

**YORK MUSEUMS AND GALLERY
TRUST**

Report and Financial Statements

31 March 2014

REPORT AND FINANCIAL STATEMENTS 2014

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OFFICERS AND PROFESSIONAL ADVISERS

THE TRUSTEES OF THE YORK MUSEUMS AND GALLERY TRUST WERE AS FOLLOWS:

The trustees who served during the year and subsequently were:

TRUSTEES

Prof Sir J H Lawton (Chair of the trustees)

D Andrews
J C Atchison
N Barnes
J Bell
N Carmody
I M Cuthbertson
S Drummond
A Falconer
H J Hanstock
P M Harkness
L Harrison
J N Johnson
S E Lusty
P R D Scott
R E Scrase
E F V Waterson

COMPANY SECRETARY

A Wadsworth

CHIEF EXECUTIVE

J Barnes

REGISTERED OFFICE

St Mary's Lodge
Marygate
York
YO30 7DR

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds

BANKERS

HSBC Bank plc
PO Box 26
13 Parliament Street
York
YO1 8XS

TRUSTEES' REPORT

Foreword by the Chairman

It is with great pleasure that I present this report on the work of York Museums Trust over 2013-14. I have been Chairman of York Museums Trust for two years although I have served as a trustee since 2007 so I have seen how the trust has developed over the last few years.

This year has been the second full year of being a Major Partner Museum with funding from the Arts Council England. We were awarded over £3 million for 2012-2015 and this funding has enabled us to continue all the good work we do across all our activities including our education work with schools, family activities, caring for the collections and creating interesting experiences for our visitors. Given that this first tranche of funding will come to an end in March 2015 I am delighted to say that our second application for 2015-2018 Major Partner Museum status was successful.

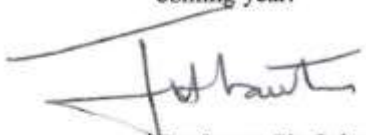
As with most regional museums, our thoughts have been about how to continue to be sustainable and resilient in these uncertain times. Our main strategy has been to invest in the public offer so that we attract new visitors and encourage return visits. Increasingly our financial sustainability is dependent on the funds we generate ourselves, the most important being the admissions income.

A lot of the Board's and staff time has been in implementing major capital developments we have been planning for some time at the Castle Museum. The first is the Changing Spaces project which was funded by the Heritage Lottery Fund and involved installing a lift in the Grade 1 listed Debtors Prison and the exhibition *1914 When the World Changed Forever*. This is now open to the public and is proving to be very popular. During this development we were also able to refurbish all the offices for staff and volunteers and create a suite of activity rooms.

But by far the biggest capital project is the £7.9 million redevelopment of York Art Gallery which is now well underway. This project is very ambitious, including the expansion of the York Art gallery by 60%, all within the original footprint of the building plus the expansion of the Museum Gardens with new gardens which connect the gallery with the medieval St Marys Abbey Precinct. York Art Gallery will reopen in summer 2015. Whilst most of the art collection is in store we have had a very successful tour of the exhibition *Masterstrokes* across Yorkshire and beyond.

With the Major Partner Museum status we also added a new responsibility, namely Museum Development Yorkshire to our portfolio. The trust now provides advice, small grants and a great deal of professional support to accredited museums in Yorkshire and Humberside. This broadening of our remit has resulted in many more projects that have a reach beyond the city. One of the most ambitious projects is the website and publication *1914 in Yorkshire* which was produced by the trust in partnership with the Imperial War Museum and 88 partners across the county.

York Museums Trust has been going for 12 years and during that time it has transformed the visitor offer across all its venues and sites. The trust is a far more complex organisation now than it was at the beginning and is working with a greater variety of people and institutions. The renewed Major Partner Museum status is testimony to the achievements of the staff and we look forward to seeing the work of the trust expand and develop further in the coming year.



Professor Sir John Lawton
Chairman, York Museums Trust

19 December 2014

TRUSTEES' REPORT

STRATEGIC REPORT

MISSION AND STRATEGIC OBJECTIVES

York Museums Trust's *mission* is to cherish the collections, buildings and gardens entrusted to us, presenting and interpreting them as a stimulus for learning, a provocation to curiosity and a source of inspiration and enjoyment for all.

Our *vision* is for York Museums Trust to play a major part in positioning York as a world class cultural centre.

Our *strategic objectives* are:

- To protect and conserve the collections, gardens and buildings
- To promote access to the collections, gardens and buildings appropriate to the 21st century
- To attract more visitors to our sites, thus contributing to the local and regional economy
- To create learning opportunities for all and develop innovative programmes springing from the collections, gardens and buildings
- To network and collaborate with partners and contribute to the development of the economic and cultural life of the city and the region
- To raise substantial funds to realise these aims

This annual report details what we have achieved during 2013-14.

CHIEF EXECUTIVE'S REPORT – ACHIEVEMENTS AND PERFORMANCE

In April 2012 York Museums Trust became one of only 16 museum services in England to receive Arts Council England Major Partner Museum funding. The funding amounted to £3.4m over three years from 2012-2015. We have been using this revenue funding to improve all aspects of our work for public benefit. We are delighted to announce that we have been successful in our second application for Major Partner Museum funding of £3.7 million from 2015 to 2018.

With the cuts in local authority revenue funding we have seen a reduction in our funding from the City of York Council by £100,000 during this year, and we are preparing for a further cut of £500,000 from April 2015. Cuts of this size will mean a radical rethink about how York Museums Trust will remain sustainable in the coming years. Since 2002, when the Trust was created, York City Council has been very supportive of York Museums Trust and we have flourished, bringing in substantial additional funding through our own business activities or through government funding or charitable grants and donations. However we recognise that we now need to change from operating as a cultural service and become a cultural business. York Museums Trust is already well placed but we will be working hard to ensure that by next year we will have a business model that will enable us to thrive over the next ten years and beyond.

A key part of our thinking is the need to secure support from our visitors. We have been researching the idea of a York Museums Trust Supporters Scheme that would become a vital tool to keep a growing support network whilst also becoming a sustainable and healthy income stream.

We continue to work through the Forward Plan 2012-18 and we have invested to great effect on the digital side of our work. More of the museum collections are now on line or being prepared to go on line in the future, new websites have been launched with more to follow and we were delighted that our bid to the Wikimedia Foundation for funding of a Wikipedian in residence was approved. This will help us to become a Wikipedia-friendly organisation and boost the profile of the Trust and its collections on Wikipedia and Wikimedia Commons. The digital team work closely with the curatorial and learning teams so that all our projects now have a digital aspect to them.

The last year has been very busy with the development of York Art Gallery, the planning of the creation of the new gardens and the opening of the 1914 exhibition at the Castle Museum along with the refurbishment of the Debtors Prison first and second floors. The installation of a lift in the Debtors Prison is a major step forward for making that side of the museum fully accessible. We would like to thank English Heritage who helped us work through all the issues that arise when working with a Grade 1 listed building and the Heritage Lottery Fund who funded the project.

TRUSTEES' REPORT

There have been changes also with staff structures that were largely driven by the need to save money. We have moved from a Directorate of four staff to a Senior Management Team of seven which has enabled experienced staff to take on more responsibility. The broader Senior Management Team is proving to be very successful with greater communication and clearer decision making.

York Art Gallery

York Art Gallery closed on 31 December 2012 to allow work to begin on a major £7.9 million development. Over the last year the building has been transformed and will reopen in summer 2015. It will be fascinating to see what people think about it when we reopen to the public in summer 2015. Although the building layout remains much the same it has been extended by including the former York City Archives space and creating two new galleries on the first floor and exposing the original Victorian trussed roof. The resulting gallery will have 60% more exhibition space, two shops, more toilets, two entrances, a Learning Studio, eight galleries and a cafe. The two new galleries on the first floor will become the new Centre of Ceramic Arts (CoCA). The project is fully funded.

Whilst York Art Gallery has been closed much of the collection has been in secure store but we have toured some of our best paintings in the regional touring exhibition *Masterstrokes: Great Paintings from York Art Gallery*. The exhibition has already been on display in Lincoln, Preston, Huddersfield and Scarborough. We also lent 700 pieces from the W A Ismay ceramic collection to The Hepworth, Wakefield for an installation by artist Matthew Darbyshire. Ceramic works by William Staite Murray were included in the exhibition, *Art and Life: Ben Nicholson, Winifred Nicholson, Christopher Wood, Alfred Wallis and William Staite Murray 1920-1931* held at Leeds Art Gallery, Kettle's Yard, Cambridge and Dulwich Picture Gallery, London. We also continue to have a select few work on display at Fairfax House in York and also at the National Gallery and at Tate Britain.

We also held our first online exhibition as part of partnership with the Google Cultural Institute which focused on the collection and archive of the major ceramics collector W A Ismay: <http://www.google.com/culturalinstitute/exhibit/w-a-ismay-collector-connoisseur-of-studio-ceramics/QRpzaaM2?hl=en>. This has sparked a huge amount of interest and is a very effective way of presenting our ceramic collections online.

We have also been working closely with The City of York Council on plans to refurbish Exhibition Square as part of their project Reinvigorating York. We are hoping that the Square will be transformed along with York Art Gallery and that both projects will be completed together by summer 2015.

York St Mary's

Whilst York Art Gallery is closed we have expanded the programme of exhibitions at York St Mary's as the gallery's contemporary art venue. Over the year we have shown the *Aesthetica Art Prize Exhibition 2013*, organised in partnership with Aesthetica Magazine, which showcased the eight shortlisted artists. Aesthetica is a York based organisation that publishes a magazine and also organises the very successful short film festival in York.

A Matter of Life and Death was the second exhibition which was an installation by the potter Julian Stair combining his own work alongside historic pieces from the York Museums Trust archaeological collection. The museum objects were on open display and included Egyptian and Neolithic items. Visitors really appreciated the fact that could get much nearer than if they had been cased.

This was followed by *ARTIST ROOMS: Bruce Nauman*, a selection of work by this international artist that featured iconic pieces in sculpture, neon and video.

This was followed by the second *Aesthetica Art Prize Exhibition* in early 2014.

York Castle Museum

The main focus over the year at York Castle Museum, our most visited museum, has been the major *Changing Spaces* development of the Debtors Prison building. This £1.1m project was generously funded by the Heritage Lottery Fund. The project has enabled the creation of new exhibition spaces, improved learning spaces and for the first time a visitor lift. The first exhibition to be held in these new spaces is *1914: When the World Changed Forever*, a major exhibition on the social impact of the First World War, timed to coincide with the national commemorations to mark its centenary anniversary. The exhibition opened on 28 June 2014 ready for the commemoration in August.

TRUSTEES' REPORT

York Museums Trust is also leading on a regional marketing initiative *1914 in Yorkshire* to publicise the various events, exhibitions and displays focusing on First World War across libraries, museums and galleries in Yorkshire and the Humber.

We managed to keep the rest of the Castle Museum open to visitors whilst the project was underway but staff had to relocate to offices in our collection stores and portacabins. Visitor numbers remained good throughout the year despite the disruption.

Yorkshire Museum

It has been a very busy and successful year at the Yorkshire Museum with visitor numbers increasing by 30%. This was certainly helped by the popularity of the reconstructed head of Richard III, created by Leicester Museums, which went on display in the Yorkshire Museum's medieval gallery as part of a special exhibition *Richard III: King & County*.

After the head of Richard III continued its tour across the country to places with connections to Richard III, the focus of the exhibition featured the York House Book, on loan from York City Archives that details the king's relationship with the city. The press coverage on the discovery of the skeletal remains of Richard III in a car park in the centre of Leicester caused worldwide interest.

Other exhibitions included *After the Ice* that investigated Yorkshire's prehistory including famous items found at Star Carr; *Tempest Anderson: Volcano Chaser*, a centenary exhibition looking at the life and work of this York worthy; and an exhibition looking into another of York's illustrious citizens, James Atkinson. Atkinson was one of the founders of the Yorkshire Philosophical Society and donor of a range of material to the Museum. On display in the Yorkshire Museum's Reading Room was a 'cabinet of curiosities' style display examining Atkinson's life. This was co-curated with the Laurence Sterne Trust who have loaned us books from the time, and a strong relationship between the two institutions has been established.

A special exhibition *Shakespeare's First Folio*, featuring an extremely rare edition of the First Folio also went on display in the medieval gallery. The display was part of a partnership with Skipton Museum/Craven Council.

We have made contact with local groups who will be part of our *Local Links* project, an Art Fund initiative for which we were awarded £10,000. This involves building connections with ten local communities to learn more about 10 medieval objects in the collection that were found in their locality often by members of the public.

York Museum Gardens

We were delighted to hear in September that the Museum Gardens had been awarded a gold medal by Yorkshire in Bloom, a deserved 'well done' to our dedicated gardens team.

This year we instigated a Spring Flower Count that found 62 different species in flower. This will be repeated every year on the same date and will provide a useful record for the garden.

We once again welcomed the Illuminate York festival to the Museum Gardens as one of the two main shows was projected onto the Yorkshire Museum.

York Enterprises

York Museum Trust's Trading Subsidiary Company continues to show a strong performance and this year retail, catering and venue hire delivered a profit of £231,000 largely because of our very successful wedding venue, the Hospitium. This income feeds back in to support the Charity by way of a charitable donation.

The Hospitium's wedding business is the busiest it has been with 93 weddings over the year. Corporate and private business continues to increase and we are receiving repeat business as well as new enquiries mainly due to internet searches.

Hospitality events at York Castle Museum have also increased too, partly due to word of mouth.

This year we held our first Wedding Table Top sale. The idea is that brides and grooms sell left over items to new brides and grooms and it has proved to be more popular than we expected so this will be a new twice yearly venture to add to the wedding services we provide in addition to our already very popular wedding fairs.

TRUSTEES' REPORT

We also put on our first public Christmas film night at the Yorkshire Museum that was incredibly popular. We showed the movie *Elf* and provided a festive themed buffet. We sold all 300 seats available and have been inundated with positive feedback asking us to show more films in 2014 which we plan to do.

Learning

Our very varied learning programme includes formal educational workshops for schools, activities and events for family learning, adult learning and community projects across all our museums and sites. New school workshops have been introduced this year and all the workshops are based on handling objects, providing resources not available to schools. We also ensure that they meet the needs of a thematic curriculum.

This year we have helped to set up the York Community Learning Partnership. This partnership includes City of York Council, York College, York Explore and other key providers of adult and community learning in the city. Initially the partnership will concentrate on co-ordinating marketing, helping to facilitate progression for learners and involving a wider range of providers in the service.

Formal learning numbers have increased over the period and we have plans to rework and renew elements of the formal learning schools offer in response to the National Curriculum changes and in the light of research into our school visits and visitors.

As ever our informal learning activities have proved popular, including 'Catnapped!' at the Castle Museum, where approximately 25,000 people took part in an activity which involved investigating suspects and looking for clues around the Female Prison and Kirkgate to discover who stole the Lord Mayor's Cat.

Working with the Joseph Rowntree Foundation we ran sessions with a group of dementia patients from York to make a film on living with dementia, inspired by the museum. The project will also inform us on how we can make the museum a more dementia friendly place.

A family learning highpoint of the year was certainly 'In the Museum Night Garden' where families could explore the nocturnal wildlife in the Museum Gardens. This included partners the University of York Physics Department and York Astronomical Society. A fire show also took place outside the Hospitium and an estimated 2,000 people attended the event.

Adult Learning highlights have included: in partnership with City of York Learning, a weekend of life drawing, that took place at the Yorkshire Museum in May; curators talks on the Arras Culture, the Bedale Hoard, Spring Flowers and Shakespeare in Yorkshire; and a special curator session on Keeping Healthy in Victorian England.

Territories is our long standing community arts programme. This year's project included young gypsy travellers at Lakeside Primary School which reached its conclusion with four of the children involved completing all the components of the Arts Award receiving participatory certificates. Other activities have included workshops for couples where one has dementia, sessions for people with mental health issues and sessions for York Carers Forum.

Genesis is our 14 to 24 years old engagement programme. We are working in partnership with the North Yorkshire Business and Education Partnership (NYBEP) to engage with secondary schools in the city and beyond. We have devised a number of projects and competitions to inspire and involve young people, directly relating to their studies and career interests.

Volunteers

We have had 366 active volunteers throughout 2013-14, totalling 13,164 contributed hours across all of the sites over the year.

We now have Historic Library Steward volunteers in the Yorkshire Museum library four days a week, including weekends which are our busiest days. The team is now twenty strong and they continue to attract much admiration from visitors.

Raindale Mill is still gathering a small team of committed volunteers who open the space on a regular basis to visitors and the mill is working at least twice a week.

TRUSTEES' REPORT

A host of volunteers have had a fabulous time helping the history team to decant 17,000 objects from the Debtors Prison to our store. This was due to the York Castle Museum development and was an exciting opportunity for volunteers to work closely with both the history team and the objects on such a large scale.

We have started to recruit to our new 'family volunteering' programme and our first family volunteers, a mother and daughter pair, will start with us in the summer. This will enable us to fill the gap in our volunteering offer as it gets us around the complicated child protection issues which arise from having under 18 years as volunteers. Under 18 years will volunteer alongside a family member; they will both go through our full training and induction programme, in the same way that all our other volunteers do, but they will only ever work together, so there will be no supervision issues. This means that for the first time we can accommodate school-age children who are undertaking Duke of Edinburgh awards, as long as they have a family member willing to volunteer with them.

Collection Management

All of our collections are designated, meaning that they are of national significance. Managing this collection so that they are displayed well, stored safely, and so that people have access to them takes up a lot of curatorial time. This year planning and moving objects for the 1914 exhibition has been the main focus of the history team's work; overall approximately 17,000 objects have been moved with the help of volunteers.

One of our long term aims has been to have our collections viewable online. The York Museums Trust collection is now successfully integrated into the new websites and will be available to the public when the new websites are launched in the summer. Visitors will have access to some 150,000 records (with only minor exclusions) and more than 40,000 images.

Rationalisation of the architectural stonework collection and the brick and tile collection has now been completed. Overall this liberates a considerable amount of storage space, in turn providing much needed room for further improvements in collections storage.

Time was also spent over the summer months moving and auditing our human remains collection, and re-housing our archaeological paper archive to create a more usable, accessible resource for staff and researchers.

Acquisitions over the year have included: a 1853 pattern Enfield musket rifle; First World War Rum Jar and handkerchiefs; a 1980's mobile phone and camera; a work *Ego Geometria Sum IV: Boat, aged 2 years* by artist Helen Chadwick; *Winged form* by Victor Priem; a selection of seven small pots by Beryl Sutcliffe; dolls belonging to Madeline Blaess, a York resident in the early 20th Century; a Carols on Kirkgate record; the archive of Craven's the York based sweet manufacturer; the second Gold Torc; and the Bedale Hoard.

Regional Museum Development

Our important regional role continues with the Museums Development Team continuing to work with smaller and medium sized accredited museums across Yorkshire and Humberside to offer them advice, support and training. Since April 60 Museum organisations have received direct advice or support from the team, amounting to 75% of all eligible museums in the region.

We have applied to Arts Council England for the second round of funding to offer this regional support across the region again through 2015-18. We see this work as a vital tool to increase York Museums Trust's visibility and relevance in the region and beyond.

Visitor Numbers and Satisfaction

The Yorkshire Museum did very well over the reporting period, helped by the interest in Richard III and also because for the first time the museum was included on our television advertising. The slight dip at the York Castle Museum is most probably due to part of the museum being closed during our major development. The decrease at York St Mary's is due, we think, to York Art Gallery being closed.

Full year visitor figures showed a 2% rise in total. Our 'two museums for £10' offer continued to be very popular.

| | Actual | Last year | % Change |
|--------------------|---------|-----------|----------|
| York Castle Museum | 283,858 | 291,074 | -2% |
| Yorkshire Museum | 122,780 | 94,708 | +30% |
| York St Mary's | 29,772 | 43,494 | -32% |
| Total | 436,410 | 429,276 | +2% |

TRUSTEES' REPORT

In addition we estimate that 1,730,880 people visit the Museum Gardens each year.

We continue to achieve high visitor satisfaction results:

York Castle Museum:

- 97% of visitors were either satisfied or very satisfied with their visit
- 99% would recommend the museum to others
- 94% would visit again

At Yorkshire Museum:

- 96% of visitors were either satisfied or very satisfied with their visit
- 98% would recommend the museum to others
- 91% would visit again

Also of interest are visitor comments on Tripadvisor where our sites are also rated highly.

Fundraising

We have been successful in securing funds between April 2013 and March 2014 for the following:

| Funding Body | Reason for Application/funds | Amount |
|---|--|-----------------|
| The Holbeck Charitable Trust | York Art Gallery development | £100,000 |
| Yorkventure | New edible woodland garden | £100,000 |
| Wikimedia UK | Wikipedian in residence | £5,522 |
| V&A Purchase Fund | Bedale Hoard | £11,000 |
| The Art Fund | Bedale Hoard | £11,000 |
| John Ellerman Foundation | Collection facilitator post for CoCA | £80,400 |
| DCMS/Wolfson Museums and Galleries Improvement Fund | York Art Gallery Development | £300,000 |
| The Headley Trust | York Art Gallery development | £40,000 |
| J Paul Getty Jnr Charitable Trust | York Art Gallery development | £50,000 |
| Friends of York Art Gallery | Purchase of painting of Exhibition Square by Ed Kluz | £525 |
| The Art Fund | Local Links project | £10,000 |
| | Total Funding | £708,447 |

Our Trustees during the year have been:

Prof Sir John Lawton (Chairman)

Bob Scrase

Jane Hanstock

Peter Harkness

Nichola Johnson

Patrick Scott

Judy Atchison

Noirin Carmody

Andy Falconer

Laura Harrison

Edward Waterson

Jim Matthew (Yorkshire Philosophical Society nominee) (part: resigned 15 January 2014)

Stephen Lusty (Yorkshire Philosophical Society nominee) (part: appointed 12 March 2014)

Cllr Neil Barnes (City of York Council nominee)

Cllr Ian Cuthbertson (City of York Council nominee)

Julia Bell (appointed 12 November 2014)

Sarah Drummond (appointed 12 November 2014)

David Andrews (appointed 12 November 2014)

Staff Numbers at the end of March 2014 were: 70 full time, 34 part time, 58 casual totalling 162.

TRUSTEES' REPORT

PLANS FOR FUTURE PERIODS

We will reopen York Art Gallery in the summer of 2015 and a lot of work will go into making sure that the gallery is ready to open by then.

Over the year we have been refining our plans to expand the gardens beyond the abbey ruins to the land leading to York Art Gallery. We are planning to create three new gardens: edible woodland, a garden of Yorkshire Flowers and a garden for York Art Gallery. We have consulted widely on these plans, and we are planning that some of the gardens will be ready in time for the opening of the gallery in summer 2015.

The new gardens will for the first time open up these hidden areas where there has previously been no public access. This will connect up with the historic Museum Gardens and create new routes to and from the gardens from Marygate and from Exhibition Square. The result will be beautiful new green spaces that will extend the existing gardens by another 4 acres.

It has been four years since we reopened the Yorkshire Museum after a major re-launch so we will spend time looking at how we can refresh the public offer there. We will also look at how best to use York St Mary's going forward.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees have reviewed the major risks to which the charity is exposed, particularly those related to the operations and finances of the trust. The trustees have given consideration to the appropriate policies, procedures and systems to mitigate the charity's exposure to the major risks. The principal financial risk facing the charity and its trading subsidiary is the ability to generate sufficient income from visitor numbers and external funding to cover expenditure incurred in fulfilling the objectives of the group.

FINANCIAL REVIEW

The group had net incoming resources for the year on the general unrestricted fund (excluding the pension fund) of £55,180 (2013: £366,356) (note 18), net outgoing resources on the designated property fund of £94,309 (2013: £103,463) and net incoming resources on the restricted funds of £1,760,867 (2013: £375,385). Total net incoming resources for the year before other recognised gains and losses were £1,687,738 (2013: £539,278).

The group has adopted Financial Reporting Standard FRS 17 – Retirement Benefits this year and accordingly restated the prior year comparatives. The actuarial gain on the pension fund for the year was £1,121,000 (2013: loss £-31,000). At the year end, the group had total funds of £4,181,716 (2013: £1,527,978 as restated). The restatement of the comparative figures is outlined in note 27.

During the year the charity received restricted donations and grants totalling £1,527,678 (2013: £1,053,961). Due to the timing of restricted funds being received before the financial year end and associated expenditure to be incurred after the financial year end, the charity held restricted bank balances of £1,537,561 at 31 March 2014 (2013: £1,561,120).

The unrestricted free reserves of the charity at 31 March 2014 were £876,210 (2013: £896,849), calculated from note 20, excluding the fixed assets and pension liability since it is not a direct cash liability. As such, the trustees will continue to seek funds to achieve their target of the equivalent of two months operating costs in free reserves and to continue to deliver the charity's objectives.

The trustees are satisfied that the charity's assets are available and adequate to fulfil its obligations for the foreseeable future. Further discussion on going concern is given in note 1 to the financial statements.

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Name and registered office of the charity

The full name of the charity is the York Museums and Gallery Trust, its registered office and principal operating address is St Mary's Lodge, Marygate, York, YO30 7DR.

Constitution

The charity was formed as a company limited by guarantee on 26 February 2002.

The company registration number is 4381647.

The charity registered with the Charity Commission on 14 June 2002 - registration number 1092466.

It is governed by the Memorandum and Articles of Association dated 26 February 2002.

The charity has a trading subsidiary, York Museums and Enterprises Limited, a company limited by shares, registered company number 4466798.

Method of election of trustees

The original company trustees were, R I L Guthrie, M J Allen, D E Rayner and R E Rushforth.

The Board of Trustees shall consist of two individuals nominated by the Local Authority, one individual nominated by the Yorkshire Philosophical Society and such other persons elected by the trustees of the charity.

The trustees have the power to appoint any person to be a trustee, but so that the total number of trustees does not exceed the permitted maximum of fifteen at any time.

The trustees, who are also the directors under Company law, who served during the year and subsequently are listed on page 1. None of the trustees have any financial interest in the company. Movements in trustees are shown on page 8.

Trustee induction and training

New trustees undergo a briefing on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making process, the business plan and recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The Board of Trustees administers the charity. A Chief Executive is appointed by the trustees to manage the day to day operations of the charity. The Board meets quarterly and there are the following sub committees which meet as follows:

Committee of the Board

A Finance and General Management committee which meets monthly with the Chief Executive and the Director of Finance & Business Development to monitor and guide progress against the business plan.

Audit Committee

Meets at least two times per year to consider reports from internal and external auditors.

Remuneration Committee

Meets at least annually and sets pay of senior executives and approves pay increases for all staff.

Nominations Committee

Meets annually and as required. The nominations committee reviews the structure, size and composition of the Board and is responsible for identifying and nominating for approval to the Board, candidates to fill Board vacancies.

TRUSTEES' REPORT

Investment powers and policy

The Memorandum and Articles of Association of the charity permit the Trustees to invest the monies of the charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit.

Investment policy

The Trust's investments are presently limited to group companies and UK Banks with a credit rating of A or better.

Reserves policy

The trustees aspire to retain two months operating costs in reserves. At 31 March 2014, the charity's free reserves, as defined as unrestricted funds not represented by fixed assets had not yet reached this amount.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

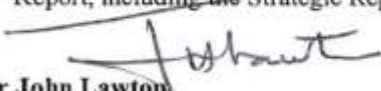
Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company/group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that 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 the group 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 financial statements may differ from legislation in other jurisdictions.

The Trustees' Report, including the Strategic Report, was approved by the Board and signed on its behalf by:


Professor Sir John Lawton
Chair

19 December 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORK MUSEUMS AND GALLERY TRUST

We have audited the financial statements of York Museums and Gallery Trust for the year ended 31 March 2014 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated cash flow statement, the notes to the consolidated cash flow statement and the related notes 1 to 27. 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 auditor's 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 Statement of Trustees' Responsibilities, 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 group's and parent charity'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 annual report 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 us in the course of performing the audit. 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 group's and the parent charity's affairs as at 31 March 2014, and of the group's 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.

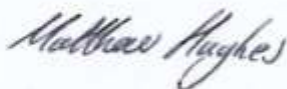
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, including the Strategic 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 been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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.



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, United Kingdom

27 January 2015

YORK MUSEUMS AND GALLERY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 March 2014

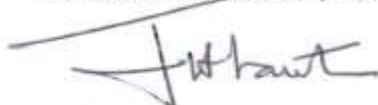
| | | Unrestricted Funds | | | | |
|--|------|--------------------|--------------------------|------------------|------------------|------------------|
| | Note | General funds | Designated property fund | Restricted funds | Total 2014 | Total 2013 |
| | | £ | £ | £ | £ | As restated £ |
| INCOMING RESOURCES | | | | | | |
| Activities in furtherance of the charity's objects | | | | | | |
| Income from charitable activities | 3 | 1,954,868 | - | 570,777 | 2,525,645 | 1,943,637 |
| Activities for generating funds | | | | | | |
| Donations | 4 | 215,896 | - | 222,888 | 438,784 | 661,197 |
| Interest receivable | 5 | 9,387 | - | - | 9,387 | 6,624 |
| Income generated by subsidiary | 13 | 749,679 | - | - | 749,679 | 758,137 |
| Grants receivable | 6 | 317,125 | - | 1,054,790 | 1,371,915 | 829,435 |
| Funding provided by City of York Council | 7 | 1,205,366 | - | 250,000 | 1,455,366 | 1,506,708 |
| Funding provided by the Arts Council England | | 1,134,859 | - | - | 1,134,859 | 1,099,792 |
| TOTAL INCOMING RESOURCES | | 5,587,180 | - | 2,098,455 | 7,685,635 | 6,805,530 |
| RESOURCES EXPENDED | | | | | | |
| Costs of generating funds | | | | | | |
| Costs incurred by subsidiary | 10 | 510,356 | - | - | 510,356 | 545,357 |
| Charitable expenditure | | | | | | |
| Curatorial | | 1,037,341 | - | 198,403 | 1,235,744 | 1,068,008 |
| Education | | 504,308 | - | 375 | 504,683 | 488,847 |
| Exhibitions and events | | 23,439 | 55,336 | 15,947 | 94,722 | 244,603 |
| Gardens | | 312,190 | - | 4,140 | 316,330 | 232,315 |
| Marketing | | 778,701 | - | 1,105 | 779,806 | 674,335 |
| Premises | | 787,388 | 38,973 | 115,814 | 942,175 | 1,343,111 |
| Visitor services | | 1,133,384 | - | 1,585 | 1,134,969 | 1,311,936 |
| Admissions | | 146,146 | - | 219 | 146,365 | 131,224 |
| Museum development | | 309,920 | - | - | 309,920 | 210,000 |
| Governance | | 16,354 | - | - | 16,354 | 16,516 |
| Total charitable expenditure | | 5,049,171 | 94,309 | 337,588 | 5,481,068 | 5,720,895 |
| TOTAL RESOURCES EXPENDED | 10 | 5,559,527 | 94,309 | 337,588 | 5,991,424 | 6,266,252 |
| Net incoming/(outgoing) resources before taxation | | 27,653 | (94,309) | 1,760,867 | 1,694,211 | 539,278 |
| Taxation charge | 11 | (6,473) | - | - | (6,473) | - |
| Net incoming resources before other recognised gains/(losses) | | 21,180 | (94,309) | 1,760,867 | 1,687,738 | 539,278 |
| OTHER RECOGNISED GAINS/(LOSSES) | | | | | | |
| Actuarial gain/(loss) on defined benefit pension | 23 | 1,121,000 | - | - | 1,121,000 | (31,000) |
| NET MOVEMENT IN FUNDS | | 1,142,180 | (94,309) | 1,760,867 | 2,808,738 | 508,278 |
| Fund balance brought forward at 1 April as previously reported | | 1,084,651 | 543,207 | 1,561,120 | 3,188,978 | 2,550,700 |
| Prior period adjustment | 27 | (1,816,000) | - | - | (1,816,000) | (1,686,000) |
| Fund balance brought forward at 1 April as restated | | (731,349) | 543,207 | 1,561,120 | 1,372,978 | 864,700 |
| Fund balances carried forward at 31 March | | 410,831 | 448,898 | 3,321,987 | 4,181,716 | 1,372,978 |

All incoming resources and resources expended derive from continuing activities. All gains and losses recognised in the current and prior year are included above.

CONSOLIDATED BALANCE SHEET
31 March 2014

| | Note | 2014 | 2013 |
|---|------|-------------------------|-------------------------|
| | | £ | As restated £ |
| FIXED ASSETS | | | |
| Tangible assets | 12 | 2,326,945 | 856,532 |
| CURRENT ASSETS | | | |
| Stocks | 14 | 72,954 | 82,513 |
| Debtors | 15 | 619,335 | 305,216 |
| Cash at bank and in hand | | 3,194,439 | 2,631,632 |
| | | <u>3,886,728</u> | <u>3,019,361</u> |
| CREDITORS: amounts falling due within one year | 16 | <u>(1,204,404)</u> | <u>(561,392)</u> |
| NET CURRENT ASSETS | | <u>2,682,324</u> | <u>2,457,969</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>5,009,269</u> | <u>3,314,501</u> |
| CREDITORS: amounts due in more than one year | 17 | <u>(98,553)</u> | <u>(125,523)</u> |
| NET ASSETS EXCLUDING PENSION LIABILITY | | <u>4,910,716</u> | <u>3,188,978</u> |
| Defined Benefit Pension Scheme liability | 23 | <u>(729,000)</u> | <u>(1,816,000)</u> |
| NET ASSETS | | <u><u>4,181,716</u></u> | <u><u>1,372,978</u></u> |
| FUNDS | | | |
| Unrestricted funds: | | | |
| General funds | 18 | 1,139,831 | 1,084,651 |
| Designated property fund | 18 | 448,898 | 543,207 |
| Pension fund | 18 | (729,000) | (1,816,000) |
| Restricted funds | 19 | 3,321,987 | 1,561,120 |
| | | <u><u>4,181,716</u></u> | <u><u>1,372,978</u></u> |

These financial statements of York Museums and Gallery Trust, company registered no 4381647, were approved by the Board of Trustees on 19 December 2014 and were signed on its behalf by:

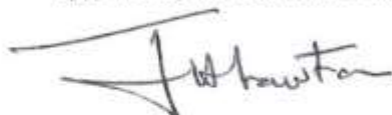


Professor Sir John Lawton
Chair

CHARITY BALANCE SHEET
31 March 2014

| | Note | 2014 | 2013 |
|---|------|--------------------|--------------------|
| | | | As restated |
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 12 | 2,305,607 | 818,165 |
| Investments | 13 | 1 | 1 |
| | | <u>2,305,608</u> | <u>818,166</u> |
| CURRENT ASSETS | | | |
| Stocks | 14 | 1,892 | 3,153 |
| Debtors | 15 | 662,244 | 413,808 |
| Cash at bank and in hand | | <u>3,065,790</u> | <u>2,474,995</u> |
| | | 3,729,926 | 2,891,956 |
| CREDITORS: amounts falling due within one year | 16 | <u>(1,026,484)</u> | <u>(395,621)</u> |
| NET CURRENT ASSETS | | 2,703,442 | 2,496,335 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 5,009,050 | 3,314,501 |
| CREDITORS: amounts falling due in more than one year | 17 | <u>(98,553)</u> | <u>(125,523)</u> |
| NET ASSETS EXCLUDING PENSION LIABILITY | | 4,910,497 | 3,188,978 |
| Defined Benefit Pension Scheme liability | 23 | <u>(729,000)</u> | <u>(1,816,000)</u> |
| NET ASSETS | | <u>4,181,497</u> | <u>1,372,978</u> |
| FUNDS | | | |
| Unrestricted funds: | | | |
| General funds | 18 | 1,139,612 | 1,084,651 |
| Designated property fund | 18 | 448,898 | 543,207 |
| Pension fund | 18 | (729,000) | (1,816,000) |
| Restricted funds | 19 | <u>3,321,987</u> | <u>1,561,120</u> |
| | | <u>4,181,497</u> | <u>1,372,978</u> |

These financial statements of York Museums and Gallery Trust, company registered number 4381647, were approved by the Board of Trustees on 19 December 2014 and were signed on its behalf by:



Professor Sir John Lawton
Chair

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2014

| | Note | 2014 £ | 2013 £ |
|---|------|----------------|----------------|
| Net cash inflow from operating activities | 1 | 1,941,989 | 736,571 |
| Returns on investments | 2 | 9,387 | 6,624 |
| Capital expenditure | 3 | (1,363,034) | (16,227) |
| Loan repayment | | (25,535) | (24,181) |
| Increase in cash in the year | 4,5 | <u>562,807</u> | <u>702,787</u> |

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2014

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2014 £ | 2013 As restated £ |
|---|------------------|--------------------------|
| Net incoming resources | 1,694,211 | 539,278 |
| Interest receivable | (9,387) | (6,624) |
| Depreciation | 159,414 | 187,638 |
| Pensions movements | 34,000 | 99,000 |
| Decrease in stocks | 9,559 | 28,518 |
| (Increase)/decrease in debtors | (314,119) | 157,956 |
| Increase/(decrease) in creditors | 368,311 | (269,195) |
| Net cash inflow from operating activities | <u>1,941,989</u> | <u>736,571</u> |

2. RETURNS ON INVESTMENTS

| | 2014 £ | 2013 £ |
|-------------------|--------------|--------------|
| Interest received | <u>9,387</u> | <u>6,624</u> |

3. CAPITAL EXPENDITURE

| | 2014 £ | 2013 £ |
|-----------------------------------|------------------|---------------|
| Purchase of tangible fixed assets | <u>1,363,034</u> | <u>16,227</u> |

4. RECONCILIATION OF NET CASH FLOWS TO MOVEMENT IN NET FUNDS

| | 2014 £ | 2013 £ |
|-------------------------------|------------------|------------------|
| Net funds at 1 April | 2,631,632 | 1,928,845 |
| Increase in cash for the year | <u>562,807</u> | <u>702,787</u> |
| Net funds at 31 March | <u>3,194,439</u> | <u>2,631,632</u> |

5. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 April 2013 £ | Cash flows £ | At 31 March 2014 £ |
|--------------------------|-------------------------|--------------------|--------------------------|
| Cash at bank and in hand | <u>2,631,632</u> | <u>562,807</u> | <u>3,194,439</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2005)" issued in March 2005, applicable United Kingdom accounting standards and the Companies Act 2006. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Preparation of accounts – going concern basis

The principal financial risk facing the charity and its trading subsidiary (together "the group") is the ability to generate sufficient income from visitor numbers and external funding to cover expenditure incurred in fulfilling the objectives of the group. The trustees have reviewed the cash position of the group and cash forecasts at the date of signing the financial statements and are satisfied that the group will be able to meet all of its financial commitments.

As a consequence, the trustees believe that the group is well placed to manage its financial risks successfully despite the current uncertain economic outlook. After making enquiries, the trustees have a reasonable expectation that the group has adequate reserves to continue in operational existence for the foreseeable future. Accordingly, the trustees continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

These financial statements consolidate the results of the charity and its wholly-owned subsidiary undertaking, York Museums and Enterprises Limited, drawn up to 31 March each year. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented as the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

Incoming resources

Income from admission fees, commercial activities and interest receivable is included in the period in which the group is entitled to receipt.

Income from donations, legacies and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Charitable expenditure and administration costs comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources. Fund raising costs are those incurred in seeking voluntary contributions for the Museum. Management and administration costs are those incurred in connection with the management of the Museum's assets, organisational administration and compliance with constitutional and statutory requirements.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2014****1. ACCOUNTING POLICIES (CONTINUED)****Collections**

York Museums and Gallery Trust are the managing trustees of the collections. However, City of York Council are the custodian trustees and so none of the collections are included in fixed assets.

Tangible fixed assets

Where purchased, tangible fixed assets are initially included at their cost of acquisition, including costs that are directly attributable to bringing the assets into working condition for their intended use. Individual fixed assets costing £1,000 or more are capitalised.

Where a fixed asset is acquired in full or in part from the proceeds of a grant it is included at its full acquisition cost without netting off the grant proceeds.

Donated, functional fixed assets are included at a valuation made by the Trustees. Where the use of these assets is unrestricted they are included in a designated fund reflecting their book value. The relevant fund is reduced over the useful economic life of the asset in line with its depreciation.

No value is shown in the accounts for assets occupied and used by the Trust under license from City of York Council.

Long term exhibition equipment is capitalised as a fixed asset. Temporary exhibition costs are written off as resources expended in the year that they are incurred.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives and is charged monthly. A full month's depreciation is charged in the month of acquisition, none in the month of disposal. Depreciation is charged at the following rates:

| | |
|-----------------------------------|---------------------|
| Leasehold property improvements : | 5% per annum |
| Displays : | 12% - 36% per annum |
| Vehicles and other equipment : | 24% per annum |
| Including: | |
| IT equipment : | 36% per annum |
| Fixtures and fittings : | 20% per annum |

Depreciation is not provided on assets in the course of construction until the asset is brought into use in the business.

Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price. Provision is made for obsolete, slow moving or defective items where appropriate.

Pension costs

The charity contributes to the North Yorkshire Pension Fund, a multi-employer defined benefit scheme. For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2014****1. ACCOUNTING POLICIES (CONTINUED)****Fund accounting**

Funds held by the charity are either:

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- Designated property fund – this is the net book value of assets purchased using restricted funds. These assets are not subject to restrictions on use, however there may be recourse to funders upon sale or disposal.
- Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Taxation

The company is a registered charity and has no liability to corporation tax on its charitable activities.

The trading subsidiary is liable to corporation tax on its taxable profits. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Prior period adjustment

There has been a change in accounting policy in respect of the recognition of the defined benefit scheme in the accounts for the year ended 31 March 2014. This has been done to reflect the substance of the transaction based on current information regarding the liability. Although the pension liability existed in the prior year, no liability was recognised as the detailed information was not available and therefore in accordance with the requirements of FRS17, the scheme was accounted for as a defined contribution scheme. Subsequently, information for the current and prior year has become available and a prior period adjustment has been processed to reflect the impact of this change in accounting policy on the comparative figures. See note 27 for further details.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the charity's ordinary activities after deduction of trade discounts and value added tax.

The turnover, which arises in the United Kingdom, is attributable to the charity's principal activity.

3. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds £ | Restricted funds £ | 2014 £ | 2013 £ |
|----------------|----------------------------|--------------------------|------------------|------------------|
| Admission fees | 1,824,297 | - | 1,824,297 | 1,817,485 |
| Miscellaneous | 130,571 | 570,777 | 701,348 | 126,152 |
| | <u>1,954,868</u> | <u>570,777</u> | <u>2,525,645</u> | <u>1,943,637</u> |

4. DONATIONS

| | Unrestricted funds £ | Restricted funds £ | 2014 £ | 2013 £ |
|--|----------------------------|--------------------------|----------------|----------------|
| Gift aid donations | 214,461 | - | 214,461 | 245,397 |
| Anthony Shaw | - | - | - | 389,129 |
| Yorkshire Philosophical Society | - | 2,000 | 2,000 | - |
| The Noel G Terry Charitable Trust | - | - | - | 2,000 |
| Sandhill Vet Services | - | - | - | 2,500 |
| Richard III Society | - | - | - | 2,000 |
| Society of Friends of King Richard III | - | - | - | 100 |
| Madsen legacy | - | 170,000 | 170,000 | - |
| Other restricted donations | - | 50,888 | 50,888 | 2,072 |
| Other unrestricted donations | 1,435 | - | 1,435 | 17,999 |
| | <u>215,896</u> | <u>222,888</u> | <u>438,784</u> | <u>661,197</u> |

5. INTEREST RECEIVABLE

| | Unrestricted funds £ | Restricted funds £ | 2014 £ | 2013 £ |
|---|----------------------------|--------------------------|--------------|--------------|
| Interest receivable from bank and other short-term deposits | 9,387 | - | 9,387 | 6,624 |
| | <u>9,387</u> | <u>-</u> | <u>9,387</u> | <u>6,624</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

6. GRANTS RECEIVABLE

| | Unrestricted funds £ | Restricted funds £ | 2014 £ | 2013 £ |
|---|----------------------------|--------------------------|------------------|----------------|
| Arts Council England (ACE) | 315,000 | 585,420 | 900,420 | 234,267 |
| The British Museum | - | 31,585 | 31,585 | 29,702 |
| Friends of York Art Gallery | 525 | - | 525 | 8,446 |
| The Art Fund | - | 11,000 | 11,000 | 23,735 |
| NHMF Lottery Fund | - | 166,041 | 166,041 | 96,839 |
| J Paul Getty Jnr Charitable Trust | - | 50,000 | 50,000 | - |
| Feoffees of St Michael Spurriergate | - | - | - | 50,000 |
| The Headley Trust | - | 40,000 | 40,000 | 2,500 |
| National Arts Collection Fund | - | 36,221 | 36,221 | - |
| Kleinwort Benson | - | 100,000 | 100,000 | - |
| Tate Britain | - | 1,000 | 1,000 | - |
| Garfield Weston Foundation | - | - | - | 250,000 |
| Shepherd Building Group Ltd | - | 10,000 | 10,000 | 30,000 |
| Sir Siegmund Warburg Voluntary Settlement | - | - | - | 100,000 |
| Victoria & Albert Museum | - | 18,000 | 18,000 | 2,500 |
| Other grants | 1,600 | 5,523 | 7,123 | 1,446 |
| | <u>317,125</u> | <u>1,054,790</u> | <u>1,371,915</u> | <u>829,435</u> |

7. FUNDING PROVIDED BY CITY OF YORK COUNCIL

| | Unrestricted funds £ | Restricted funds £ | 2014 £ | 2013 £ |
|-----------------|----------------------------|--------------------------|------------------|------------------|
| Core funding | 1,205,366 | - | 1,205,366 | 1,506,708 |
| Capital funding | - | 250,000 | 250,000 | - |
| | <u>1,205,366</u> | <u>250,000</u> | <u>1,455,366</u> | <u>1,506,708</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

8. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

| | 2014 No. | 2013 No. |
|--|------------------|--------------------------|
| Average number of persons employed (full time equivalents): | | |
| Curatorial | 19 | 18 |
| Education | 8 | 7 |
| Gardens | 7 | 7 |
| Marketing | 4 | 3 |
| Premises | 3 | 3 |
| Visitor services | 24 | 27 |
| Directors and administrative staff | 19 | 17 |
| Trading subsidiary | 10 | 11 |
| | <u>94</u> | <u>93</u> |
| | 2014 | 2013 |
| | £ | As restated £ |
| Staff costs during the year | | |
| Wages and salaries | 2,583,688 | 2,531,063 |
| Social security costs | 164,025 | 160,635 |
| Pension costs | 275,097 | 243,205 |
| Defined benefit pension scheme costs | 72,000 | 58,000 |
| Associated pension finance (gain)/loss | (38,000) | 41,000 |
| | <u>3,056,810</u> | <u>3,033,903</u> |

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 (2013: £60,000) in the year was as follows:

| | 2014 No. | 2013 No. |
|-------------------|-------------|-------------|
| £60,001 - £70,000 | 1 | 1 |
| £70,001 - £80,000 | 1 | - |
| £80,001 - £90,000 | - | 1 |
| | <u>2</u> | <u>2</u> |

No trustees received remuneration during either year. Trustees received a total of £424 (2013: £192) relating to travel expenses reimbursed.

9. NET INCOMING RESOURCES FOR THE YEAR

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Net incoming resources for the year is stated after charging: | | |
| Depreciation and amortisation | | |
| Owned assets | 159,414 | 187,638 |
| Rentals under operating leases - land and buildings | 83,125 | 64,400 |
| Auditor's remuneration: | | |
| for the audit of the annual accounts | 13,000 | 12,700 |
| for non-audit services | 7,075 | 25,560 |
| | <u></u> | <u></u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

10. ANALYSIS OF TOTAL RESOURCES EXPENDED

| | Staff costs | Other | Depreciation | 2014 Total | 2013 Total As restated |
|--------------------------------------|------------------|------------------|----------------|------------------|------------------------------|
| | £ | £ | £ | £ | £ |
| Costs incurred by trading subsidiary | 220,315 | 273,011 | 17,030 | 510,356 | 545,357 |
| Charitable expenditure | | | | | |
| Curatorial | 663,118 | 533,020 | 5,606 | 1,235,744 | 1,068,008 |
| Education | 331,557 | 169,233 | 3,893 | 504,683 | 488,847 |
| Exhibitions and events | 5,861 | 49,815 | 39,046 | 94,722 | 244,603 |
| Gardens | 202,840 | 111,496 | 1,994 | 316,330 | 232,315 |
| Marketing | 298,975 | 475,612 | 5,219 | 779,806 | 674,335 |
| Premises | 174,489 | 692,802 | 74,884 | 942,175 | 1,343,111 |
| Visitor services | 858,914 | 268,569 | 7,486 | 1,134,969 | 1,311,936 |
| Admissions | 118,083 | 27,247 | 1,035 | 146,365 | 131,224 |
| Museum development | 148,658 | 158,041 | 3,221 | 309,920 | 210,000 |
| Management and governance | - | 16,354 | - | 16,354 | 16,516 |
| | <u>3,022,810</u> | <u>2,775,200</u> | <u>159,414</u> | <u>5,991,424</u> | <u>6,266,252</u> |

11. TAXATION

In respect of York Museums and Enterprises Limited only:

| | 2014 £ | 2013 £ |
|--|--------------|-----------|
| United Kingdom corporation tax at 20% (2013: 21%) on the profits of the trading subsidiary | <u>6,473</u> | <u>-</u> |

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20% (2013: 21%).
The actual tax charge for the current year differs from the standard rate for the following reasons:

| | 2014 £ | 2013 £ |
|---|--------------|-----------|
| Profit on ordinary activities after charitable donation | <u>6,692</u> | <u>-</u> |
| Tax on profit on ordinary activities at the standard rate | 1,338 | - |
| Expenses not deductible for tax purposes | 436 | - |
| Capital allowances in excess of depreciation | 2,537 | - |
| Movement in short-term timing differences | <u>2,162</u> | <u>-</u> |
| Total current tax charge for the year | <u>6,473</u> | <u>-</u> |

The charitable activities of York Museums and Gallery Trust are exempt from taxation under Chapter 3 of Part 11 of the Corporation Tax Act 2010.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

12. TANGIBLE FIXED ASSETS

| Group Cost | Assets under construction £ | Displays £ | Leasehold property improvements £ | Vehicles and other equipment £ | Total £ |
|---------------------------------|--|-----------------------|--|---|--------------------|
| At 1 April 2013 | - | 62,081 | 1,304,380 | 543,394 | 1,909,855 |
| Additions | 1,614,426 | - | - | 15,401 | 1,629,827 |
| At 31 March 2014 | 1,614,426 | 62,081 | 1,304,380 | 558,795 | 3,539,682 |
| Accumulated depreciation | | | | | |
| At 1 April 2013 | - | 62,081 | 536,508 | 454,734 | 1,053,323 |
| Charge for the year | - | - | 110,865 | 48,549 | 159,414 |
| At 31 March 2014 | - | 62,081 | 643,373 | 507,283 | 1,212,737 |
| Net book value | | | | | |
| At 31 March 2014 | 1,614,426 | - | 661,007 | 51,512 | 2,326,945 |
| At 31 March 2013 | - | - | 767,872 | 88,660 | 856,532 |

| Charity Cost | Assets under construction £ | Displays £ | Leasehold property improvements £ | Vehicles and other equipment £ | Total £ |
|---------------------------------|--|-----------------------|--|---|--------------------|
| At 1 April 2013 | - | 62,081 | 1,304,380 | 425,248 | 1,791,709 |
| Additions | 1,614,426 | - | - | 15,401 | 1,629,827 |
| At 31 March 2014 | 1,614,426 | 62,081 | 1,304,380 | 440,649 | 3,421,536 |
| Accumulated depreciation | | | | | |
| At 1 April 2013 | - | 62,081 | 536,508 | 374,955 | 973,544 |
| Charge for the year | - | - | 110,865 | 31,520 | 142,385 |
| At 31 March 2014 | - | 62,081 | 647,373 | 406,475 | 1,115,929 |
| Net book value | | | | | |
| At 31 March 2014 | 1,614,426 | - | 657,007 | 34,174 | 2,305,607 |
| At 31 March 2013 | - | - | 767,872 | 50,293 | 818,165 |

All tangible assets were used for charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

13. INVESTMENTS HELD AS FIXED ASSETS

Charity

| | 2014 £ | 2013 £ |
|--------------------------|-----------|-----------|
| Investment in subsidiary | <u>1</u> | <u>1</u> |

The charity owns 100% of the ordinary share capital of York Museums and Enterprises Limited, a company registered in England and Wales. York Museums and Enterprises Limited was incorporated on 21 June 2002 and commenced trading on 1 August 2002.

The income and expenditure of York Museums and Enterprises Limited for the year ended 31 March 2014 is summarised below:

| | 2014 £ | 2013 £ |
|--|------------------|------------------|
| Turnover | 749,679 | 758,137 |
| Cost of sales | <u>(391,754)</u> | <u>(426,031)</u> |
| Gross profit | 357,925 | 332,106 |
| Administrative expenses | <u>(128,602)</u> | <u>(129,326)</u> |
| Profit on ordinary activities for the financial year | 229,323 | 202,780 |
| Interest receivable and similar income | 314 | 218 |
| Charitable donation | <u>(222,945)</u> | <u>(202,998)</u> |
| Profit on ordinary activities before taxation | 6,692 | - |
| Taxation | <u>(6,473)</u> | <u>-</u> |
| Profit retained for the financial year | <u>219</u> | <u>-</u> |

The aggregate of the assets, liabilities and funds was:

| | 2014 £ | 2013 £ |
|-------------------------|------------------|------------------|
| Assets | 246,681 | 293,527 |
| Liabilities | <u>(246,461)</u> | <u>(293,526)</u> |
| | <u>220</u> | <u>1</u> |
| Represented by: | | |
| Called up share capital | 1 | 1 |
| Profit and loss account | <u>219</u> | <u>-</u> |
| | <u>220</u> | <u>1</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

14. STOCKS

| | 2014 Group £ | 2014 Charity £ | 2013 Group £ | 2013 Charity £ |
|------------------|--------------------|----------------------|--------------------|----------------------|
| Goods for resale | 72,954 | 1,892 | 82,513 | 3,153 |

15. DEBTORS

| | 2014 Group £ | 2014 Charity £ | 2013 Group £ | 2013 Charity £ |
|--------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 45,829 | 32,377 | 45,555 | 42,329 |
| Amount owed by subsidiary | - | 68,542 | - | 127,755 |
| Accrued income and other debtors | 453,548 | 444,039 | 139,182 | 126,741 |
| Prepayments | 59,632 | 56,940 | 88,594 | 85,098 |
| VAT recoverable | 60,346 | 60,346 | 31,885 | 31,885 |
| | 619,335 | 662,244 | 305,216 | 413,808 |

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014 Group £ | 2014 Charity £ | 2013 Group £ | 2013 Charity £ |
|---------------------------------|--------------------|----------------------|--------------------|----------------------|
| Trade creditors | 604,907 | 577,289 | 224,098 | 195,971 |
| Other creditors | 65,361 | 30,598 | 63,955 | 32,611 |
| Other taxes and social security | - | - | 7,382 | - |
| Accruals and deferred income | 500,693 | 391,627 | 240,422 | 141,504 |
| Corporation tax | 6,473 | - | - | - |
| Loan | 26,970 | 26,970 | 25,535 | 25,535 |
| | 1,204,404 | 1,026,484 | 561,392 | 395,621 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 2014 Group £ | 2014 Charity £ | 2013 Group £ | 2013 Charity £ |
|--------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Loan | 98,553 | 95,553 | 125,523 | 125,523 |
| Borrowings are repayable as follows: | | | | |
| | 2014 Group £ | 2014 Charity £ | 2013 Group £ | 2013 Charity £ |
| Loan | | | | |
| Between one and two years | 28,483 | 28,483 | 26,940 | 26,940 |
| Between two and five years | 70,070 | 70,070 | 90,039 | 90,039 |
| After five years | - | - | 8,544 | 8,544 |
| | 98,553 | 98,553 | 125,523 | 125,523 |
| Within one year | 26,970 | 26,970 | 25,535 | 25,535 |
| | 125,523 | 125,523 | 151,058 | 151,058 |

The loan from City of York Council is to be repaid over a nine year period in equal annual instalments. Interest is charged at a rate of 5.5% per annum.

18. MOVEMENT IN UNRESTRICTED FUNDS

Unrestricted funds comprise the following:

| Group | 1 April 2013 As restated £ | Income £ | Expenditure and taxation £ | Other gains and (losses) £ | 31 March 2014 £ |
|----------------------------|-------------------------------------|-------------|----------------------------------|----------------------------------|-----------------------|
| General unrestricted funds | 1,084,651 | 5,587,180 | (5,532,000) | - | 1,139,831 |
| Pension fund | (1,816,000) | - | (34,000) | 1,121,000 | (729,000) |
| | (731,349) | 5,587,180 | (5,566,000) | 1,121,000 | 410,831 |
| Charity | 1 April 2013 As restated £ | Income £ | Expenditure £ | Other gains and (losses) £ | 31 March 2014 £ |
| General unrestricted funds | 1,084,651 | 5,070,131 | (5,015,171) | - | 1,139,612 |
| Pension fund | (1,816,000) | - | (34,000) | 1,121,000 | (729,000) |
| | (731,349) | 5,070,131 | (5,049,171) | 1,121,000 | 410,612 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

19. MOVEMENT IN RESTRICTED FUNDS

Restricted funds comprise grants and donations given towards expenditure on the Trust's charitable aims.

| Group and charity | 1 April 2013 £ | Income £ | Expenditure £ | 31 March 2014 £ |
|--------------------------|----------------------|------------------|------------------|-----------------------|
| Art Gallery Project | 1,152,392 | 1,746,110 | (133,597) | 2,764,905 |
| Friends Art Gallery | - | 3,030 | (3,030) | - |
| Gordon Baldwin | 12,585 | 8,383 | (20,968) | - |
| Changing Spaces HLF | - | 166,041 | (11,327) | 154,714 |
| Anthony Shaw Collection | 374,525 | - | (957) | 373,568 |
| Bedale Hoard | - | 46,775 | (43,928) | 2,847 |
| Gold Torc | 6,282 | 27,848 | (32,500) | 1,630 |
| STFC Observatory Project | 1,357 | - | - | 1,357 |
| RENEW Flesh Travel | 7,228 | - | (1,659) | 5,569 |
| RENEW grant (Art Fund) | - | 36,221 | (36,221) | - |
| Silver Boar | 3,573 | 4,132 | (3,466) | 4,239 |
| Ceramics SSN | 3,178 | 375 | (670) | 2,883 |
| SMC Learning project | - | 8,800 | (8,088) | 712 |
| Portable Antiquities | - | 26,585 | (26,585) | - |
| Headley Trust Intern | - | 5,000 | (5,000) | - |
| Other | - | 19,155 | (9,592) | 9,563 |
| | <u>1,561,120</u> | <u>2,098,455</u> | <u>(337,588)</u> | <u>3,321,987</u> |

Restricted funds as at 31 March 2014 consist of unspent restricted grants.

The Art Gallery Project fund, which includes the Madsen legacy left to the Trust to be used in support of York Art Gallery, is held to fund the gallery's ongoing major refurbishment. The gallery is currently closed and is due to re-open to the public in 2015.

The Changing Spaces HLF fund is held to fund a World War 1 exhibition that opened at the Castle Museum in summer 2014.

The Anthony Shaw Collection fund is held to fund a new display in the refurbished Art Gallery when it reopens in 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

20. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

| Group | Unrestricted funds | Designated property fund | Restricted funds | Total |
|--------------------------------|--------------------|--------------------------|------------------|-------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | 263,621 | 448,898 | 1,614,426 | 2,326,945 |
| Current assets | 2,179,167 | - | 1,707,561 | 3,886,728 |
| Current liabilities | (1,204,404) | - | - | (1,204,404) |
| Long term liabilities | (98,553) | - | - | (98,553) |
| Pension liability | (729,000) | - | - | (729,000) |
| At 31 March 2014 | 410,831 | 448,898 | 3,321,987 | 4,181,716 |
| At 31 March 2013 (as restated) | (731,349) | 543,207 | 1,561,120 | 1,372,978 |

| Charity | Unrestricted funds | Designated property fund | Restricted funds | Total |
|--------------------------------|--------------------|--------------------------|------------------|-------------|
| | £ | £ | £ | £ |
| Fixed assets | 242,284 | 448,898 | 1,614,426 | 2,305,608 |
| Current assets | 2,022,365 | - | 1,707,561 | 3,729,926 |
| Current liabilities | (1,026,484) | - | - | (1,026,484) |
| Long term liabilities | (98,553) | - | - | (98,553) |
| Pension liability | (729,000) | - | - | (729,000) |
| At 31 March 2014 | 410,612 | 448,898 | 3,321,987 | 4,181,497 |
| At 31 March 2013 (as restated) | (731,349) | 543,207 | 1,561,120 | 1,372,978 |

The designated property fund relates to the net book value of assets purchased using restricted funds.

21. COMMITMENTS

Group and charity

a) Operating lease commitments

| | 2014 | | 2013 | |
|----------------------------|--------------------|-------|--------------------|-------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Leases which expire: | | | | |
| Within one year | 13,750 | - | - | - |
| Between two and five years | 88,300 | - | 64,400 | - |
| | 102,050 | - | 64,400 | - |

b) Capital commitments

| | 2014 | 2013 |
|---------------------------------|-----------|------|
| | £ | £ |
| Contracted for but not provided | 4,671,556 | - |

22. CHARITY STATUS

The charitable company is limited by guarantee for an amount not exceeding £1 per member, including any member who ceased to be a member within the previous twelve months.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

23. PENSION SCHEME

Financial Reporting Standard FRS 17 – Retirement Benefits

The Group contributes to the North Yorkshire Pension Fund. The scheme is a defined benefit scheme for the benefit of the employees. The assets of the scheme are administered by the North Yorkshire County Council in a fund independent from that of the Group. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 March 2013 and updated on an approximate basis to 31 March 2014.

The contributions made by the employer over the financial year have been £275,097 (2013: £243,205) equivalent to 13.1% of Pensionable Pay.

Assumptions

The assets of the Scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

| | 2014 | 2013 |
|---|--------------|--------------|
| Financial: | | |
| Rate of increase in salaries | 3.9% | 4.15% |
| Pension in payment increases | 2.4% | 2.4% |
| Discount rate | 4.5% | 4.2% |
| Inflation assumption | 2.4% | 2.4% |
| | 2014 | 2013 |
| | Years | Years |
| Life expectancy: | | |
| Male future pensioner aged 65 in 20 years' time | 25.3 | 25.1 |
| Female future pensioner aged 65 in 20 years' time | 27.8 | 27.7 |
| Male current pensioner aged 65 | 23.0 | 22.9 |
| Female current pensioner aged 65 | 25.5 | 25.4 |

The amounts recognised in the balance sheet are as follows:

| | 2014 £'000 | 2013 £'000 |
|-------------------------------------|---------------|---------------|
| Present value of scheme liabilities | (9,460) | (9,554) |
| Fair value of scheme assets | 8,731 | 7,738 |
| Deficit in the scheme | (729) | (1,816) |
| Related deferred tax asset | - | - |
| Net pension liability | (729) | (1,816) |

A deferred tax asset is unrecognised in respect of the pension deficit as the directors consider that it would not be prudent to do so.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

23. PENSION SCHEME (continued)

The assets in the scheme and the expected rate of return were:

| | Expected rate of return 2014 | Fair value 2014 £'000 | Expected rate of return 2013 | Fair value 2013 £'000 |
|------------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Equities | 7.0% | 5,849 | 7.0% | 4,952 |
| Government Bonds | 3.4% | 1,083 | 2.8% | 1,014 |
| Other Bonds | 4.3% | 655 | 3.9% | 782 |
| Property | 6.2% | 410 | 5.7% | 286 |
| Cash | 0.5% | 44 | 0.5% | 31 |
| Other | 7.0% | 690 | 7.0% | 673 |
| Total fair value of assets | | 8,731 | | 7,738 |
| Actuarial value of liability | | (9,460) | | (9,554) |
| Net pension deficit | | (729) | | (1,816) |

Movements in the deficit during the year are as follows:

| | 2014 £'000 | 2013 £'000 |
|-------------------------------|---------------|---------------|
| Deficit in scheme at 1 April | (1,816) | (1,686) |
| Movement in year: | | |
| Current service costs | (347) | (298) |
| Net gain/(loss) on assets | 38 | (41) |
| Contributions | 275 | 252 |
| Actuarial gain/(loss) | 1,121 | (31) |
| Curtailments | - | (12) |
| Deficit in scheme at 31 March | (729) | (1,816) |

Analysis of the amount charged to net finance charge for the year under Financial Reporting Standard 17 "Retirement Benefits" in relation to the Scheme.

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Expected return on pension scheme assets | (443) | (365) |
| Interest on pension scheme liabilities | 405 | 406 |
| Net finance (gain)/loss | (38) | 41 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

23. PENSION SCHEME (continued)

| | 2014 £'000 | 2013 £'000 |
|---|-----------------------|-----------------------|
| The amounts recognised in the income and expenditure account are: | | |
| Current service cost | 347 | 298 |
| Interest cost | 405 | 406 |
| Expected return on scheme assets | (443) | (365) |
| Effect of curtailments or settlements | - | 12 |
| Total charge to income and expenditure account | 309 | 351 |
| The amounts recognised in the statement of total recognised gains and losses are as follows: | 2014 £'000 | 2013 £'000 |
| Amount recognised during the period | 1,121 | (31) |
| Cumulative amount recognised | 1,090 | (31) |
| Asset and Liability Reconciliation | | |
| Reconciliation of assets | 2014 £'000 | 2013 £'000 |
| Assets at start of period | 7,738 | 6,474 |
| Expected return on plan assets | 443 | 365 |
| Actuarial gains on assets | 461 | 705 |
| Employer contributions | 275 | 252 |
| Member contributions | 123 | 107 |
| Benefits/transfers paid | (309) | (165) |
| Assets at end of period | 8,731 | 7,738 |
| Actual return on plan assets | 904 | 1,070 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

23. PENSION SCHEME (continued)

| | 2014 £'000 | 2013 £'000 |
|--------------------------------------|---------------|---------------|
| Reconciliation of liabilities | | |
| Liabilities at start of period | 9,554 | 8,160 |
| Current service cost | 347 | 298 |
| Interest on pension liabilities | 405 | 406 |
| Employee contributions | 123 | 107 |
| Curtailments | - | 12 |
| Actuarial (gain)/loss on liabilities | (660) | 736 |
| Benefits/transfers paid | (309) | (165) |
| | <hr/> | <hr/> |
| Liabilities at end of period | 9,460 | 9,554 |
| | <hr/> | <hr/> |

The company expects to contribute £2,225 per month to the Scheme during the year ending 31 March 2015.

The history of experience adjustments is as follows:

| | 2014 £ | 2013 £ |
|--|-------------------|---------------------|
| Scheme liabilities | (9,460) | (9,554) |
| Scheme assets | 8,731 | 7,738 |
| Deficit in the scheme | <hr/> (729) <hr/> | <hr/> (1,816) <hr/> |
| Experience adjustments on scheme liabilities | - | - |
| Percentage of scheme liabilities (%) | -% | -% |
| Experience adjustments on scheme assets | 461 | 705 |
| Percentage of scheme assets (%) | 5.3% | 9.1% |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

24. RELATED PARTY TRANSACTIONS

During the year, the Trust conducted the following transactions with its subsidiary, York Museums and Enterprises Limited:

The Trust levied a management charge on York Museums and Enterprises Limited amounting to £10,000 (2013: £10,000).

The subsidiary, York Museums and Enterprises Limited, made a gift aid donation to the Trust of £222,945 in the year ended 31 March 2014 (2013: £202,998).

At 31 March 2014, York Museums and Enterprises Limited owed the Trust a total of £68,542 (2013: £127,755).

25. SURPLUS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act, the statement of financial activity of the parent company is not presented as part of these accounts. The parent company's net incoming resources for the year ended 31 March 2014 amounted to £1,569,019 (2013: £638,278).

26. JOINT VENTURE

York Museums and Gallery Trust together with York Citizens Theatre Trust and Riding Lights have set up a joint venture, York Cultural Company, a not-for-profit organisation with the purpose of promoting cultural activities that originate in the City of York including organising theatrical, musical or choreographic performances. Each member has an equal share. There were no transactions in the year and the joint venture organisation retains a small surplus fund carried forward.

27. PRIOR PERIOD ADJUSTMENT

There has been a change of accounting policy in respect of the recognition of the defined benefit scheme in the accounts for the year ended 31 March 2014. This has been done to reflect the substance of the transaction based on current information regarding the liability. Although the pension liability existed in the prior year, no liability was recognised as the detailed information was not available and therefore in accordance with the requirements of FRS17, the scheme was accounted for as a defined contribution scheme. Subsequently, information for the current and prior year has become available and a prior period adjustment has been processed to reflect the impact of this change in accounting policy on the comparative figures. The comparative figures have been restated as follows:

| | 31 March 2013 Previously reported £ | Restatement £ | 31 March 2013 Restated £ |
|--------------------------|---|------------------|-----------------------------------|
| Group and charity | | | |
| Total unrestricted funds | 1,084,651 | (1,816,000) | (731,349) |
| Pension liability | - | (1,816,000) | (1,816,000) |
| Total resources expended | 6,167,252 | 99,000 | 6,266,252 |