

**YORK MUSEUMS AND GALLERY
TRUST**

(A company limited by guarantee)

Trustees' Report and Financial Statements

Year ended 31 March 2016

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

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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 (retired 11/11/2015)
J Bell
N Carmody
I M Cuthbertson
S Drummond
J Grierson (appointed 11/11/2015)
H J Hanstock (retired 11/11/2015)
L Harrison
D R Jagger (appointed 11/11/2015)
K Myers (appointed 11/11/2015)
S E Lusty
P R D Scott (retired 11/11/2015)
E F V Waterson (retired 11/11/2015)

COMPANY SECRETARY

A Wadsworth

PRINCIPAL OFFICERS – KEY MANAGEMENT PERSONNEL

J Barnes (retired 02/11/2015) - Chief Executive
R King (commenced 03/11/2015) - Chief Executive
Michael Woodward- Chief Operating Officer

REGISTERED OFFICE

St Mary's Lodge
Marygate
York
YO30 7DR

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
1 City Square
Leeds
LS1 2AL

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 and Gallery Trust ("YMT") for the financial year 2015-16. It has been a very busy year, and one that has seen great changes in YMT.

Janet Barnes (who had been with the Trust since its inception) retired as Chief Executive in November 2015, and our new CE Reyahn King (who had been shadowing Janet since September) took the helm. I, and my colleagues on the Board, are delighted with the way Reyahn has grasped the complexities of the Trust with apparent ease, and is already making her mark.

The biggest challenge we face, of course, is funding, with a steady decline in the support the City of York Council can afford to offer us. The inevitable reaction to our need to charge for entry to the newly opened York Art Gallery eventually subsided, and whilst visitor numbers are lower than we had hoped for, the sales of the new YMT Card have been extremely encouraging, especially amongst local people. As I write, we await the figures for how many existing card holders renew their membership, because that will have a big impact on future budgets.

We also successfully weathered the potentially catastrophic threats posed by the post-Christmas floods that hit the city, thanks in no small part to our wonderful staff who rallied to move objects to safety in our James Street stores, and at the Castle Museum. But the misleading news that York was 'closed for business' because of the floods did affect our visitor numbers.

On a much brighter note, the newly opened York Art Gallery has been widely (and in my view, deservedly) praised, locally, nationally, and internationally as a wonderful building, housing internationally significant ceramic and art collections. So far York Art Gallery has won three RIBA awards and two York Design awards for its architecture, was a finalist in the Art Fund Museum of the Year award, was Visit York's 'Visitor Attraction of the Year' and is the UK's Family Friendly Museum of the Year 2016. There has also been general acclaim for the new gardens behind the Gallery, linking Exhibition Square to the 'original' Museum Gardens via a new snickleway down the side of the Gallery.

The continuing success of YMT could not possibly be achieved without the efforts of our wonderful staff; I never cease to be amazed by their enthusiasm, knowledge and skill. To them, and my great colleagues on the Board of Trustees, I offer my sincere thanks.

Professor Sir John Lawton
Chairman, York Museums and Gallery Trust

12 December 2016

TRUSTEES' REPORT

STRATEGIC REPORT

The Trustees, who act as directors for the purposes of company law, present the audited financial statements for the year ended 31 March 2016.

Our purpose and activities

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

YMT carries out its mission through a broad range of activities, centred around but not limited to our main sites – York Art Gallery, York Castle Museum, York St Mary's, Yorkshire Museum and Museum Gardens.

In January 2016 the Trustees agreed the following Headline Priorities for the coming years:

- York Castle Museum major capital project and developing the Castle area as a cultural quarter
- Excellent, high profile programming, including strategic YMT-led events to attract visitors to York and high quality exhibitions at York Art Gallery
- Expanding Enterprises, building on success, becoming a more business-like charity and increasing our income streams and resilience
- Ensuring a Quality and 21st century Visitor Experience, pro-actively engaging visitors and sharing narratives
- Improving York's and York Museum Trust's profiles through local, regional and international leadership, partnership and delivering on all the expectations of key stakeholders

York Art Gallery

2015 was a momentous year for York Art Gallery which, on 1 August, reopened to the public after a two year extension and refurbishment. An investment of approximately £8m capital spend has increased the gallery's public space by more than 60% and created an appropriate home for the newly created Centre of Ceramic Art (CoCA) to display the gallery's world-class collection of British studio pottery.

The newly fitted-out exhibition spaces will enable the gallery to display its own collections, touring exhibitions and loans of the very highest quality. The opening displays celebrated the core collections, complemented and enhanced by specially commissioned works from contemporary artists, most notably Clare Twomey, Mark Hearld, Phil Eglin and Susie MacMurray.

We would once again like to acknowledge and thank all the funders for their support, including: Arts Council England; Karen Madsen; Peter Emil Madsen; City of York Council; Anthony Shaw Collection Trust; DCMS/Wolfson; Garfield Weston Foundation; The Foyle Foundation; Sir Siegmund Warburg's Voluntary Settlement; Holbeck Charitable Trust; John Ellerman Foundation; Friends of York Art Gallery; J.Paul Getty Jnr Charitable Trust; Shepherd Group; The Patricia and Donald Shepherd Charitable Trust; Feoffees of St Michael's Spurriergate; The Headley Trust; The Pilgrim Trust and, of course, the Friends of York Art Gallery.

TRUSTEES' REPORT

The new gallery has received many plaudits from visitors and the media, as well a number of prestigious awards, including three RIBA awards for the project's architecture, two York Design Awards, Visit York Attraction of the Year and was a finalist in the Art Fund's Museum of the Year prize.

The creation of the Centre of Ceramic Art gives York a marketable identity as a destination for those interested in ceramics from around the world, building on the city's unique collection of British studio pottery.

York Castle Museum

In March 2016 York Castle Museum launched its new 'Shaping the Body' exhibition which builds on the museum's reputation for providing highly accessible and fun ways to learn about the past. The exhibition explores 400 years of fashion, food and lifestyles to show the impact of all three on our bodies.

It covers some challenging topics but without dampening the enjoyment. A peer assessor has commented:

"The aim of the exhibition was mainly to show how body shape has changed through fashion, food and our lifestyles and this aim was definitely achieved."

"The visitors around me were very engaged, people loved dressing up, especially the children, but adults were excited to put on the dresses and hats too. I heard a few comments such as "imagine wearing that" and "I remember wearing that!"

York St Mary's

This deconsecrated church in Coppergate was again home to the Aesthetica Art Prize during April and May 2015. Due to the re-opening of York Art Gallery, with its own emphasis on contemporary art, York St Mary's was not programmed for the rest of the year, and options for its future use are currently being assessed. In the meantime, since June 2016, it has proved a useful space for the temporary exhibition Jorvik: Home and Abroad. This is a display that was run in partnership with the York Archaeological Trust whilst the Jorvik Viking Centre was closed due to flooding.

Yorkshire Museum

July 2015 saw the return of the most significant Viking treasure to be found in Britain in the last 150 years. The Vale of York Viking Hoard was found by metal detectorists in January 2007 and subsequently bought by the Yorkshire Museum and the British Museum in 2009. The hoard was displayed with new interpretation based on recent research. Since then it has been on show in Berlin, Copenhagen and in London.

The Yorkshire Museum's partnership with the team excavating the Early Mesolithic site at Star Carr in North Yorkshire resulted in the museum acquiring an 11,000 year old engraved shale pendant. The artwork on the tiny fragile pendant, uncovered by a research team from the Universities of York, Manchester and Chester, is the earliest known Mesolithic art in Britain. The discovery gained national and international coverage.

The discovery of Britain's oldest sauropod dinosaur fossil bone discovered also got a lot of media attention when it was added to the museum's collection. The bone, known as 'Alan', from the Middle Jurassic Period at about 176 million years old, was found near Whitby, Yorkshire. The vertebra originates from a group of dinosaurs that includes the largest land animals to have ever walked on Earth.

York Museum Gardens

Last year was also a very significant one for the gardens which were extended to the land behind York Art Gallery, creating an additional 4 acres of beautiful, high quality public space in the city centre. The new gardens reunite the precinct of St Mary's Abbey and create a new green, traffic-free route between Exhibition Square and the River Ouse.

It was not an easy project to deliver, not least because of the need to make safe those parts of the land still contaminated by WWII bombing, but the investment of time, skill and money has created a major new asset for the city. Thanks are due to Yorventure and City of York Council for capital funding.

York Museum Gardens were awarded a gold medal by Yorkshire in Bloom for the third year running in 2015.

Digital Engagement

YMT is actively developing and promoting digital access both to our own collections and across the museums sector.

YMT worked in partnership with Wikimedia UK connecting with a third of accredited museums in Yorkshire to extol the benefits of open licensing. This resulted in more than 3 million views of museum images on Wikipedia.

The trust created a pilot project on the dissemination of teaching resources through the Google Cultural Institute platform, working with five partner museums to release imagery and video content online as part of the project.

TRUSTEES' REPORT

YMT has also taken part in various conferences and case studies to promote digital openness, including the Collections Trust, GLAM, the GEM learning group, the Public Catalogue Foundation and hosted the Museum Computer Group's Spring Workshop.

YMT also has continued our strategy of working with major digital platforms to maximise access to its collection. We have built on close ties with Wikimedia UK and as a result YMT images have approximately 350,000 views per month on Wikipedia, and growing. This expertise has been shared with the museum sector in the region.

YMT also works with Google, through their Cultural Institute. A YMT exhibition on this platform will typically reach c1m people. YMT has also piloted the dissemination of teaching resources via this site. Again, YMT has shared this learning with the sector and has worked with five partner museums, helping them to digitise and release content on the Cultural Institute.

Learning and Outreach

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.

YMT's public programme of talks, workshops and events for adults also includes regular sensory tours, particularly suitable those with a sight impairment, and monthly practical, inclusive Arts for Well-being sessions.

York Art Gallery alone has hosted 15 Workshops with community organisations including York Blind & Partially Sighted Society, York Carers Forum, Magnetic Arts who run arts workshops for adults with mental health issues and Blueberry Academy who lead work related learning for adults with additional support needs. Since reopening the Gallery's learning and outreach programmes have given 61 Days paid work to 19 local artists.

The 10,000 slip cast bowls that make up Clare Twomey's installation, Manifest, were made in workshops at York College, the University of York and in London at Westminster School, involving over 170 People.

The Project Gallery at York Art Gallery, has hosted 4 exhibitions that have involved 4,183, mostly local, people in producing art for display.

Both the 1914 and Shaping the Body galleries at York Castle Museum have community programmed spaces. Groups engaged with include the York Quakers, York Oral History Society, the 1914-18 Commemorative Quilt Group, Friends of York Cemetery and CYC's Youth Offending Team.

York Castle Museum was also recently one of five locations that displayed artwork by homeless people, in a project run with York SASH.

The learning programmes continued to thrive and during the academic year 2014-15, 35,561 children visited in booked groups across the three venues, of which 7,441 were from York schools.

Territories is YMT's long standing community arts programme. Through it we aim to address some of the barriers that prevent people from getting involved in art and cultural experiences and provide opportunities for people who would not otherwise be able to participate. Territories projects continued at York Castle Museum linked to two galleries, the 1914 exhibition and the new Shaping the Body gallery which opened in March 2016. This year the project worked with families from York children's centres, the charity IDAS (Independent Domestic Abuse Support), local pre-school and Brownie units and Refugee Action York's 4Corners youth group.

Genesis is our engagement programme for young people aged 14 – 24. It comprises projects and competitions to inspire and involve young people, directly relating to their studies and career interests:

- Young people took part in an animation project for 14-16 year olds, working with professional animators to create a short animated film which was shown in the 1914 exhibition.
- Young people from schools across the city participated in the Griffin's Nest challenge in partnership with North Yorkshire Business and Education Partnership. Schools were sent a creative brief to design an evening event to attract visitors into York City Centre in a project designed to develop enterprise skills.
- Fashion students at York College worked with York Art Gallery to create fashion designs that incorporate ceramics, currently on display alongside the CoCA collection.

Volunteers

From April 2015 to March 2016 YMT worked with 352 volunteers, who contributed a total of 14,192 hours across all sites. These hours were split between visitor facing roles (9,344 hrs) and behind the scenes roles (4,848 hrs). York Castle Museum in particular benefitted from volunteer input behind the scenes in the run up to the new 'Shaping the Body' exhibition, which volunteers supported with over 1,200 hrs of research, as well as practical help in emptying the gallery and helping with the installation of the new exhibition.

TRUSTEES' REPORT

There were 49 individual opportunities available for volunteers throughout this period. Two major new projects during this time were the Anthony Shaw space at York Art Gallery and the introduction of costumed volunteers on Kirkgate, the Victorian street at the Castle Museum, which have both attracted high numbers of volunteers, and are enhancing the visitor offer at both sites.

The Volunteers Team also administers placements across the Trust. This year we have worked with 28 placements across all sites, from a variety of sources, including local and regional schools, colleges and universities, and also international students who came to us through the European Erasmus Programme. Between them they contributed 244 days, covering a wide variety of tasks such as research, collections management, exhibition development and also visitor facing roles.

Regional Museum Development

YMT's regional development programme continues with the Museums Development Yorkshire programme providing information, advice, guidance and consultancy to small and medium sized accredited museums across Yorkshire and Humberside. Financial year 2015-16 was the first year of our renewed contract with Arts Council England and the following outputs were delivered:

- 87% of eligible Museums received support from Museum Development Yorkshire
- Provided Museum Accreditation support to 29 organisations
- 597 CPD opportunities were taken up by staff and volunteers
- 88% supported museums reported that collections were better cared for and 94% reported that they were better managed
- Improved storage conditions of 60,000 objects
- 70% of supported museums improved their approaches to audience data, audience development or accessibility
- Supported 15 museum organisations to improve their formal or informal learning offer benefitting 24,000 young people
- Raised or leveraged £159,000 for revenue or project funds in regional museums
- Awarded £147,000 of grant funding to regional museums

YMT's museum development team are one of nine providers delivering a comprehensive development support programme to museums in England. This programme is made possible by investment from Arts Council England in addition to YMT's status as a Major Partner Museum.

York Museums and Enterprises Ltd

York Museum Trust's Trading Subsidiary Company once again saw significant growth in turnover and gross profit in 2015/16. The charitable distribution payable to York Museums and Gallery Trust increased to £269,600 (2015: £221,800).

The growth is largely attributable to the fact that York Art Gallery re-opened to the public on 1 August 2015, with new retail, catering and venue hire opportunities for the company.

The company has also been exploring potential opportunities in the newly extended York Museum Gardens and anticipates further expansion in turnover and profit in 2016/17 financial year.

Collections Stewardship Acquisitions

During the year 271 items were acquired from 55 different sources.

Purchases included:

- an Anglo-Saxon grave assemblage
- the Buttercrambe with Bossall Hoard
- a ceramic figure, 'Melanie' by Grayson Perry

TRUSTEES' REPORT

Donations included:

- ceramics by Alison Britton, Edmund de Waal and eight different members of the Leach family
- items for inclusion in the exhibition 'Shaping the Body'
- ephemera relating to the 2015 general election
- Yorkshire fossil specimens.

Archaeological sites: Accession numbers were issued to archaeological excavation units working on five sites in the York area.

Loans in: A total of 179 items were borrowed from 28 lenders.

Items borrowed were placed on display in the newly refurbished Art Gallery and exhibitions including:

- 'The Lumber Room'
- '1914: When the World Changed Forever'
- 'Extinct: A Way of Life'

Loans out: 177 items were loaned to 22 borrowers including the following exhibitions:

- 'Power & Glory: York in the Time of Henry VIII', York Archaeological Trust
- 'Magna Carta and the Changing Face of Revolt', Durham University Library
- 'Sickert in Dieppe', Pallant House Gallery (Chichester)
- 'The Fabric of India', Victoria and Albert Museum
- 'Danger and Beauty: William Turner and the Tradition of the Sublime', Museum de Fundatie, Zwolle (Netherlands)
- 'Artist and Empire: Facing Britain's Imperial Past', Tate Britain
- 'Correggio e Parmigianino. Arte a Parma nel Cinquecento.', Scuderie del Quirinale (Rome)
- 'Road Racers: The Local History of Cycle Racing', Woodhams Stone Collection (Malton)
- 'The Civil Wars in Yorkshire', Pontefract Museum
- 'Consuming Passions: Luxury Shopping in Georgian Britain', Fairfax House (York)
- 'Hoards: The Hidden History of Ancient Britain', the British Museum
- 'A Century of Shoes: The Rise and Fall of the Georgian Heel', Fairfax House (York)
- 'Dinosaur Hunters', Milestones Museum, Basingstoke
- 'Dinosaurs in your Garden', Willis Museum and Sainsbury Gallery (Basingstoke)

Conservation: 55 items were conserved, mainly for inclusion in forthcoming exhibitions.

Visitor numbers and performance

It was another difficult year for museums that have to charge admission and, in common with many other York attractions, we saw some significant decreases in visitor numbers. The overall number of visitors held up reasonably well at 403,724 thanks to the reopening of York Art Gallery in August 2015. Numbers at York St Mary's dropped dramatically simply because there was no summer exhibition in 2015 due to the reopening of York Art Gallery.

	Actual	Last year	% Change
York Castle Museum	246,973	290,841	-15%
Yorkshire Museum	88,997	98,911	-10%
York St Mary's	6,966	28,105	-75%
York Art Gallery	60,788	-	n/a
Total	403,724	417,857	-3%

TRUSTEES' REPORT

We continue to achieve high visitor satisfaction results:

At Yorkshire Museum:

- 99% of visitors were either satisfied or very satisfied with their visit
- 99% would recommend the museum to others
- 93% would visit again
- 99% said it was good or very good value for money

When asked which was their favourite exhibition or experience 51% responded "all of it".

At York Castle Museum:

- 99% of visitors were either satisfied or very satisfied with their visit
- 100% would recommend the museum to others
- 96% would visit again
- 98% said it was good or very good value for money

In a reversal of previous years' results, the Prison Cells were the favourite exhibition of 36% of visitors, the Victorian Street was favourite with 24% and 20% responded "all of it".

At York Art Gallery:

- 99% of visitors were either satisfied or very satisfied with their visit
- 100% would recommend the gallery to others
- 88% would visit again (of those saying 'No' nearly 90% gave 'Won't be in York again' as the reason)
- 94% said it was good or very good value for money

The new 'Centre of Ceramic Art' was the most popular gallery - 38% of visitors named it their favourite. "All of it" was the second most popular response (at 26%).

Financial review

The group had net income for the year on the general unrestricted fund (excluding the pension fund) of £126,274 (note 18) (2015: £266,851), net expenditure on designated funds of £279,559 (2015: £93,879) and net income on the restricted funds of £553,927 (2015: £5,122,529). Total net income for the year before other recognised gains and losses were £114,631 (2015: £5,432,020 after restating income (see note 27) for the transition to FRS 102).

The actuarial gain on the pension fund for the year was £666,000 (2015: loss £ (925,000)). At the year end, the group had total funds of £9,569,367 (2015: £8,788,736).

During the year the group received restricted donations and grants totalling £2,975,220 (2015: £4,411,499), giving restricted funds of £282,822 held at the year end after transferring completed fixed assets to the designated property fund (2015: £7,252,626).

The unrestricted free reserves of the group at 31 March 2016 were a surplus of £896,268 (2015: deficit £224,500), 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.

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. We now have confirmation of Major Partner Museum funding from Arts Council England until March 2018 and have reached in principle agreement on revenue funding from City of York Council for the same period so are able to plan our commitments accordingly. 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.

TRUSTEES' REPORT

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.

Staff Numbers

Average staff numbers for the year ending March 2016 were: 61 full time, 56 part time, 65 casual totalling 182.

PLANS FOR FUTURE PERIODS

YMT has recently reviewed its strategy and forward plan to 2021.

In terms of capital developments, YMT is going to prioritise:

- a) York Castle Museum major project
- b) Improvements (including infrastructure for night time events) and Interpretation of Museum Gardens building on the Master Plan
- c) Collections Storage and rationalisation at Birch Park
- d) Improvement projects at the Castle Museum prior to major capital redevelopment

The programme of major exhibitions at York Art Gallery continues in 2016-17 with 'Flesh', a loan exhibition curated in-house, and a retrospective of York born artist Albert Moore in Summer 2017.

York Castle Museum new displays are planned for Spring 2017 based on York's strong historical connection with chocolate and other confectionary.

Preparations are underway at the Yorkshire Museum for a major Viking exhibition, in partnership with the British Museum, to be launched at the Yorkshire Museum in 2017 then tour selected venues around Britain.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees have reviewed the major risks to which the group 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. The Trust's plans emphasise the need to continually invest in new exhibitions, events and marketing in order to maintain and increase income from visitors and budgets are prioritised to allow this to happen. The Trust also pays close attention to maintaining good relations with key funders.

PUBLIC BENEFIT

The Trustees consider the activities of the group to be for the public benefit, and that the group is a Public Benefit Entity. Furthermore, they confirm that they have referred to the Charity Commission's general guidance on the public benefit requirement under the Charities Act 2011 when reviewing the group's aims and objectives and in planning future activities.

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 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.

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 six times per annum and there are the following sub committees which meet as follows:

Committee of the Board

A Finance and General Management committee which meets approximately six times per year, or as required, with the Chief Executive and the Chief Operating Officer 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 annual 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.

Pay policy for senior staff, including key management personnel

The trustees consider that the Board of trustees, the Chief Executive Officer and the Chief Operating Officer comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 7 to the accounts.

The pay of the senior staff is reviewed annually by the remuneration committee and % changes are normally the same as for other members of staff, taking into account general inflation and the Trust's financial position.

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.

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, being £900,000. At 31 March 2016, the charity's free reserves, as defined as unrestricted funds not represented by fixed assets had not yet reached this amount. The charity is budgeting to make unrestricted surpluses of c.£200,000 per year in order to increase the reserves to the desired level.

AUDITOR

It is intended to re-tender the Audit service during 2016; Deloitte LLP have indicated their willingness to continue and will be invited to tender.

STATEMENT OF DISCLOSURE TO THE AUDITOR

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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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:


L. HARRISON

12 December 2016

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 2016 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 28. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016, 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.

Sarah Anderson

Sarah Anderson FCCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

15 December 2016

YORK MUSEUMS AND GALLERY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating income and expenditure account)

Year ended 31 March 2016

		Unrestricted Funds				
	Note	General funds	Designated funds	Restricted funds	Total Funds 2016	Total Funds restated 2015
		£	£	£	£	£
INCOME FROM:						
Charitable activities						
Income from charitable activities	2	2,314,945	-	100,216	2,415,161	2,261,433
Funding provided by City of York Council	6	605,366	-	850,000	1,455,366	2,355,366
Funding provided by the Arts Council England		-	-	1,230,000	1,230,000	1,274,496
Donations, legacies and general grants						
Donations and legacies	3	247,623	-	95,545	343,168	315,058
General grants receivable	5	363,324	-	699,459	1,062,783	4,451,606
Other trading activities						
Income generated by subsidiary	13	864,822	-	-	864,822	755,345
Investments						
Interest receivable	4	2,836	-	-	2,836	7,328
TOTAL INCOME		4,398,916	-	2,975,220	7,374,136	11,420,632
EXPENDITURE ON:						
Raising funds						
Costs incurred by subsidiary		584,118	-	-	584,118	520,680
Charitable expenditure						
Curatorial		478,769	-	651,049	1,129,818	1,004,559
Education		219,430	-	283,108	502,538	474,250
Exhibitions and events		29,914	242,923	320,929	593,766	254,674
Gardens		290,756	-	113,565	404,321	342,708
Marketing		283,790	-	501,714	785,504	822,997
Premises		732,239	36,636	512,094	1,280,969	1,006,060
Visitor services		1,473,589	-	9,845	1,483,434	1,130,089
Admissions		152,154	-	1,125	153,279	147,755
Museum development		312,875	-	27,864	340,739	281,953
Total charitable expenditure	9	3,973,516	279,559	2,421,293	6,674,368	5,465,045
TOTAL EXPENDITURE		4,557,634	279,559	2,421,293	7,258,486	5,985,725
Net income/(expenditure) before taxation		(158,718)	(279,559)	553,927	115,650	5,434,907
Taxation charge	11	(1,019)	-	-	(1,019)	(2,887)
Net income/(expenditure)		(159,737)	(279,559)	553,927	114,631	5,432,020
OTHER RECOGNISED GAINS/(LOSSES)						
Actuarial gain/(loss) on defined benefit pension	23	666,000	-	-	666,000	(925,000)
Transfer pension fund to designated fund		1,183,000	(1,183,000)	-	-	-
Transfers between funds		-	7,669,247	(7,669,247)	-	-
NET MOVEMENT IN FUNDS		1,689,263	6,206,688	(7,115,320)	780,631	4,507,020

YORK MUSEUMS AND GALLERY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating income and expenditure account)

Year ended 31 March 2016

		Unrestricted Funds				
	Note	General funds	Designated funds	Restricted funds	Total Funds 2016	Total Funds restated 2015
		£	£	£	£	£
RECONCILIATION OF FUNDS:						
Funds brought forward as previously reported		(224,500)	1,615,094	7,252,626	8,643,220	4,181,716
Prior period adjustment	27	-	-	145,516	145,516	100,000
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Funds brought forward as restated		(224,500)	1,615,094	7,398,142	8,788,736	4,281,716
Net movement in funds for the year		1,689,263	6,206,688	(7,115,320)	780,631	4,507,020
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances carried forward at 31 March 2016		1,464,763	7,821,782	282,822	9,569,367	8,788,736
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All income and expenditure is derived from continuing activities. All gains and losses recognised in the current and prior year are included above.

See note 28 for comparative Consolidated Statement of Financial Activities analysed by funds.


See note 27 for details of restatement.

YORK MUSEUMS AND GALLERY TRUST

CONSOLIDATED BALANCE SHEET At 31 March 2016

	Note	2016	2015
		£	As restated £
FIXED ASSETS			
Tangible assets	12	9,681,117	8,850,449
CURRENT ASSETS			
Stocks	14	91,765	86,048
Debtors	15	960,214	1,574,571
Cash at bank and in hand		1,146,109	1,042,550
		<u>2,198,087</u>	<u>2,703,169</u>
CREDITORS: amounts falling due within one year	16	<u>(1,021,265)</u>	<u>(1,131,811)</u>
NET CURRENT ASSETS		<u>1,176,822</u>	<u>1,571,358</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,857,939</u>	<u>10,421,807</u>
CREDITORS: amounts due in more than one year	17	<u>(105,572)</u>	<u>(70,071)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>10,752,367</u>	<u>10,351,736</u>
Defined Benefit Pension Scheme liability	23	<u>(1,183,000)</u>	<u>(1,563,000)</u>
NET ASSETS		<u><u>9,569,367</u></u>	<u><u>8,788,736</u></u>
FUNDS			
Unrestricted funds:			
General unrestricted funds	18	1,464,763	1,338,500
Designated funds:			
Pension fund	23	(1,183,000)	(1,563,000)
Property fund		9,004,782	1,615,094
Total designated funds	18	<u>7,821,782</u>	<u>52,094</u>
Restricted funds	19	<u>282,822</u>	<u>7,398,142</u>
		<u><u>9,569,367</u></u>	<u><u>8,788,736</u></u>

These financial statements of York Museums and Gallery Trust, company registered no 04381647, were approved and authorised for issue by the Board of Trustees on 12 December 16 and were signed on its behalf by:


L HARRIS

YORK MUSEUMS AND GALLERY TRUST

CHARITY BALANCE SHEET At 31 March 2016

	Note	2016	2015
			As restated
		£	£
FIXED ASSETS			
Tangible assets	12	9,678,820	8,842,583
Investments	13	<u>1</u>	<u>1</u>
		9,678,821	8,842,584
CURRENT ASSETS			
Stocks	14	1,250	1,662
Debtors	15	897,486	1,597,726
Cash at bank and in hand		<u>1,092,186</u>	<u>948,531</u>
		1,990,922	2,547,919
CREDITORS: amounts falling due within one year	16	<u>(877,418)</u>	<u>(968,739)</u>
NET CURRENT ASSETS		1,113,504	1,579,180
TOTAL ASSETS LESS CURRENT LIABILITIES		10,792,325	10,421,764
CREDITORS: amounts falling due in more than one year	17	<u>(39,989)</u>	<u>(70,071)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		10,752,336	10,351,693
Defined Benefit Pension Scheme liability	23	<u>(1,183,000)</u>	<u>(1,563,000)</u>
NET ASSETS		<u>9,569,336</u>	<u>8,788,693</u>
FUNDS			
Unrestricted funds:			
General unrestricted funds	18	1,464,732	1,338,458
Designated funds:			
Pension fund	23	(1,183,000)	(1,563,000)
Property fund		<u>9,004,782</u>	<u>1,615,094</u>
Total designated funds	18	7,821,782	52,094
Restricted funds	19	<u>282,822</u>	<u>7,398,141</u>
		<u>9,569,336</u>	<u>8,788,693</u>

These financial statements of York Museums and Gallery Trust, company registered number 04381647, were approved and authorised for issue by the Board of Trustees on ~~12 December~~ 16 and were signed on its behalf by:


L. HARRISON

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2016

	Note	2016 £	2015 As restated £
Cash flows from operating activities	1	1,721,272	4,700,362
Cash flows from investing activities	2	(1,589,230)	(6,825,282)
Cash flows from financing activities	3	(28,483)	(26,969)
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents in the year		103,559	(2,151,889)
Cash and cash equivalents at the start of the year		1,042,550	3,194,439
Cash and cash equivalents at the end of the year		<hr/>	<hr/>
		1,146,109	1,042,550

Cash and cash equivalents are represented by cash at bank and in hand.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2016

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES		
	2016	2015
	£	£
Net income for the year (as per the Statement of Financial Activities)	115,650	5,434,907
Interest receivable	(2,836)	(7,328)
Depreciation	761,393	309,105
Pensions movements	286,000	(91,000)
(Increase) in stocks	(5,717)	(13,094)
Decrease/(increase) in debtors	614,365	(855,235)
(Decrease) in creditors	(44,696)	(70,520)
Tax paid	(2,887)	(6,473)
Net cash inflow from operating activities	<u>1,721,272</u>	<u>4,700,362</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES		
	2016	2015
	£	£
Interest receivable	2,836	7,328
Purchase of tangible fixed assets	(1,592,066)	(6,832,610)
	<u>(1,589,230)</u>	<u>(6,825,282)</u>
3. CASH FLOWS FROM FINANCING ACTIVITIES		
	2016	2015
	£	£
Repayment of bank loans	<u>(28,483)</u>	<u>(26,969)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES

York Museums and Gallery Trust, a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 11 Trustees who are also the members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. York Museums and Gallery Trust is a registered charity. The registered office is shown on page 1.

Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Ireland (FRS102) and the Companies Act 2006. The particular accounting policies adopted are described below.

The financial statements are prepared under the historical cost convention.

Reconciliation with previous Generally Accepted Accounting Practice

The date of transition to FRS102 was 1 April 2014. In preparing the financial statements, it has been considered whether the restatement of comparative items was required in applying the accounting policies required by FRS102 and the Charities SORP FRS102.

The prior year financial statements were restated for material adjustments relating to grant income on adoption of FRS 102 in the current year, for more information see note 27. In addition Governance costs have been restated to reclassify them as a support cost and have therefore been allocated to activities along with other support costs. There is no effect on the total expenditure for the current or prior year.

The disclosure requirements of both FRS102 and the Charities SORP FRS102 have been fully applied and the comparative disclosure has been restated accordingly.

The company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemption available to it in respect of its separate financial statements in relation to presentation of a charity-only statement of financial activities and cash flow statement.

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 for at least one year 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 and consolidated on a line by line basis. The results of the subsidiary undertaking are disclosed in note 13.

These financial statements do not consolidate the results of the charity’s joint venture, York Cultural Company, on the grounds of immateriality. Further detail on the joint venture is shown in note 26.

Income

Income is recognised in the statement of financial activities when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Income from donations, legacies and grants, including capital grants, is included in income 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 income 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 income of restricted funds when receivable.

Expenditure

Expenditure is included in the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Charitable expenditure and support costs comprise direct expenditure including direct staff costs attributable to the activity. Where support 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 (support costs) are those incurred in connection with the management of the Museum's assets, organisational administration and governance costs regarding compliance with constitutional and statutory requirements.

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:

Freehold property	:	4% per annum
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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation is not provided on assets in the course of construction until the asset is brought into use in the business and has been transferred to the appropriate asset category.

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.

Financial Instruments

The charity and group only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity held for working capital. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Employee benefits - 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.

Critical Accounting Estimates and Judgements

In the application of the group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Fund accounting

Funds held by the charity are either:

- Unrestricted general funds – these are funds that 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.
- Designated pension fund - this represents the actuarial deficit on YMT's section of the North Yorkshire Pension Fund.

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

Operating leases

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

2. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
Admission fees	2,038,124	-	2,038,124	1,927,910
YMT card income	196,602	-	196,602	-
Miscellaneous	80,219	100,216	180,435	333,523
	<u>2,314,945</u>	<u>100,216</u>	<u>2,415,161</u>	<u>2,261,433</u>

3. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
Gift aid donations	243,568	-	243,568	227,916
Sylvia and Colin Shepherd Trust	-	-	-	1,000
Yorkshire Philosophical Society	-	25,000	25,000	80,000
S J Harker	-	60,000	60,000	-
The Headley Trust	-	5,500	5,500	-
S Nichols	-	5,000	5,000	-
Other restricted donations	-	45	45	2,929
Other unrestricted donations	4,055	-	4,055	3,213
	<u>247,623</u>	<u>95,545</u>	<u>343,168</u>	<u>315,058</u>

4. INTEREST RECEIVABLE

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
Interest receivable from bank and other short-term deposits	2,836	-	2,836	7,328
	<u>2,836</u>	<u>-</u>	<u>2,836</u>	<u>7,328</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

5. GENERAL GRANTS RECEIVABLE

	Unrestricted funds £	Restricted funds £	2016 £	2015 As restated £
Arts Council England (ACE)	331,848	340,513	672,361	3,100,461
Department for Culture, Media and Sport	-	200,000	200,000	300,000
City of York Council	-	-	-	750
The British Museum	-	32,298	32,298	31,267
Friends of York Art Gallery	-	43,928	43,928	4,156
The Art Fund	-	24,126	24,126	1,000
NHMF Lottery Fund	-	-	-	805,596
John Ellerman Foundation	-	26,800	26,800	26,800
Foyle Foundation	-	-	-	150,000
Shepherd Building Group Ltd	-	-	-	10,000
Victoria & Albert Museum	-	24,500	24,500	-
Gordon Baldwin	11,390	-	11,390	-
Wikimedia UK	-	8,335	8,335	-
Other grants	20,086	(1,041)	19,045	21,576
	<u>363,324</u>	<u>699,459</u>	<u>1,062,783</u>	<u>4,451,606</u>

6. FUNDING PROVIDED BY CITY OF YORK COUNCIL

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
Core funding	605,366	-	605,366	1,105,366
Capital funding	-	850,000	850,000	1,250,000
	<u>605,366</u>	<u>850,000</u>	<u>1,455,366</u>	<u>2,355,366</u>

7. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

	2016 No.	2015 No.
Average number of persons employed (full time equivalents):		
Curatorial	21	21
Education	6	7
Gardens	7	7
Marketing	5	4
Premises	3	3
Visitor services	29	25
Directors and administrative staff	19	20
Trading subsidiary	11	9
	<u>101</u>	<u>96</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

7. INFORMATION REGARDING TRUSTEES AND EMPLOYEES (CONTINUED)

	2016	2015
	No.	No.
Average number of persons employed:		
Curatorial	22	22
Education	16	16
Gardens	10	10
Marketing	6	6
Premises	3	3
Visitor services	78	69
Directors and administrative staff	20	21
Trading subsidiary	27	25
	<u>182</u>	<u>172</u>

	2016	2015
	£	£
Staff costs during the year		
Wages and salaries	2,726,564	2,579,059
Social security costs	158,335	152,467
Pension costs	345,955	378,053
	<u>3,230,944</u>	<u>3,109,579</u>
Staff costs before pension items	3,230,944	3,109,579
Defined benefit pension scheme costs	239,000	6,000
Associated pension net finance gain/(loss)	47,000	(97,000)
	<u>3,516,944</u>	<u>3,018,579</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 (2015: £60,000) in the year was as follows:

	2016	2015
	No.	No.
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
	<u>2</u>	<u>1</u>

The key management personnel of the parent charity and the group comprise the Chief Executive, and Chief Operating Officer. The total employee benefits (including pension contributions but excluding social security costs) of the key management personnel of the charity and the group were £186,395 (2015: £149,464). The total social security costs of the key management personnel of the charity and group totalled £17,134 (2015: £14,602). Due to the change of Chief Executive Officer during the year the numbers shown refer to the numbers of posts in each band rather than payments to particular individuals.

No trustees received remuneration or benefits during either year. Trustees received a total of £275 (2015: £319) relating to travel expenses reimbursed to one Trustee (2015: two).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

8. NET INCOME FOR THE YEAR

	2016 £	2015 £
Net income for the year is stated after charging:		
Depreciation and amortisation		
Owned assets	761,393	309,105
Rentals under operating leases - land and buildings	88,371	102,616
Cost of stock recognised as an expense	181,469	163,380
Auditor's remuneration:		
Fees payable for the audit of the charity's annual accounts	18,000	16,750
Fees payable for the audit of the charity's subsidiary	3,500	3,500
Fees payable to the charity's auditor for other services to the group	425	425

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Activity	Activities undertaken directly £	Support costs £	Total 2016 £	Total 2015 As restated £
Curatorial	857,717	272,101	1,129,818	1,004,559
Education	416,216	86,322	502,538	474,250
Exhibitions and events	592,062	1,704	593,766	254,674
Gardens	305,778	98,543	404,321	342,708
Marketing	580,641	204,863	785,504	822,997
Premises	1,162,922	118,047	1,280,969	1,006,060
Visitor services	991,365	492,069	1,483,434	1,130,089
Admissions	102,427	50,852	153,279	147,757
Museum Development	340,739	-	340,739	281,951
	5,349,867	1,324,501	6,674,368	5,465,045

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

10. ANALYSIS OF SUPPORT COSTS

2016	Curatorial	Education	Exhibitions and events	Gardens	Marketing	Premises	Visitor Services	Admissions	Total	Basis of allocation
	£	£	£	£	£	£	£	£	£	
Finance & Prof. Fees	56,229	17,839	352	20,364	42,335	24,395	101,687	10,509	273,710	% Salary Expenditure
IT	48,399	15,354	303	17,528	36,439	20,997	87,525	9,045	235,590	% Salary Expenditure
Staffing & HR	83,588	26,518	523	30,272	62,933	36,264	151,162	15,622	406,882	% Salary Expenditure
Senior Management	50,113	15,898	314	18,149	37,730	21,741	90,625	9,366	243,936	% Salary Expenditure
Admin	21,785	6,911	136	7,889	16,401	9,451	39,395	4,071	106,039	% Salary Expenditure
Cleaning & Hygiene	2,357	747	15	854	1,774	1,022	4,262	440	11,471	% Salary Expenditure
Other Costs	940	298	7	340	709	407	1,699	176	4,576	% Salary Expenditure
Governance Costs	8,690	2,757	54	3,147	6,542	3,770	15,714	1,623	42,297	% Salary Expenditure
Total	272,101	86,322	1,704	98,543	204,863	118,047	492,069	50,852	1,324,501	

2015	Curatorial	Education	Exhibitions and events	Gardens	Marketing	Premises	Visitor Services	Admissions	Total	Basis of allocation
	£	£	£	£	£	£	£	£	£	
Finance & Prof. Fees	64,275	19,211	579	22,591	50,290	34,717	90,629	12,124	294,416	% Salary Expenditure
IT	23,579	7,047	213	8,288	18,449	12,736	33,248	4,448	108,008	% Salary Expenditure
Staffing & HR	6,879	2,056	62	2,418	5,383	3,716	9,700	1,298	31,512	% Salary Expenditure
Senior Management	66,999	20,025	604	23,548	52,421	36,189	94,471	12,638	306,895	% Salary Expenditure
Admin	21,791	6,513	196	7,659	17,050	11,770	30,726	4,110	99,815	% Salary Expenditure
Cleaning & Hygiene	2,679	801	24	942	2,096	1,447	3,777	505	12,271	% Salary Expenditure
Other Costs	3,144	940	28	1,105	2,460	1,698	4,433	593	14,401	% Salary Expenditure
Governance Costs	7,739	2,313	70	2,720	6,055	4,180	10,912	1,460	35,449	% Salary Expenditure
Total	197,085	58,906	1,776	69,271	154,204	106,453	277,896	37,176	902,767	

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

11. TAXATION

In respect of York Museums and Enterprises Limited only:

	2016 £	2015 £
United Kingdom corporation tax at 20% (2015: 20%) on the profits of the trading subsidiary	1,019	2,887

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20% (2015: 20%).
The actual tax charge for the current year differs from the standard rate for the following reasons:

	2016 £	2015 £
Profit on ordinary activities after charitable donation	1,009	2,710
Tax on profit on ordinary activities at the standard rate	202	542
Expenses not deductible for tax purposes	-	-
Capital allowances in excess of depreciation	817	2,343
Movement in short-term timing differences	-	2
Total current tax charge for the year	1,019	2,887

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.

12. TANGIBLE FIXED ASSETS

Group	Assets under construction	Displays	Freehold property and leasehold property improvements	Vehicles and other equipment	Total
Cost	£	£	£	£	£
At 1 April 2015	6,403,590	706,946	2,626,978	634,777	10,372,291
Additions	-	-	1,530,847	61,213	1,592,060
Transfers	(6,403,590)	-	6,403,590	-	-
At 31 March 2016	-	706,946	10,561,415	695,990	11,964,351
Accumulated depreciation					
At 1 April 2015	-	162,719	814,016	545,107	1,521,842
Charge for the year	-	128,835	589,515	43,043	761,393
At 31 March 2016	-	291,554	1,403,531	588,150	2,283,235
Net book value					
At 31 March 2016	-	415,393	9,157,884	107,840	9,681,117
At 31 March 2015	6,403,590	544,227	1,812,962	89,670	8,850,449

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

12. TANGIBLE FIXED ASSETS (CONTINUED)

Charity			Freehold property and leasehold property improvements	Vehicles and other equipment	Total
Cost	Assets under construction £	Displays £	£	£	£
At 1 April 2015	6,403,590	706,947	2,626,978	513,185	10,250,700
Additions	-	-	1,530,853	61,209	1,592,062
Transfers	(6,403,590)	-	6,403,590	-	-
At 31 March 2016	-	706,947	10,561,421	574,394	11,842,762
Accumulated depreciation					
At 1 April 2015	-	162,719	818,016	427,382	1,408,117
Charge for the year	-	128,835	589,515	37,475	755,825
At 31 March 2016	-	291,554	1,407,531	464,857	2,163,942
Net book value					
At 31 March 2016	-	415,393	9,153,890	109,537	9,678,820
At 31 March 2015	6,403,590	544,228	1,808,962	85,803	8,842,583

All tangible assets owned by the Charity were used for charitable purposes.

The split of freehold property and leasehold property improvements net book value as at 31 March 2016 is:

Freehold property £515,050 (2015: £537,200); leasehold property improvements £8,539,294 (2015: £1,271,762). The City of York Council has granted the charity a 25 year lease, at a peppercorn rental, over the land and buildings comprising the York Museums and Art Gallery activities.

Leasehold property improvements to the Art Gallery have been funded by grants from Arts Council England and the agreement carries various covenants, the key one being that the Art Gallery property may only be used for the purpose of an Art Gallery. The charity has granted Arts Council England a first legal charge in respect of the leasehold property known as the City Art Gallery and Archive, in the event that the covenants are not complied with.

Leasehold property improvements to the Castle Museum have been funded by grants from National Heritage Memorial Fund and the agreement carries various covenants, the key one being that the Castle Museum property may only be used for the purpose of a museum. The charity has granted National Heritage Memorial Fund a first legal charge in respect of the leasehold property known as the Castle Museum, in the event that the covenants are not complied with.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

13. INVESTMENTS HELD AS FIXED ASSETS

Charity

	2016	2015
	£	£
Investment in subsidiary	<u>1</u>	<u>1</u>

The charity owns 100% of the ordinary share capital of York Museums and Enterprises Limited (company registration no. 4466798), a company registered in England and Wales.

The income and expenditure of York Museums and Enterprises Limited for the year ended 31 March 2016 is summarised below:

	2016	2015
	£	£
Turnover	864,822	755,345
Cost of sales	<u>(440,142)</u>	<u>(383,440)</u>
Gross profit	424,680	371,905
Administrative expenses	<u>(154,476)</u>	<u>(147,740)</u>
Profit on ordinary activities for the financial year	270,204	224,165
Interest receivable and similar income	405	345
Charitable donation	<u>(269,600)</u>	<u>(221,800)</u>
Profit on ordinary activities before taxation	1,009	2,710
Taxation	<u>(1,019)</u>	<u>(2,887)</u>
Loss retained for the financial year	<u>(10)</u>	<u>(177)</u>

The aggregate of the assets, liabilities and funds was:

	2016	2015
	£	£
Assets	583,187	213,216
Liabilities	<u>(583,154)</u>	<u>(213,173)</u>
	<u>33</u>	<u>43</u>
Represented by:		
Called up share capital	1	1
Profit and loss account	<u>32</u>	<u>42</u>
	<u>33</u>	<u>43</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

14. STOCKS

	2016 Group £	2016 Charity £	2015 Group £	2015 Charity £
Goods for resale	91,765	1,250	86,048	1,662

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 Group £	2016 Charity £	2015 Group £	2015 Charity £
Trade debtors	93,314	73,223	70,141	55,100
Amount owed by subsidiary	-	-	-	50,101
Accrued income and other debtors	718,230	712,794	1,188,196	1,178,458
Prepayments	100,625	63,423	72,563	70,396
VAT recoverable	41,667	41,668	243,671	243,671
Other debtors	6,378	6,378	-	-
	960,214	897,486	1,574,571	1,597,726

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 Group £	2016 Charity £	2015 Group £	2015 Charity £
Trade creditors	363,589	318,307	313,866	284,248
Amount owed to subsidiary	-	43,281	-	-
Other creditors	75,377	48,091	64,461	26,103
Accruals and deferred income	551,198	437,657	722,116	629,905
Corporation tax	1,019	-	2,885	-
Loan	30,082	30,082	28,483	28,483
	1,021,265	877,418	1,131,811	968,739

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 Group £	2016 Charity £	2015 Group £	2015 Charity £
Deferred Income	65,583	-	-	-
Loan	39,989	39,989	70,071	70,071
	<u>105,572</u>	<u>39,989</u>	<u>70,071</u>	<u>70,071</u>
Borrowings are repayable as follows:				
	2016 Group £	2016 Charity £	2015 Group £	2015 Charity £
Loan				
Between one and two years	39,989	39,989	30,082	30,082
Between two and five years	-	-	39,989	39,989
	<u>39,989</u>	<u>39,989</u>	<u>70,071</u>	<u>70,071</u>
Within one year	30,082	30,082	28,483	28,483
	<u>70,071</u>	<u>70,071</u>	<u>98,554</u>	<u>98,554</u>

The loan from City of York Council is to be repaid over a nine year period, commencing in 2008, in equal annual instalments. Interest is charged at a rate of 5.5% per annum.

18. MOVEMENT IN UNRESTRICTED FUNDS

Group	1 April 2015 Restated £	Income £	Expenditure and taxation £	Other gains and (losses) £	Transfers £	31 March 2016 £
General unrestricted funds	1,338,500	4,398,916	(4,272,653)	-	-	1,464,763
Pension fund	(1,563,000)	-	(286,000)	666,000	1,183,000	-
Total general funds	(224,500)	4,398,916	(4,558,653)	666,000	1,183,000	1,464,763
Designated pension fund	-	-	-	-	(1,183,000)	(1,183,000)
Designated property fund	1,615,094	-	(279,559)	-	7,669,247	9,004,782
Total designated funds	1,615,094	-	(279,559)	-	6,486,247	7,821,782
Total unrestricted funds	<u>1,390,594</u>	<u>4,398,916</u>	<u>(4,838,212)</u>	<u>666,000</u>	<u>7,669,247</u>	<u>9,286,545</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

18. MOVEMENT IN UNRESTRICTED FUNDS (CONTINUED)

Charity	1 April 2015 Restated £	Income £	Expenditure £	Other gains and (losses) £	Transfers £	31 March 2016 £
General unrestricted funds	1,338,458	3,813,789	(3,687,515)	-	-	1,464,732
Pension fund	(1,563,000)	-	(286,000)	666,000	1,183,000	-
Total general funds	(224,542)	3,813,789	(3,973,515)	666,000	1,183,000	1,464,732
Designated pension fund	-	-	-	-	(1,183,000)	(1,183,000)
Designated property fund	1,615,094	-	(279,559)	-	7,669,247	9,004,782
Total designated funds	1,615,094	-	(279,559)	-	6,486,247	7,821,782
Total unrestricted funds	1,390,552	3,813,789	(4,253,074)	666,000	7,669,247	9,286,514

The transfer represents a grant transferred to restricted funds and transfers of fixed assets from restricted to designated funds.

The pension fund has also been transferred to designated funds.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

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 2015 £	Income £	Expenditure £	Transfers £	31 March 2016 £
Art Gallery Project	6,322,333	223,303	(637,889)	(5,907,747)	-
ACE- MPM Funding	-	1,230,000	(1,230,000)	-	-
Friends Art Gallery	973	16,395	(17,286)	-	82
Anthony Shaw Collection	369,192	-	(134)	(369,058)	-
Gold Torc	1,630	1,763	-	-	3,393
STFC Observatory Project	1,357	-	-	-	1,357
RENEW Flesh Travel	5,335	-	-	-	5,335
Silver Boar	4,239	914	-	-	5,153
Ceramics SSN	2,294	62	(1,332)	-	1,024
SMC Learning project	614	-	-	-	614
Garden's Restaurant	68,185	-	-	(68,185)	-
Rear of Art Gallery	457,075	850,000	(77,382)	(1,229,693)	-
John Ellerman Foundation	12,261	26,800	(20,253)	-	18,808
Portable Antiques	-	27,837	(27,837)	-	-
MDF Capital Grants	-	129,600	(27,864)	-	101,736
Shaping the Body	-	200,000	(200,000)	-	-
Evelyn	-	35,000	-	-	35,000
G4A	40,481	30,344	(31,374)	-	44,486
Edible Wood	95,912	(1,040)	(308)	(94,564)	-
Geo Map	8,935	23,150	(29,603)	-	2,482
Digital	-	8,335	(8,335)	-	-
Curatorial Restrict	167	147,987	(83,788)	-	64,366
Object Purchase	3,570	11,000	(14,570)	-	-
Other	3,589	13,771	(13,338)	-	4,021
	<u>7,398,142</u>	<u>2,975,220</u>	<u>(2,421,293)</u>	<u>(7,669,247)</u>	<u>282,822</u>

Restricted funds as at 31 March 2016 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 re-opened to the public on 1st August 2015.

The Anthony Shaw Collection fund was held to fund a new display in the refurbished Art Gallery when it re-opened on 1st August 2015.

The Rear of Art Gallery fund is held to fund the upgrade to the gardens behind the Art Gallery.

Transfers represent £7.5m transferred to the designated property fund following defrayment of the restricted grant; and a transfer from unrestricted funds of a grant for £11k.

MDF Capital Grants are grants administered by the Museum Development Yorkshire team.

Shaping the Body was funding received and expended for the new exhibition at York Castle Museum.

Curatorial Restricted comprises various grants and donations for collections development, primarily purchase of objects.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

20. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

Group	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Tangible fixed assets	568,495	9,004,782	107,840	9,681,117
Current assets	1,244,252	-	947,285	2,198,087
Current liabilities	(242,412)	-	(778,853)	(1,021,265)
Long term liabilities	(105,572)	-	-	(105,572)
Pension liability	-	(1,183,000)	-	(1,183,000)
At 31 March 2016	1,464,763	7,821,782	282,822	9,569,367
At 31 March 2015 as restated	1,338,500	52,094	7,398,142	8,788,736

Charity	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Tangible fixed assets	566,199	9,004,782	107,840	9,678,821
Current assets	1,037,086	-	953,835	1,990,922
Current liabilities	(98,565)	-	(778,853)	(877,418)
Long term liabilities	(39,989)	-	-	(39,989)
Pension liability	-	(1,183,000)	-	(1,183,000)
At 31 March 2016	1,464,732	7,821,782	282,822	9,569,336
At 31 March 2015	1,338,458	52,094	7,398,141	8,788,693

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

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Leases which expire:				
Within one year	60,867	1,890	66,058	-
Between two and five years	95,258	6,930	84,167	-
	156,125	8,820	150,225	-

b) Capital commitments

	2016	2015
	£	£
Contracted for but not provided	-	1,181,220

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

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. At 31 March 2016 there were 11 members (2015: 11).

23. PENSION SCHEME

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 2016.

The contributions made by the employer over the financial year have been £345,955 (2015: £333,053) equivalent to 13.03% 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:

	2016	2015
Financial:		
Rate of increase in salaries	3.3%	3.5%
Pension in payment increases	1.8%	2.0%
Discount rate	3.5%	3.3%
Inflation assumption	1.8%	2.0%
	2016	2015
	Years	Years
Life expectancy:		
Male future pensioner aged 65 in 20 years' time	25.6	25.4
Female future pensioner aged 65 in 20 years' time	28.1	28.0
Male current pensioner aged 65	23.3	23.1
Female current pensioner aged 65	25.8	25.6

The amounts recognised in the balance sheet are as follows:

	2016 £'000	2015 £'000
Present value of scheme liabilities	(11,700)	(11,868)
Fair value of scheme assets	10,517	10,305
Deficit in the scheme	(1,183)	(1,563)
Related deferred tax asset	-	-
Net pension liability	(1,183)	(1,563)

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 2016

23. PENSION SCHEME (CONTINUED)

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

	Fair value 2016 £'000	Fair value 2015 £'000
Equities	6,542	6,172
Government Bonds	1,483	1,742
Other Bonds	567	701
Property	768	670
Cash	84	134
Other	1,073	886
	<hr/>	<hr/>
Total fair value of assets	10,517	10,305
Actuarial value of liability	(11,700)	(11,868)
	<hr/>	<hr/>
Net pension deficit	(1,183)	(1,563)
	<hr/>	<hr/>

Movements in the deficit during the year are as follows:

	2016 £'000	2015 £'000
Deficit in scheme at 1 April	(1,563)	(729)
Movement in year:		
Current service costs	(574)	(342)
Net (loss)/gain on assets	(47)	97
Contributions	335	395
Actuarial gain/(loss)	666	(925)
Curtailments	-	(59)
	<hr/>	<hr/>
Deficit in scheme at 31 March	(1,183)	(1,563)
	<hr/>	<hr/>

Analysis of the amount charged to net finance charge for the year under Financial Reporting Standard 102 "Retirement Benefits" in relation to the Scheme.

	2016 £'000	2015 £'000
Expected return on pension scheme assets	(343)	(525)
Interest on pension scheme liabilities	390	428
	<hr/>	<hr/>
Net finance loss/(gain)	47	(97)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

23. PENSION SCHEME (CONTINUED)

	2016	2015
	£'000	£'000
The amounts recognised in the income and expenditure account are:		
Current service cost	574	342
Interest cost	390	428
Expected return on scheme assets	(343)	(525)
Effect of curtailments or settlements	-	59
	<hr/>	<hr/>
Total charge to income and expenditure account	621	304
	<hr/>	<hr/>

	2016	2015
	£'000	£'000
The amounts recognised in the statement of financial activities are as follows:		
Amount recognised during the period	666	(925)
Cumulative amount recognised	831	165
	<hr/>	<hr/>

Asset and Liability Reconciliation

	2016	2015
	£'000	£'000
Reconciliation of assets		
Assets at start of year	10,305	8,731
Expected return on plan assets	343	525
Actuarial gains on assets	(329)	850
Employer contributions	335	395
Member contributions	140	122
Benefits/transfers paid	(277)	(318)
	<hr/>	<hr/>
Assets at end of year	10,517	10,305
	<hr/>	<hr/>
Actual return on plan assets	14	1,376
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

23. PENSION SCHEME (CONTINUED)

	2016	2015
	£'000	£'000
Reconciliation of liabilities		
Liabilities at start of year	11,868	9,460
Current service cost	574	342
Interest on pension liabilities	390	428
Employee contributions	140	122
Curtailments	-	59
Actuarial loss/(gain) on liabilities	(995)	1,775
Benefits/transfers paid	(277)	(318)
	<u>11,700</u>	<u>11,868</u>
Liabilities at end of year		

In addition to the employers' regular contributions, the company expects to contribute £2,408 per month to the Scheme during the year ending 31 March 2017.

The history of experience adjustments is as follows:

	2016	2015	2014
	£'000	£'000	£'000
Scheme liabilities	(11,700)	(11,868)	(9,460)
Scheme assets	10,517	10,305	8,731
Deficit in the scheme	<u>(1,183)</u>	<u>(1,563)</u>	<u>(729)</u>
Experience adjustments on scheme liabilities	-	-	-
Percentage of scheme liabilities (%)	-%	-%	-%
Experience adjustments on scheme assets	380	850	461
Percentage of scheme assets (%)	3.6%	8.2%	5.3%

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

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 £10,500 (2015: £10,500).

The subsidiary, York Museums and Enterprises Limited, made a gift aid donation to the Trust of £269,600 in the year ended 31 March 2016 (2015: £221,800).

At 31 March 2016, York Museums and Enterprises Limited was due £43,281 from the Trust (2015: £50,101 owed to the Trust).

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 before actuarial gains and losses for the year ended 31 March 2016 amounted to £114,631 (2015: £5,432,020).

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 (company registration no. 7810751), 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 minimal transactions in the year and the joint venture organisation reported a funds balance of £(720) at 31 March 2015. No financial statements are available for 31 March 2016 as the company is in the process of being closed. The joint venture is not consolidated on the grounds of materiality.

27. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Grant income is now recognised when the income is probable to be received rather virtually certain to be received. The impact of the restatement is shown below.

Reconciliation of group funds and balances

	Group		Charity	
	At 1 April 2014	At 31 March 2015	At 1 April 2014	At 31 March 2015
	£	£	£	£
Fund balances as previously stated	4,181,716	8,643,220	4,181,497	8,643,178
Adjustment for grant income (restricted fund)	100,000	145,516	100,000	145,516
Fund balances as restated	<u>4,281,716</u>	<u>8,788,736</u>	<u>4,281,497</u>	<u>8,788,694</u>

Reconciliation of surplus for the year ended 31 March 2015

	Group £
Surplus for the financial year under previous UK GAAP	4,461,504
Adjustment for grant income (restricted fund)	45,516
Surplus for the financial year under FRS 102	<u>4,507,020</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

28. COMPARATIVE RESTATED CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds			Total Funds
	General funds	Designated funds	Restricted funds	2015
	£	£	£	£
INCOME FROM:				
Charitable activities				
Income from charitable activities	1,993,546	-	267,887	2,261,433
Funding provided by City of York Council	1,105,366	-	1,250,000	2,355,366
Funding provided by the Arts Council England	1,274,496	-	-	1,274,496
Donations, legacies and general grants				
Donations and legacies	231,129	-	83,929	315,058
General grants receivable	328,520	-	4,123,086	4,451,606
Other trading activities				
Income generated by subsidiary	755,345	-	-	755,345
Investments				
Interest receivable	7,328	-	-	7,328
TOTAL INCOME	5,695,730	-	5,724,902	11,420,632
EXPENDITURE ON:				
Raising Funds				
Costs incurred by subsidiary	520,680	-	-	520,680
Charitable expenditure				
Curatorial	838,378	-	166,181	1,004,559
Education	471,750	-	2,500	474,250
Exhibitions and events	15,466	53,060	186,148	254,674
Gardens	287,846	-	54,862	342,708
Marketing	822,997	-	-	822,997
Premises	818,075	40,819	147,166	1,006,060
Visitor services	1,130,089	-	-	1,130,089
Admissions	147,755	-	-	147,755
Museum development	281,953	-	-	281,953
Total charitable expenditure	4,814,309	93,879	556,857	5,465,045
TOTAL EXPENDITURE	5,334,989	93,879	556,857	5,985,725
Net income/(expenditure) before taxation	360,741	(93,879)	5,168,045	5,434,907
Taxation charge	(2,887)	-	-	(2,887)
Net income/(expenditure)	357,854	(93,879)	5,168,045	5,432,020
Transfers between funds	(68,185)	1,260,075	(1,191,890)	-
OTHER RECOGNISED GAINS/(LOSSES)				
Actuarial (loss)/gain on defined benefit pension	(925,000)	-	-	(925,000)
NET MOVEMENT IN FUNDS	(635,331)	1,166,196	3,976,155	4,507,020