
Beamish

The North of England Open Air Museum

Joint Committee

Annual Return 2011/2012

(Subject to Audit)

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Beamish Museum is owned by the constituent authorities of the Beamish Joint Committee and managed and operated by Beamish Museum Limited on behalf of the Joint Committee on land owned by Durham County Council and leased to Sunderland City Council as nominee for and on behalf of the Joint Committee. Notwithstanding the legal ownership of assets, the accounts are published as the Joint Committee's accounts on the basis of substance over form (in accordance with FRS 5), to demonstrate accountability to the Museum's various stakeholders, including the constituent authorities for the use of its assets and the activities of its operating and trading companies. The Museum is primarily funded through admission income from visitors which is received and accounted for by Beamish Museum Limited. The Joint Committee however receives funding from its Constituent Authorities to fund its direct costs. All capital investment in the Museum and the way it is financed is determined by the Joint Committee.

I am pleased to present the Annual Return for the year 2011/2012. A published and audited Annual Return (accounts) is at the heart of ensuring proper accountability for the use of local taxpayers' money. We recognise, however, that the accounts of the Museum can only tell part of the story. The Joint Committee needs to demonstrate that it is aiming to operate to the highest standard of conduct, in accordance with the principles of corporate governance, and that there are robust systems of internal control in place.

Elsewhere within the Annual Return is the Annual Governance Statement which includes assurances on the systems of internal control and the governance arrangements. This Statement confirms that there are sound systems in place. I will, however, continue to ensure action is taken when necessary to maintain and develop the system of internal control in the future.

D Marshall
Chairman of the Joint Committee

Date: 29th June 2012

Certification of the Annual Return

As Chairman of the Joint Committee held on the 29th June 2012, I hereby acknowledge receipt of the Annual Return (subject to audit) for 2011/2012 by this Committee, and in accordance with the Accounts and Audit Regulations (England) 2003 Regulation 7(1), I confirm that the Annual Return (subject to audit) was approved at the Joint Committee on 29th June 2012 in accordance with sub-paragraph 10 (3) (a) with regard to the aforementioned regulations.

D Marshall
Chairman of the Joint Committee

Date: 29th June 2012

The Accounts and Audit (England) Regulations 2011 came into force on 31 March 2011. Prior to the 2011 Regulations, to be classified as a smaller relevant body, a body had to have gross income or expenditure (whichever was higher) of less than £1m in the year of account or in either of the two preceding years. This threshold has been revised under the 2011 Regulations, so that the limit is based on the thresholds laid down by companies' legislation in the definition of small companies. Under Regulation 2(1) a body can now be classified as a smaller relevant body if its gross income or expenditure (whichever is the higher) is no more than £6.5m.

As the Joint Committee's gross income and expenditure is below the recently revised threshold, the Joint Committee resolved at a meeting held on 6 May 2011 to be classified as a smaller relevant body for the preparation of the 2010/2011 and subsequent financial statements. The Joint Committee is therefore exempt from preparing a Statement of Accounts under the 'Code of Practice on Local Authority Accounting in the United Kingdom 2011' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). It is, however, required to produce an Annual Return prepared in accordance with proper practices in relation to accounts. This means that the provisions of the Code of Practice will be relevant to the extent that they are not overridden or made redundant by statutory requirements.

The Annual Return of the Joint Committee for the financial year 2011/2012 is shown in the following pages and contains the following financial statements:

- **Statement of Responsibilities for the Annual Return**
This discloses the respective responsibilities of the Joint Committee and the Treasurer.
- **Statement of Accounting Policies**
This discloses the accounting policies that are significant to the understanding of the Annual Return.
- **Annual Governance Statement**
This statement sets out the principal arrangements that are in place to ensure a sound system of internal control is maintained, which is reviewed annually and approved each year by the Joint Committee.
- **Income and Expenditure Account**
This statement brings together expenditure and income relating to all of the Joint Committee's functions.
- **Balance Sheet**
This shows the balances and reserves available to the Joint Committee, its long-term indebtedness, fixed and net current assets employed by its operations, and summarised information on the fixed assets held.
- **Statement of Total Recognised Gains and Losses**
This statement shows all of the Joint Committee's gains and losses arising in the financial year.

- **Cash Flow Statement**

This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

The revised budget estimate approved by the Joint Committee on 16th March 2012 forecast a break-even position at the year end based on a contribution from reserves of £17,961. The actual contribution made from reserves at the year end was £17,834. The Joint Committee's accumulated revenue reserve has therefore decreased by £17,834 from £124,325 at 1 April 2011 to £106,491 at 31 March 2012.

The balance of the Joint Committee reserves at 31st March 2012 is summarised below:

General Reserves	£
Revenue Fund Balance	106,491
Capital Development Reserve	576,661
Other Earmarked Reserves	8,000
Total	<u>691,152</u>

All reserves have been reviewed to ensure that they are relevant, appropriate and in the case of earmarked reserves remain fully committed. The revenue fund balance is to be used to fund future running costs of the Joint Committee which are projected to exceed income in future years. Once funds are fully utilised, the Joint Committee will require funding from its constituent authorities and BML to continue its operations.

In March 2009, Beamish set out a programme of capital projects to improve the performance of the Museum in the Business and Operational Improvement Plan (BOIP). The BOIP is reviewed regularly to take into account changes in contract costs and the level and sources of funding available and updated reports are submitted to the Joint Committee for their approval. The BOIP consists of nine capital projects at a total estimated cost of £3.745m. During 2011/2012, four BOIP projects were completed and work was carried out on four remaining projects at a total combined cost of £1.097m, the details of which are included at Note 4 to the Balance Sheet. The BOIP projects were funded as follows:

- BML Surplus - £559,532
- Contribution from Beamish Development Trust - £40,000
- Contribution from The Reece Foundation - £214,004
- Contribution from The Friends of Beamish - £220,000
- Garfield Weston Trust - £50,000
- Fundraising by Hetton Lyons Primary School - £2,847
- Loan - £10,992

The Museum also purchased a JCB telehandler which was previously subject to a lease agreement. The total capital cost of £14,475 was financed from the Museum's Capital Development Reserve.

Malcolm Page - Treasurer to the Joint Committee
Date: 29th June 2012

The Joint Committee's Responsibilities

The Joint Committee is required:

1. To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For this Joint Committee, that officer is the Executive Director of Corporate and Commercial Services of the Lead Authority (Sunderland City Council), who acts as Treasurer to the Joint Committee.
2. To manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
3. To approve the Annual Return

The Treasurer to the Joint Committee's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Annual Return which, in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code"), is required to present a true and fair view of the financial position of the Joint Committee at the accounting date and its income and expenditure for the year ended 31st March 2012.

In preparing this Annual Return, the Treasurer has:

1. Selected suitable accounting policies and then applied them consistently;
2. Made judgments and estimates that were reasonable and prudent;
3. Complied with the Code, except where disclosed.

The Treasurer has also:

1. Kept proper accounting records which were up to date;
2. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Treasurer confirms that the above responsibilities have been observed and that the accounts set out in the following pages show a true and fair view of the financial position of the Joint Committee at 31st March 2012.

Malcolm Page
Treasurer to the Joint Committee
Date: 29th June 2012

1. General Principles

The Accounts have been prepared in accordance with the principles of the Code of Practice on Local Authority Accounting in the United Kingdom 2011 issued by CIPFA. They conform to the requirements of the Code of Practice as required for smaller bodies except where disclosed in the following notes:

2. Fixed Assets

Intangible Fixed Assets

Intangible fixed assets are defined in FRS 10 - Goodwill and Intangible Assets as being non-financial fixed assets that do not have a physical substance but are identifiable and are controlled by the entity through custody or legal rights. For the Joint Committee, intangible assets include software and software licences where these are assessed as bringing benefits to the Joint Committee for more than one financial year. These assets are included at cost.

Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. All expenditure on the acquisition, creation or enhancement of fixed assets is accounted for on an accruals basis and is capitalised in the Balance Sheet, provided that the fixed asset yields benefit to the Joint Committee and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to the Income and Expenditure account as it is incurred.

Fixed assets are valued at original purchase cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Capital projects that are still in progress as at 31st March are classed as 'fixed assets under construction' and are shown in the Balance Sheet as non-operational assets on a purchase cost basis. These cost values are transferred to operational assets once the capital scheme has been completed.

The Museum operates a de-minimis level under which expenditure on fixed assets is charged to revenue as it is incurred. The de-minimis level has been established at a value of £10,000 for the recording of all capital assets other than vehicles which are recorded as fixed assets irrespective of cost. Asset values are not adjusted for depreciation and assets are not re-valued.

Disposals: when an asset is disposed of, the value of the asset in the Balance Sheet is written-off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal.

3. Debtors and Creditors

Revenue transactions are recorded on a system of receipts and payments during the year.

The treatment of expenditure and income that relates to periods that span the 31st March year-end requires further explanation.

a) Periodical Payments relating to periods not ending on 31st March

In these cases the charges made in the financial year reflect a 12-month period for the service provided e.g. four quarters accounts are included.

b) Debtors

The debtors in the Balance Sheet represent sums due to the Joint Committee which had not been paid by the year-end, and which are regarded as collectable.

c) Creditors

The Joint Committee uses a procurement module within its Financial Management System to account for the bulk of its creditors each year. This means that all orders for goods and services must be processed through the system with the effect that the system records and identifies all creditors as being both commitments (where the goods have been received by 31st March 2012 but not yet invoiced) and creditor payments (where the goods have been received and invoiced but not paid until the following financial year), automatically. This means that there is a significant reduction in the need for manual intervention.

d) Receipts in Advance

The Joint Committee occasionally receives funds from third parties, including grants, ahead of their intended use. Such receipts are posted to the Balance Sheet in order that they can be matched in the following year with the expenditure to which they relate.

4. Provisions

Provisions are amounts set aside to meet specific future expenditure, the amount and timing of which cannot yet be accurately determined.

5. Cost of Support Services

Sunderland City Council and Durham County Council provided support services to the Joint Committee. Sunderland City Council provides Financial, Audit, IT, Personnel and Payroll support based on a formal Service Level Agreement with the Joint Committee. The charges made for each of these service areas are calculated based on full cost recovery applied against the most appropriate apportionment basis for the service (e.g. days worked, staff numbers etc.). The associated costs are included in Running Expenses in the Income and Expenditure Account.

Durham County Council provides Legal, Committee and Property Services support to the Joint Committee on a nil cost basis.

6. Internal Interest

Interest is credited to the Income and Expenditure Account based on the level of fund balances. The amounts are calculated using 7-day money market rates.

7. External Interest

All interest payable to the Joint Committee on external borrowings undertaken by Sunderland City Council is accrued and accounted for in the accounts for the period to which they relate on the basis that the treatment reflects the overall economic effect of borrowings. Similarly, interest receivable on investments made with Sunderland City Council is also accrued and accounted for in the accounts of the period to which they relate.

8. Investments and Deferred Liability

Sunderland City Council administers all of the Joint Committee's borrowing through its Consolidated Advances and Borrowing Pool (CABP) and as such the Joint Committee does not undertake borrowing of its own. The amount of borrowing undertaken by Sunderland City Council on the Joint Committee's behalf has been recognised as a deferred liability on the Balance Sheet for 2011/2012.

All investments are made via Sunderland City Council and interest on investments is calculated on a 7-day rate and paid to the Joint Committee half yearly.

9. Value Added Tax

VAT is not included in the Joint Committee's Income and Expenditure Account as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from it.

10. Loan Repayments

These transactions are included in the Income and Expenditure Account and are accrued into the appropriate financial year to which they relate.

Scope of Responsibility

The Joint Committee of Beamish, the North of England Open Air Museum is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Joint Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Joint Committee has approved and adopted a local Code of Corporate Governance which is consistent with the principles of the SOLACE/CIPFA Framework, Delivering Good Governance in Local Government.

This Statement explains how the Joint Committee has complied with the SOLACE/CIPFA Framework and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Museum is directed and controlled. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place at the Museum for the year ended 31st March 2012 and up to the date of approval of the Annual Return.

The Governance Framework

There is a clear vision of the Museum's purpose and intended outcomes that is clearly communicated, both within the organisation and to external stakeholders.

- The Museum's forward plan is clearly detailed in the Business and Operational Improvement Plan 2009 - 2013, which was prepared with extensive consultation with stakeholders and approved in March 2009. It is reviewed regularly by the Board of BML and covers the period to 31 January 2013.

- The Museum Director reports to the Joint Committee on a bi-monthly basis on the operation of the Museum by BML and its trading subsidiary. The reports include details of visitor numbers, income generation, trading activity, planned events and commentary on the outcome of events that have taken place, curatorial issues, education issues and other developments.
- The Museum Director continues to meet with all museum stakeholders both informally and formally, to keep them involved and informed of developments at the Museum. This includes attending meetings of the Friends of Beamish and the Beamish Development Trust.
- Communication of objectives to staff and stakeholders takes place through the following means:
 - Distribution of the Business and Operational Improvement Plan both internally and beyond the Museum;
 - Monthly 'Catch-Up' Meetings in the Tea Room with all staff and volunteers invited, where progress and results are regularly reviewed and upcoming developments discussed openly;
 - Annual staff away days including all staff. In 2011 this involved visits to attractions and museums in York followed by a workshop at the National Railway Museum. This included a review of the previous year's performance as well as a look at the priorities in the year ahead;
 - Staff training and induction sessions, held regularly in teams from early 2009 to help develop the business plan and continue to allow staff to suggest ways of improving the visitor experience and performance of the museum;
 - Bi-monthly BML Board and Joint Committee meetings;
 - Attendance by the Museum Director and other officers at a number of stakeholder meetings including those with Arts Council England (Renaissance); Visit County Durham; and the Durham Cultural Partnership;
 - The Foreword to the Annual Return sets out the Museum's priorities, how the Museum spent money on achieving these during the last financial year, and how successful the Museum has been;
 - Through the Museum's Investors in People (IIP) processes, a panel of staff to continue to review our progress and performance.

Arrangements are in place to review the Museum's future plan and any implications in terms of its governance arrangements, including ways of strengthening partnerships with Local Authorities in the North East. The following actions are being taken:

- A regional advisory panel is being established in 2012/13 engaging all local authority partners and considering reports from a working group. An initial report to the Joint Committee is expected in September 2012.
- Through reviews by external inspectorates the Museum constantly seeks ways of securing continuous improvement. The Museum has professional and objective relationships with these external inspectorates.
- There is an annual review of the Museum's Code of Corporate Governance to ensure that it is up to date and effective.

Arrangements exist for measuring the quality of the Museum's performance, for ensuring it is delivered in accordance with the Museum's objectives and for ensuring that they represent the best use of resources, including:

- There are clear and effective performance management arrangements including personal development plans with staff which address financial responsibilities.
- Performance reports are issued weekly and distributed via e-mail to all departments in the Museum. They are monitored weekly in operational management group meetings.
- Reports on key performance indicators and trading accounts for retail and catering are issued to all relevant managers and supervisory staff monthly.
- Services are delivered by suitably qualified / trained / experienced staff and all posts have detailed job profiles / descriptions and person specifications.

Codes of Conduct defining the standards of behaviour for members and staff are in place, conform to appropriate standards, and are communicated and embedded across the organisation:

- The following are in place:
 - Members' Codes of Conduct;
 - Employees' Code of Conduct;
 - Whistle Blowing Policy.

Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks:

- The Executive Director of Commercial and Corporate Services (Sunderland) is the designated Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972 ensuring lawfulness and financial prudence of decision making, and is responsible for the proper administration of the Museum's financial affairs.

- The Legal Services Manager (Property, Planning and Projects), (Durham) is the Museum's Monitoring Officer who has maintained an up to date version of the Constitution and has endeavoured to ensure lawfulness and fairness of decision making.
- The Museum has in place up to date Procurement Procedure Rules and Financial Procedure Rules, which are subject to regular review.
- Written procedures are in place covering financial and administrative matters, as well as HR policies and procedures. These include:
 - Whistle Blowing Policy;
 - Anti Fraud and Corruption Policy;
 - Codes of Conduct;
 - Complaints Policy;
 - Procurement Codes of Practice.
- There are robust and well embedded risk management processes in place, including a Corporate Risk Profile and individual risk profiles for all new developments and business plans.
- There are comprehensive budgeting systems in place and a robust system of budgetary control, including formal quarterly and annual financial reports, which indicate financial performance against forecasts.
- There are clearly defined capital expenditure guidelines in place.
- Appropriate project management disciplines are utilised.

The core functions of audit, identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities, are undertaken by members. The Museum has a Board which, as well as approving the Museum's Annual Return, undertakes to:

- consider the effectiveness of the museum's corporate governance arrangements, risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance that action is being taken on risk-related issues identified by auditors and inspectors;
- be satisfied that the museum's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
- receive and consider (but not direct) internal audit's strategy, plan and monitor performance;
- receive and consider the external audit plan;
- review a summary of internal audits, the main issues arising, and seek assurance that action has been taken where necessary;

- receive and consider the annual report of internal audit;
- consider the reports of external audit and inspection agencies;
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;
- review the external auditor's opinions and reports to members, and monitor management action in response to the issues raised by external audit;

Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

- The Legal Services Manager (Property, Planning and Projects), (Durham) is the Museum's designated Monitoring Officer to safeguard the legality of all Museum activities.
- The Museum maintains an internal audit service, provided by Sunderland City Council. The BML Board receive regular reports on internal audit plans and key recommendations.
- The Museum is regularly audited by external funders for revenue and capital projects including Renaissance. Agencies involved include the DCMS, Heritage Lottery Fund, Museum Libraries and Arts Council England.

Arrangements for whistle-blowing and for receiving and investigating complaints are in place and are well publicised:

- The Museum is committed to establishing and maintaining effective reporting arrangements to ensure that, where an individual, whether an employee of the Museum, a Member, or any member of the public, has concerns regarding the conduct of any aspect of the Museum's business, they can do so through a variety of avenues, promptly and in a straight forward way.
- The framework in place ensures the aims of this Policy are met are set out in the 'Whistle Blowing Policy' document.

Review of Effectiveness

The Joint Committee of the Museum has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by feedback from Members and the work of all senior managers within the museum who have responsibility for the development and maintenance of the governance environment, Internal Audit Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes the following:

- The role of the Museum:
 - Members have participated in the annual review of the Museum's Corporate Governance arrangements;
 - The Chairman of the Board has overseen the review and signed the Annual Governance Statement.
- The role of the Museum's Board includes the following:
 - promoting and maintaining high standards of conduct by members, co-opted members;
 - monitoring the operation of the Members' Code of Conduct;
 - monitoring the operation of the Museum's Anti-Fraud and Corruption Policy so far as it relates to the actions of Members of the Museum Board;
 - considering reports and complaints relating to the conduct of Members of the Board;
- All Senior Managers have participated in the annual governance review through carrying out self-assessments relating to their areas of responsibility.
- The Director has provided a Controls Assurance Statement relating to the museum, having considered the detailed self-assessments from the Senior Managers.
- Internal audit planning processes include consultation with the Director and reviews of the Business and Operational Improvement Plan. Audit work is risk based audit work and includes risks in relation to the achievement of objectives, and Internal Audit Services carries out regular systematic auditing of key financial and non-financial systems.
- The review of the effectiveness of Internal Audit Services is informed by the external auditors in their annual audit letter, opinion on the accounts and other reports.

A review of the effectiveness of the Museum's governance framework including an improvement plan has been agreed for the continuous improvement of the Museum's corporate governance and internal control arrangements.

We propose over the coming year to take steps to implement the improvement plan to further enhance the Museum's governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review and will monitor their implementation and operation as part of the next annual review.

Councillor David Marshall
Chairman

Malcolm Page CPFA
Treasurer to the
Joint Committee

Richard Evans
Museum Director

Date: 29th June 2012

Income and Expenditure Account for the Year Ended 31 March 2012

	Notes	2011/2012		2010/2011	
		£000	£000	£000	£000
Income					
Constituent Authorities contributions		81		103	
Other income		<u>1,286</u>	1,367	<u>1,513</u>	1,616
Expenditure					
Running expenses	2	161		274	
Interest payable and similar charges		<u>23</u>	184	<u>22</u>	296
Net surplus/(deficit) for year			1,183		1,320
Net operating surplus/(deficit) for the year before appropriations:			1,183		1,320
Transfer (to)/from Capital Development Reserve			(44)		(4)
Transfer (to)/from Earmarked Reserves			(1)		(1)
Capital Financing			(1,110)		(1,306)
Net surplus / (deficit) for the year			<u>28</u>		<u>9</u>

Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2012

	Notes	2011/2012 £000	2010/2011 £000
Operating Surplus/(deficit) for the year on the Income and Expenditure Account		1,183	1,320
Gain/(loss) arising on revaluation of fixed assets		0	0
Other gains/(losses) required to be included in the STRGL	10	0	0
Total recognised gains/(losses) for the year		1,183	1,320

Balance Sheet as at 31 March 2012

	Notes	2011/2012		2010/2011	
		£000	£000	£000	£000
Fixed Assets	4				
Intangible Fixed Assets		104		104	
Tangible Fixed Assets					
Operational assets:					
Infrastructure		2,175		2,175	
Land and buildings		14,946		13,178	
Vehicles, plant and equipment		3,127		2,969	
Community assets		1,127		1,127	
Non-operational assets:					
Assets under construction		484		1,286	
Deferred premiums on the early repayment of debt		0	21,963	0	20,839
Total fixed assets					
Long Term Investments	5	0		0	
Current Assets					
Debtors	6	787		804	
Investments - Short term	7	532		1,681	
Total current assets		1,319		2,485	
Current Liabilities					
Creditors	8	(37)		(429)	
Cash at bank overdrawn		(591)		(1,393)	
Total current liabilities		(628)		(1,822)	
Net current assets/(liabilities)			691		663
Net assets					
Deferred Liability (Borrowing)	9		(647)		(678)
Total assets less liabilities			22,007		20,824
Capital financing account	10		21,316		20,161
<u>General Reserves:</u>					
Earmarked reserves	11	8		7	
Capital development reserve	12	577		532	
Revenue fund balance		106	691	124	663
Total equity			22,007		20,824

Cash Flow Statement for the Year Ended 31 March 2012

This statement summarises the flow of cash from revenue and capital transactions with third parties.

	Notes	2011/2012		2010/2011	
		£000	£000	£000	£000
Revenue Activities					
Expenditure:					
Cash paid to and on behalf of employees		0		0	
Other operating cash payments		68	68	40	40
Income:					
Cash received for goods and services		0		0	
Other revenue income		(161)	(161)	(106)	(106)
Servicing of Finance					
Expenditure:					
Interest paid		23		22	
Income:					
Interest received		(3)	20	(4)	18
Net cash flow from revenue activities	13		(73)		(48)
Capital Activities					
Expenditure:					
Purchase of fixed assets			1,381		1,179
Income:					
Capital grants received		(992)		(1,272)	
Other capital income		0	(992)	0	(1,272)
Net cash inflows/(outflows) before financing	17		316		(141)
Management of Liquid Resources					
Increase/ (decrease) in short term deposits	15		(1,149)		961
Financing					
Expenditure:					
Repayment of amounts borrowed	16		42		25
Income:					
New loans raised	16		(11)		(84)
(Increase)/decrease in cash	14		(802)		761

Notes to the Income and Expenditure Account

1. Members' Allowances

There are no Members' allowances paid by the Joint Committee.

2. External Audit Fees

In 2010/2011 the Joint Committee made a provision of £5,000 for fees relating to the external audit and inspection of the 2010/2011 accounts. The actual fees relating to the external audit were £3,000. As the provision for 2010/2011 was overstated by £2,000 for 2010/2011 the credit amount of £2,000 has been netted off against the audit fees of £3,000 for the external audit of the 2011/2012 accounts, hence an amount of £1,000 is included in Running Expenses in the Income and Expenditure Account.

	2011/2012 £000	2010/2011 £000
Fees payable to the External Auditors	1	5

3. Related Party Transactions

The Code requires the disclosure of any material transactions with related parties to ensure that stakeholders are aware when these transactions take place and the amount and implications of such transactions. Relevant disclosures include the provision of support services as disclosed in the accounting policies and disclosure in respect of Government Grants which is shown in the notes to the cash flow statement. Disclosures in respect of members' interests are also required to be reported. After consultation with Members there are no disclosures to report.

Beamish Development Trust is a registered charity whose principal activity is the raising of money from industry, commerce, private trusts and individuals to support the development plans of the Beamish North of England Open Air Museum. Consequently, a close relationship exists between the two bodies. The Chairman of the Joint Committee, which oversees the Museum, also sits as a Trustee on the Charity and those officers who advise the Joint Committee are also responsible for advising the Development Trust.

The Joint Committee has a significant and controlling influence over Beamish Museum Limited (BML) and Beamish Museum Trading Limited (BMTL). The Joint Committee continues to be responsible for the assets of the Museum and makes all decisions on capital schemes and procuring grants for capital development. BML (a charitable company limited by guarantee) is responsible for managing and operating the Museum on behalf of the Joint Committee. BMTL manages all of the retailing and catering operations. The Joint Committee approved in March 2008 a Management Contract setting out the responsibilities of the Joint Committee and Beamish Museum Limited under the new arrangements and a Scheme of Delegation to officers. All staff are employed by BML and some are seconded to BMTL as appropriate.

Notes to the Balance Sheet

4. Movement of Fixed Assets

All assets on the asset register are now recorded at original purchase cost. These values are not updated apart from when there are subsequent additions and should remain at this value until their disposal. Assets are no longer subject to depreciation or revaluation.

	Intangible Assets £000	Infra- structure £000	Land & Buildings £000	Vehicle, Plant & Machinery £000	Community £000	Non Operational Assets* £000	Total £000
Gross Book Value 31/03/11	104	2,175	13,178	2,969	1,127	1,286	20,839
Reclassification	0	0	1,238	0	0	(1,238)	0
Donated assets	0	0	0	12	0	0	12
Additions	0	0	530	146	0	436	1,112
Gross book value 31/03/12	104	2,175	14,946	3,127	1,127	484	21,963

* Assets under construction

Capital expenditure incurred in the year was £1.112m and the main items are detailed below:

Capital Expenditure	2011/2012 £000
JCB Telehandler	15
<u>BOIP Projects:</u>	
Edwardian Fairground and Pleasure Park	5
Tea Rooms	179
Entrance Building	275
Fish and Chip Shop	75
Eston Church	185
Hetton Band Hall	53
Transport & Industry Projects	254
Town Bakery	71
	1,112

The capital expenditure of £1.112m was funded as detailed below:

Capital Funding	2011/2012 £000	%
Grants and contributions	1,086	98
Capital development reserve	15	1
Internal Borrowing	11	1
	<u>1,112</u>	<u>100</u>

5. Long Term Investments

Beamish Museum Limited (a charitable company limited by guarantee) is responsible for managing the Museum on behalf of the Joint Committee. Beamish Museum Trading Limited, a subsidiary of Beamish Museum Limited (BML) manages all of the retail and catering operations. BML and its trading subsidiary were incorporated on 22/03/2006 and 05/03/2008 respectively. The 2008/09 accounts for both BML and its trading subsidiary were filed in January 2010. The new companies did not hold any assets during 2011/12 and are therefore shown at a nominal value on the balance sheet.

6. Debtors

	31 March 2012 £000	31 March 2011 £000
Sundry Debtors - Revenue	0	96
Sundry Debtors - Capital Schemes	395	244
VAT Refund of Input Tax	16	96
Sundry Debtors - Beamish Museum Limited Revenue	376	368
	<u>787</u>	<u>804</u>

7. Investments - Short Term

	Value as at 31/03/12 £000	Value as at 31/03/11 £000
Short Term Investments	532	1,681

8. Creditors

	31 March 2012 £000	31 March 2011 £000
Sundry creditors - revenue	8	37
Sundry creditors - capital	29	298
Revenue Payments to Beamish Museum Limited	0	94
	<u>37</u>	<u>429</u>

9. Deferred Liability

Sunderland City Council administers all of the Joint Committee's borrowing through its Consolidated Advances and Borrowing Pool (CABP) and as such the Joint Committee does not undertake borrowing in its own name. The amount of borrowing undertaken by Sunderland City Council on the Joint Committee's behalf has been recognised as a deferred liability on the Balance Sheet for 2011/2012.

	Balance as at 1 April 2011 £000	Balance as at 31 March 2012 £000	Movement 2011/2012 £000
Deferred Liability	678	647	(31)

10. Capital Financing Account

The Capital Financing Account amalgamates the 2009/2010 balances from the Grants and Contributions to Deferred Account, the Revaluation Reserve and the Capital Adjustment Account, and includes the adjustments made as a result of re-stating fixed asset values to cost value and subsequent capital financing.

	2011/2012 £000	2010/2011 £000
Balance as at 1 April	20,161	18,731
Capital Financing 2011/2012	1,155	1,430
Balance as at 31 March	<u>21,316</u>	<u>20,161</u>

11. Earmarked Reserves

This reserve was established in 2003/2004 to meet anticipated future expenditure in specific areas of the Museum.

	2011/2012 £000	2010/2011 £000
Joint store sinking fund	8	7
Balance as at 31 March	<u>8</u>	<u>7</u>

12. Capital Development Reserve

The Capital Development Reserve was established with monies received from HM Customs and Excise in respect of a VAT refund on income on admissions. A subsequent VAT refund and associated interest has also been received from HM Revenue and Customs. The purpose of the Reserve, which is invested with Sunderland City Council, is to provide funding for future Capital projects.

	2011/2012 £000	2010/2011 £000
Balance as at 1 April	532	593
Add: Internal interest appropriated to the Reserve	3	3
Transfer from Earmarked Reserves	0	59
Capital grant not utilised	56	0
Less:		
Utilisation for capital funding in year	(14)	(123)
Balance as at 31 March	<u>577</u>	<u>532</u>

Notes to the Cash Flow Statement

13. Revenue Activities

The net cash flow can be reconciled to the Income and Expenditure Account as follows:

	2011/2012		2010/2011	
	£000	£000	£000	£000
Operating (Surplus) / Deficit for the year		(1,183)		(1,320)
Non cash transactions:				
Capital Grants	1,142		1,281	
Minimum revenue provision	42		25	
Direct revenue funding	15		123	
Net Movement in reserves and provisions	(44)		(118)	
Other	0	1,155	0	1,311
Items on accruals basis:				
Increase / (Decrease) in debtors	(168)		(74)	
(Increase) Decrease in creditors	123	(45)	35	(39)
Net cash flow from revenue activities		<u>(73)</u>		<u>(48)</u>

14. Increase / (Decrease) in Cash

	Balance as at 1 April 2011 £000	Balance as at 31 March 2012 £000	Movement 2011/2012 £000
Cash at bank Overdrawn	(1,393)	(591)	802

15. Increase / (Decrease) in Liquid Resources

	Balance as at 1 April 2011 £000	Balance as at 31 March 2012 £000	Movement 2011/2012 £000
Short term investments	1,681	532	(1,149)

16. (Increase) / Decrease in Financing

	Balance as at 1 April 2011 £000	Balance as at 31 March 2012 £000	Movement 2011/2012 £000
Deferred Liability	678	647	31

17. Reconciliation of Net Cash Flow to Movement in Debt

	2011/2012 £000	2010/2011 £000
Increase / (decrease) in cash during year (Note 14)	802	(761)
Increase / (decrease) in liquid resources (Note 15)	(1,149)	961
(Increase) / decrease in financing (Note 16)	31	(59)
	<u>(316)</u>	<u>141</u>
Net Debt as at 1 st April	(390)	(531)
Net Debt as at 31 st March	<u>(706)</u>	<u>(390)</u>
	<u>316</u>	<u>(141)</u>