

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 2010**

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COMPANIES HOUSE

**sayervincent**

*consultants and auditors*

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# **MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

## **FINANCIAL STATEMENTS**

**For the year ended 31 March 2010**

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<b>Contents</b>	<b>Page</b>
Reference and administrative information	1
Report of the Trustees	2
Independent Auditors' Report to the Members	5
Statement of Financial Activities	7
Balance Sheet	8
Notes to the Financial Statements	9

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

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

**For the year ended 31 March 2010**

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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
J E Hicks	(appointed 31 March 2009, resigned 31 July 2009)
G R Lawes	(appointed 31 March 2009)
A Motion	(appointed 31 March 2009)

**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 2010**

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### **Report of the Trustees**

The Trustees present their report and the audited financial statements for the year ended 31 March 2010

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 2010**

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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 £(7,677) [£509,243 - 2009] and total funds carried forward were £150,494 [£158,171 - 2009]

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 £640,000 has been included at the balance sheet date in respect of pension liabilities as shown in note 10 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 Trustees' Responsibilities**

The Trustees (who are also directors of Museums Libraries and Archives North East for the purposes of company law) are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for the year.

In preparing those financial statements, the Trustees are required to select suitable accounting policies and then apply them consistently, observe the methods and principles of the Charities SORP, making judgements and estimates that are reasonable and prudent, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements. The Trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2010 was 1 (2009 – 1). The Trustees have no beneficial interest in the charity.

### **Auditors**

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

**MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

**REPORT OF THE TRUSTEES**

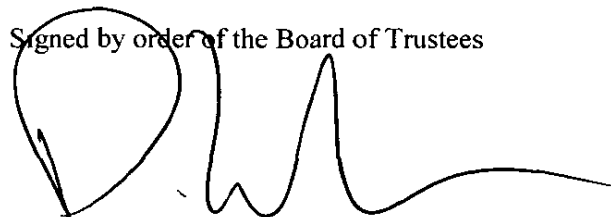
**For the year ended 31 March 2010**

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**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

A handwritten signature in black ink, consisting of a large loop followed by a series of smaller loops and a long horizontal stroke.

P Lander  
Company Secretary

Approved by the Trustees on 16 July 2010

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

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS For the year ended 31 March 2010**

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We have audited the financial statements of the charitable company for the year ended 31 March 2010 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Chapter 3, Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and auditors**

The responsibilities of the Trustees (who are also the directors of the charitable company for the purpose of company law) for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been properly prepared in accordance with the Companies Act 2006. We report to you whether in our opinion the information given in the Report of the Trustees is consistent with the financial statements. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS For the year ended 31 March 2010**

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**Opinion**

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended,
- the financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Report of the Trustees is consistent with the financial statements

**Helen Elliott Senior Statutory Auditor**  
**For and on behalf of Sayer Vincent, Statutory Auditors**

SAYER VINCENT

8 Angel Gate  
City Road  
LONDON  
EC1V 2SJ

19 July 2010



# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

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

For the year ended 31 March 2010

INCOMING RESOURCES	Notes	Unrestricted £	Restricted £	2010 Total £	2009 Total £
<b>Incoming resources from generating funds:</b>					
Voluntary income					
Grants receivable	2	10,000	(9,696)	304	1,580,173
Activities for generating funds					
Other income		-	-	-	16,127
Investment income		-	-	-	28,609
<b>Total incoming resources</b>		<b>10,000</b>	<b>(9,696)</b>	<b>304</b>	<b>1,624,909</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	3	1,930	-	1,930	1,241,216
Governance costs	4	6,051	-	6,051	45,254
Closure costs		-	-	-	207,682
<b>Total resources expended</b>		<b>7,981</b>	<b>-</b>	<b>7,981</b>	<b>1,494,152</b>
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		<b>2,019</b>	<b>(9,696)</b>	<b>(7,677)</b>	<b>130,757</b>
Actuarial gain/(loss) on defined benefit pension scheme		-	-	-	(640,000)
<b>Net movement in funds</b>		<b>2,019</b>	<b>(9,696)</b>	<b>(7,677)</b>	<b>(509,243)</b>
<b>Total funds brought forward</b>		<b>1,302</b>	<b>156,869</b>	<b>158,171</b>	<b>667,414</b>
<b>Total funds carried forward</b>		<b>3,321</b>	<b>147,173</b>	<b>150,494</b>	<b>158,171</b>

# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## BALANCE SHEET

Company No 4159174

As at 31 March 2010

	Notes	2010 £	2009 £
<b>CURRENT ASSETS</b>			
Debtors	8	808,668	766,196
Cash at bank and in hand		-	52,790
		<b>808,668</b>	<b>818,986</b>
Creditors: amounts falling due within one year	9	(18,174)	(20,815)
<b>NET CURRENT ASSETS</b>		<b>790,494</b>	<b>798,171</b>
Defined benefit pension scheme liability	10	(640,000)	(640,000)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>	11	<b>150,494</b>	<b>158,171</b>
<b>Represented by:</b>			
Restricted funds		147,173	156,869
Unrestricted funds excluding pension liability		643,321	641,302
Pension reserve		(640,000)	(640,000)
<b>TOTAL FUNDS</b>	12	<b>150,494</b>	<b>158,171</b>

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 16 July 2010 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 2010

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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 debited against the income where it was 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 2010

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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

#### g) Tangible fixed assets

The charity's policy with regard to fixed assets is to capitalise those with a value of over £50 at their purchase together with any incidental expenses of acquisition

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Computer Equipment	3 years
Office Equipment	5 years
Leasehold Improvements	terms of lease(s)

#### h) Investments

The financial statements reflect bank interest receivable during the year

#### i) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the period of the lease

#### j) 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. A provision for these has also been made this year based on an assessment by independent actuaries.

#### k) 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 2010

### 2. Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total £	2009 £
<b>From MLAC</b>				
Core Grant	-	-	-	514,344
Strategic Commissioning	-	-	-	175,000
Museum Development Fund	-	-	-	52,000
Their Past Your Future	-	(8,912)	(8,912)	10,000
Living Places	-	(784)	(784)	5,000
Transition	-	-	-	125,000
Pension provision	10,000	-	10,000	640,000
	10,000	(9,696)	304	1,521,344
<b>Other grants:</b>				
Arts Council England North East	-	-	-	13,500
Heritage Lottery Fund	-	-	-	21,237
North East Regional Museum Hub	-	-	-	24,092
<b>Total Grants receivable</b>	<u>10,000</u>	<u>(9,696)</u>	<u>304</u>	<u>1,580,173</u>

### 3. Charitable Activities

	2010 £	2009 £
Grants	-	35,015
Staff costs	1,209	958,878
Other costs	721	247,323
<b>Total charitable activities</b>	<u>1,930</u>	<u>1,241,216</u>

### 4. Governance Costs

	2010 £	2009 £
Staff costs	-	26,858
Audit fees	6,051	2,879
Legal and professional	-	4,991
Other costs	-	10,526
	<u>6,051</u>	<u>45,254</u>

# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 5. Net Incoming/Outgoing Resources

These are stated after charging/(crediting) -	2010 £	2009 £
Depreciation (including accelerated charge due to closure of company)	-	13,791
Trustees remuneration	-	5,000
Trustees reimbursed expenses	-	674
Auditors' remuneration		
– Audit 2009	4,288	2,879
- Audit 2010	1,763	
	<u>1,763</u>	<u></u>

Expenses reimbursed to Trustees in 2009 were for travel costs in connection with the charity's activities

### 6. Staff Costs and Numbers

	2010 £	2009 £
Wages and salaries	-	379,142
Social security costs	-	24,273
Pension costs	<u>1,209</u>	<u>582,321</u>
	<u>1,209</u>	<u>985,736</u>

The following number of employees exceeded £60,000 emoluments and their retirement benefits are accruing under Defined Benefit Schemes

	2010	2009
£70,000 - £80,000	<u>-</u>	<u>1</u>

### 7. Grants Payable

	2010 £	2009 £
Hatton Gallery	-	2,250
Middlesbrough Council	-	2,500
Tyne & Wear Museums	-	20,000
University of Durham	-	6,773
Other grants not exceeding £2,000	<u>-</u>	<u>3,492</u>
	<u>-</u>	<u>35,015</u>

Beneficiaries receiving under £2,000 in the year have not been separately disclosed in the analysis

# MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 8. Debtors

	2010 £	2009 £
Trade debtors	-	1,196
MLAC	775,000	765,000
Other debtors	33,668	-
	<u>808,668</u>	<u>766,196</u>

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

	2010 £	2009 £
Other creditors	-	20,815
Accruals and deferred income	1,763	-
MLAC Inter company account	16,411	-
	<u>18,174</u>	<u>20,815</u>

### 10. Provisions for liabilities

	At 1 April 2009 £	Charged to SOFA £	Utilised in year £	At 31 March 2010 £
Pension liabilities	<u>640,000</u>	<u>-</u>	<u>-</u>	<u>640,000</u>

Provisions have been made as a result of the intentions of the Trustees to wind up the company

### 11. Analysis of Net Assets Between Funds

	General Funds £	Restricted Funds £	Total 2010 £
<b>Fund balances at 31 March 2010 are represented by:</b>			
Current assets	651,799	156,869	808,668
Current liabilities	(8,478)	(9,696)	(18,174)
Provisions for liabilities	<u>(640,000)</u>	<u>-</u>	<u>(640,000)</u>
	<u>3,321</u>	<u>147,173</u>	<u>150,494</u>

## MUSEUMS LIBRARIES AND ARCHIVES NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

#### 12. Movement in funds

Unrestricted Funds	1 April 2009 £	Income £	Expended £	31 March 2010 £
General Funds	641,302	10,000	7,981	643,321
Pension Reserve	(640,000)	-	-	(640,000)
<b>Total Unrestricted Funds</b>	<b>1,302</b>	<b>10,000</b>	<b>7,981</b>	<b>3,321</b>
<b>Restricted Funds</b>				
NEMLAC Launch	4,282	-	-	4,282
Development Fund award	689	-	-	689
Cultural Diversity Network (2)	7,754	-	-	7,754
Their Past Your Future	8,912	(8,912)	-	-
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
Living Places	784	(784)	-	-
<b>Total Restricted Funds</b>	<b>156,869</b>	<b>(9,696)</b>	<b>-</b>	<b>147,173</b>
<b>Total Funds</b>	<b>158,171</b>	<b>304</b>	<b>7,981</b>	<b>150,494</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.

#### 13. 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.



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

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

**For the year ended 31 March 2010**

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#### **14. 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.

#### **15. Ultimate Parent Company**

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