

YORK MUSEUMS AND GALLERY TRUST

Company Registration No. 04381647

Registered Charity No. 1092466

York Museums and Gallery Trust

(A Company Limited by Guarantee)

Trustees' Report and Financial Statements

Year ended 31 March 2019

Contents

| | |
|------------------------------------------------------|----|
| OFFICERS AND PROFESSIONAL ADVISORS..... | 3 |
| TRUSTEES' REPORT | 4 |
| INDEPENDENT AUDITOR'S REPORT | 17 |
| CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES | 20 |
| CHARITY STATEMENT OF FINANCIAL ACTIVITIES..... | 21 |
| CONSOLIDATED BALANCE SHEET | 22 |
| CHARITY BALANCE SHEET | 23 |
| CONSOLIDATED CASH FLOW STATEMENT | 24 |
| NOTES TO THE FINANCIAL STATEMENTS..... | 25 |

OFFICERS AND PROFESSIONAL ADVISORS

The Trustees who served during the year and subsequently were:

TRUSTEES

J. Grierson (Appointed Chair of the Trustees 07/11/18)
D. Andrews
M. Haworth
S. Drummond
S. Lusty
R. Jagger
P. Ashton
S. Brand
A. Dean
Z. Hussain
M. Jones
D. Willcocks
Prof Sir John Lawton (Chair of the Trustees) (Resigned 07/11/18)
J. Bell (Resigned 07/05/19)
I. Cuthbertson (Resigned 07/11/18)
K. Myers (Resigned 07/05/19)
A. Mason (Appointed 07/11/18 – Resigned 16/05/19)

COMPANY SECRETARY

P. Lambert

PRINCIPAL OFFICERS – KEY MANAGEMENT PERSONNEL

R. King – Chief Executive
P. Lambert – Head of Strategy, Finance and Corporate Services

REGISTERED OFFICE

St Marys Lodge
Marygate,
York,
YO30 7DR

INDEPENDENT AUDITORS

BDO LLP
Central Square,
29 Wellington Street,
Leeds,
LS1 4DL

BANKERS

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

TRUSTEES' REPORT

For the year ended 31 March 2019

Chair's Foreword

As the new Chair, it gives me great pleasure to present this report on the work of York Museums and Gallery Trust ("YMT") for the financial year 2018-19. A great deal has been achieved during the year and this is described more fully in the following Strategic Review. I will simply outline a series of personal highlights.

The year started out extremely successfully. After its official opening by Sir David Attenborough, visitors flocked to the Yorkshire Museum to see the major new exhibition – Yorkshire's *Jurassic World*. The exhibition attracted 10,000 visitors in its first week of opening and, by the end of the year, had resulted in the highest footfall at the Yorkshire Museum since the formation of YMT in 2002.

In terms of national and international profile, we were delighted to partner with York Mediale. This media arts festival was created to celebrate York's designation as a UNESCO Creative City of Media Arts. The exhibition *Strata-Dust-Rock-Stars*, in partnership with FACT Liverpool, brought work to York Art Gallery from leading international artists including Isaac Julien, Agnes Meyer-Brandis and Ryoichi Kurokawa.

Later on in the year, we partnered with the renowned Yorkshire band, Kaiser Chiefs, creating an exhibition exploring the boundaries between music, art, creation and performance. This was a very ambitious project particularly as the band had never curated an exhibition before. However, with full support from our highly professional team, the exhibition was a huge success gaining an increase in footfall for the gallery and raising its national profile.

As a finalist at the European Museum of the Year Awards held in Croatia in 2017, we were able to establish new international partnerships for YMT and were delighted to bring the award-winning *Museum of Broken Relationships* exhibition to York Castle Museum for spring 2019. This was a wonderful example of the importance of curation, ordinary objects made extraordinary by inspired story-telling.

The financial year ended on a fantastic note, with the opening of the major exhibition *Ruskin, Turner & the Storm Cloud: Watercolours and Drawings*, marking the 200th anniversary of the birth of artist and art critic John Ruskin. The combination of Ruskin's world-renowned reputation, the exhibition's focus on current critical issues and a marketing and press campaign which attracted international coverage delivered a great opening weekend. We are confident that its popularity will continue well into 2019/20.

I would like to pay tribute to the continued, generous and energetic support of the Friends of York Art Gallery.

Reyahn King, CEO, and her new senior leadership team continued to raise the profile of YMT, driving forward the charity's headline priorities and in particular, its most ambitious priority, the redevelopment of York Castle Museum. Working with City of York Council, significant progress has been made on the Castle Gateway regeneration and the museum's redevelopment plans. Using external funding from the City of York Council and the Local Enterprise Partnership, staff have now been allocated to the project and a design team has been appointed to work on the initial design phase to create one of the UK's great museums and anchor the revitalisation of York's most historic quarter.

It has been a privilege to work more closely with such a talented and committed team and, as part of the board of trustees, help support them through governance and our collective skills, experience and expertise. Taking over as the new Chair at a time when we have been thinking deeply about the Castle Museum, the site, the buildings, the collections and the stories they tell, was a good opportunity for us all to review our governance arrangements to ensure that the board works as effectively as possible.

YORK MUSEUMS AND GALLERY TRUST

Compared with just a few years ago, YMT now receives a very much smaller proportion of its income from public sector funding. The Trust has become increasingly effective at generating revenue from admissions, charitable donations and from retail, catering and venue hire and I would like to pay tribute to the essential work done in this area by our dedicated staff and our Enterprises Board. We continue to operate in a challenging environment and without the hard work and dedication of all the staff, volunteers and my fellow board members the Trust's many successes would not have been achieved.

Finally, I would like to thank my predecessor, Professor Sir John Lawton, for his long-term support of YMT. During the six years of his tenure as Chair, Professor Sir John Lawton guided York Museums Trust through many major successes which included: welcoming her Majesty the Queen, the Duke of Edinburgh and Princess Beatrice to the Yorkshire Museum to view the exhibition - *1212: The Making of the City*; he oversaw two major capital projects - the creation a brand new exhibition space, housing the commemorative *1914: When the World Changed Forever* exhibition at York Castle Museum and the £8million transformation of York Art Gallery, which became a multi award-winning visitor attraction in its first year of opening; and the many successful and noteworthy exhibitions and events including *Yorkshire's Jurassic World*.

I am delighted to confirm that he has agreed to continue his support for YMT by bringing his distinguished scientific background to bear on a new role as Champion of our Natural History collections.

James Grierson Chair

Strategic Report

The Trustees, who act as directors for the purpose of company law, present the audited consolidated financial statements for the year ended 31 March 2019.

Our purpose and activities

York Museums Trust's *Mission* is to cherish the collections, building 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 to play a major part in positioning York as a world class cultural centre.

Our *Strategic objectives* are:

- To protect and conserve the collection, buildings and gardens.
- To promote access to the collections, buildings and gardens 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 collections, buildings and gardens.
- 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 (YAG), York Castle Museum (YCM), York St Mary's (YSM), Yorkshire Museum (YM) and Museum Gardens (YMG).

Our headline priorities for the coming years continue to be:

- 1 Deliver the York Castle Museum (YCM) major capital project, including collection and storage rationalisation, and develop the Castle area as a cultural quarter.
- 2 Excellent, high profile programming, including strategic YMT-led events to attract visitors to York and high quality exhibitions at York Art Gallery.
- 3 Expanding Enterprises and fundraising activities, building on success, becoming a more business-like charity and increasing our resilience.
- 4 Ensuring a 21st century Visitor Experience, pro-actively engaging visitors to sites and online
- 5 Improving York's and York Museums Trust's profile through local, regional and international leadership, partnership and delivering on all expectations of key stakeholders.

Overview of our operating activities

YMT's strategic plan 2016-2021 outlines a strategy of building on our strengths and past successes, particularly in investing in an excellent, high-profile public programme, improving the visitor experience, expanding charitable and trading income and generating funds to make major capital improvements.

Our Operational Plan for 2018-19 sought to deliver:

- Progress on YCM transformation project including appointments of architects and design team, planning, vision and interpretation
- High profile programmes including future planning for York Art Gallery (When all is Quiet - Kaiser Chiefs, BFG and Ruskin Turner) and Centre of Ceramic Art (COCA) and YM (*Jurassic* exhibition) and YCM (*Westwood shoes* and *Museum of Broken Relationships*).
- York Museum Gardens Events including Roman Festival and York Proms
- Improving YMT's fundraising ability, income and revenue strategy
- Outstanding visitor experience delivered by staff and volunteers including improvements to YCM infrastructure
- Staff development and training
- Museum Development Yorkshire's support for Yorkshire Museums being both recognised and effective
- regional and nationwide leadership in digital, marketing, volunteering and family-friendly good practice
- Conservation and maintenance management planning to conserve YMT built heritage
- Work with partners in the city on city-wide projects including Castle Gateway Masterplanning

We measure the progress of our Operational Plan through detailed quarterly review of progress by trustees and management of key performance indicators including:

- Visitor satisfaction
- Number and quality of audience engagement
- Number of visitors and admissions income
- Membership levels
- The diversity of visitors and our staff and trustees
- Our income generation and fundraising performance
- Our digital activity and reach

We undertake a range of surveys from audiences and partners to inform the planning and targeting of our work. We also report regularly to the Arts Council England and City of York Council on our work.

Our performance

The period saw some significant changes in YMT with the new senior management team in place for a full year to drive forward the headline priorities and the refreshed board of trustees creating a more diverse range of backgrounds and experience.

1. York Castle Museum capital project

Working with City of York Council, significant progress has been made on the plans for Castle Gateway regeneration and the redevelopment of the Castle Museum. We secured funds to allow staff to work on the project and we have appointed architects and designers to take this to the RIBA1 stage of development by the autumn of 2019. Our ambition is to continue to work in partnership with City of York Council and other partners to submit an Expression of Interest to National lottery heritage Fund (NLHF) in 2019 and a major funding bid in 2020. During the summer 2018 we undertook a significant amount of public engagement with the project; and over 4,000 people engaged with the team at York St Mary's.

2. Excellent programming

York Art Gallery

The Sea Is the Limit exhibition and *70 Years of Giving: Friends of York Art Gallery* both opened on the 4 May 2018 and ran until 5 September 2018. *The Sea Is the Limit* was supported by an artists' round table debate, talks by artist curator Varvara Shavrova and artist Nick Ellwood and a screening of 'Calais Children' and Q&A with the film's director.

At York Art Gallery we held the most ambitious media arts exhibition ever staged in York; *Strata- Rock-Dust-Stars*, curated by Mike Stubbs (FACT, Liverpool). It opened on 28 September until 25 November and was a combined launch of the York Mediale Festival. International and UK artists in this group exhibition have installed or been commissioned to produce technically innovative art works linked to a geological theme. The exhibition was one of the highlights of the York Mediale. York Mediale commissioned South African artist Ulungile Magubane's eMBIZENI in the Project Gallery for the duration of the Mediale. York Mediale also co-commissioned *The Pollinarium* by 'Loop' with YMT financial support. This was designed as an immersive experience in the Artists' Garden.

The *BFG* exhibition, which opened on 12 October 2018, proved to be very popular with children and adults alike and had an extended run until 24 February 2019.

When All is Quiet: The Kaiser Chiefs in conversation with York Art Gallery ran from 14 December until 10 March 2019, and received excellent press coverage and a good response from visitors. Combined with the BFG offer this period delivered the highest visitor numbers in the year.

Aesthetica Art Prize opened on 8 March 2019 featuring a wide range of artists including Turner Prize shortlist nominees Jane and Louise Wilson. The winning artist was Jenn Nkiru.

Ruskin, Turner and the Storm Cloud: Watercolours and Drawings opened to the public on 29 March 2019. It received plenty of publicity around the opening including in The Guardian, the New York Times, a double page spread in the Big Issue, and specialist art journals Apollo and Frieze. It was also given a rave review on Radio 4's Saturday Review. *Just Looking* also opened in the Project Gallery on 29 March and links with the Ruskin show and offers a taster of the permanent collection by allowing visitors to linger and reflect on three paintings.

The Anthony Shaw Collection has been redisplayed in 2019 by pupils from Burton Green Primary School.

York Art Gallery hosted a special exhibition celebrating the talents of York residents through artworks produced on projects run by Culture and Wellbeing York.

Yorkshire Museum

Yorkshire's Jurassic World was opened on 23 March 2018 by Sir David Attenborough to great acclaim. Sir David Attenborough made some memorable comments about the exhibition and the value of England's regional museums more generally which we have captured on film on You Tube and via Arts Council England. The exhibition significantly increased visitor numbers at the Yorkshire Museum in the financial year.

The exhibition won the *Excellence in Media Arts* award at the York cultural Awards in 2019.

York Castle Museum

A Personal Collection of Vivienne Westwood Shoes opened at York Castle Museum on 13 July 2018 and ran until 28 April 2019. The exhibition works within the existing *Shaping the Body* gallery and includes some of Westwood's most iconic shoes displayed alongside shoes from our own collection dating back to the 18th century selected by Westwood and her team.

On 22 March 2019 we opened the *Museum of Broken Relationships* a 12 month exhibition from Zagreb at York Castle Museum. This exhibition showcases objects gathered from the *Museum of Broken Relationships* core collection, as well as incorporating an open public call. The exhibition will be supported by a programme of debates and outreach activity focussed on different aspects of broken relationships.

York Castle Museum won *Best York attraction* in the Little Vikings Awards for the fourth year running in 2018.

York Museum Gardens

Eboracum Roman Festival ran from 1-3 June 2018 and was attended by an estimated 25,000 people in York Museum Gardens as well as the crowds who saw the procession through York City Centre.

The gardens won a Yorkshire in Bloom gold award in 2018 for the fourth year in succession

3. Expanding Enterprises

Our venues business continued to be successful with increased business for weddings and conferences at the Hospitium in particular. Our retail business was less profitable this year largely because of increased staffing costs. Our concessions for our sites generated significant income but we were hit by a bad debt of £16,912 from Café no8 Catering Limited who operated the Café in the Art Gallery when they went into liquidation in December 2018.

Fundraising

We had a successful year of fundraising with £406,000 in pledges through fundraising campaigns in 2018/19 including the remainder of the Madsen legacy which amounted to £254,000.

We have National Portfolio Organisation (NPO) Funding from the Arts Council England for the four year period April 2018 to March 2022. The NPO funding provides an annual income of £1.23m each year from 2018-2022.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "Donations and Legacies" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the Trustees.

The charity is not bound by any regulatory scheme but the charity does comply voluntarily with the Fundraising Regulators Code of Practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times. By complying with the Fundraising Regulators Code of Conduct and GDPR we have procedures in place to prevent complaints and address them should they arise.

4. Quality Visitor experience

YORK MUSEUMS AND GALLERY TRUST

Our visitor numbers were impacted at the Castle Museum by a combination of the hot summer weather and the introduction of the Rose Theatre on the Council car park which restricted access and sight lines to the site.

| | This Year | Last Year | Change |
|--------------------|---------------|---------------|------------|
| York Castle Museum | 263,732 | 287,626 | -8% |
| Yorkshire Museum | 163,805 | 120,630 | 35% |
| York St Mary's | 4,174 | 13,875 | -70% |
| York Art Gallery | <u>81,402</u> | <u>83,954</u> | <u>-3%</u> |
| Total | 513,113 | 506,085 | 1% |

We have had a good retention of our members through sales of the YMT annual membership card and continue to have over 25,000 members.

The annual Visit England, Visitor Attraction Quality Scheme mystery visit was undertaken and we met our targets by improving or maintaining the scores at all the sites. At York Castle Museum the score was 79%, at Yorkshire Museum and Gardens it was 84% and at York Art Gallery 90%.

We run Low Sensory Experience for people with sensory impairments across all sites. Over 5,000 free visits were made to our venues during *York Residents Festival* in January 2019. A further 1,000 YMT weekend festival free visits were made in June 2018. We had over 150,000 children and young people visitors against our target of 130,000. We measure and encourage the improved diversity of our staff through recruitment and 6% of our staff are from non-white British backgrounds (which is consistent with a York average of 6%).

5. Profile and Leadership

We have won and been shortlisted for a number of local and regional awards as described above.

YMT shares expertise and develops networks through Museums Development Yorkshire. We provide accreditation monitoring for other organisations, Arts Marketing Association mentoring, mentoring for Touring Exhibitions Group, providing a Subject Specialist Network open to people in and beyond museums. We are part of the National Museum Directors Council and the English Civic Museums Network.

The Chief Executive is chair of the York Cultural Leaders Group and is leading the CLG in delivery of a Culture Strategy for York. She is also a trustee of Crafts Council and New Art Exchange. The ceramics curator is a trustee of the York Stained Glass Centre.

York Museums Trust co-ordinate Culture and Wellbeing York, a cultural commissioning consortium of organisations providing cultural activity for wellbeing as a pilot project funded by City of York Council.

Financial Review

The group had a challenging year with the general funds reducing by £88,731, compared with a surplus of £105,350 in the previous year. We found the 2018/19 financial year very challenging. It is worth restating the context of the 2018/19 financial year in that our annual revenue grant from CYC has been significantly reduced from £600k three years ago to £300k in 18/19. We have found the final year of the £100k per annum reduction difficult to achieve and consequently we returned a deficit position of £90k in the financial year. Despite management actions to save money in year the reasons for the deficit included:

1. The Rose Theatre disrupted visitor flows by blocking the YCM from the city and adversely affected visitor numbers in our peak summer trading period at the YCM. We calculated a financial loss of admissions and retail and catering income of £50k.
2. We had assumed that we would be able to achieve Gift Aid conversion rates of 50% on admissions at all sites. In fact our performance was below 40% and we have been struggling to get the message across to visitors that we are a charity as a reason for gift aiding.

3. As we depend more on admissions income, the percentage of irrecoverable VAT on the goods we buy increases which is a cost to the trust. This is a very difficult number to plan for and added £20k more to our VAT bill than we had forecast.
4. In previous years we have taken advantage of the HMRC capital goods scheme to reclaim VAT and reduce the costs of our major capital projects, the most significant of which was the Art Gallery scheme in 2014/15. These schemes operate for 10 years and changes in our VAT recovery rate can increase or decrease the amount we can claim. Unfortunately this is only something we discovered with the help of professional advisors in the current financial year and we have had to make payments to HMRC this year of £37k effectively paying back some of the VAT we owe them from the capital scheme.

The net expenditure for the year on the general unrestricted fund (before transfers between funds) of £88,731 (2018: net income of £105,350). The Trustees decided to transfer £362,571 (2018: £150,582) from the general unrestricted fund to designated funds in order to fund future programming at the Art Gallery, investment in creating a new pay structure and the creation of a revenue and relationship strategy as well as investing in the infrastructure of the Yorkshire Museum and Gardens. This latter initiative has been made possible by the sale of a house bequeathed to the trust in York. The sale was completed in May 2019 and will therefore benefit the 2019/20 financial statements.

Net expenditure on designated funds was £1,818,235 (2018: £1,529,510) and net income on restricted funds was £111,363 (2018: £562,084).

The actuarial gain on the pension fund for the year was £850,000 (2018: gain £610,000). At the end of the year, the group had total funds of £6,689,133 (2018: £7,634,736).

During the year the group received restricted donations, grants and income from charitable activities totalling £2,203,904 (2018: £2,789,643), giving restricted funds of £874,216 held at the end of the year (2018: £757,990).

The unrestricted general funds of the group at 31 March 2019 were a surplus of £976,011 (2018: £1,427,312), excluding fixed assets not represented by matching designated funds. As such, the Trust is now operating at its target of having a minimum of two months of operating costs in unrestricted reserves (which based on the 2019/20 budget is just under £1m for two months). The trustees are conscious that there is a need to improve the reserves position and have set a break even budget for 2019/20 with material surpluses in the following two financial years to improve the financial position.

The Trustees are satisfied that the charity's assets are available and adequate to fulfil its obligations for the foreseeable future.

Plans for future periods

YMT intends to continue to pursue its stated priorities in 2019/20 and this is reflected in the Operational Plan for the period. Deliverables include:

- Continuing the work on the York Castle Museum redevelopment with staff and consultants for a National Lottery Heritage Fund (NLHF) major funding bid;
- Significant on going public consultation on the future plans for the Castle Museum;
- A fundraising feasibility and formal business planning exercise for the Castle Museum redevelopment;
- Full business case for collection stores consolidation and relocation project;
- High quality major new exhibitions to include:

- *Sounds Like Her*
- *Michael Lyons: Ancient and Modern*
- *Poussin: National Gallery Masterpiece Tour*
- *Making a Masterpiece: Bouts and Beyond*
- *Harland Miller*
- Continued investment in our commercial enterprises to improve our retail offer and performance in particular;
- Implementing our new digital strategy and its themes of: Museum Experiences of the future; business transformation; and making things open;
- The delivery of our revenue and relationships strategy;
- The implementation of a new pay structure to go live on 1 April 2020;
- Continued investment in the skills and training for our staff;
- Improving our online collection information;
- Partnerships with the British Museum, National Gallery, Pallant House and Lakeland Arts Trust. In York with Aesthetica, York Medialife and University of York's Digital Creative labs supporting Research and Development for digital engagement; and
- Deliver a pilot contract with CYC to improve the Health and Wellbeing of communities in York.

Principal Risks and Uncertainties

Management and the Trustees formally review the risks through the use of a risk register and a risk management process.

Funding risk is always significant for the Trust. We receive as a National Portfolio Organisation £1.23m per year for the four year period 2018 to 2022 from Arts Council England. We also receive £0.3m per annum from City of York Council. The Trustees have given consideration to the appropriate policies, procedures and systems to mitigate the charity's exposure to the major risks. The Trust's ongoing key financial risk is the ability to generate sufficient income from visitor numbers, and other external funders, to cover expenditure incurred in fulfilling the objectives of the group. The Trust is pursuing its strategy of investing in public programme, visitor experience, income generation and capital developments in order to mitigate this risk.

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 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.

Public Benefit

YMT provides public benefit as a charity by making available our Collections, Buildings and Gardens to all members of the public. Our Trustees have complied with their duty in accordance with the UK Charities Act 2011 to follow the Charity Commission's guidance on the operation of this public benefit. We have free access to our gardens and where we charge for access at our other sites we have a range of substantial discounts for those on lower incomes and younger people.

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 04381647.

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 04466798.

Governance Code

The Charity Governance Code, endorsed by the Charity Commission and other industry bodies, was launched in 2017. The Trustees we have ensured we are compliant with the code. The code asks charities to "apply or explain". We have no matters to report.

YORK MUSEUMS AND GALLERY TRUST

The Board reviews its performance and the performance of individual Trustees formally every two years. The Board meets six times each year, four times to examine quarterly performance and twice for workshops / deeper dives into strategic issues. We have an annual strategic Board away day to consider areas of change and to review performance against our objectives and priorities. External review every three years as recommended in the code will be considered in the future.

Diversity considerations are important in every aspect of the life of the Trust and is always considered in Trustee recruitment. We do not have formal targets currently but will consider this in the future.

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 directors under Company law, who served during the year and subsequently are listed on page 3. 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 four committees which meet as follows:

Finance and General Purposes Committee

Meets approximately six times per year, or as required, with the Chief Executive and Head of Strategy, Finance and Corporate Services to monitor and guide progress against the business plan.

Audit Committee

Meets four times per year to consider reports from external auditors, examines risk management and the internal control environment.

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 Head of Strategy, Finance and Corporate Services 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

YORK MUSEUMS AND GALLERY TRUST

Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in note 8 to the Financial Statements.

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

Investment powers and policy

The Memorandum and Articles of Association of the charity permit the Trustees to invest the monies of the Trust not immediately required for its purposes in 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 at least two months operating costs in unrestricted reserves, being just under £1m. At 31 March 2019, the Trust's free reserves, as defined as unrestricted funds not represented by fixed assets has just reached this minimum amount.

Trustees have agreed that reserves over and above the operating costs target are eligible for transfer into designated funds for initiatives such as the rationalisation of stores and other "invest to save" initiatives.

Currently the charity is budgeting to break-even in 2019/20. However it has invested in a pricing, patronage strategy with the ambition to make substantial surpluses from 2020/21 onwards. In 2019/20 our budgets also include investments in our fundraising team to improve fundraising income in future years.

Unrestricted reserves excluding fixed assets of £976,010 represent funds which are freely available for general use.

Designated funds of £288,226 were made in year and were set aside by the Trustees for investment in strategic initiatives and to deliver future programming. This includes the presentation of the Eboracum Roman Festival and the exhibition programme at the Art Gallery and investment in staff, the revenue and relationships strategy, the new pay structures and capital investment. There is also a designated fixed asset reserve of £6,913,681 which is for the depreciation of fixed assets that were funded by restricted funds.

A Pension reserve liability of £2,363,000 is managed separately to our unrestricted reserves as a long term liability under FRS102.

Restricted funds of £874,216 were held in the year and are held under trust law so can only be used for particular purposes, as specified or agreed with the donor. The majority of the restricted funds are gifted for use in either acquisitions of objects or to develop and produce our programme and offer.

Going Concern

In determining that the charity and its subsidiaries are going concerns the Board gives consideration to the risks and uncertainties facing each entity, with particular reference to liquidity and solvency issues that might impact viability. The Board reviews forecasts for a period not less than the 12 months following the date the financial statements are to be issued. If solvency and liquidity issues present significant and material risks and uncertainties to the entities then the forecast period under review will be extended. In conclusion the Board considers York Museums Trust to be a going concern.

Auditor

The auditor, BDO LLP, was appointed in 2016/2017 and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 Trustee's 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 regulations.

Company law requires the Trustees' to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the profit of the group and charitable company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Signature: 

Name: JAMES RICHARDSON

Date: 22/7/19,

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

Opinion

We have audited the financial statements of York Museums and Gallery Trust ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 March 2019 which comprise the Consolidated and Charity statement of financial activities, the Consolidated and Charity balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in notes to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report of the Trustee's and Directors, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

YORK MUSEUMS AND GALLERY TRUST

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Helen Knowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds

Date 30-7-19.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Incorporating income and expenditure account)

For the year ended 31 March 2019

| | Note | General Funds 2019 £ | Designated Funds 2019 £ | Restricted Funds 2019 £ | Total Funds 2019 £ | Total funds 2018 £ |
|----------------------------------------------------|------|-------------------------------|----------------------------------|----------------------------------|--------------------------|--------------------------|
| INCOME FROM: | | | | | | |
| Charitable Activities | | | | | | |
| Income from charitable activities | 2 | 3,019,385 | 528 | 79,430 | 3,099,343 | 3,087,525 |
| Funding provided by City of York Council | 6 | 307,000 | - | 399,205 | 706,205 | 1,407,000 |
| Funding provided by Arts Council England | 7 | - | - | 1,642,277 | 1,642,277 | 1,561,848 |
| Donations, Legacies and General Grants | | | | | | |
| Donations and legacies | 3 | 511,714 | 3,872 | 8,526 | 524,112 | 338,179 |
| Other grants receivable | 5 | 32,159 | - | 74,466 | 106,625 | 121,031 |
| Other Trading Activities | | | | | | |
| Income generated by subsidiary | | 1,444,336 | - | - | 1,444,336 | 1,384,535 |
| Investments | | | | | | |
| Interest receivable | 4 | 9,256 | - | - | 9,256 | 4,277 |
| TOTAL INCOME | | <u>5,323,850</u> | <u>4,400</u> | <u>2,203,904</u> | <u>7,532,154</u> | <u>7,904,395</u> |
| EXPENDITURE ON: | | | | | | |
| Raising Funds | | | | | | |
| Costs incurred by subsidiary | | <u>1,170,806</u> | <u>-</u> | <u>-</u> | <u>1,170,806</u> | <u>1,075,150</u> |
| Charitable expenditure | | | | | | |
| Charitable expenditure | 10 | <u>4,241,775</u> | <u>1,822,635</u> | <u>2,092,541</u> | <u>8,156,951</u> | <u>7,691,320</u> |
| Total charitable expenditure | | <u>4,241,775</u> | <u>1,822,635</u> | <u>2,092,541</u> | <u>8,156,951</u> | <u>7,691,320</u> |
| TOTAL EXPENDITURE | | <u>5,412,581</u> | <u>1,822,635</u> | <u>2,092,541</u> | <u>9,327,757</u> | <u>8,766,470</u> |
| Net (expenditure)/income before taxation | | (88,731) | (1,818,235) | 111,363 | (1,795,603) | (862,075) |
| Taxation charge | 12 | | | | | - |
| Net (expenditure)/income after taxation | | (88,731) | (1,818,235) | 111,363 | (1,795,603) | (862,075) |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gain/(loss) on defined benefit scheme | 25 | - | 850,000 | - | 850,000 | 610,000 |
| Transfer between funds | | (362,571) | 357,708 | 4,863 | | - |
| NET MOVEMENT IN FUNDS | | <u>(451,302)</u> | <u>(610,527)</u> | <u>116,226</u> | <u>(945,603)</u> | <u>(252,075)</u> |
| RECONCILIATION OF FUNDS: | | | | | | |
| Fund balance brought forward | | 1,427,312 | 5,449,434 | 757,990 | 7,634,736 | 7,886,812 |
| Net movement in the year | | (451,302) | (610,527) | 116,226 | (945,603) | (252,076) |
| Fund balance carried forward | | <u>976,010</u> | <u>4,838,907</u> | <u>874,216</u> | <u>6,689,133</u> | <u>7,634,736</u> |

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating income and expenditure account)

For the year ended 31 March 2019

| | Note | General Funds 2019 £ | Designated Funds 2019 £ | Restricted Funds 2019 £ | Total Funds 2019 £ | Total funds 2018 £ |
|-------------------------------------------------|------|-------------------------------|----------------------------------|----------------------------------|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Charitable Activities | | | | | | |
| Income from charitable activities | 2 | 3,293,379 | 528 | 79,430 | 3,373,337 | 3,396,980 |
| Funding provided by City of York Council | 6 | 307,000 | - | 399,205 | 706,205 | 1,407,000 |
| Funding provided by Arts Council England | 7 | - | - | 1,642,277 | 1,642,277 | 1,561,848 |
| Donations, Legacies and General Grants | | | | | | |
| Donations and legacies | 3 | 511,714 | 3,872 | 8,526 | 524,112 | 338,179 |
| Other grants receivable | 5 | 32,159 | - | 74,466 | 106,625 | 121,031 |
| Investments | | | | | | |
| Interest receivable | 4 | 8,792 | - | - | 8,792 | 4,207 |
| TOTAL INCOME | | <u>4,153,044</u> | <u>4,400</u> | <u>2,203,904</u> | <u>6,361,348</u> | <u>6,829,245</u> |
| EXPENDITURE ON: | | | | | | |
| Charitable expenditure | | | | | | |
| Charitable expenditure | 10 | <u>4,241,775</u> | <u>1,822,635</u> | <u>2,092,541</u> | <u>8,156,951</u> | <u>7,691,320</u> |
| Total charitable expenditure | | <u>4,241,775</u> | <u>1,822,635</u> | <u>2,092,541</u> | <u>8,156,951</u> | <u>7,691,320</u> |
| TOTAL EXPENDITURE | | <u>4,241,775</u> | <u>1,822,635</u> | <u>2,092,541</u> | <u>8,156,951</u> | <u>7,691,320</u> |
| Net income/(expenditure) before taxation | | (88,731) | (1,818,235) | 111,363 | (1,795,603) | (862,075) |
| Taxation charge | 12 | - | - | - | - | - |
| Net income/(expenditure) after taxation | | (88,731) | (1,818,235) | 111,363 | (1,795,603) | (862,075) |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gain/(loss) on defined benefit scheme | 25 | - | 850,000 | - | 850,000 | 610,000 |
| Transfer between funds | | <u>(362,571)</u> | <u>357,708</u> | <u>4,863</u> | <u>-</u> | <u>-</u> |
| NET MOVEMENT IN FUNDS | | <u>(451,302)</u> | <u>(610,527)</u> | <u>116,226</u> | <u>(945,603)</u> | <u>(252,075)</u> |
| RECONCILIATION OF FUNDS: | | | | | | |
| Fund balance brought forward | | 1,427,282 | 5,449,434 | 757,990 | 7,634,706 | 7,886,781 |
| Net movement in the year | | (451,302) | (610,527) | 116,226 | (945,603) | (252,075) |
| Fund balance carried forward | | <u>975,980</u> | <u>4,838,907</u> | <u>874,216</u> | <u>6,689,103</u> | <u>7,634,706</u> |

A fully detailed Statement of Financial Activities for the year ended 31 March 2018 is shown in note 29

CONSOLIDATED BALANCE SHEET

As at 31 March 2019

| | Note | 2019 £ | 2018 £ |
|-----------------------------------------------|------|------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 13 | 7,170,624 | 8,221,834 |
| | | <u>7,170,624</u> | <u>8,221,834</u> |
| CURRENT ASSETS | | | |
| Stock | 15 | 66,444 | 66,523 |
| Debtors | 16 | 726,947 | 829,236 |
| Cash at bank and in hand | 17 | 2,430,879 | 2,778,409 |
| | | <u>3,224,270</u> | <u>3,674,168</u> |
| CREDITORS: falling due <1 year | 18 | (1,325,095) | (1,717,766) |
| NET CURRENT ASSETS | | <u>1,899,175</u> | <u>1,956,402</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 9,069,799 | 10,178,236 |
| CREDITORS: falling due >1 year | 19 | (17,666) | (33,500) |
| NET ASSETS EXCLUDING PENSION LIABILITY | | <u>9,052,133</u> | <u>10,144,736</u> |
| Defined benefit pension scheme liability | 25 | (2,363,000) | (2,510,000) |
| NET ASSETS | | <u>6,689,133</u> | <u>7,634,736</u> |
| FUNDS | | | |
| Unrestricted Funds | | | |
| General unrestricted funds | 21 | 976,010 | 1,427,312 |
| Designated Funds | 21 | | |
| Pension Fund | | (2,363,000) | (2,510,000) |
| Programme Funds | | 163,226 | 18,500 |
| Strategic Fund | | 60,000 | 12,000 |
| Infrastructure Fund | | 65,000 | |
| Property Fund | | 6,913,681 | 7,928,934 |
| Total Designated Funds | | <u>4,838,907</u> | <u>5,449,434</u> |
| Restricted Funds | 22 | <u>874,216</u> | <u>757,990</u> |
| | | <u>6,689,133</u> | <u>7,634,736</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 22nd July 2019, and were signed on its behalf by:

Signed: 

Name: JAMES RICHARDSON

CHARITY BALANCE SHEET

As at 31 March 2019

| | Note | 2019 £ | 2018 £ |
|-----------------------------------------------|------|------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 13 | 7,170,624 | 8,221,818 |
| Investments | 14 | 1 | 1 |
| | | <u>7,170,625</u> | <u>8,221,819</u> |
| CURRENT ASSETS | | | |
| Stock | 15 | 241 | 132 |
| Debtors | 16 | 698,880 | 742,241 |
| Cash at bank and in hand | 17 | 2,286,635 | 2,685,208 |
| | | <u>2,985,756</u> | <u>3,427,582</u> |
| CREDITORS: falling due <1 year | 18 | (1,104,278) | (1,504,695) |
| NET CURRENT ASSETS | | <u>1,881,478</u> | <u>1,922,887</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 9,052,103 | 10,144,706 |
| CREDITORS: falling due >1 year | 19 | - | - |
| NET ASSETS EXCLUDING PENSION LIABILITY | | <u>9,052,103</u> | <u>10,144,706</u> |
| Defined benefit pension scheme liability | 25 | (2,363,000) | (2,510,000) |
| NET ASSETS | | <u>6,689,103</u> | <u>7,634,706</u> |
| FUNDS | | | |
| Unrestricted Funds | | | |
| General unrestricted funds | 21 | 975,980 | 1,427,282 |
| Designated Funds | 21 | | |
| Pension Fund | | (2,363,000) | (2,510,000) |
| Programme Funds | | 163,226 | 18,500 |
| Strategic Reserve | | 60,000 | 12,000 |
| Infrastructure Fund | | 65,000 | |
| Property Fund | | 6,913,681 | 7,928,934 |
| Total Designated Funds | | <u>4,838,907</u> | <u>5,449,434</u> |
| Restricted Funds | 22 | <u>874,216</u> | <u>757,990</u> |
| | | <u>6,689,103</u> | <u>7,634,706</u> |

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2019

| | 2019 £ | 2018 £ |
|----------------------------------------------------|------------------|------------------|
| Net (expenditure)/Income after taxation | (1,795,603) | (862,076) |
| Interest Receivable | (9,256) | (4,276) |
| Depreciation | 1,056,947 | 1,017,306 |
| Pension service costs | 703,000 | 436,000 |
| (Increase)/Decrease in stocks | 79 | (2,247) |
| (Increase)/Decrease in Debtors | 102,289 | 235,287 |
| Increase/(Decrease) in Creditors | (400,286) | 144,264 |
| Tax Paid | - | - |
| Net Cash Inflow from Operating Activities | <u>(342,830)</u> | <u>964,258</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| | 2019 £ | 2018 £ |
| Interest Receivable | 9,256 | 4,276 |
| Purchase of tangible fixed assets | (5,738) | (429,796) |
| Cost Refund of Fixed Asset | | 4,000 |
| | <u>3,518</u> | <u>(421,520)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | 2019 £ | 2018 £ |
| Repayment of bank loans | (8,218) | (31,771) |
| | <u>(8,218)</u> | <u>(31,771)</u> |
| Increase/(decrease) in cash and cash equivalents | (347,530) | 510,967 |
| Cash and cash equivalents at the start of the year | 2,778,409 | 2,267,442 |
| Cash and cash equivalents at the end of the year | <u>2,430,879</u> | <u>2,778,409</u> |

27

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

NOTE 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 share capital. There are currently 12 Trustees who are also members of the company. Each member has undertaken a contribution 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 3.

Basis of accounting

The Financial Statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS102)), the Financial Reporting Standard application 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.

On the grounds that the Charitable Company's reserves are consolidated into the Charitable Company's group accounts the Charitable Company has taken advantage of certain exemptions covered by Section 1.11 of FRS 102 as follows:

- Exemptions from presenting a statement of cash flows as a primary statement to the financial statements
- Exemption from disclosing the carrying amounts of each category of Financial Assets and Financial Liabilities at the reporting date as required by Section 14.41 of FRS 102

Preparation of accounts – going concern basis

The principle 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 a 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 14.

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.

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 received.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Gift Aid from Subsidiary**

Gift aid income received from York Museum and Enterprises Limited is recorded on an accrual basis, under the agreed deed of covenant in place between the two entities.

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 cost comprise direct expenditure including direct staff costs attributable to the activity. When support costs cannot be directly attributable they have been allocated to activities on a basis consistent with use of the resource. 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.

The method used in the analysis of support costs is allocation by head count.

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 the fixed assets.

Tangible fixed assets

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

Donated, functional fixed assets are included at a valuation made by the Trustees. When 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 the City of York Council.

Long term exhibition equipment is capitalised as a fixed asset. Temporary exhibition costs are written off as expenditure in the year it is incurred.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives and depreciation 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 | : | 8% per annum |
| Leasehold Property Improvements | : | 4% - 20% 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 measure or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Staff Costs Accounting PolicyEmployee benefits – staff costs

The costs of short term employee benefits are recognised as a liability and an expense where settlement of obligations does not fall within the same period.

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 high quality corporate bond of 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 asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Funds 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 of 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 when substantially all 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 tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Critical Accounting Estimates and Judgments**

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 estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Defined benefit pension scheme

The charity is a member of a multi-employer defined benefit scheme. The Trustees use the scheme actuary to determine both the present value of the obligation under the scheme, and also the fair value of assets owned, to determine the overall deficit in the scheme attributable to the charity. The actuary uses certain critical assumptions, such as discount rate, mortality and expected rates of return when setting the deficit recovery plan for the scheme at each triennial review. Full disclosure of the assumptions used by the independent third party is provided in note 25.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2
INCOME FROM CHARITABLE ACTIVITIES

| | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2019 £ | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2018 £ |
|----------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|------------------|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| Admission Income | 2,528,667 | - | - | 2,528,667 | 2,424,650 | - | - | 2,424,650 |
| YMT Card Income | 295,324 | - | - | 295,324 | 302,066 | - | - | 302,066 |
| Miscellaneous | 195,394 | 528 | 79,430 | 275,352 | 290,984 | - | 69,825 | 360,809 |
| Consolidated | <u>3,019,385</u> | <u>528</u> | <u>79,430</u> | <u>3,099,343</u> | <u>3,017,700</u> | <u>-</u> | <u>69,825</u> | <u>3,087,525</u> |
| Gift Aided Donation from Subsidiary | 273,994 | - | - | 273,994 | 309,455 | - | - | 309,455 |
| | <u>3,293,379</u> | <u>528</u> | <u>79,430</u> | <u>3,373,337</u> | <u>3,327,155</u> | <u>-</u> | <u>69,825</u> | <u>3,396,980</u> |

NOTE 3
DONATIONS AND LEGACIES

| | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2019 £ | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2018 £ |
|---------------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------|
| Gift Aid Donations | 246,149 | - | 3,880 | 250,029 | 279,625 | - | - | 279,625 |
| Donations and Legacies | 265,565 | 3,872 | 4,646 | 274,083 | 15,078 | - | 43,476 | 58,554 |
| | <u>511,714</u> | <u>3,872</u> | <u>8,526</u> | <u>524,112</u> | <u>294,703</u> | <u>-</u> | <u>43,476</u> | <u>338,179</u> |

NOTE 4
INTEREST RECEIVABLE

| | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2019 £ | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2018 £ |
|---------------|-------------------------------------|-----------------------------------|-----------------------------------|--------------|-------------------------------------|-----------------------------------|-----------------------------------|--------------|
| Bank interest | 9,256 | - | - | 9,256 | 4,275 | - | - | 4,275 |
| | <u>9,256</u> | <u>-</u> | <u>-</u> | <u>9,256</u> | <u>4,275</u> | <u>-</u> | <u>-</u> | <u>4,275</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5
GRANTS RECEIVABLE

| | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2019 £ | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2018 £ |
|---------------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------|
| GEM Yorkshire & Humberside | - | - | - | - | - | - | - | - |
| Art Fund | 750 | - | 5,461 | 6,211 | - | - | - | - |
| Henry Moore Foundation | - | - | - | - | - | - | - | - |
| University of York John Ellerman Foundation | - | - | - | - | - | - | - | - |
| British Museum | - | - | 33,615 | 33,615 | 6,446 | - | 30,994 | 37,440 |
| HLF | - | - | - | - | - | - | - | - |
| V&A | 600 | - | 6,890 | 7,490 | - | - | - | - |
| Engage | - | - | - | - | - | - | 1,000 | 1,000 |
| C2D2 | - | - | - | - | - | - | - | - |
| Headley Trust | - | - | 10,000 | 10,000 | - | - | - | - |
| DCMS Wolfson | - | - | - | - | - | - | - | - |
| Friends of York Art Gallery | - | - | - | - | - | - | 5,000 | 5,000 |
| Garfield Weston Foundation | - | - | - | - | - | - | 50,000 | 50,000 |
| Paul Mellon Centre | - | - | 7,000 | 7,000 | - | - | 20,000 | 20,000 |
| Historic England | - | - | 10,000 | 10,000 | - | - | - | - |
| Yorkshire Philosophical Society | 400 | - | - | 400 | - | - | 7,500 | 7,500 |
| HLF | 30,409 | - | - | 30,409 | - | - | - | - |
| Other Grants | - | - | 1,500 | 1,500 | 91 | - | - | 91 |
| | <u>32,159</u> | <u>-</u> | <u>74,466</u> | <u>106,625</u> | <u>6,537</u> | <u>-</u> | <u>114,494</u> | <u>121,031</u> |

NOTE 6
FUNDING PROVIDED BY CITY OF YORK COUNCIL

| | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2019 £ | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2018 £ |
|-----------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| Core funding | 307,000 | - | - | 307,000 | 407,000 | - | - | 407,000 |
| Capital funding | - | - | 399,205 | 399,205 | - | - | 1,000,000 | 1,000,000 |
| | <u>307,000</u> | <u>-</u> | <u>399,205</u> | <u>706,205</u> | <u>407,000</u> | <u>-</u> | <u>1,000,000</u> | <u>1,407,000</u> |

NOTE 7
FUNDING PROVIDED BY ARTS COUNCIL

| | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2019 £ | Group Unrestricted Funds £ | Group Designated Funds £ | Group Restricted Funds £ | 2018 £ |
|--------------------|-------------------------------------|-----------------------------------|-----------------------------------|------------------|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| NPO Funding | - | - | 1,230,000 | 1,230,000 | - | - | 1,230,000 | 1,230,000 |
| Museum Development | - | - | 338,982 | 338,982 | - | - | 331,848 | 331,848 |
| Ceramics SSN | - | - | 73,295 | 73,295 | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>1,642,277</u> | <u>1,642,277</u> | <u>-</u> | <u>-</u> | <u>1,561,848</u> | <u>1,561,848</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8
INFORMATION REGARDING TRUSTEES AND EMPLOYEESAverage number
of persons
employed

| | 2019 No. | 2018 No. |
|---------------------------------------|-------------|-------------|
| Curatorial | 31 | 26 |
| Education | 20 | 19 |
| Gardens | 9 | 10 |
| Marketing | 6 | 6 |
| Facilities | 3 | 4 |
| Visitor Services | 80 | 86 |
| Directors and Administrative Staff | 28 | 24 |
| Trading Subsidiary | 28 | 27 |
| | <u>205</u> | <u>202</u> |

Staff Costs During the Year

| | 2019 £ | 2018 £ |
|-------------------------------------|------------------|------------------|
| Wages and Salaries | 3,196,645 | 3,053,035 |
| Social Security Costs | 246,808 | 233,169 |
| Pensions Costs | <u>1,135,748</u> | <u>825,359</u> |
| Staff Costs before pension items | <u>4,579,201</u> | <u>4,111,563</u> |

Included in the above wages & salary costs are the following redundancy/Ex Gratia payments

| 2019 £ | 2018 £ |
|-----------|-----------|
| 1,000 | 117,587 |

The Ex Gratia payments made in 2018-19 were in relation to one employee and conducting unbecoming of a Trust employee

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 (2018: £60,000) in the year was as follows:

| | 2019 No. | 2018 No. |
|-------------------|-------------|-------------|
| £60,000 - £70,000 | 1 | 1 |
| £70,001 - £80,000 | | |
| £80,001 - £90,001 | <u>1</u> | <u>1</u> |
| | <u>2</u> | <u>2</u> |

The key management personnel of the parent charity and the group comprise of the Chief Executive and the Head of Strategy, Finance and Corporate Services. The total employee benefits (including pension contributions but excluding social security costs) of the key management personnel of the charity and the group were £168,550 (2018: £171,034). The total social security costs of the key management personnel of the charity and group totalled £17,950 (2018: £24,984).

No Trustee received remuneration or benefits during either year. Trustees received a total of £654 (2018: £226) relating to travel expenses which were reimbursed to three Trustees (2018: two).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9
NET INCOME FOR THE YEAR

Net income for the year stated after charging

| | 2019 £ | 2018 £ |
|-------------------------------------------------------------|-----------|-----------|
| Depreciation of Owned Assets | 1,057,063 | 1,017,307 |
| Rentals Under Operating Leases - Land & Buildings | 78,088 | 81,508 |
| Costs of Stock recognised as Expenses | 264,253 | 250,313 |
| Auditors Remuneration: | | |
| Fees payable for the audit of the Charity's Annual Accounts | 10,175 | 9,850 |
| Fees payable for the audit of the Charity's Subsidiary | 3,575 | 3,500 |
| Fees payable to the Charity's auditor for other services | 4,920 | 4,750 |

NOTE 10
ANALYSIS OF TOTAL EXPENDITURE

| Activity | Activities Undertaken Directly 2019 £ | Support Costs 2019 £ | Total 2019 £ | Activities Undertaken Directly 2018 £ | Support Costs 2018 | Total 2018 |
|------------------------|------------------------------------------|-------------------------|------------------|------------------------------------------|--------------------|------------------|
| Curatorial | 750,903 | 449,689 | 1,200,592 | 697,618 | 302,369 | 999,987 |
| Education | 346,538 | 136,628 | 483,166 | 368,467 | 92,203 | 460,670 |
| Exhibitions and Events | 807,192 | 3,146 | 810,338 | 857,085 | 2,179 | 859,264 |
| Gardens | 290,304 | 163,279 | 453,583 | 301,502 | 127,570 | 429,072 |
| Marketing | 578,707 | 384,454 | 963,161 | 556,529 | 263,864 | 820,393 |
| Premises | 1,342,603 | 180,112 | 1,522,715 | 1,342,629 | 157,342 | 1,499,971 |
| Visitor Services | 1,294,338 | 1,036,899 | 2,331,237 | 1,185,344 | 698,574 | 1,883,918 |
| Admissions | 27,273 | 21,848 | 49,121 | 107,915 | 63,603 | 171,518 |
| Museum Development | 343,038 | - | 343,038 | 566,527 | - | 566,527 |
| | <u>5,780,897</u> | <u>2,376,055</u> | <u>8,156,951</u> | <u>5,983,616</u> | <u>1,707,704</u> | <u>7,691,320</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11
ANALYSIS OF SUPPORT COSTS
For the year ended 31 March 2019

| | Curatorial | Education | Exhibitions and Events | Gardens | Marketing | Facilities | Visitor Services | Admissions | Total |
|-------------------------------|------------|-----------|---------------------------|---------|-----------|------------|---------------------|------------|-----------|
| Finance and Professional Fees | 92,400 | 28,073 | 646 | 33,550 | 78,996 | 37,008 | 213,055 | 4,489 | 488,217 |
| IT Costs | 42,142 | 12,804 | 295 | 15,301 | 36,028 | 16,879 | 97,169 | 2,047 | 222,665 |
| Staffing and HR | 169,972 | 51,642 | 1,189 | 61,716 | 145,314 | 68,078 | 391,921 | 8,258 | 898,089 |
| Senior Management | 44,864 | 13,631 | 314 | 16,290 | 38,356 | 17,969 | 103,449 | 2,180 | 237,053 |
| Admin Costs | 23,540 | 7,152 | 165 | 8,547 | 20,125 | 9,428 | 54,282 | 1,144 | 124,383 |
| Cleaning and Hygiene | 1,565 | 476 | 11 | 568 | 1,338 | 627 | 3,609 | 76 | 8,270 |
| Other Costs | 71,987 | 21,872 | 503 | 26,138 | 61,544 | 28,833 | 165,989 | 3,498 | 380,364 |
| Governance Costs | 3,219 | 978 | 23 | 1,169 | 2,753 | 1,290 | 7,425 | 156 | 17,013 |
| | 449,689 | 136,628 | 3,146 | 163,279 | 384,454 | 180,112 | 1,036,899 | 21,848 | 2,376,054 |

For the year ended 31 March 2018

| | Curatorial | Education | Exhibitions and Events | Gardens | Marketing | Facilities | Visitor Services | Admissions | Total |
|-------------------------------|------------|-----------|---------------------------|---------|-----------|------------|---------------------|------------|-----------|
| Finance and Professional Fees | 53,693 | 16,373 | 387 | 22,653 | 46,856 | 27,940 | 124,049 | 11,294 | 303,245 |
| IT Costs | 37,762 | 11,515 | 272 | 15,932 | 32,953 | 19,650 | 87,244 | 7,943 | 213,271 |
| Staffing and HR | 105,989 | 32,320 | 764 | 44,717 | 92,492 | 55,153 | 244,870 | 22,295 | 598,600 |
| Senior Management | 45,407 | 13,846 | 327 | 19,157 | 39,624 | 23,628 | 104,904 | 9,551 | 256,444 |
| Admin Costs | 21,339 | 6,507 | 154 | 9,003 | 18,622 | 11,104 | 49,301 | 4,489 | 120,519 |
| Cleaning and Hygiene | 1,381 | 421 | 10 | 583 | 1,205 | 719 | 3,191 | 291 | 7,801 |
| Other Costs | 30,094 | 9,177 | 217 | 12,697 | 26,262 | 15,660 | 69,526 | 6,330 | 169,963 |
| Governance Costs | 6,704 | 2,044 | 48 | 2,828 | 5,850 | 3,488 | 15,489 | 1,410 | 37,861 |
| | 302,369 | 92,203 | 2,179 | 127,570 | 263,864 | 157,342 | 698,574 | 63,603 | 1,707,704 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 12
TAXATION

In respect of York Museums and Enterprises only:

| | 2019 £ | 2018 £ |
|--------------------------------------------------------------------------------------------|-----------|-----------|
| United Kingdom corporation tax at 20% (2017: 20%) on the profits of the trading subsidiary | - | - |

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20% (2018: 20%).

The actual tax charge for the current year differs from the standard rate for the following reasons.

| | 2019 £ | 2018 £ |
|-----------------------------------------------------------|-----------|-----------|
| Profit on ordinary activities after charitable donation | - | - |
| Tax on profit on ordinary activities at the standard rate | - | - |
| Expenses not deductible for tax purposes | - | - |
| capital allowances in excess of depreciation | - | - |
| Movement in short-term timing differences | - | - |
| Total current tax charge for the year | - | - |

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

NOTE 13
TANGIBLE FIXED ASSETS

| Group | Displays £ | Property £ | Vehicles and Other Equipment £ | Total £ |
|--------------------|---------------|---------------|-----------------------------------------|------------|
| Cost | | | | |
| At 1st April 2018 | 1,158,625 | 10,672,268 | 765,218 | 12,596,111 |
| Additions | 666 | - | 5,072 | 5,738 |
| Transfers | - | - | - | - |
| At 31st March 2019 | 1,159,291 | 10,672,268 | 770,290 | 12,601,849 |

Accumulated depreciation

| | | | | |
|--------------------|---------|-----------|---------|-----------|
| At 1st April 2018 | 640,612 | 3,042,710 | 690,956 | 4,374,278 |
| Charge for year | 201,164 | 824,403 | 31,380 | 1,056,947 |
| At 31st March 2019 | 841,776 | 3,867,113 | 722,336 | 5,431,225 |

Net book value

| | | | | |
|--------------------|---------|-----------|--------|-----------|
| At 31st March 2019 | 317,515 | 6,805,155 | 47,954 | 7,170,624 |
| At 1st April 2018 | 518,013 | 7,629,558 | 74,262 | 8,221,833 |

| Charity | Displays £ | Property £ | Vehicles and Other Equipment £ | Total £ |
|--------------------|---------------|---------------|-----------------------------------------|------------|
| Cost | | | | |
| At 1st April 2018 | 1,158,625 | 10,672,268 | 643,626 | 12,474,519 |
| Additions | 666 | - | 5,072 | 5,738 |
| At 31st March 2019 | 1,159,291 | 10,672,268 | 648,698 | 12,480,257 |

Accumulated depreciation

| | | | | |
|--------------------|---------|-----------|---------|-----------|
| At 1st April 2018 | 640,612 | 3,042,710 | 569,380 | 4,252,702 |
| Charge for year | 201,164 | 824,403 | 31,364 | 1,056,931 |
| At 31st March 2019 | 841,776 | 3,867,113 | 600,744 | 5,309,633 |

Net book value

| | | | | |
|--------------------|---------|-----------|--------|-----------|
| At 31st March 2019 | 317,515 | 6,805,155 | 47,954 | 7,170,624 |
| At 1st April 2018 | 518,013 | 7,629,558 | 74,246 | 8,221,817 |

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The split of freehold property and leasehold property improvements net book value as at 31 March 2019 is:

Freehold property £469,355 (2018: £491,525); leasehold property improvements £6,335,800 (2017: £7,138,033). 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 purposes of an Art Gallery. The charity has granted Arts Council England first legal charge in respect of the leasehold property known as the City Art Gallery and Archive, in the events 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.

NOTE 14 INVESTMENTS HELD AS FIXED ASSETS

The charity owns 100% of the ordinary share capital of York Museums and Enterprises Limited (Company registration no. 04466798), a company registered in England and Wales.

The registered address of York Museums and Enterprises Limited is: St Mary's Lodge, Marygate, York, YO30 7DR

The income and expenditure of York Museums and Enterprises Limited for the year ended 31 March 2018 is summarised below:

| | 2019 £ | 2018 £ |
|---------------------------------------------------------|-----------|-----------|
| Investment in Subsidiary | 1 | 1 |
| Turnover | 1,444,336 | 1,384,535 |
| Cost of Sales | (585,951) | (559,028) |
| Gross Profit | 858,385 | 825,507 |
| Administrative Expenses | (584,855) | (516,122) |
| Operating Profit | 273,530 | 309,385 |
| Interest Receivable and Similar Income | 464 | 70 |
| Profit on ordinary activities before tax | 273,994 | 309,455 |
| Taxation | - | - |
| Profit after tax | 273,994 | 309,455 |
| Gift aid distribution | (273,994) | (309,455) |
| Loss Retained for the Financial Year | - | - |
| | | |
| The aggregate of the assets, liabilities and funds was: | 2019 | 2018 |
| Assets | 321,594 | 292,748 |
| Liabilities | 286,230 | 225,716 |
| | 607,824 | 518,464 |
| | | |
| Represented by: | | |
| Called Up Share Capital | 1 | 1 |
| Profit & Loss account | 31 | 31 |
| | 32 | 32 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 15
STOCK

| | 2019 Group £ | 2019 Charity £ | 2018 Group £ | 2018 Charity £ |
|------------------|--------------------|----------------------|--------------------|----------------------|
| Goods for resale | 66,444 | 241 | 66,524 | 132 |
| | <u>66,444</u> | <u>241</u> | <u>66,524</u> | <u>132</u> |

NOTE 16
DEBTORS

| | 2019 Group £ | 2019 Charity £ | 2018 Group £ | 2018 Charity £ |
|----------------------------------|--------------------|----------------------|--------------------|----------------------|
| Trade debtors | 89,841 | 41,258 | 106,303 | 50,625 |
| Amounts owed by subsidiary | - | 83,079 | - | 46,144 |
| Accrued income and other debtors | 432,303 | 422,092 | 520,712 | 507,680 |
| Prepayments | 140,259 | 87,935 | 122,969 | 58,568 |
| VAT recoverable | 45,661 | 45,661 | 69,887 | 69,887 |
| Other Debtors | 18,885 | 18,855 | 9,365 | 9,336 |
| | <u>726,949</u> | <u>698,880</u> | <u>829,236</u> | <u>742,240</u> |

NOTE 17
CASH AND CASH EQUIVALENTS

| | 2019 Group £ | 2019 Charity £ | 2018 Group £ | 2018 Charity £ |
|--------------------------|--------------------|----------------------|--------------------|----------------------|
| Cash at bank and in hand | <u>2,430,879</u> | <u>2,286,635</u> | <u>2,778,408</u> | <u>2,685,208</u> |

NOTE 18
CREDITORS: DUE <1 YR

| | 2019 Group £ | 2019 Charity £ | 2018 Group £ | 2018 Charity £ |
|------------------------------|--------------------|----------------------|--------------------|----------------------|
| Trade creditors | 769,665 | 721,754 | 1,105,901 | 1,068,987 |
| Other creditors | (3,399) | (4,880) | 8,342 | 3,520 |
| Amounts owed to subsidiary | - | - | - | - |
| Accruals and deferred income | 558,829 | 387,404 | 595,304 | 423,968 |
| Corporation tax | - | - | - | - |
| Loan | - | - | 8,218 | 8,218 |
| | <u>1,325,095</u> | <u>1,104,278</u> | <u>1,717,765</u> | <u>1,504,693</u> |

NOTE 19
CREDITORS: DUE >1 YR

| | 2019 Group £ | 2019 Charity £ | 2018 Group £ | 2018 Charity £ |
|-----------------|--------------------|----------------------|--------------------|----------------------|
| Deferred Income | 17,666 | - | 33,500 | - |
| Loan | - | - | - | - |
| | <u>17,666</u> | <u>-</u> | <u>33,500</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 20
Deferred Income

| | 2019 Group £ | 2019 Charity £ | 2018 Group £ | 2018 Charity £ |
|-------------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Opening Balance | 325,497 | 140,695 | 361,290 | 146,720 |
| Deferred Income Additions during the year | 273,907 | 134,036 | 414,419 | 140,695 |
| Deferred Income Release during the year | (291,996) | (140,695) | (311,378) | (146,720) |
| Closing Balance | <u>307,408</u> | <u>134,036</u> | <u>464,331</u> | <u>140,695</u> |

NOTE 21
MOVEMENT IN UNRESTRICTED FUNDS

| GROUP | 1st April 2018 | Income | Expenditure | Other Gains and (Losses) | Transfers | 31st March 2019 |
|---------------------------------|-------------------------|-------------------------|---------------------------|--------------------------------|-----------------------|-------------------------|
| General Unrestricted funds | 1,427,312 | 5,323,850 | (5,412,581) | - | (362,571) | 976,010 |
| Total General Funds | <u>1,427,312</u> | <u>5,323,850</u> | <u>(5,412,581)</u> | <u>-</u> | <u>(362,571)</u> | <u>976,010</u> |
| Designated Pension Fund | (2,510,000) | - | (703,000) | 850,000 | - | (2,363,000) |
| Designated Programme Funds | 18,500 | 4,400 | (10,286) | - | 150,612 | 163,226 |
| Designated Strategic Fund | 12,000 | - | (42,422) | - | 90,422 | 60,000 |
| Designated Infrastructure Fund | - | - | (51,674) | - | 116,674 | 65,000 |
| Designated Property Fund | 7,928,934 | - | (1,015,253) | - | - | 6,913,681 |
| Total Designated Funds | <u>5,449,434</u> | <u>4,400</u> | <u>(1,822,635)</u> | <u>850,000</u> | <u>357,708</u> | <u>4,838,907</u> |
| Total Unrestricted Funds | <u><u>6,876,746</u></u> | <u><u>5,328,250</u></u> | <u><u>(7,235,216)</u></u> | <u><u>850,000</u></u> | <u><u>(4,863)</u></u> | <u><u>5,814,917</u></u> |

MOVEMENT IN UNRESTRICTED FUNDS

| CHARITY | 1st April 2018 | Income | Expenditure | Other Gains and (Losses) | Transfers | 31st March 2019 |
|---------------------------------|-------------------------|-------------------------|---------------------------|--------------------------------|-----------------------|-------------------------|
| General Unrestricted funds | 1,427,312 | 4,142,544 | (4,231,275) | - | (362,571) | 976,010 |
| Total General Funds | <u>1,427,312</u> | <u>4,142,544</u> | <u>(4,231,275)</u> | <u>-</u> | <u>(362,571)</u> | <u>976,010</u> |
| Designated Pension Fund | (2,510,000) | - | (703,000) | 850,000 | - | (2,363,000) |
| Designated Programme Funds | 18,500 | 4,400 | (10,286) | - | 150,612 | 163,226 |
| Designated Restructure Fund | 12,000 | - | (42,422) | - | 90,422 | 60,000 |
| Designated Infrastructure Fund | - | - | (51,674) | - | 116,674 | 65,000 |
| Designated Property Fund | 7,928,934 | - | (165,253) | - | - | 7,763,681 |
| Total Designated Funds | <u>5,449,434</u> | <u>4,400</u> | <u>(972,635)</u> | <u>850,000</u> | <u>357,708</u> | <u>5,688,907</u> |
| Total Unrestricted Funds | <u><u>6,876,746</u></u> | <u><u>4,146,944</u></u> | <u><u>(5,203,910)</u></u> | <u><u>850,000</u></u> | <u><u>(4,863)</u></u> | <u><u>6,664,917</u></u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Prior Year Comparison

MOVEMENT IN UNRESTRICTED FUNDS

| GROUP | 1st April 2017 | Income | Expenditure | Other Gains and (Losses) | Transfers | 31st March 2018 |
|---------------------------------|------------------|------------------|--------------------|--------------------------------|------------------|--------------------|
| General Unrestricted funds | 1,472,544 | 5,114,751 | (5,009,401) | - | (150,582) | 1,427,312 |
| Total General Funds | <u>1,472,544</u> | <u>5,114,751</u> | <u>(5,009,401)</u> | <u>-</u> | <u>(150,582)</u> | <u>1,427,312</u> |
| Designated Pension Fund | (2,684,000) | - | (436,000) | 610,000 | - | (2,510,000) |
| Designated Programme Funds | - | - | - | - | 18,500 | 18,500 |
| Designated Restructure Fund | - | - | (146,842) | - | 158,842 | 12,000 |
| Designated Property Fund | 8,518,640 | - | (946,668) | - | 356,962 | 7,928,934 |
| Total Designated Funds | <u>5,834,640</u> | <u>-</u> | <u>(1,529,510)</u> | <u>610,000</u> | <u>534,304</u> | <u>5,449,434</u> |
| Total Unrestricted Funds | <u>7,307,184</u> | <u>5,114,751</u> | <u>(6,538,911)</u> | <u>610,000</u> | <u>383,722</u> | <u>6,876,746</u> |

MOVEMENT IN UNRESTRICTED FUNDS

| CHARITY | 1st April 2017 | Income | Expenditure | Other Gains and (Losses) | Transfers | 31st March 2018 |
|---------------------------------|------------------|------------------|--------------------|--------------------------------|------------------|--------------------|
| General Unrestricted funds | 1,472,544 | 4,029,101 | (3,923,751) | - | (150,582) | 1,427,312 |
| Total General Funds | <u>1,472,544</u> | <u>4,029,101</u> | <u>(3,923,751)</u> | <u>-</u> | <u>(150,582)</u> | <u>1,427,312</u> |
| Designated Pension Fund | (2,684,000) | - | (436,000) | 610,000 | - | (2,510,000) |
| Designated Programme Funds | - | - | - | - | 18,500 | 18,500 |
| Designated Restructure Fund | - | - | (146,842) | - | 158,842 | 12,000 |
| Designated Property Fund | 8,518,640 | - | (946,668) | - | 356,962 | 7,928,934 |
| Total Designated Funds | <u>5,834,640</u> | <u>-</u> | <u>(1,529,510)</u> | <u>610,000</u> | <u>534,304</u> | <u>5,449,434</u> |
| Total Unrestricted Funds | <u>7,307,184</u> | <u>4,029,101</u> | <u>(5,453,261)</u> | <u>610,000</u> | <u>383,722</u> | <u>6,876,746</u> |

The transfer represents funds transferred from general reserves to designated funds for the realigning of the organisation, a grant transferred from restricted to designated and the release of restricted funds into the general reserves.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 22

MOVEMENT IN RESTRICTED FUNDS

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

| Group and charity | 1st April 2018 | Income £ | Expenditure £ | Transfers £ | 31st Mar 2019 |
|------------------------|----------------|----------------|------------------|----------------|------------------|
| Friends Art Gallery | 5,735 | 9,782 | (11,455) | - | 4,062 |
| Ceramics SSN | - | 73,295 | - | 4,730 | 78,025 |
| Evelyn Commission | 7,540 | - | (3,841) | - | 3,699 |
| Ruffer Art Fund | - | 5,461 | (4,116) | - | 1,345 |
| Bouts (Restricted) | - | 674 | (1,190) | - | (517) |
| Ruskin/Turner | 12,241 | 20,230 | (32,471) | - | - |
| Strata | - | 16,881 | (16,881) | - | - |
| Object Purchase | 12,342 | 23,059 | (30,938) | - | 4,463 |
| Archaeology Archives | - | 10,000 | - | - | 10,000 |
| Portable Antiquities | - | 25,895 | (25,895) | - | - |
| Headley Trust intern | - | 6,581 | (6,581) | - | - |
| MDY Projects | 36,196 | 343,979 | (343,038) | - | 37,137 |
| COCA - Restricted | 11,220 | 14,222 | - | - | 25,442 |
| Gardens Restricted | 12,799 | - | (1,426) | - | 11,373 |
| Curatorial Restrict | 24,367 | - | (12,418) | - | 11,949 |
| Cultural Wellbeing | - | 20,833 | (11,156) | - | 9,677 |
| Gardens Signage | 3,500 | 100 | - | - | 3,600 |
| Capital Works Fund | 467,227 | - | (107,955) | - | 359,272 |
| Castle 2022 | 163,447 | 400,657 | (252,384) | - | 311,720 |
| Trustee Award | - | 1,660 | - | - | 1,660 |
| Other Restricted Funds | 1,376 | 595 | (795) | 133 | 1,310 |
| | <u>757,990</u> | <u>973,904</u> | <u>(862,540)</u> | <u>4,863</u> | <u>874,217</u> |

Purpose of Restricted Funds

The Capital Works fund is for repair, maintenance and improvement works

Turner Ruskin fund is grant income for the Turner Ruskin Exhibition

Castle 2022 fund is to be used to develop a HLF bid for the redevelopment of the Castle Museum

Evelyn Commission is a fund to create new art works inspired by York and its environs.

Object Purchase are funds raised to purchase future objects.

Curatorial restricted comprises various grants and donations for collections development.

COCA – Restricted fund comprises of donations towards the interpretation and delivery of the Centre of Ceramic Arts projects

Gardens restricted comprises various grants and donations for the development of the Yorkshire Museum Gardens.

MDF Projects fund is for the Museum Development Yorkshire funding from Art Council England which is administered by York Museums Trust

Gardens Restricted comprises of recharges specifically for the repairs and maintenance of the Museum Gardens

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Prior Year Comparison

| Group and charity | 1st April 2017 | Income | Expenditure | Transfers | 31st Mar 2018 |
|------------------------|----------------|------------------|--------------------|------------------|----------------|
| | £ | £ | £ | £ | £ |
| DDF Roman Collection | 62,794 | - | (62,794) | - | - |
| Friends Art Gallery | 5,766 | 12,579 | (12,610) | - | 5,735 |
| Ceramics SSN | 53,397 | 9,766 | (63,163) | - | - |
| Ellerman Post | 17,857 | 6,000 | (23,307) | (550) | - |
| Evelyn Commission | 62,768 | - | (55,227) | - | 7,541 |
| Leisure Land Golf | - | 19,174 | (18,524) | (650) | - |
| Stezecker/Nash | - | 2,250 | (2,250) | - | - |
| Turner/Ruskin | - | 20,000 | (7,759) | - | 12,241 |
| Object Purchase | 20,696 | - | (8,355) | - | 12,341 |
| Portable Antiquities | - | 25,835 | (25,835) | - | - |
| Headley Trust intern | - | 5,159 | (5,159) | - | - |
| MDF Projects | - | 331,848 | (295,652) | - | 36,196 |
| COCA - Restricted | 7,862 | 6,125 | (3,296) | 529 | 11,220 |
| MDF Capital Grants | 256,765 | - | (256,265) | - | 500 |
| Jurassic | 50,000 | 57,500 | - | (107,500) | - |
| Gardens Restricted | - | 12,799 | - | - | 12,799 |
| Curatorial Restrict | 24,467 | - | 22 | (123) | 24,366 |
| Cultural Wellbeing | - | 21,733 | (21,733) | - | - |
| Capital Works Fund | - | 800,000 | (79,311) | (253,462) | 467,227 |
| Castle 2022 | - | 200,000 | (36,553) | - | 163,447 |
| ACE MPM Funding | - | 1,230,000 | (1,230,000) | - | - |
| Other Restricted Funds | 17,256 | 28,875 | (19,788) | (21,966) | 4,377 |
| | <u>579,628</u> | <u>2,789,643</u> | <u>(2,227,559)</u> | <u>(383,722)</u> | <u>757,990</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 23

ANALYSIS OF ASSETS & LIABILITIES BETWEEN FUNDS

| Group | General Funds £ | Designated Funds £ | Restricted Funds £ | Total Funds £ |
|-----------------------|--------------------|--------------------------|--------------------------|---------------------|
| Tangible Fixed Assets | 536,985 | 6,633,639 | - | 7,170,624 |
| Current Assets | 1,838,259 | 538,338 | 847,673 | 3,224,270 |
| Current Liabilities | (1,381,568) | 29,930 | 26,543 | (1,325,095) |
| Long Term Liabilities | (17,666) | - | - | (17,666) |
| Pension Liability | - | (2,363,000) | - | (2,363,000) |
| As 31st March 2019 | <u>976,010</u> | <u>4,838,907</u> | <u>874,216</u> | <u>6,689,133</u> |
| As 31st March 2018 | <u>1,427,312</u> | <u>5,449,434</u> | <u>757,990</u> | <u>7,634,736</u> |

| Charity | General Funds £ | Designated Funds £ | Restricted Funds £ | Total Funds £ |
|-----------------------|--------------------|--------------------------|--------------------------|---------------------|
| Tangible Fixed Assets | 536,985 | 6,633,639 | - | 7,170,624 |
| Current Assets | 2,523,874 | 30,500 | 431,382 | 2,985,756 |
| Current Liabilities | (1,430,886) | - | 326,608 | (1,104,278) |
| Long Term Liabilities | - | - | - | - |
| Pension Liability | - | (2,363,000) | - | (2,363,000) |
| As 31st March 2019 | <u>1,629,973</u> | <u>4,301,139</u> | <u>757,990</u> | <u>6,689,103</u> |
| As 31st March 2018 | <u>1,427,282</u> | <u>5,449,434</u> | <u>757,990</u> | <u>7,634,706</u> |

Prior Year Comparison

ANALYSIS OF ASSETS & LIABILITIES BETWEEN FUNDS

| Group | General Funds £ | Designated Funds £ | Restricted Funds £ | Total Funds £ |
|-----------------------|--------------------|--------------------------|--------------------------|---------------------|
| Tangible Fixed Assets | 292,899 | 7,928,934 | - | 8,221,833 |
| Current Assets | 3,212,286 | 30,500 | 431,382 | 3,674,168 |
| Current Liabilities | (2,044,374) | - | 326,608 | (1,717,766) |
| Long Term Liabilities | (33,500) | - | - | (33,500) |
| Pension Liability | - | (2,510,000) | - | (2,510,000) |
| As 31st March 2018 | <u>1,427,311</u> | <u>5,449,434</u> | <u>757,990</u> | <u>7,634,735</u> |
| As 31st March 2017 | <u>1,472,544</u> | <u>5,834,640</u> | <u>579,628</u> | <u>7,886,812</u> |

| Charity | General Funds £ | Designated Funds £ | Restricted Funds £ | Total Funds £ |
|-----------------------|--------------------|--------------------------|--------------------------|---------------------|
| Tangible Fixed Assets | 292,885 | 7,928,934 | - | 8,221,819 |
| Current Assets | 2,965,700 | 30,500 | 431,382 | 3,427,582 |
| Current Liabilities | (1,831,303) | - | 326,608 | (1,504,695) |
| Long Term Liabilities | - | - | - | - |
| Pension Liability | - | (2,510,000) | - | (2,510,000) |
| As 31st March 2018 | <u>1,427,281</u> | <u>5,449,434</u> | <u>757,990</u> | <u>7,634,706</u> |
| As 31st March 2017 | <u>1,472,513</u> | <u>5,834,640</u> | <u>579,628</u> | <u>7,886,781</u> |

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 24
COMMITMENTS

The group and charity had future minimum lease payments under none cancellable operating leases as follows:

Group and charity

Operating Lease Commitments

| | 2019 | | 2018 | |
|----------------------------|-----------------------|--------------|-----------------------|--------------|
| | Land & Buildings £ | Other £ | Land & Buildings £ | Other £ |
| Leases which expire | | | | |
| Within one year | 74,050 | 2,682 | 45,800 | 1,890 |
| Between two and five years | 242,558 | 3,834 | 106,258 | 3,150 |
| Between six and ten years | 217,463 | - | 76,313 | - |
| | <u>534,071</u> | <u>6,516</u> | <u>228,371</u> | <u>5,040</u> |

NOTE 25
PENSION SCHEME

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 fully administered by 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 2016 and updated on an approximate basis to 31 March 2019.

The contributions made by the employer over the financial year have been £433,000 (2018 - £390,000).

Assumptions

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

| | 2019 | 2018 |
|------------------------------|------|------|
| Financial: | | |
| Rate of increase in salaries | 3.4% | 3.3% |
| Pension in payment increases | 2.1% | 2.0% |
| Discount rate | 2.5% | 2.6% |
| Inflation assumption | 2.1% | 2.0% |

| | 2019 Years | 2018 Years |
|---------------------------------------------------|---------------|---------------|
| Life expectancy: | | |
| Male future pensioner aged 65 in 20 years' time | 23.9 | 25.1 |
| Female future pensioner aged 65 in 20 years' time | 27.2 | 28.7 |
| Male current pensioner aged 65 | 22.2 | 22.9 |
| Female current pensioner aged 65 | 25.3 | 26.4 |

The amounts recognised in the balance sheet are as follows:

| | 2019 £'000 | 2018 £'000 |
|-------------------------------------|----------------|----------------|
| Present value of scheme liabilities | (18,516) | (17,026) |
| Fair value of scheme assets | <u>16,153</u> | <u>14,516</u> |
| Deficit in the scheme | <u>(2,363)</u> | <u>(2,510)</u> |

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

| | Fair value 2019 £'000 | Fair value 2018 £'000 |
|------------------------------|-----------------------------|-----------------------------|
| Equities | 9,110 | 9,407 |
| Government Bonds | 3,069 | 2,395 |
| Other bonds | - | - |
| Property | 1,357 | 1,161 |
| Cash | 791 | 29 |
| Other | 1,826 | 1,524 |
| Total fair value of assets | <u>16,153</u> | <u>14,516</u> |
| Actuarial value of liability | <u>(18,516)</u> | <u>(17,026)</u> |
| Net pension deficit | <u>(2,363)</u> | <u>(2,510)</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Movement in the deficit during the year were as follows:

| | 2019 £'000 | 2018 £'000 |
|-----------------------------------|----------------|----------------|
| Deficit in scheme at 1 April | (2,510) | (2,684) |
| Movement in the year: | - | - |
| Current service costs | (845) | (761) |
| Past service cost | (231) | - |
| Net (loss)/gain on assets | (60) | (65) |
| Contributions | 433 | 390 |
| Actuarial (loss)/gain | 850 | 610 |
| Deficit in the scheme at 31 March | <u>(2,363)</u> | <u>(2,510)</u> |

Analysis of the amount charged to net finance charge for the year under FRS102 in relation to the scheme:

| | 2019 £'000 | 2018 £'000 |
|------------------------------------------|---------------|---------------|
| Expected return on pension scheme assets | (382) | (344) |
| Interest on pension scheme liabilities | <u>442</u> | <u>409</u> |
| Net finance loss | <u>60</u> | <u>65</u> |

The amount recognised in the income and expenditure account are:

| | 2019 £'000 | 2018 £'000 |
|------------------------------------------------|---------------|---------------|
| Current service costs | 845 | 761 |
| Past service costs | 231 | - |
| Interest cost | 442 | 409 |
| Expected return on scheme assets | <u>(382)</u> | <u>(344)</u> |
| Total charge to income and expenditure account | <u>1,136</u> | <u>826</u> |

The amount recognised in the statement of financial activities are as follows:

| | 2019 £'000 | 2018 £'000 |
|-------------------------------------|---------------|---------------|
| Amount recognised during the period | 850 | 610 |
| Cumulative amount recognised | 850 | 110 |

Asset and liability reconciliation

Reconciliation of assets

| | 2019 £'000 | 2018 £'000 |
|---------------------------------|---------------|---------------|
| Assets at the start of the year | 14,516 | 12,976 |
| Expected return on plan assets | 382 | 344 |
| Actuarial gain/(loss) on assets | 892 | 695 |
| Employer contributions | 433 | 390 |
| Member contributions | 181 | 163 |
| Benefits Paid | <u>(251)</u> | <u>(52)</u> |
| Assets at the end of the year | <u>16,153</u> | <u>14,516</u> |
| Actual return on plan assets | <u>1,274</u> | <u>1,039</u> |

Reconciliation of liabilities

| | 2019 £'000 | 2018 £'000 |
|--------------------------------------|---------------|---------------|
| Liabilities at the start of the year | 17,026 | 15,660 |
| Current service costs | 845 | 761 |
| Past service costs | 231 | - |
| Interest on pension liabilities | 442 | 409 |
| Employee contributions | 181 | 163 |
| Actuarial loss/(gain) on liabilities | 42 | 85 |
| Benefits paid | <u>(251)</u> | <u>(52)</u> |
| Liabilities at the end of the year | <u>18,516</u> | <u>17,026</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The history of experience adjustments is as follows:

| | 2019 £'000 | 2018 £'000 | 2017 £'000 | 2016 £'000 | 2015 £'000 |
|----------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Scheme liabilities | (18,516) | (17,026) | (15,660) | (11,700) | (11,868) |
| Scheme assets | 16,153 | 14,516 | 12,976 | 10,517 | 10,305 |
| | <u>(2,363)</u> | <u>(2,510)</u> | <u>(2,684)</u> | <u>(1,183)</u> | <u>(1,563)</u> |
| Experience adjustments on scheme liabilities | - | - | - | - | - |
| Percentage of scheme liabilities | | | | | |
| Experience adjustments on scheme assets | 892 | 695 | 1,799 | 380 | 850 |
| Percentage of scheme assets | 5.5% | 4.8% | 19.9% | 3.6% | 8.2% |

During the year, two judgments have been heard which have resulted in an impact to pension accounting within LGPS schemes. These are summarized below:-

GMP Equalisation

• On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs. HM Treasury have, however, gone on record since the Lloyds judgement to say, "Public sector schemes already have a method to equalise guaranteed minimum pension benefits. Despite this, the actuary, Aon, has provided an impact assessment, which assumes the cost of full CPI indexation of GMPs for all members reaching State Pension Age from 5 December 2018, is an increase of around 0.3% of scheme liabilities.

McCloud

• Legislation requires HM Treasury and the Scheme Advisory Board (SAB) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. This is referred to as the 'Cost Management Process'. HM Treasury and the SAB have paused their reviews following the 'McCloud' judgement in the Court of Appeal which found that the transitional protection arrangements put in place when the firefighters' and judges' pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time (including the LGPS). The Government has applied to the Supreme Court for permission to appeal this judgement.

• There is a view that, if material, McCloud should be accounted for as a liability under IAS 19 due to it being a constructive obligation.

• GAD have recently completed their calculations on the potential impact of McCloud on pension accounts disclosures for the LGPS. GAD have calculated that for a salary increase assumption of CPI + 1.5%, the worst-case scenario impact will be a 3.2% increase in the active liabilities, and an increase of 3% pay in the current service cost. The assumption has been made that approximately 1/3rd of the liabilities are active liabilities, this is reasonably consistent with the earlier estimates of around 1% increase in liabilities. You should note that this looks at the worst-case scenario (as defined by GAD), allowing for the final salary underpin to be extended to all members including post 2012 joiners (although not those who leave service without any entitlement to immediate benefits). In addition, the actual impact on individual employers will depend on their membership profile, with the cost being higher for younger members.

Based on the impacts of the above, an additional past service cost has been applied amounting to £231k in relation to both GMP and McCloud.

NOTE 26

FINANCIAL INSTRUMENTS

| | 2019 Group £ | 2018 Group £ |
|-----------------------------------------------------------------------|--------------------|--------------------|
| Financial Assets | | |
| Financial asset that are debt instruments measured at amortised costs | 2,971,879 | 3,414,760 |

NOTE 27

NET DEBT RECONCILIATION

| | 1st April 2018 £'000 | Cash Flows £'000 | 31st Mar 2019 £'000 |
|--------------------------|-------------------------|---------------------|------------------------|
| Cash at bank and in hand | 2,778,409 | (347,530) | 2,430,879 |
| Net Debt | <u>2,778,409</u> | <u>(347,530)</u> | <u>2,430,879</u> |

NOTE 28

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 (2018: £10,500)

The subsidiary, York Museums and Enterprises Limited, made a gift aid donation under a deed of covenant to the Trust of £273,994 in the year ending 31 March 2019 (2018: £309,455)

At 31 March 2019, York Museums and Enterprises Limited owed £83,079 to the Trust (2018: £46,144)

The amounts owed by the subsidiary comprise of salary and other costs that have been paid from York Museums Trust bank account and have been recharged to the subsidiary but not yet transferred from York Museums and Enterprises account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 28

2017-18 Consolidated Statement of Financial Activities

| | General Funds 2018 £ | Designated Funds 2018 £ | Restricted Funds 2018 £ | Total Funds 2018 £ |
|-------------------------------------------------|-------------------------------|----------------------------------|----------------------------------|-----------------------------|
| INCOME FROM: | | | | |
| Charitable Activities | | | | |
| Income from charitable activities | 3,017,700 | - | 69,825 | 3,087,525 |
| Funding provided by City of York Council | 407,000 | - | 1,000,000 | 1,407,000 |
| Funding provided by Arts Council England | - | - | 1,561,848 | 1,561,848 |
| Donations, Legacies and General Grants | | | | |
| Donations and legacies | 294,703 | - | 43,476 | 338,179 |
| Other grants receivable | 6,537 | - | 114,494 | 121,031 |
| Other Trading Activities | | | | |
| Income generated from subsidiary | 1,384,535 | - | - | 1,384,535 |
| Investments | | | | |
| Interest receivable | 4,276 | - | - | 4,276 |
| TOTAL INCOME | <u>5,114,751</u> | <u>-</u> | <u>2,789,643</u> | <u>7,904,394</u> |
| EXPENDITURE ON: | | | | |
| Raising Funds | | | | |
| Costs incurred by subsidiary | 1,075,150 | - | - | 1,075,150 |
| Charitable expenditure | | | | |
| Charitable expenditure | 3,934,251 | 1,529,510 | 2,227,559 | 7,691,320 |
| Total charitable expenditure | <u>3,934,251</u> | <u>1,529,510</u> | <u>2,227,559</u> | <u>7,691,320</u> |
| TOTAL EXPENDITURE | <u>5,009,401</u> | <u>1,529,510</u> | <u>2,227,559</u> | <u>8,766,470</u> |
| Net income/(expenditure) before taxation | 105,350 | (1,529,510) | 562,084 | (862,076) |
| Taxation charge | - | - | - | - |
| Net income/(expenditure) after taxation | 105,350 | (1,529,510) | 562,084 | (862,076) |
| Other recognised gains/(losses): | | | | |
| Actuarial (loss)/gain on defined benefit scheme | - | 610,000 | - | 610,000 |
| Transfer between funds | (150,582) | 534,304 | (383,722) | - |
| NET MOVEMENT IN FUNDS | <u>(45,232)</u> | <u>(385,206)</u> | <u>178,362</u> | <u>(252,076)</u> |
| RECONCILIATION OF FUNDS: | | | | |
| Fund balance brought forward | 1,472,544 | 5,834,640 | 579,628 | 7,886,812 |
| Net movement in the year | (45,232) | (385,206) | 178,362 | (252,076) |
| Fund balance carried forward | <u>1,427,312</u> | <u>5,449,434</u> | <u>757,990</u> | <u>7,634,736</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2017-18 Charity Statement of Financial Activities

| | General Funds 2018 £ | Designated Funds 2018 £ | Restricted Funds 2018 £ | Total Funds 2018 £ |
|-------------------------------------------------|-------------------------------|----------------------------------|----------------------------------|-----------------------------|
| INCOME FROM: | | | | |
| Charitable Activities | | | | |
| Income from charitable activities | 3,327,155 | - | 69,825 | 3,396,980 |
| Funding provided by City of York Council | 407,000 | - | 1,000,000 | 1,407,000 |
| Funding provided by Arts Council England | - | - | 1,561,848 | 1,561,848 |
| Donations, Legacies and General Grants | | | | |
| Donations and legacies | 294,703 | - | 43,476 | 338,179 |
| Other grants receivable | 6,537 | - | 114,494 | 121,031 |
| Investments | | | | |
| Interest receivable | 4,207 | - | - | 4,207 |
| TOTAL INCOME | <u>4,039,602</u> | <u>-</u> | <u>2,789,643</u> | <u>6,829,245</u> |
| EXPENDITURE ON: | | | | |
| Charitable expenditure | | | | |
| Charitable expenditure | 3,934,251 | 1,529,510 | 2,227,559 | 7,691,320 |
| Total charitable expenditure | <u>3,934,251</u> | <u>1,529,510</u> | <u>2,227,559</u> | <u>7,691,320</u> |
| TOTAL EXPENDITURE | <u>3,934,251</u> | <u>1,529,510</u> | <u>2,227,559</u> | <u>7,691,320</u> |
| Net income/(expenditure) before taxation | 105,351 | (1,529,510) | 562,084 | (862,075) |
| Taxation charge | - | - | - | - |
| Net income/(expenditure) after taxation | 105,351 | (1,529,510) | 562,084 | (862,075) |
| Other recognised gains/(losses): | | | | |
| Actuarial (loss)/gain on defined benefit scheme | - | 610,000 | - | 610,000 |
| Transfer between funds | (150,582) | 534,304 | (383,722) | - |
| NET MOVEMENT IN FUNDS | <u>(45,231)</u> | <u>(385,206)</u> | <u>178,362</u> | <u>(252,075)</u> |
| RECONCILIATION OF FUNDS: | | | | |
| Fund balance brought forward | 1,472,513 | 5,834,640 | 579,628 | 7,886,781 |
| Net movement in the year | (45,231) | (385,206) | 178,362 | (252,075) |
| Fund balance carried forward | <u>1,427,282</u> | <u>5,449,434</u> | <u>757,990</u> | <u>7,634,706</u> |