one capital commitment of £449k, funded externally, which will expire July 2015.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

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**19. Cash flow information**

**Reconciliation of net incoming resources to net cash inflow from operating activities**

	2015	2014
	£000	£000
Net (outgoing) resources	(570)	(2,984)
Depreciation (net of disposals)	5,904	5,509
Interest received	(83)	(80)
Gifts	(2,104)	(432)
(Increase) / decrease in stocks	(21)	16
(Increase) / decrease in debtors	(564)	111
Decrease / (increase) in creditors	1,221	(352)
(Decrease) / increase in provisions	<u>(2,567)</u>	<u>3,050</u>
Net cash inflow from operating activities	<u>1,216</u>	<u>4,838</u>

**Reconciliation of net cash flow to movement in net funds**

Decrease/ Increase in cash in the period		
Movement in net funds in the period	(1,360)	3,324
Net funds at 1 April	<u>11,875</u>	<u>8,551</u>
Net funds at 31 March	<u>10,515</u>	<u>11,875</u>

**Analysis of net funds**

	01-Apr 2014 £000	Cash Flow £000	31-Mar 2015 £000
Cash	<u>11,875</u>	<u>(1,360)</u>	<u>10,515</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

**20. Related Party Transactions**

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

Additionally NML has conducted material transactions with other Government Departments and other central bodies; specifically the Department of Energy and Climate Change (DECC), Department of Health, Heritage Lottery Fund, and the Border Force.

Trustees and senior staff took no part in any discussion which concerned organisations or bodies that trustees and senior staff have connections with as reported in the Register of Members Interests.

During the year none of the Trustees or senior staff has undertaken any material connected party transactions apart from those detailed below.

**(a) Board members:**

Related Party	Relationship	Transactions	Income for the year £000	Expenditure for the year £000	Creditor at 31 March £000	Debtor at 31 March £000
LJMU	Prof Phil Redmond, CBE, Honorary Chair of Media and Chair of the International Centre for Digital Content	House of Memories - Midlands Project Cost		5		
LJMU	Prof John Ashton President of the UK Faculty of Public Health	House of Memories - Midlands Project Cost		5		
Public Health England	Prof John Ashton Chair in Public Health	Annual radiation contracts		2		
National Audit Office	Laura Carstensen senior advisor to the NAO	NML statutory audit fees		45	45	
Environment Agency	Dr Clive Elphick – Board member	Subsistence fee		1		
		Archaeological watching brief at Nortwich farm	2			
		Archaeological watching brief at Warrington Flood Defence system	2			
BBC	Joe Godwin – Director of BBC Children's services	Digital images / interview fee	1			
The Guardian	Nisha Katona – expert advisor on Diversity	Web Listing / Advertisements		3		

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

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LJMU	Deborah Shackleton – Governor and Deputy Chair of Audit committee	House of Memories - Midlands Project Cost		5		
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**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

**(b) Staff:**

Related Party	Relationship	Transactions	Income for the year £000	Expenditure for the year £000	Creditor at 31 March £000	Debtor at 31 March £000
International Council of Museums	David Fleming Chair – Finance and Resources Committee	Membership fee		1		
International Council of Museums	Sharon Granville – Vice Chairman, INTERCOM, ICOM international committee on management	Membership Fee		1		
Liverpool City Council	David Fleming Culture & Tourism Select Committee	Slavery Remembrance Day	8			
Liverpool City Region Local Enterprise Partnership	David Fleming Member of Visitor Economy Committee	Yearly Membership Visitor Profiling Exhibition Evaluations		1 27 4	6	1
Liverpool Hope University	David Fleming - Visiting Professor	MA Co-ordinator's post – 1 day a week PB6  Partnership Agreement for MA delivery & development	8  10			
Museums Association	David Fleming President / Public Attitudes Research Advisory Group	Subscriptions / Membership fees/ seminars & conferences		2		
Museums Association	Sharon Granville - Member	Subscriptions / Membership fees/ seminars & conferences		2		
Hope St Hotel	Amy de Joia Spouse of owner	Accommodation / breakfast		4		

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

There are no contingent assets.

NML has been notified of a potential asbestos related claim. No claim has been received prior to signing of the Annual Report and Accounts.

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

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

## **23. Connected Charities**

Nine charitable trusts are connected to NML via a commonality of trusteeship and a close association of charitable purpose. The earliest of the trusts was created in 1873 and each one came into existence before NML was formed in 1986. The trusts have a distinct legal identity.

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

The Financial Statements of the satellite trusts do not form part of these accounts.

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

NML will monitor the status of the American Friends of the National Museums Liverpool (AFNML) and the affect it may have on the Museum's accounts in future years. Currently the AFNML account is not consolidated on the grounds that it is not controlled by NML, in addition the transactions are not material.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2015**

<b>Tomlinson Fund</b>				
<b>Statement of Financial Activities</b>	<b>Income</b>	<b>Capital</b>	<b>Total 2015</b>	<b>Total 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Incoming Resources:</b>				
Investment income	23	-	23	22
<b>Resources expended:</b>				
Governance costs	(1)	-	(1)	(1)
Charitable Activities	(3)	-	(3)	(4)
Depreciation	-	(104)	(104)	(104)
<b>Net incoming / (Outgoing) resources</b>	<b>19</b>	<b>(104)</b>	<b>(85)</b>	<b>(87)</b>
Gains and losses on sale proceeds	-	(4)	(4)	2
Gains and losses on revaluation	-	52	52	38
<b>Net Movement in Funds</b>	<b>19</b>	<b>(56)</b>	<b>(37)</b>	<b>(47)</b>
Fund Balances at 1 April	185	1,127	1,312	1,359
<b>Fund Balances at 31 March</b>	<b>204</b>	<b>1,071</b>	<b>1,275</b>	<b>1,312</b>

The Trustees have expended £1,157,165 in respect of the distribution of capital and income to NML, this consisted of:

	<b>£</b>
Egypt Gallery (WM)	266,583
Temp Exhibition Refurb (WM)	93,489
International Slavery Museum (MMM)	603,121
Room 11 Walker Art Gallery	6,951
Ancient Greece (WM)	7,263
Room 11 Walker Art Gallery	134,025
Walker Art Gallery Collection Digitisation	31,898
Walker Art Gallery Collection Digitisation	13,835
	<b>1,157,165</b>

## **24. Investments**

### **Year ended 31 March 2015**

<b>Summary</b>	<b>£000s</b>
Carrying value (market value) at beginning of year	639
Add:	
Additions to investments at cost	12
Less:	
Disposals at carrying value	(10)
Add:	
Net Gain on sales and revaluation	<u>38</u>
Carrying value (market value) at end of year	<u>679</u>

The above are all listed on the UK stock exchange.

The investments as at 31 March 2015 are categorised as follows:-

Fixed Interest	£115k
UK Equities	£564k

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

## **25. Special payments and losses**

NML made payments and incurred losses during the year in respect of commercial settlements and compromise agreements, some of which are classed as a special payment under Managing Public Money guidance. None were to be disclosed within the remuneration report. Where required, approval was obtained from the DCMS and/or HM Treasury. Under the current Management Framework agreement NML is required to disclose separately any special payments of an individual value above £100,000.

The total value of special payments in the year amounted to £2,426,245 (4 transactions) (2013/14 £76,369). A payment was made to settle the final build contract for Museum of Liverpool of £2,374,119. This had been provided for in the 13/14 Annual Report and Accounts.

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