

Company No 4159174  
Charity No 1085565

**MUSEUMS LIBRARIES AND  
ARCHIVES NORTH EAST**

**(a company limited by guarantee)**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2011**



**sayer vincent**  
*consultants and auditors*

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# **MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

## **FINANCIAL STATEMENTS**

**For the year ended 31 March 2011**

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## **MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

**For the year ended 31 March 2011**

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#### **Status**

Museums Libraries and Archives North East is a charitable company limited by guarantee, incorporated on 15 February 2001 and registered as a charity on 15 March 2001

#### **Ultimate parent company**

The ultimate parent company is Museums Libraries and Archives Council, (MLAC) a charitable company limited by guarantee, company number 03888251 and registered charity number 1079666 MLAC's registered address is Grosvenor House, 14 Bennetts Hill, Birmingham B2 5RS

#### **Governing document**

The company was established under a Memorandum of Association which established the objects and powers of the charitable company It is governed under its Articles of Association

**Company number:** 4159174

**Charity number:** 1085565

**Registered office:** Grosvenor House  
14 Bennetts Hill  
Birmingham  
B2 5RS

#### **Trustees**

The Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows

Dr H Forde                      appointed 10 July 2010  
G R Lawes  
A Motion

**Company secretary:** P A Lander

**Auditors:** Sayer Vincent  
Chartered accountants and statutory auditors  
8 Angel Gate  
City Road  
London  
EC1V 2SJ

# **MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

## **REPORT OF THE TRUSTEES**

**For the year ended 31 March 2011**

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### **Report of the Trustees**

The Trustees present their report and the audited financial statements for the year ended 31 March 2011

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (Issued March 2005)

### **Structure, governance and management**

Museums Libraries and Archives North East is constituted as a company limited by guarantee

At an EGM on 25 March 2009 and by Special Resolution, new Articles of Association were adopted with effect from 31 March 2009. These Articles require that there be three Trustees who are appointed by MLAC the sole member of the company.

### **Objectives and activities**

The objects of the charity can be summarised as the advancement of education for the benefit of the public by supporting the development of, and provision of services to, museums, libraries and archives in the geographical area of North East England.

Following a Trustee meeting on 25 March 2009 it was agreed that the company should cease trading and be wound up after realising all assets and liabilities. The financial statements are drawn up on a going concern basis as the company can continue to meet its liabilities as they fall due as the parent company has indicated its intention to provide funds to enable this.

### **Reserves policy**

The Trustees meet on a regular basis to review the reserves policy to ensure that the company has sufficient funds in order to discharge its obligations as it ceases its activities and that restricted funds are correctly administered.

### **Risk management**

The main risk to the company is the maintenance of sufficient funds to ensure an orderly wind down of the company. This is reviewed alongside the reserves policy.

### **Public benefit**

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives.

## **MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

### **REPORT OF THE TRUSTEES**

**For the year ended 31 March 2011**

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#### **Financial review**

The incoming resources and resources expended are set out in detail in the Statement of Financial Activities and position at the year end in the balance sheet. The net movement in funds for the year was £(141,566) (2010 - £(7,677)) and total funds carried forward were £8,928 (2010 - £150,494).

The result for the year and balance sheet position includes provision for liabilities arising from the planned closure of the charitable company. An amount of £730,000 has been included at the balance sheet date in respect of pension liabilities as shown in note 9 to the financial statements. MLA Council has given an undertaking to the company that it will provide funds for settlement in full of any deficit arising from the closure that the charitable company is unable to meet from its own funds.

#### **Statement of the Trustees' responsibilities**

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the net income or expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice) have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Each of the Trustees confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the Trustees also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this information has been communicated to the auditors.

# **MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

## **REPORT OF THE TRUSTEES**

**For the year ended 31 March 2011**

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Each of the Trustees confirms

- there is no relevant audit information of which the company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2011 was 1 (2010 – 1). The Trustees have no beneficial interest in the charity.

### **Auditors**

Sayer Vincent were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue to act in that capacity.

### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime of Companies Act 2006.

Signed by order of the Board of Trustees



P Lander  
Company Secretary

Approved by the Trustees on 22 June 2011

## MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS For the year ended 31 March 2011

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We have audited the financial statements of the charitable company for the year ended 31 March 2011 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out in the report of the Trustees, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.

*Helen Elliott (Senior statutory auditor)*

*23 June 2011*

*for and on behalf of Sayer Vincent, Statutory Auditors*

*Sayer Vincent, 8 Angel Gate, City Road, LONDON EC1V 2SJ*

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# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)

For the year ended 31 March 2011

INCOMING RESOURCES	Notes	Unrestricted £	Restricted £	2011 Total £	2010 Total £
<b>Incoming resources from generating funds:</b>					
Voluntary income					
Grants receivable/(repayable)	2	85,000	(21,150)	63,850	304
Activities for generating funds					
Investment income		39	-	39	-
<b>Total incoming resources</b>		<b>85,039</b>	<b>(21,150)</b>	<b>63,889</b>	<b>304</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	3	1,210	-	1,210	1,930
Governance costs	4	3,552	-	3,552	6,051
<b>Total resources expended</b>		<b>4,762</b>	<b>-</b>	<b>4,762</b>	<b>7,981</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>80,277</b>	<b>(21,150)</b>	<b>59,127</b>	<b>(7,677)</b>
<b>Transfers between funds</b>		<b>15,330</b>	<b>(15,330)</b>	<b>-</b>	<b>-</b>
Transfer of funds to MLA Council		-	(110,693)	(110,693)	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		<b>95,607</b>	<b>(147,173)</b>	<b>(51,566)</b>	<b>(7,677)</b>
Increase in defined benefit pension scheme liability	9	(90,000)	-	(90,000)	-
<b>Net movement in funds</b>		<b>5,607</b>	<b>(147,173)</b>	<b>(141,566)</b>	<b>(7,677)</b>
<b>Total funds brought forward</b>		<b>3,321</b>	<b>147,173</b>	<b>150,494</b>	<b>158,171</b>
<b>Total funds carried forward</b>		<b>8,928</b>	<b>-</b>	<b>8,928</b>	<b>150,494</b>



# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## BALANCE SHEET

As at 31 March 2011

	Notes	2011 £	2010 £
<b>CURRENT ASSETS</b>			
Debtors	7	860,039	808,668
Cash at bank and in hand		<u>33,668</u>	<u>-</u>
		893,707	808,668
<b>Creditors: amounts falling due within one year</b>	8	<u>(154,779)</u>	<u>(18,174)</u>
<b>NET CURRENT ASSETS</b>		738,928	790,494
<b>Defined benefit pension scheme liability</b>	9	<u>(730,000)</u>	<u>(640,000)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>	10	<u>8,928</u>	<u>150,494</u>
<b>Represented by:</b>			
Restricted funds		-	147,173
Unrestricted funds excluding pension liability		738,928	643,321
Pension reserve		<u>(730,000)</u>	<u>(640,000)</u>
<b>TOTAL FUNDS</b>	11	<u>8,928</u>	<u>150,494</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

These financial statements were approved by the Trustees on 22 June 2011 and are signed on their behalf by

  
Glen Lawes  
Trustee

# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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### 1. Accounting policies

#### a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards and Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).

#### b) Going concern

Following the Trustee meeting on 25 March 2009 it was agreed that the company should cease trading and be wound up after realising all assets and liabilities. The financial statements are drawn up on a going concern basis as the company can continue to meet its liabilities as they fall due as the parent company has indicated its intention to provide funds to enable this.

#### c) Incoming resources

All income is accounted for on a receivable basis. Income is only deferred when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Grants from MLAC allocated to general funds are taken to the income and expenditure account in the year to which they relate. Return unused grants are debited against the income where it was originally recognised.

Returned unused grants are deducted from the income where they were originally recognised.

#### d) Expenditure

Expenditure is included on an accruals basis.

Costs of generating funds include expenditure incurred in publicising and raising awareness of the charity and those incurred in seeking additional income.

Charitable activities costs comprise direct expenditure including direct staff costs attributable to the activity. Irrecoverable VAT is included with the item of expense to which it relates. Costs include expenditure that can be allocated directly to such activities and expenditure of an indirect nature necessary to support them.

Governance costs are those incurred with the management and administration of the charity and compliance with constitutional and statutory requirements.

Support costs are those incurred in support of the activities of the charity and are allocated on a basis consistent with the use of the resource.

#### e) Grants payable

Grants are charged to expenditure when the conditions attaching to the grant have been fulfilled by the recipient. Where a grant has been awarded subject to the fulfilment of conditions, the amount of the grant is transferred to designated funds.

# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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### 1. Accounting policies (*continued*)

#### f) Fund accounting

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

Designated funds are those which have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated funds is set out in the notes to the financial statements

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal in which the funds are raised. Funds remaining in 2010-11 have been transferred to the parent company during the year where project work has continued under the direction of the MLAC national field teams

#### g) Investments

The financial statements reflect bank interest receivable during the year

#### h) Pension costs

The charity is an admitted body to the Tyne & Wear Pension Fund which is a defined benefit pension scheme. Following the decision for the company to cease trading, negotiations with the Tyne & Wear Pension Fund have been initiated to ascertain the final pension liability accruing to the company

Independent actuaries have assessed both the maximum liability likely to be claimed by the pension scheme and the amount they would hope to settle at. The financial statements include a provision of the maximum assessed as the charity has received a demand for this from the pension scheme. However it is hoped to settle at a lower amount

A provision has been included for unfunded pensions where former employees were given enhancements as part of early retirement. The provision for these has been based on an assessment by independent actuaries

A provision has also been included for additional costs that may arise when former employees transfer the benefits arising from their past service to the Principal Civil Service Pension Scheme. The provision for these has been based on an assessment by independent actuaries

#### i) Taxation

No corporation tax arises on the activities of the company due to its charitable status

# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

### 2. Voluntary income

	Unrestricted funds	Restricted funds	Total	2010
	£	£	£	£
<b>From/(To) MLAC</b>				
Strategic Commissioning	-	(20,461)	(20,461)	-
Museum Development Fund	-	(689)	(689)	-
Their Past Your Future	-	-	-	(8,912)
Living Places	-	-	-	(784)
Pension provision	85,000	-	85,000	10,000
<b>Total grants receivable</b>	<b>85,000</b>	<b>(21,150)</b>	<b>63,850</b>	<b>304</b>

### 3. Charitable activities

	2011	2010
	£	£
Staff costs	1,210	1,209
Other costs	-	721
<b>Total charitable activities</b>	<b>1,210</b>	<b>1,930</b>

### 4. Governance costs

	2011	2010
	£	£
Audit fees	3,552	6,051
	<b>3,552</b>	<b>6,051</b>

No Trustees' remuneration or expenses were paid during the year (2010 Nil)

### 5. Net incoming/outgoing resources

These are stated after charging/(crediting) -	2011	2010
	£	£
Auditors' remuneration		
– Audit	1,500	1,763
– Prior year under accrual	2,052	4,288

### 6. Staff costs and numbers

	2011	2010
	£	£
Pension costs	1,210	1,209
	<b>1,210</b>	<b>1,209</b>

No employees received remuneration in excess of £60,000 (2010 nil)

The average number of employees (full time equivalent) during the year was nil (2010 nil)

# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

### 7. Debtors

	2011 £	2010 £
MLAC	860,000	775,000
Other Debtors	-	33,668
Prepayments	39	-
	<u>860,039</u>	<u>808,668</u>

### 8. Creditors: amounts falling due within one year

	2011 £	2010 £
Accruals and deferred income	1,236	1,763
MLAC Inter company account	153,543	16,411
	<u>154,779</u>	<u>18,174</u>

### 9. Provisions for liabilities

	At 1 April 2010 £	Charged to SOFA £	Utilised in year £	At 31 March 2011 £
Pension liabilities	<u>640,000</u>	<u>90,000</u>	<u>-</u>	<u>730,000</u>

Provision has been made as a result of the intentions of the Trustees to wind up the company

### 10. Analysis of net assets between funds

	General funds £	Restricted funds £	Total 2011 £
<b>Fund balances at 31 March 2011 are represented by:</b>			
Current assets	752,168	141,539	893,707
Current liabilities	(13,240)	(141,539)	(154,779)
Provisions for liabilities	<u>(730,000)</u>	<u>-</u>	<u>(730,000)</u>
	<u>8,928</u>	<u>-</u>	<u>8,928</u>

# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

### 11. Movement in funds

Unrestricted funds	1 April 2010 £	Income £	Expended £	Transfers £	Transfer to MLAC £	31 March 2011 £
General funds	643,321	85,039	(4,762)	15,330	-	758,928
Pension reserve	(640,000)	-	(90,000)	-	-	(730,000)
<b>Total unrestricted funds</b>	<b>3,321</b>	<b>85,039</b>	<b>(94,762)</b>	<b>15,330</b>	<b>-</b>	<b>8,928</b>
<b>Restricted funds</b>						
NEMLAC Launch	4,282	-	-	(4,282)	-	-
Development Fund award	689	(689)	-	-	-	-
Cultural Diversity Network (2)	7,754	-	-	(7,754)	-	-
Strategic Commissioning	20,461	(20,461)	-	-	-	-
Renaissance	28,003	-	-	-	(28,003)	-
Capital Audit	1,589	-	-	(1,589)	-	-
Primary Sources	1,705	-	-	(1,705)	-	-
General Fund for Museums	82,690	-	-	-	(82,690)	-
<b>Total restricted funds</b>	<b>147,173</b>	<b>(21,150)</b>	<b>-</b>	<b>(15,330)</b>	<b>(110,693)</b>	<b>-</b>
<b>Total funds</b>	<b>150,494</b>	<b>63,889</b>	<b>(94,762)</b>	<b>-</b>	<b>(110,693)</b>	<b>8,928</b>

### Purpose of restricted funds

Restricted funds represent grants made by external bodies for specific purposes which have not yet been fully utilised. The only exception is the General Fund for Museums which was formed from funds taken over from North East Museums (NEMS). Its use is restricted specifically to museums.

The transfers from restricted funds represent the release to general funds of unspent restricted fund balances. The necessary permission has been sought from the funders concerned.

### 12. Related party transactions

#### Control

The charity is under the control of the parent company.

The charity has taken advantage of the exemption contained within FRS 8 not to present details of transactions with other group entities, as such transactions are eliminated on consolidation.

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## **MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2011**

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#### **13. Company limited by guarantee**

The charity has no share capital, but is limited by guarantee. Every member of the charity is a guarantor and undertakes to contribute to the assets of the charity in the event of it being wound up. Each member's liability is limited to £1.

The charity's Memorandum of Association states that in the event of winding up or dissolution any surplus shall be given or transferred to a charitable institution with similar objectives to the company.

#### **14. Ultimate parent company**

The charity's ultimate parent company at the balance sheet date was Museums Libraries and Archives Council.