

Sheffield Galleries & Museums Trust
(Limited by guarantee)

Annual report and financial statements
for the year ended 31 March 2018
Charity registered number 1068850
Company registered number 3527746



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Officers and Professional Advisers

Directors at the date of approval of the financial statements, *who act as Trustees*

CAJ Biggin
A Bostrum
D Chouings
JS Cowling (*Chair*)
R Downs
M Hanson
D Hurst
N MacDonald
P Meleady
I Proctor
Cllr P Rippon
J Taylor
Dr S Watson

Company secretary

CAJ Biggin

Registered office

Riverside East
2 Millsands
Sheffield
S3 8DT

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers

The NatWest Bank
42 High Street
Sheffield
S1 2GE

Chair's message

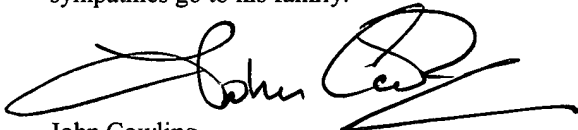
Once again, Museums Sheffield delivered a fantastic series of exhibitions across our gallery spaces during 2017/18. A full list is included in the Trustee report but the highlights include the very successful *At Home in A Dolls House* at Weston Park, *Dan Holdsworth: Mapping the Limits of Space* at the Graves Gallery; as well as *Hope is Strong, Ravilious and Co* and *The Master of all Trades: The John Ruskin Prize 2017* at the Millennium Gallery. All exhibitions exceeded visitor targets and my thanks go to the whole team for their work to facilitate the curation, presentation, marketing and interpretation of the programme.

The annual report and accounts show that again we have managed our financial affairs to good effect by exercising tight financial discipline during the year to enable a modest surplus to be generated from our core activities. The continued support of our major funders – Sheffield City Council and Arts Council England remains fundamental to our success and we are very grateful for this support. We recognise that the City Council is operating against the backdrop of spending cuts across the UK and that this is a challenging time for all local authorities. The Council's ongoing commitment to Museums Sheffield demonstrates their recognition of the value and importance of great art and culture in the city. Their financial and political commitment enables us to lever in further funds to support our work in making Sheffield a better place for everyone.

As part of the renewed NPO contract we have committed to working closely with Sheffield Industrial Museums Trust to deliver collaborative activity between the two charities over the next four years. Activity is focused on volunteering, learning and creative programming and is beginning to show very promising results.

We also continue to collaborate with colleagues in Sheffield and across the country. Our strategic partnership with the V&A continues to bear fruit and we work in close partnership with the Guild of St George to look after and curate the Ruskin Collection. These are both very important relationships for us. Our work with members of Sheffield Culture Consortium ensures a city wide approach to culture and joined up development of projects including the new Cultural Education Partnership. We are working closely with Sheffield City Council to explore opportunities for the future of the Graves Gallery and the Central Library.

I would like to thank those Trustees that retired during the year namely Cllr Olivia Blake and Craig McKay for their valuable contribution to the Board. We now welcome Cllr Diane Hurst and Darren Chouings as new trustees. It is with sadness that I record that Dan Sequerra died in April this year after a long illness. Dan was a passionate supporter of the arts in Sheffield and his contribution, wit and enthusiasm will be greatly missed by the Board. Our sympathies go to his family.



John Cowling
Chair, Museums Sheffield

27 September 2018

Chief Executive Officer's report

This year marks the centenary of the Representation of the Peoples Act, 1918 – a point in history when many men and women secured the right to vote for the first time. The team at Museums Sheffield saw this anniversary as an opportunity to explore the role of women in the fight for Universal Suffrage and to extend this exploration to the wide range of causes that Sheffield people have fought for over the past 250 years. Thanks to funding from the Esmée Fairbairn Collections Fund we were able to develop the collections to better represent people's history and curate a year-long programme of exhibitions and events celebrating Sheffield's rich history of activism. Our exhibitions *Hope is Strong*, *Changing Lives* and *Here I Am* were all delivered through collaboration – with artists, with activists and campaigners, with residents of Sheffield and people from further afield. The programme had deep resonance for people in South Yorkshire and connected with communities far and wide and achieved sector recognition as an exemplar of collaborative practice.


While our work straddles a wide range of collection disciplines, showcasing Sheffield is a common thread. Our work to manage Sheffield Culture Consortium's *Making Ways* project supports the development of artistic talent and leadership by building the profile of the artistic community. This was embodied in *Everything Flows*, a stunning group show in summer 2017 that brought together work by Sheffield-based artists to explore the notion of 'flow' – from kinetic motion to migration.

Good collaboration is a fundamental part of our work – from our work with artists through Sheffield Culture Consortium and our work with Sheffield Industrial Museums to our partnership with teachers at Bankwood, Gleadless and Woodhouse West primary schools who have been working with us over the past three years on a creative adventure inspired by arts and culture. Our collaboration with artist Dan Holdsworth brought a stunning new exhibition to the Graves Gallery alongside the generous donation of a number of works for the Visual Art collection. Our *Going Public* programme continued through an extraordinary exhibition drawn from the personal collection of Jack Kirkland (a Main Board Director of Bowmer & Kirkland). Reflecting a passion for photography, minimalism and geometric abstraction, this Graves Gallery exhibition showcased work by some of the most important international artists of the past 75 years and demonstrated the potential of partnership working for the future of the Graves Gallery.

As the year drew to a close Sheffield City Council announced their ambition to see the Graves Gallery and Central Library transformed into a 'cultural hub' – this is good news for the city centre, good news for the people of Sheffield. While the project is at an early stage, the team and I continue to work closely with colleagues in the Council and the Consortium to realise our ambition.

By working with people from all walks of life Museums Sheffield is able to deliver an outstanding programme and ensure that the museums continue to be at the heart of the city's cultural landscape and a vital ingredient in the creative lives of our population. I would like to thank all of our partners, funders and Friends for their generous support of Museums Sheffield and finally offer a big thank you to our team – our staff, volunteers and Trustees – for bringing such energy, enthusiasm, expertise and commitment to our work.

This report gives an overview of our achievements during 2017/18 and summarises our plans for the future.



Kim Streets
Chief Executive Officer

Trustees' report

The Trustees, who act as Directors for the purposes of company law, present their annual report and audited financial statements for the year ended 31 March 2018, in compliance with current statutory requirements, the requirements of the charity's Memorandum and Articles, applicable law and the requirements of the Statement of Recommended Practice 2015 (FRS102): Accounting and Reporting by Charities.

This report and financial statements incorporates the results of Sheffield Galleries & Museums Trust (the "Trust") and its trading subsidiary, SGMT Enterprises Limited, (together branded as Museums Sheffield) and will be filed with the Registrar of Companies.

Governing document

The Trust is a company limited by guarantee and a registered charity and is governed by its Memorandum & Articles of Association dated 10 March 1998.

Charitable objectives

The Trust's purpose is embedded in its charitable objectives:

- The advancement of education of the public through the provision, maintenance and support of museums, art and craft galleries within Sheffield and its environs;
- To promote, maintain, improve and advance public education through the acquisition, care, management and display for the public benefit of:
 - a. the non-industrial galleries and museums collections of Sheffield City Council;
 - b. the arts collection of the Mappin Trust;
 - c. the collection of the Guild of St George; and
 - d. Any other collections, groupings, displays or individual items from any other body which will promote the objects of the Company.
- The advancement of the education of the public by the aid, establishment, funding, or sponsorship of bursaries, scholarships or grants to any person or persons, institution, association or corporate body for the purpose of furthering the objects of the Company.
- Such other charitable objects as the Company shall from time to time determine.

Organisation

The board of Trustees, which can have up to 14 members, administers the charity. The board meets bi-monthly and Trustees also hold committees to review Development, Finance, Programmes, Remuneration and Employment, Risk, Audit and Governance and Nominations.

A Chief Executive Officer is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive Officer has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and creative performance related activity.

The Trust operates from the following sites:

Graves Gallery, Surrey Street, Sheffield

Millennium Gallery, Arundel Gate, Sheffield

Weston Park Museum, Weston Park, Western Bank, Sheffield

The Trust also manages an administrative office at Leader House and a Collections Centre on the outskirts of the city.

Appointment of Trustees

The Board consists of up to fourteen Trustees, at least seven of whom must be elected and a further four are nominated. All elected Trustees are appointed by the members of the charitable company attending the November Annual General Meeting. Trustees serve for an initial period of three years from the Annual General Meeting at which he or she was appointed, or from the first Annual General Meeting following which he or she was first appointed, and may then serve for a further three years.

Trustees' report (*continued*)

Three Trustees are nominated by SCC and are subject to the appointment process of that body and the guidelines on appointment to public office as they apply to Local Government nominees. One Trustee is appointed by the Victoria & Albert Museum.

New Trustees bring an appropriate balance of experience relevant to the requirements of the operations of the Trust and in line with the requirements of its Memorandum and Articles of Association.

Procedures and policies for the induction and training of Trustees

New Trustees are invited to meet with the senior management team and Chairman to brief them about legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. The Chairman conducts an annual review with Trustees to identify training requirements, review performance and discuss their view of the charity's performance.

Public benefit

In setting the objectives of the charity and planning our activities, Trustees have considered the Charity Commission's guidance on public benefit and fee charging. The charity generates income from funding applications, commercial operations and donations, as well as charges for educational activities in order to cover operating costs. In setting education charges, the Trustees give careful consideration to the accessibility of the service for people who have a low income.

Access to displays, exhibitions and the majority of events in our galleries and museums is free to everyone. Trustees have taken the decision not to charge for entry to exhibitions and instead to encourage visitors to make a voluntary donation. This approach is reviewed regularly.

Legal and Administrative details

Registered Office

Riverside East
2 Millsands
Sheffield
S3 8DT

Secretary

John Biggin

Company registered number

3527746

Charity registered number

1068850

Trustees' report *(continued)*

Directors

The Directors, who act as Trustees, who held office during the year and to the date of signing are as follows:

CAJ Biggin	N MacDonald
Cllr O Blake * (<i>resigned 1st August 2017</i>)	C McKay (retired 23 rd November 2017)
Dr A Bostrum	P Meleady
D Chouings (appointed 24 th May 2018)	I Proctor
JS Cowling	Cllr P Rippon *
R Downs	DS Sequerra (died 9 th April 2018)
M Hanson	J Taylor
D Hurst (<i>appointed 1st August 2017</i>)	Dr S Watson

* Sheffield City Council nominated Trustee

The Trustees attendance at general meetings for the year ended 31 March 2018 is as follows:

Trustee	Meetings attended	Maximum no. of meetings
CAJ Biggin	3	4
Cllr O Blake	0	1
A Bostrum	0	4
J Cowling	4	4
R Downs	3	4
M Hanson	3	4
Cllr D Hurst	2	3
N MacDonald	3	4
C McKay	3	3
P Meleady	2	4
I Proctor	3	4
Cllr P Rippon	2	4
DS Sequerra	1	4
J Taylor	3	4
Dr S Watson	3	4

Risk Assurance and Governance Committee. Attendance at meetings for the year ended 31 March 2018 was as follows:

N MacDonald (<i>Chair</i>)	4	4
R Downs	3	4
DS Sequerra	0	4

Senior management

Kim Streets

Chief Executive Officer

Trustees' report *(continued)*

Objectives and activities

The role of the Trustees is to ensure the fulfilment of the objects of the Memorandum and Articles of Association, summarised above. The charity has a core vision and mission that underpins all activity:

Our vision: Inspirational museums and galleries where people can reflect upon the past, question the present and imagine the future.

Our mission is to connect with our visitors, share stories about Sheffield and the wider world, and care for the city's collections.

Employees and Volunteers

All individuals considered for employment are assessed based on their relative experience, knowledge, skills and qualifications. Our aim is that our workforce will be truly representative of all sections of society and each employee feels respected and able to give of their best. It is against Museums Sheffield's policy to discriminate either directly or indirectly against any person because of their protected characteristics.

Museums Sheffield recognises that training is a key way in which employees and potential employees may develop the knowledge, skills, qualifications and experience necessary for the effective performance of his/her job. Where training needs are identified through the performance management process, training opportunities will be made available, subject to financial and operational constraints, to all staff.

Volunteers get involved in every aspect of our work. Last year 135 volunteers contributed 5,773 hours of their time and skills to support our service. We run the programme on a strictly practical basis, recruiting volunteers to fit roles and undertake tasks identified by museum staff. All our volunteering opportunities are advertised via the website and to registered volunteers.

Pensions

The Financial Statements as presented include the full adoption of Financial Reporting Standard 102 ("FRS102"). In accordance with paragraph 17.14 of the SORP 2015, we have charged against the funds of the charity, a provision equivalent to the pension deficit reported under FRS102. This has resulted in a cumulative reduction in Funds available to the Trust of £974,000 in 2018 (£1,329,000 in 2017).

The Trust currently operates one pension scheme that is affected by the provisions of FRS102. Employees transferred from SCC on 6 April 1998 are members of the South Yorkshire Pension Scheme, providing benefits based on final pensionable pay. The expected cost of providing these pensions, as calculated periodically by professionally qualified actuaries, is charged to the Statement of Financial Activities, so as to spread the cost over the service lives of the employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payrolls. Two employees were members of the defined benefit scheme at 31 March 2018.

The most recent actuarial valuation showed that the market value of the scheme's assets was £4,223,000 at 31 March 2018 and that the actuarial value of those assets represented 81% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The Trust's employer contributions to the scheme will be at 17.2%, with the Trust also contributing a lump sum of £51,600 in 2017/18.

Each year the Trust and the scheme's actuaries review the underlying assumptions of the calculation of the valuation of the scheme for the purposes of FRS102. In the FRS102 calculation for these financial statements, we have reduced liabilities by 4.5% (to £5.2m) to reflect recent changes in members.

The Trustees currently consider that the performance of the investment portfolio and the increase in employer deficit reduction contributions implemented in the last year and for all future years are sufficient to anticipate that the deficit will be eliminated over the longer term.

Trustees' report *(continued)*

Relationship with other organisations

The Trust liaises closely with SCC in pursuit of its charitable objectives. The relationship is conducted in accordance with a formal funding agreement signed on 8 April 1998 and the Council provides services to the Trust.

The Council remains the principal funding provider of the Trust, providing approximately 45% (2017:40%) of total incoming resources in the year. Two of the Trustees serving in 2017/18, Councillor Hurst and Councillor Rippon, are current Sheffield City Councillors.

Payments to suppliers

It is the policy of the Trust to agree terms of payment with their suppliers when the order for goods and services is placed and to adhere to these arrangements when making payment. At the year end, trade creditor days were equivalent to 11 days (2017: 10 days).

Related parties

The Trust has a subsidiary, SGMT Enterprises Limited, which undertakes the non-charitable activities based within the sites operated by the Trust. Any surpluses generated by the activities of the subsidiary are donated to the Trust to support its charitable activities.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Trustee's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Trustees' report *(continued)*

In order to achieve the charity's objectives, the Trust is working to the following strategic aims:

- To be an organisation that is resilient, well-managed and generating independent income to deliver our charitable objectives
- To enhance the attainment, aspirations and well-being of Sheffield's people
- To promote a sense of place, city-pride and cultural identity
- To care for and develop the City's art, human and natural history collections

Financial and operational review

The result for the year is set out in detail on page 23.

Total income for the year was £3,310k. This was a decrease on the previous year of £398k. The majority of this decrease was in restricted income and was due to lower grant receipts for restricted projects.

Unrestricted income fell by £60k. This was mostly due to an anticipated decrease in donations. It should be noted that on-site visitor giving increased year on year and that the reduction in donations reflects a planned timing revision in a significant individual donation.

Expenditure totalled £3,835k in the year. Of this £1,312k related to restricted funds and reflects £600k expenditure on Arts Council England MPM funded activities and £535k depreciation on assets that were originally funded by restricted grants. Unrestricted expenditure was well controlled with a number of savings identified during the year that will bring on-going financial benefits to the Trust.

After accounting for a significant actuarial pension gain of £355k and benefitting from tax relief of £53k from the newly introduced Museums and Galleries Tax relief, the net decrease in funds for the year was £123k. This is split between a gain to unrestricted funds of £439k and a reduction in restricted funds of £562k.

Unrestricted net income before pension gains and tax relief for the year was £31k. Achieving this unrestricted surplus was difficult but necessary for the Trust. The surplus will enable the Trust to build resilience and sustainability for known future financial challenges, including the repayment of next year's loan instalment to SCC.

The Trust continues to operate in a landscape where public funding for arts and culture is falling. Despite this difficult environment, SCC has agreed to a standstill service charge for 2018/19 through to 2019/20. The Trust is grateful for SCC's continued financial support and the recognition that it gives to culture as a way to increase well-being, vibrancy and the City's economy.

SCC continued to provide long term support through a £130k loan. In 2017/18 the Trust repaid £100k of the loan and SCC agreed to waive £30k of the balance. SCC has agreed to provide partial support towards the repayment of the remaining balance of the loan. SCC has provided a letter of support to the Trust in order for it to continue to meet liabilities as they fall due and to enable it to continue to trade as a going concern. The letter of support is dependent upon the Trust performing in line with the business plan for 2018/19 and beyond.

We have considered the appropriateness of our Business Plan and the intentions of the council and have concluded that it is appropriate to prepare the financial statements on a going concern basis.

The Trust's funds have all been applied with a view to meeting the objects of the Trust. The Company's Memorandum and Articles of Association do not permit the payment of a dividend.

Trustees' report (*continued*)

The Trust has a wholly-owned trading subsidiary, SGMT Enterprises Limited, which is incorporated in the United Kingdom, and distributes its reserves to the Trust by gift aid. SGMT Enterprises Limited operates the shops, cafes, events and corporate hospitality trading operations carried on at the Trust. The subsidiary made a distribution of £169,442 (2017: £183,095) this year end.

Review of progress during the year

The Trust has achieved a net income on core unrestricted activities of £41k. This is a welcome result for the year and reflects a commitment to maximising income and well controlled expenditure.

There are significant financial challenges facing the Trust – notably, medium term falling SCC income, rising salary and energy costs and a further loan repayment.. This modest surplus will give the Trust added resilience to react and make organisational changes that will allow us to meet the financial challenges ahead.

Growing commercial income continues to be a priority. Retail income and particularly events income have both performed strongly. We anticipate that there is further room for growth from catering and hospitality operations.

Further details of the activities of the trading subsidiary are set out in note 4 of the consolidated financial statements.

This was the final year of our Arts Council England (ACE) Major Partner Museum funded programme with £600k of ACE funding received to support creative programming, our volunteering programme and our work with museum partners across South Yorkshire.

During 2017/18 an application was successfully submitted to ACE for National Portfolio Organisation funding. NPO funding will provide £600k of funding per year for four years to continue to support and develop the work supported through the MPM programme. A four year business plan with detailed strategic aims and objectives has been agreed as part of the application process.

Museums Sheffield was also delighted to be awarded an uplift of £200k per annum to develop a programme of collaborative working with Sheffield Industrial Museums Trust. This funding will enable both organisations to work together to strengthen our contribution and relevance to the diverse communities of Sheffield.

The 2017/18 results also include £53k of income from the newly introduced Museums and Galleries Exhibitions tax relief. The introduction of this relief is financially significant for the Trust and will enhance our resilience for the future. The relief has been introduced for an initial four year period.

The Trust has finished the year in a sound financial position and has worked hard to build resilience that will allow it to respond positively to the challenges ahead.

Achievements and performance

Aim 1: To be an organisation that is resilient, well-managed and generating independent income to deliver our charitable objectives

To support future financial stability and resilience it is vital that the organisation increases its self-generated income. Commercial income is generated from retail, hospitality and events. Charitable income is received through donations, sponsorship and our Friends scheme.

A particular strength of our commercial activities is our events income. Millennium Gallery is a unique and well known building in the heart of Sheffield, well suited to hosting events both large and small. Our events team have worked incredibly hard this year to achieve events turnover of £84k and a net contribution of £56k.

Retail turnover increased 3% this year to £547k (2017: £531k). Our retail gross profit margin remains strong at 44% (2016: 44%). Strong overhead control saw a retail net profit of £24k, an increase of £11k on the previous year. Each of our sites has a retail offering that aims to reflect our core programme. Retail income needs to continue to grow to support our

Trustees' report *(continued)*

charitable activities. Whilst the difficulties in the High street are reflected in our spaces, our retail offer, with its focus on local makers and exhibition related product, is unique in the city centre and is expected to continue to perform well.

Total donations received in 2017/18 reduced compared to the prior year. On-site visitor giving actually increased year on year and contributed £81k to the total donations figure. The reduction in donations reflects the timing revision of a significant individual donation.

The Friends scheme had diminished in popularity over the years. During 2016/17 the decision was taken to re-launch the scheme with an emphasis on the philanthropic benefits of supporting the museums and offering a greater variety of membership packages. The scheme re-launched early in 2017 and we are pleased that Friends membership and participation has grown over the year. The Trust very much values the support of our Friends, many of whom contribute financially and give their time voluntarily.

In addition to increasing earned income, all expenditure is closely managed and the Trust maintains strong cost control. Employment and utility costs continue to be our largest areas of expenditure. Statutory changes including the increasing national minimum wage, increased pension contributions and increasing pass through charges will be a significant pressure in coming years and will require organisational change in response.

Trustees' report (*continued*)

Aim 2: To enhance the attainment, aspirations and well-being of Sheffield's people

Our work and our programme continue to offer accessible and inspiring opportunities for people from all walks of life to use their museums as places to reflect upon the past, question the present and imagine the future.

During 2017/18 over 15,000 formal education visitors engaged with exhibitions, events and activities at our sites. The team delivered 259 workshops on a wide variety of subjects through the year and facilitated a further 241 self-guided visits. We continue to employ casual learning delivery staff to increase our capacity and enhance our offer in areas of the city with the least engagement.

We have engaged with over 300 children from three schools from socio-economically disadvantaged areas of Sheffield through the Start project. This programme, supported by Children & the Arts, aims to address barriers to involvement in the arts.

We continue to develop family audiences through working collaboratively with community partners. This year we have worked with Sheffield Libraries, Sheffield Fostering service, the Children's University and Sheffield Alcohol Support Service to plan and deliver family activities on and off our sites.

Our two museum takeover events saw over 70 visitors take part in activities. These events address barriers to involvement for children living with disabilities by opening the museum up to them in a new, exciting, safe and accessible way.

We continue to offer an engaging public programme of events and activities. Sessions included a wide range of free creative family activities, lunchtime talks, Meet the Maker sessions and after-hours, participatory Live Lates.

Our Discover sessions in partnership with the University of Sheffield continue to prove very popular. We were particularly pleased that one of our regular volunteers secured a place studying Archaeology after completing the course.

We have worked through the year to introduce an Advisory Forum, Our Voices, Our Lives. Members of the group are drawn from Sheffield's diverse communities and will work with us to ensure that the museum better represents and reflects the lives of people living in Sheffield.

Volunteering

Volunteering is expanding and developing at MS with 135 volunteers in 2017/18 generously giving a total of 5,773 hours of their time in a variety of roles to support our charitable work. Volunteers are involved in a range of tasks across fundraising, collections management, learning, visitor engagement, retail and communications.

We are implementing an action plan to enhance the positive culture of volunteering across MS and to improve our adherence to accepted best practice in volunteering management. This includes plans to celebrate and acknowledge the generous contribution of our volunteers.

The success of the ACE NPO bid for 2018-22 brings great opportunities for collaborating more closely with SIMT and to develop a strategic approach to volunteering across our combined sites. We aim to enable a more diverse base of volunteers by offering supported volunteering placements for those who might need a helping hand, and expanding the opportunities for volunteers to gain life enhancing skills and experience.

In the year ahead we will:

- Develop plans to extend collections reach through community volunteering programmes in partnership with SIMT and community partners.
- Offer project-based volunteering opportunities linked to collections, exhibitions and learning
- Continue to develop pathways to employment for young people and career changers through volunteering, supported placements and apprenticeships.
- Widen the opportunities for volunteering roles in people-facing teams such visitor engagement, learning, collections access and community engagement.

Trustees' report (*continued*)

Aim 3: To promote a sense of place, city-pride and cultural identity

Partnerships

The V&A

The city has had a strategic partnership with the Victoria & Albert Museum since 1999. In the past 19 years Sheffield people have enjoyed high quality collections and exhibitions and the Trust has benefitted from curatorial advice and professional expertise through talks, secondments, trustee involvement and training.

The Guild of St George

The Trust works in close partnership with The Guild of St George through our stewardship of the Ruskin Collection. The Guild continue to support the position of Curator of the Ruskin Collection. The team continue to work closely with the Directors to support their very successful *Ruskin in Sheffield* project and plans are currently underway for a major exhibition to mark the bicentenary of John Ruskin's birth in 2019.

The Board of Trustees and staff would like to thank the Guild of St George for their ongoing commitment to Sheffield and the work of the Trust during this and future years.

Sheffield Culture Consortium

The Trust's membership of the Sheffield Culture Consortium continues to be of strategic importance as we seek to position culture as a key component in the city's growth agenda. The Trust has worked alongside colleagues at Sheffield Theatres Trust, Site Gallery, The Showroom, Sheffield Industrial Museums Trust, Doc/Fest, Yorkshire Artspace and the Universities, to develop the Consortium's role and deliver on its strategic objectives. The Consortium aims to influence cultural policy and decision making and enable people to develop the skills needed to lead, administer and sustain the future development of the cultural sector in the Sheffield City Region.

The Trust is also acting as accountable body for the Sheffield Culture Consortium's *Making Ways* project. This three year Arts Council England funded project will demonstrate, celebrate and develop exceptional contemporary visual art practice in Sheffield.

Our annual partnership with the Art Society (previously National Association of Decorative & Fine Arts Societies) and Sheffield Hallam University enables Metalwork and Jewellery BA students to pitch their design ideas with one or two makers having the opportunity to realise their work in sterling silver. The work is then acquisitioned into the Designated Metalwork Collection. This year Museums Sheffield acquired *Vessel for Valerie Hunter Gordon* by Hanyao Lin.

Trustees' report (*continued*)

Exhibitions and displays

Our creative programme combines rich collections and welcoming spaces that inspire people to reflect on the past, question the present and imagine the future. The exhibition programme celebrated Sheffield talent, brought depth to our understanding of the collections and introduced exhibitions drawn from a national and international stage.

All of the exhibitions listed below offered free entry.

Millennium Gallery

Everything Flows

7 June – 3 September 2017

Visitors 34,925

Everything Flows brought together work by Sheffield-based artists working with painting, sculpture, video, photography and sound. The works were united, in different ways, by a sense of 'flow'. *Everything Flows* formed part of Making Ways, an Ambition for Excellence programme supported by Arts Council England, to showcase, celebrate and develop exceptional contemporary visual art in Sheffield.

Master of all Trades: The John Ruskin Prize 2017

21 June – 8 October 2017

Visitors 44,137

The 2017 John Ruskin Prize invited artists and craftspeople from across the UK to investigate the theme of the artist as a polymath, a multi-skilled master of many disciplines. Inspired by the Victorian artist, critic and scholar, the award established by The Big Draw in collaboration with the Guild of St George, is now in its fourth year.

Ravilious & Co: The Pattern of Friendship – English Artist Designers 1922 to 1942

7 October 2017 – 7 January 2018

Visitors 45,736

Touring exhibition from Towner Art Gallery, Eastbourne

In recent years Eric Ravilious has been recognised as one of the most important British artists of the 20th century. Marking the 75th anniversary of his death, this exhibition explored the influence of Ravilious and his circle, and their remarkable impact on British visual culture during the 1930's.

Hope is Strong

17 February – 10 June 2018

Visitors 54,636

With far right parties and hate crime on the rise, civil liberties and minority rights seem more at risk today than we could have imagined. In these turbulent times, *Hope is Strong* explored the power of art to question the world we live in. *Hope is Strong* was supported by funding from the Esmée Fairbairn Foundation.

Conroy / Sanderson: Here I am

22 February – 20 May 2018

Visitors 32,420

Here I am was an exhibition of new work by Sheffield-based artists Neil Coroy and Lesley Sanderson marking twenty years of their collaboration as Conroy / Sanderson. Through video, drawing, neon and large scale sculptural work, the exhibition offered a timely exploration of ideas of place and displacement. The artists were supported by Making Ways.

Weston Park Museum

Stories from the East: The Grice Ivories

11 March – 9 July 2017

Visitors 39,829

Stories from the East was the largest display of the remarkable hand-carvings from the Grice Collection in 15 years. The exhibition explored the tales, figures and traditions that inspired the ivories, how the collection came to Sheffield in the 1930's, as well as the history and impact of the ivory trade today.

Small Stories: At home in a Doll's House

5 August – 7 January 2018

Visitors 67,896

Trustees' report *(continued)*

Touring exhibition from V & A Museum of Childhood

Small Stories explored the fascinating stories behind some of the UK's best-loved dolls' houses. The exhibition took visitors on a journey through the history of the home through 12 intricately crafted dolls' houses spanning over 300 years.

Changing Lives: 200 Years of People and Protest in Sheffield

6 February – 1 July 2018

Visitors 58,550

Changing Lives celebrated how the people of Sheffield have stood up for what they believe in over the past 200 years. The exhibition explored Sheffield's remarkable history of protest and activism, from the Radical Press of the 1700s, through to the miners' and steelworkers' strikes, and causes championed in the city today. *Changing Lives* was supported by funding from the Esmée Fairbairn Foundation.

Graves Gallery

An Earthly Paradise: Gardens in Art

25 March – 1 July 2017

Visitors 18,635

An Earthly Paradise explored the diverse ways artists have represented the uniquely personal space of the garden. The exhibition saw the return of Stanley Spencer's *Zacharias and Elizabeth* (1913-14) to Sheffield. The painting co-owned with Tate, was displayed with highlights from Sheffield's visual art and Ruskin collections, including paintings and works on paper by Paul Cézanne, James Tissot and Evelyn Dunbar.

Going Public – The Kirkland Collection

2 September – 2 December 2017

Visitors 12,431

The exhibition series *Going Public: International Art Collectors in Sheffield* continued with one of the UK's finest private collections of modern and contemporary art.

Reflecting a passion for photography, minimalism and geometric abstraction, Jack Kirkland's personal collection brings together work by some of the most important artists of the past 75 years.

This exhibition was kindly supported by ArtFund.

Dan Holdsworth: Mapping the Limits of Space

16 December – 17 March 2018

Visitors 13,770

Mapping the Limits of Space presented the UK premiere of artist Dan Holdsworth's newest series of images, *Continuous Topography*, on show alongside some of his most significant works from the past 7 years. The artists was supported by ACE.

Aim 4: To care for and develop the City's art, human and natural history collections

Collections Access

The Trust currently has ACE Full Accreditation status for all its sites and has applied to renew Accreditation. The Accreditation Scheme sets national standards for museums in England and is accompanied by a number of Collections Management targets. In 2017/18 Museums Sheffield made significant progress with collections management activities, bringing an additional 7,592 records up to SPECTRUM standard. An additional 375 records have been added to the accessible online collections database.

Our collections work is supported by a team of dedicated volunteers who have supported documentation work across the collections, assisting in the documentation of areas including costume, botany, Sheffield flood damaged items and ceramics.

Access to the collections has been supported by leading and participating in workshops and festivals including the Sheffield Blitz Memorial project, the Central Library Book Group, the Festival of Archaeology, Pitsmoor Community

Trustees' report (*continued*)

Day, Naturefest, Sheffield Heritage Fair and the Being Human festival. Store tours were also organised for artists, academics, community groups, friends and volunteers.

Collections acquired and accessioned to SCC

During 2017/18 1,048 objects were added to the collection. Significant acquisitions included

- Three sterling silver vases by Sheffield silversmith Rebecca Joselyn
- A hoard of 12th century silver pennies and halfpennies found in Clowne, Derbyshire by metal detectorists and offered to the museum through the Treasure process has been acquired.
- Over 400 donations and purchases acquired through the Sheffield: Protest and Activism project
- Sheffield Newspapers donated nine original advertising posters for the Sheffield Weekly, along with a lifebelt from HMS Sheffield, and items relating to the Gloops Club.
- The Guild of St George has received a donation of works (predominantly metalwork and small sculptures) and associated archives relating to the career of Benjamin Creswick and his descendants in the metalwork industry.
- A new commission *Tulipiere 16* by Sheffield based metalsmith Dr. C  il  n    Dubhghaill through the Contemporary Art Society's Omega Fund.
- The gift of eight photographs from the artist Dan Holdsworth, after his exhibition at the Graves Gallery.
- 56 boxes of archaeological archives recording the investigations along the Inner Relief Road (56 boxes)
- A selection of items relating to the Girls Friendly Society in Sheffield.
- *Giant head of Gbenga Profile*, 2003 painting by Nahem Shoa

Collections loans

Museums Sheffield has facilitated over 245 loans to local, regional, national and international venues including Stocksbridge and District History Society, Derby Museums, the National Gallery and Metropolitan Museum, New York.

Conservation

An active programme of conservation has continued across all of the collections and has included work on the Painted Fabrics collection, Egyptian artefacts as well as paintings, prints and drawings from the Visual Art collection..

Partners

Good collaboration is vital and the Trust will continue to develop good working relationships with colleagues and partners in SCC, the Sheffield Cultural Consortium and other stakeholders to ensure that culture plays a key role in building successful communities and support a vibrant city economy.

Tyne & Wear Archives & Museums and Norfolk Museums

We continue to work with partners Tyne and Wear Archives and Museums and Norwich Museums to develop a new programme of activity that plays to our collections strengths. HLF funding has been secured to support linked exhibitions to mark the 250th anniversary of Circus in the United Kingdom in 2018.

South Yorkshire Museums

During 2016/17 we continued to work with colleagues in South Yorkshire museums to plan collaborative activity and consider future strategic developments.

Graves Gallery

Graves Gallery is Sheffield's principal art gallery and home to the City's fine collection of visual art. The Graves Gallery/Central Library is a priority for capital redevelopment. MS will work closely with SCC to deliver an engaging, accessible new gallery in the heart of the city.

Looking ahead

We were delighted that our application to ACE for National Portfolio Organisation funding was successful with an award of £3.2m for the period 2018-2022. SCC's demonstrable financial commitment to Museums Sheffield and their recognition of the positive role culture plays in our city was crucial to the success of the bid.

This funding will enable the Trust to build on the success of the MPM programme and progress our work to ensure that Sheffield's collections are accessible and relevant for our diverse population and that we develop a strong community of supporters and users around the museums.

£800,000 of the ACE funding awarded is to support a partnership project between Museums Sheffield and Sheffield Industrial Museums Trust. The two Trusts were set up in the 1990's to care for the city's collections with a distinction between industrial and non-industrial collections. The partnership, led by Museums Sheffield, is clear that Sheffield's unique collections and sites belong to all, are used by all, cared for by all, and are shaped by all. Our vision is *One City – One Collection: Many Voices*. The partnership will deliver an integrated city-wide learning and community participation programme inspired by Sheffield's collections, delivered in partnership and underpinned by engaged and supported volunteers. The partnership will develop a strong and dynamic infrastructure that will include audience and workforce development.

The ACE NPO funding, together with standstill SCC funding, affords the Trust a period of relative financial stability. However, we face substantial pressures from the impact of proposed increases to the national living wage and other rising costs. Our financial plans recognise that we must significantly increase earned income through commercial activity, visitor giving and sponsorship and look to further reduce our cost base to maintain our financial position.

The Trust has delivered a high quality exhibition, events and learning programme in the current year that has attracted diverse audiences and received excellent feedback. An outstanding creative programme is key to the sustainability of the business and continues to be a top priority. Delivering a strong programme, inspired by the collections and energised by our partners, will widen our audience reach, improve city profile and generate incoming resources to support the charity. We will continue to invest in new exhibitions, displays and events that showcase Sheffield's talent and rich collections and bring work of outstanding national and international quality to the city.

Developing a sophisticated understanding of our audiences, both existing and potential, is a strategic priority over the next five years as we seek to build a strong community of support for the city's museums. We plan to recruit a diverse group of visitors and non-visitors who will work with us in a voluntary capacity to consider how to develop representative collections and a dynamic creative programme, to advise on the development of effective approaches to visitor welcome and gift giving and to be part of a living museum that is relevant and engaging for everyone.

Investment policy and returns

The Trust currently does not benefit from a surplus of long term reserves. All cash held at present is primarily for working capital or specific projects and as a result, is held in liquid accounts at the bank that can be called upon at short notice. However, where surplus funds do arise, the Executive seek to place them on deposit in the highest interest bearing account provided by the Trust's bankers, whilst still retaining the ability to draw down these funds as and when required. The Trustees will review the investment policy as funds grow in the future, although current cash flow projections do not show any significant increase in cash reserves.

Reserves policy

At 31 March 2018, the Trust had a net reduction in funds of £123,000. This was a combination of a £439k surplus on unrestricted funds, £355,000 of which was gained through actuarial gains on the defined benefit pension scheme; and a deficit on restricted funds of £556k. The reduction in restricted funds was mostly due to depreciation on grant funded assets. The Trust's main funder, Sheffield City Council, ensures that the management charge is paid to the Trust in advance, on a quarterly basis. This enables the Trust to meet the day to day cash flow required to support expenditure within the forward plan.

The trustees have a target free reserves level of £500,000 which is based upon three months operations expenditure of the Trust. This has been achieved. A continuing focus on tight budgetary control and developing sustainable income streams will assist the Trust in retaining adequate free reserves.

Principal risks

The Trustees are committed to the identification and management of the major strategic, business and operational risks that the charity faces. The Chief Executive Officer and Heads of Services communicate with colleagues throughout the organisation to identify risk and regularly update a detailed register. The Board consolidates this into a Board Assurance Framework (BAF) of the most significant risks that would impact on our future prospects, together with any assurances and controls. Any key gaps are addressed with plans to mitigate the risk and a timeframe for actions to be discussed by the

board. They rate these risks as high, medium and low through an impact and likelihood matrix and have identified the key risks to be:

- Funding and income generation – the current climate of reduced funding from key stakeholders is set to continue and we are constantly working to provide new income streams as well as reducing costs throughout the organisation.
- People – our people have been very loyal. Continued funding issues mean that we have not always been able to financially reward our staff as we would like to. Our staff have understood of our financial constraints and we thank them for their continuing commitment.
- Graves Gallery – Graves Gallery occupies the top floor of the Central Library building on Surrey Street. The building, owned by Sheffield City Council, requires significant maintenance work. There is an opportunity for SCC and ourselves to work together to appraise the future use of the building and consider how redevelopment might meet City wide Heart of the City objectives. The current uncertainty around these plans raises risk for Museums Sheffield. The Senior Management Team and Trustees are working closely with SCC on future strategies and development plans.

The BAF is considered as part of the Risk, Audit and Governance committee and presented to the board for discussion and action planning.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors PricewaterhouseCoopers LLP were appointed at the AGM.

Trustees' report (*continued*)

Statement of trustees' responsibilities

The trustees (who are also directors of Sheffield Galleries & Museums Trust for the purposes of company law) are responsible for preparing the Trustees' Annual 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 which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure to our auditors

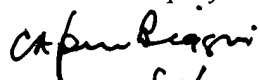
In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditors in connection with preparing their report, of which the group's auditors are unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the board

CAJ Biggin

Trustee and Company Secretary


27 September 2018

Riverside East
2 Millsands
Sheffield
S3 8DT

Company Number 3527746

Independent auditors' report to the members Sheffield Galleries and Museums Trust

Report on the audit of the financial statements

Opinion

In our opinion, Sheffield Galleries & Museums Trust's group financial statements and parent charitable company financial statements (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 2018 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: the Consolidated and Trust Balance sheets as at 31 March 2018; the Consolidated Statements of Financial Activities, the Consolidated Cash Flow Statements for the year then ended and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Annual Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of trustees' responsibilities set out on page 19, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 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 and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

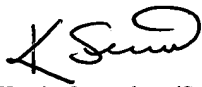
- we have not received all the information and explanations we require for our audit; or

- 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
- certain disclosures of trustees' remuneration specified by law are not made; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: prepare financial statements in accordance with the small companies' regime and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Kevin Strauther (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

27 September 2018

Consolidated Statement of Financial Activities

for the year ended 31 March 2018

	Note	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
Income from:					
Donations and Legacies					
Grants	2	34	748	782	1,115
Donations	6	106	8	114	158
Charitable Activities					
Income from charitable activities		154	-	154	159
Management service charge		1,504	-	1,504	1,504
Commercial Income		721	-	721	717
Other		35	-	36	55
Total Income and Endowments		2,554	756	3,310	3,708
Expenditure on:	5				
Raising Funds					
Commercial trading operations		(559)	-	(559)	(534)
Fund-raising costs		(47)	(70)	(117)	(183)
Charitable activities					
Curatorial & exhibitions		(298)	(512)	(810)	(879)
Operational		(1,417)	(396)	(1,813)	(1,750)
Education		(128)	(195)	(323)	(265)
Other		(64)	(139)	(203)	(171)
Total resources expended		(2,513)	(1,312)	(3,825)	(3,782)
Net income/(expenditure)		41	(556)	(515)	(74)
Other recognised gains and (losses)					
Actuarial gain / (loss) on defined pension scheme	23	345	-	345	(54)
Capital purchase from Acquisition funds		-	(6)	(6)	(3)
Corporation tax Relief		53	-	53	-
Net movement in funds		439	(562)	(123)	(131)
Total funds brought forward		615	8,864	9,479	9,610
Total funds, excluding agency arrangements, carried forward	18	1,054	8,302	9,356	9,479

The results are wholly derived from the continuing operations.

Consolidated and Trust Balance Sheets

at 31 March 2018

	Note	Group 2018 £'000	Group 2017 £'000	Trust 2018 £'000	Trust 2017 £'000
Fixed assets					
Tangible assets	10,11	9,766	10,373	9,750	10,356
Investments	12	-	-	-	-
		<u>9,766</u>	<u>10,373</u>	<u>9,750</u>	<u>10,356</u>
Current assets					
Stocks and WIP	13	101	112	-	-
Debtors and prepayments	14	183	124	580	214
Cash at bank and in hand - unrestricted	15	774	705	452	705
Cash at bank and in hand – restricted reserve support	15	176	203	176	203
Cash at bank and in hand – funds relating to agency arrangements	25	97	103	97	103
		<u>1,331</u>	<u>1,247</u>	<u>1,305</u>	<u>1,225</u>
Creditors: amounts falling due within one year	16	<u>(573)</u>	<u>(467)</u>	<u>(539)</u>	<u>(436)</u>
Net current assets		<u>758</u>	<u>780</u>	<u>766</u>	<u>789</u>
Creditors: amounts falling due after more than one year	17	-	(130)	-	(130)
Provision for liabilities and charges		(97)	(112)	(97)	(112)
		<u>10,427</u>	<u>10,911</u>	<u>10,419</u>	<u>10,903</u>
Net assets excluding pension liability		<u>10,427</u>	<u>10,911</u>	<u>10,419</u>	<u>10,903</u>
Defined benefit pension scheme liability	23	(974)	(1,329)	(974)	(1,329)
		<u>9,453</u>	<u>9,582</u>	<u>9,445</u>	<u>9,574</u>
Net assets including pension liability		<u>9,453</u>	<u>9,582</u>	<u>9,445</u>	<u>9,574</u>
The funds of the charity					
<i>Restricted funds</i>					
Capital depreciation reserve	18	8,125	8,660	8,125	8,660
Acquisition fund	18	62	62	62	62
Social History Collection Recovery	18	101	112	101	112
Restricted projects	18	14	30	14	30
		<u>8,302</u>	<u>8,864</u>	<u>8,302</u>	<u>8,864</u>
Total Restricted Funds excluding agency arrangements		<u>8,302</u>	<u>8,864</u>	<u>8,302</u>	<u>8,864</u>
Restricted funds relating to agency arrangements	25	97	103	97	103
		<u>8,399</u>	<u>8,967</u>	<u>8,399</u>	<u>8,967</u>
Net restricted funds		<u>8,399</u>	<u>8,967</u>	<u>8,399</u>	<u>8,967</u>
<i>Unrestricted funds</i>					
General funds	18	1,031	595	1,023	587
Designated for WPM re-displays	18	23	20	23	20
		<u>1,054</u>	<u>615</u>	<u>1,046</u>	<u>607</u>
Total funds	18	<u>9,453</u>	<u>9,582</u>	<u>9,445</u>	<u>9,574</u>

These financial statements on pages 23 to 48 were approved and authorised for issue by the Board of Trustees on 27 September 2018 and were signed on its behalf by:

John Cowling
Chairman
Company Number 3527746

Consolidated Cash Flow Statement
for the year ended 31 March 2018

	<i>Note</i>	2018 £'000	2017 £'000
Net cash generated from operating activities	<i>20</i>	76	560
Cash flows generated from financing activities		(110)	6
Cash flows (used in)/generated from investing activities			
Purchase of property, plant and equipment		(22)	(294)
Purchase of assets for SCC Collection		(6)	(4)
Change in cash and cash equivalents in the year	<i>20</i>	(62)	268

Notes

(forming part of the financial statements)

1. Accounting policies

Basis of preparation

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting and reporting by Charities" ("SORP 2016"), applicable accounting standards in the United Kingdom and the Companies Act 2006. The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Trust will continue to operate. The validity of this assumption is dependent on the continued financial support of the Sheffield City Council ('the Council') which has been confirmed by the provision of a letter of support.

Management have considered the cash flow requirements of the group for at least 12 months from the approval of these financial statements, using realistic assumptions for reductions in funding. This, together with the receipt of the letter of support from Sheffield City Council, leads management to consider the group will be able to meet its financial obligations as they fall due. Therefore, the financial statements have been prepared on a going concern basis.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Group financial statements

These financial statements consolidate the results of the Trust and its wholly owned subsidiary SGMT Enterprises Limited on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the Trust itself is not presented because the Trust has taken advantage of the exemptions afforded by section 404 of the Companies Act 2006 and paragraph 397 of SORP 2005. The Parent charity's gross income in the year was £3,310,000(2017: £3,708,000) with a net decrease in funds of £123,000 (2017: net reduction of £74,000).

Incoming resources

Income represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. It includes sponsorship and various merchandising.

The following accounting policies are applied to income:

Voluntary income- Grants

Grants are recognised as income when receivable, provided that any conditions attached to the donation of the grant have been fulfilled. Grants are classified as restricted funds where appropriate in accordance with SORP 2016.

Voluntary income- Donations

Donations and all other receipts from fund-raising are reported gross and the related fund-raising costs are reported in other expenditure. Cash collections to which the Trust is entitled but which it has not received by the period end are included in incoming resources in the statement of financial activities and shown as debtors in the balance sheet.

Management service charge

The Trust has entered into an agreement with Sheffield City Council ("the Council") to manage the museums and galleries listed at page 2 on behalf of the council. The management service charge is accounted for when receivable.

Notes *(continued)*

Accounting policies *(continued)*

Income from charitable activities

Income from charitable activities represents income received from schools and other educational bodies for the provision of educational services, and the generation of income from the use of collections by other external organisations. Income from charitable activities is accounted for when receivable.

Commercial income

Commercial income includes the management of shops, cafes and corporate hospitality undertaken at the sites operated from, namely the Millennium Gallery, Graves Gallery and Weston Park Museum together with an on-line retail offer. Income from commercial income is accounted for when receivable.

Other income

Other income includes the SCC partial waiver of a loan repayment and sponsorship received.

Resources expended

Raising Funds

Raising funds represent expenditure in relation to staff members who are directly engaged in and fundraising, and related costs of fundraising activity.

Charitable Activities

Charitable activities expenditure includes all expenditure directly related to the objects of the Trust, this is analysed between three category headings: curatorial and exhibitions, operational and education.

Other costs

Other costs include marketing and publicity relating to exhibitions and other operational activities.

Operational costs

The Trust's operating costs include staff costs, premises costs, governance and other related costs. Such costs are allocated between other charitable expenditure, fundraising and publicity, and management and administration. Staff costs are allocated according to the costs of staff working directly in the relevant activity and property costs are allocated according to the space used by each activity. Where costs are not directly attributable to any activity, they have been apportioned according to the total of all other costs relating to each activity.

Governance costs

Governance costs represent expenditure incurred in the management of the Trust's assets, organisational administration, and compliance with constitutional and statutory requirements. In prior years these were shown as a separate expenditure heading in the Statement of Financial Activities. In line with the SORP 2016, these are now allocated as part of operational costs.

Fund accounting

The Trust maintains various types of funds as follows:

Restricted funds

Restricted funds represent grants and donations received which are allocated by the grantor, provider and donor for specific purposes. The purpose and use of the restricted funds are set out in the notes to the financial statements.

Notes (continued)

Accounting policies (continued)

Capital depreciation reserve

The capital depreciation reserve, a restricted fund, represents restricted grants received to finance capital expenditure. The grants have been recognised as income in the Statement of Financial Activities, but the cost of the assets has been capitalised rather than recognised as expenditure. The reserve increases as new grants are received and is reduced each year by an amount equivalent to the depreciation charged on these assets.

General unrestricted funds

General unrestricted funds represent funds which are expendable at the discretion of the Trustees in furtherance of the objects of the Trust. Such funds may be held in order to finance both working capital and capital investment.

Designated unrestricted funds

The Trustees agree when able to designate funds and hold them for a specific purpose.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold Land & Buildings	-	4% or period of lease, whichever is lower.
Gallery improvements	-	12½%
Fixtures, fittings and equipment	-	10-25%
Plant and Equipment	-	10%

Large scale capital projects are accounted for as capital works in progress. As the project is completed, transfers are made between capital works in progress and the most appropriate fixed asset account.

Stock

Stock is stated at the lower of cost and net realisable value. In determining the cost of goods, the average cost is used.

Post retirement benefits

The Group operates both defined benefit and defined contribution schemes. The assets of the defined contribution schemes are held separately from those of the Group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

The assets of the defined benefit scheme are also held separately from those of the Group. Pension scheme assets are measured using market values. For quoted securities the mid-market price current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Notes (continued)

Accounting policies (continued)

Agency Arrangements

The Trust may agree to administer the funds of another entity as its agent. As agent, the Trust will act in line with the instructions of the entity that acts as the principal.

Funds received by the Trust as agent are not recognised as an asset in its accounts because the funds are not within its control. Consequently, the receipt of funds as agent is not recognised as income nor is its distribution recognised as expenditure.

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2013 and therefore it meets the definition of a charitable Trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Contributions made towards the costs of exhibits

Any exhibit the Trust acquires is added to the Sheffield Collections, which are the property of Sheffield City Council and are covered by a Collections Agreement between Sheffield City Council and the Trust. Where the Trust makes a contribution towards the cost of the exhibit the cost is charged to the income and expenditure account in the period in which the payment is made.

Investments

Investments are held at cost less any permanent diminution in value.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or

Notes (continued)

Accounting policies (continued)

(c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the property plant and equipment.

ii. Inventory provisioning

As the value of the group's inventory is subject to consumer demand, judgements about the recoverability of the cost of inventory and the associated provisioning are required.

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability. See note 13 for the net carrying amount of the inventory.

iii. Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 8 for the net carrying amount of the debtors and associated impairment provision.

Notes (continued)

2. Grants

	2018 £'000	2017 £'000
Revenue grants		
<i>Restricted grants and donations</i>		
Arts Council England – Major Partner Museums Funding	600	600
Grants toward management of Ruskin Gallery and exhibitions	30	30
Grant towards exhibitions - Arts Council England	34	-
Grants towards research projects and exhibitions – Esme Fairbairn Foundation	41	22
Grants towards exhibitions - Art Fund	9	10
Grants towards Acquisitions – V & A	-	47
Grants towards Acquisitions – Art Fund	-	1
Grant towards exhibitions - V & A	-	8
Grants towards exhibitions - HLF	5	-
Grant towards research and exhibitions - Paul Mellon Centre	18	-
Grant towards research and exhibitions - John Ellerman Foundation	21	-
Education grants – Austin, Hope & Pilkington	-	1
Education grants – Children & the Arts	11	1
Environmental grants – Postcode Lottery Trust	8	1
Business and activity development grant – Sheffield BID	3	-
Business and activity development grant – PRS Foundation	2	-
	<hr/>	<hr/>
	782	721
Capital grants		
<i>Restricted grants and donations</i>		
Grants for re-displays at Weston Park Museum - HLF	-	394
	<hr/>	<hr/>
	-	394
	<hr/>	<hr/>
	782	1,115
	<hr/>	<hr/>

Notes (continued)

3. Movement in restricted group funds

Restricted group funds, excluding those held under agency agreements, comprise the following unexpended income for capital and revenue purposes:

	Balance brought forward £'000	Incoming resources £'000	Expenditure £'000	Balance carried forward £'000
Capital Depreciation reserve				
• Weston Park Museum – Project Funding	7,738	-	(460)	7,278
• Collection Management Store – Capital Funding	479	-	(41)	438
• Capital grants	443	-	(34)	409
Acquisition fund	62	6	(6)	62
Social History collection recovery	112	-	(11)	101
Restricted projects		-		
• Grants towards management and care of Collections	14	-	(14)	-
• Various grants towards replacement metalwork gallery	1	-	-	1
• Picture and conservation of visual arts donations	15	2	(4)	13
	<u>8,864</u>	<u>8</u>	<u>(570)</u>	<u>8,302</u>

Movement in unrestricted group funds

Unrestricted group funds comprise the following:

	Balance Brought forward £'000	Incoming resources £'000	Resources expended £'000	Actuarial Loss provision and designated movement £'000	Balance carried forward £'000
General fund including designated	615	2,555	(2,524)	355	1,054
	<u>615</u>	<u>2,555</u>	<u>(2,524)</u>	<u>355</u>	<u>1,054</u>

Notes *(continued)*

Analysis of group assets and liabilities (excluding agency agreements)

	Restricted Funds £'000	Designated Funds £'000	General funds £'000	2018 Total £'000	2017 Total £'000
Tangible fixed assets	8,125	-	1,641	9,766	10,373
Current assets	177	23	1,034	1,234	1,144
Current liabilities	-	-	(573)	(573)	(467)
Long-term liabilities	-	-	-	-	(130)
Defined benefit pension liability	-	-	(974)	(974)	(1,329)
Provision for Weston Park dilapidations	-	-	(97)	(97)	(112)
	-	-	-	-	-
	<u>8,302</u>	<u>23</u>	<u>1,031</u>	<u>9,356</u>	<u>9,479</u>

Notes (continued)

4. Commercial trading operations and investment in trading subsidiary

The wholly-owned trading subsidiary, SGMT Enterprises Limited, which is incorporated in the United Kingdom, makes an annual gift aid distribution to the Trust. SGMT Enterprises Limited operates the shops, cafes and corporate hospitality trading operations carried on at the Trust. The Trust owns the entire issued share capital of two ordinary shares of £1 each. A summary of its trading results are shown below.

	2018 £'000	2017 £'000
<i>Profit and loss account</i>		
Turnover	721	717
Change in stocks of goods for resale	(11)	12
Purchase of goods for resale	(294)	(329)
Staff costs	(205)	(199)
Other operating charges and interest payable	(41)	(19)
	<hr/>	<hr/>
Profit on ordinary activities before tax	170	182
Amount distributed to the Trust	(169)	(183)
	<hr/>	<hr/>
Retained in the subsidiary	1	(1)
	<hr/> <hr/>	<hr/> <hr/>
<i>Summary balance sheet</i>		
	2018 £'000	2017 £'000
Tangible fixed assets	15	18
Stocks	101	112
Debtors	28	22
Cash at bank and in hand	322	-
Creditors falling due within one year	(459)	(145)
	<hr/>	<hr/>
Net assets	7	7
	<hr/> <hr/>	<hr/> <hr/>
Called up share capital	-	-
Profit and loss account	7	7
	<hr/>	<hr/>
Shareholders' funds	7	7
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

5. Analysis of total resources expended

	Staff costs £'000	Other £'000	Governance £'000	Depreciation £'000	2018 Total £'000	2017 Total £'000
Raising funds						
Commercial trading operations	(206)	(344)	(5)	(4)	(559)	(534)
Fundraising	(77)	(26)	-	(14)	(117)	(183)
	(283)	(370)	(5)	(18)	(676)	(717)
Charitable activities						
Curatorial and exhibitions	(488)	(233)	(2)	(87)	(810)	(879)
Operational	(619)	(710)	(8)	(476)	(1,813)	(1,750)
Education	(244)	(42)	-	(37)	(323)	(265)
	(1,351)	(985)	(10)	(600)	(2,946)	(2,894)
Other expenditure	(136)	(57)	-	(10)	(203)	(171)
	(1,770)	(1,412)	(15)	(628)	(3,825)	(3,782)

Changes in resources available for Charity use

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
Net movement in funds for the year	511	(27)	484	(131)
Net decrease in tangible fixed assets	(72)	(535)	(607)	(313)
Net movement in funds available for future activities	439	(562)	(123)	(444)

6. Donations

	2018 £'000	2017 £'000
Voluntary income donations	114	158

Notes (continued)

7. Other finance costs

	2018 £'000	2017 £'000
Expected return on pension scheme assets (see note 23)	103	116
Interest on pension scheme liabilities (see note 23)	(135)	(160)
	<u>(32)</u>	<u>(44)</u>

8. Net income for the year is stated after charging

	2018 £'000	2017 £'000
<i>Net income for the year is stated after charging</i>		
Auditors remuneration		
- audit of these financial statements	10	10
- audit of financial statements of subsidiaries	4	4
- non audit services	1	1
Depreciation	628	606
Amounts payable under operating leases	15	15
	<u>658</u>	<u>636</u>

9. Staff numbers and costs

The average number of employees and their full time equivalent employed by the Group was as follows:

	2018 headcount	2018 FTE	2017 headcount	2017 FTE
Curatorial and exhibitions	22	19	23	19
Operations	48	30	44	29
Learning	11	10	9	7
Fundraising and publicity	5	5	5	5
Management and administration	10	9	8	8
	<u>96</u>	<u>73</u>	<u>89</u>	<u>68</u>

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	1,485	1,434
Social security costs	94	98
Other pension costs (see note 23)	159	162
Redundancy costs	19	2
	<u>1,757</u>	<u>1,696</u>

Notes *(continued)*

Staff numbers and costs *(continued)*

Remuneration policy and benefits

The Trust bases its reward policies and strategies on the needs of the organisation. Salaries in general are determined by reference to similar museum services in the UK, and consistency is ensured by regular evaluation of employees' performance. Senior executive's remuneration is decided by the Trustee remuneration and employment committee which has access to external data. A Personal Pension Plan is available to all staff that is auto-enrolment compliant.

Key management personnel emoluments

No Trustee or person related or connected by business to them received any remuneration during the year, or the prior year. Travelling and subsistence expenses paid to the Trustees of the Trust amounted to £0 (2017: £nil).

1 employee received benefits (excluding employer pension costs) of more than £60,000 (2017: 1)

Key management personnel, including trustees and senior management, received total employee benefits (excluding employer pension costs) of £65,974 (2017: £65,000).

Volunteers

Volunteers work throughout the organisation and contributed 5,773 hours of service during the year (2017: 5,424)

Notes (continued)

10. Tangible fixed assets – Group

	Leasehold land & buildings £'000	Gallery improvements £'000	Fixtures, fittings and equipment £'000	Plant and equipment £'000	Total £'000
Cost					
At beginning of year	15,199	4,073	300	910	20,482
Additions	2	15	4	-	21
Disposals	-	(8)	(1)	(3)	(12)
At end of year	15,201	4,080	303	907	20,491
Depreciation and diminution in value					
At beginning of year	6,027	3,248	287	547	10,109
Charge for year	427	124	7	70	628
Disposals/scrapped	-	(8)	(1)	(3)	(12)
At end of year	6,454	3,364	293	614	10,725
Net book value					
At 31 March 2018	8,747	716	10	293	9,766
At 31 March 2017	9,172	825	13	363	10,373

11. Tangible fixed assets – Trust

	Leasehold land & buildings £'000	Gallery improvements £'000	Fixtures, fittings and equipment £'000	Plant and equipment £'000	Total £'000
Cost					
At beginning of year	15,199	4,073	280	869	20,421
Additions	2	15	3	-	20
Disposals/scrapped	-	(8)	(1)	(3)	(12)
At end of year	15,201	4,080	282	866	20,429
Depreciation and diminution in value					
At beginning of year	6,027	3,248	274	516	10,065
Charge for year	427	125	4	70	626
Disposals/scrapped	-	(8)	(1)	(3)	(12)
At end of year	6,454	3,365	277	583	10,679
Net book value					
At 31 March 2018	8,747	715	5	283	9,750
At 31 March 2017	9,172	825	6	353	10,356

Notes (continued)

Tangible fixed assets – Trust (continued)

All the tangible fixed assets are used for charitable purposes. The Trust was established to take over management and care of Sheffield City Council's art, natural and social history collections.

All the collections remain the property of Sheffield City Council and the Trust's management of them is governed by a Collections Agreement.

The standards of care adopted by the Trust are governed by the requirements of the National Museum Accreditation Scheme.

12. Investments – Trust

	Shares in group undertakings £
<i>Cost and net book value</i>	
At beginning and end of year	2

The Trust owns the entire issued ordinary share capital of SGMT Enterprises Limited, incorporated in the UK. The principal activity of SGMT Enterprises Limited is the management of shops, cafes, events and corporate hospitality at sites owned by the Trust. The registered office of SGMT Enterprises Limited is Riverside East, 2 Millsands, Sheffield, S3 8DT.

13. Stocks

	Group 2018 £'000	Group 2017 £'000	Trust 2018 £'000	Trust 2017 £'000
Goods for resale	101	112	-	-

Stocks provisions amount to £1,219 (2017: £590)

14. Debtors and prepayments

	Group 2018 £'000	Group 2017 £'000	Trust 2018 £'000	Trust 2017 £'000
Trade debtors	84	83	58	63
Prepayments and accrued income	38	41	37	39
Amount due from subsidiary undertakings	-	-	424	112
Other debtors	61	-	61	-
	183	124	580	214

No provisions have been made against trade debtors (2017: £nil)

Notes (continued)

15. Cash

	Group 2018 £'000	Group 2017 £'000	Trust 2018 £'000	Trust 2017 £'000
Cash at bank and in hand - unrestricted	774	705	452	705
Cash at bank and in hand – restricted reserve support	176	203	176	203
Cash at bank and in hand – funds relating to agency arrangements	97	103	97	103
	<u>1,047</u>	<u>1,011</u>	<u>725</u>	<u>1,011</u>

The trustees aim to ensure that the cash balance is sufficient to ensure that all restricted reserve project commitments are met. At 31 March 2018 £176k cash (2017: £203k) was required to meet restricted reserve commitments.

16. Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Trust 2018 £'000	Trust 2017 £'000
Trade creditors	40	87	37	79
Accruals and deferred income	317	168	286	145
Amounts owed to related party	130	130	130	130
Other tax and social security	86	82	86	82
	<u>573</u>	<u>467</u>	<u>539</u>	<u>437</u>

17. Creditors: amounts falling due after more than one year

	Group 2018 £'000	Group 2017 £'000	Trust 2018 £'000	Trust 2017 £'000
Amounts owed to related parties	-	130	-	130
	<u>-</u>	<u>130</u>	<u>-</u>	<u>130</u>
	<u>-</u>	<u>130</u>	<u>-</u>	<u>130</u>

Sheffield City Council has agreed to provide an interest free working capital loan to the Trust to cover the effects of cost over-runs on the 2006 Weston Park Museum project and significant increase in utility costs thereafter. The loan was intended to be repayable by instalments over five years, but the council agreed to support the instalments falling due on the 1st April 2014 and April 2015, with a further review of the lifetime of the loan on-going. The final payment due on 31st March 2018 is shown in current liabilities.

Notes *(continued)*

18. Reconciliation of movements in consolidated funds

	Capital depreciation reserve	Social History Collection recovery Fund	Acquisition Fund	Restricted projects	Total Restricted Funds, excluding agency agreements	General Fund	Designated Funds	Total Reserves, excluding agency agreements
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of year	8,660	112	62	30	8,864	595	20	9,479
(Deficit) / surplus for the year	(535)	(11)	-	(16)	(562)	436	3	(123)
At end of year	8,125	101	62	14	8,302	1,031	23	9,356

The capital depreciation reserve represents restricted grants received to finance capital expenditure. The grants have been recognised as restricted income in the Statement of Financial Activities, but the cost of the assets has been capitalised rather than recognised as expenditure. The reserve is reduced each year by an amount equivalent to the depreciation charged on these assets. The Social History Collection Recovery fund was created following the receipt of insurance monies to refurbish items that were damaged whilst in a former store at Kelham Island. The aim is to spend the monies on conservation and new storage facilities to improve access to the collection.

The acquisition fund has been set up to allow the Trust to acquire further items for the collections. The source of this is income generated from the sale of surplus assets or donations made specifically for this purpose. Restricted projects are those where income has been received in the current year to fund future specific activities.

Notes *(continued)*

19. Commitments

At 31 March 2018 the Trust had capital commitments of £nil (2017: £ nil).

The Group and the Trust have the following future minimum lease payments under non-cancellable operating leases operating leases for each of the following periods:

	Other 2018 £'000	Other 2017 £'000
Less than one year	12	15
Between two and five years	10	25
	<hr/>	<hr/>
	22	40
	<hr/>	<hr/>

Notes (continued)

20. Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income/(expenditure) for the year (as per the statement of financial activities)	(515)	(74)
Adjustments for:		
Depreciation	628	606
Loss on disposal of Fixed Assets	(2)	(3)
Decrease/(Increase) in stocks	11	(13)
(Increase)/Decrease in debtors	(6)	307
Decrease in creditors and provisions	(40)	(263)
Net cash generated from operating activities	76	560

Reconciliation to net cash/ debt	2018 £'000	Movement in net cash/ debt during the year £'000	2017 £'000
Cash, excluding cash held under agency agreements	950	42	908
Long term loan	(130)	130	(260)
Net cash	820	172	648

Notes (continued)

21. Indemnity insurance

Indemnity insurance has been purchased from Trust Funds to:

- protect the Trust from loss arising from the neglect or defaults of its Trustees or employees; and
- indemnify the Trustees against the consequences of any neglect or default on their part.

The cost incurred during the year was £750 (2017: £750).

22. Company status and members

The Trust is a private company limited by guarantee. Every member of the Trust undertakes to contribute such amount as may be required (not exceeding one pound) to the assets of the Trust if it should be wound up while they are a member, or within one year after they cease to be a member, for payment of the debts and liabilities of the Trust before they cease to be a member, and of the costs, charges and expenses of winding-up, and for the adjustment of the rights of the contributors.

23. Post-retirement benefits

The Trust currently provides post-retirement benefits to employees in three ways. These are detailed below together with the accounting policy for each.

Employees transferred from Sheffield City Council on 6 April 1998 are members of the South Yorkshire Pension Scheme providing benefits based on final pensionable pay. The expected cost of providing these pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of the employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payrolls. Three employees were members of the defined benefit scheme on 31 March 2018.

From 1st April 1999, employees were eligible to join the Sheffield Galleries & Museums Trust Group Personal Pension Plan, until it closed on 31st December 2012, which is a defined contribution scheme. Employer contributions are paid over to the Plan at the rate of 7.5% of basic pay. Contributions are then invested in the employees Personal Pension Plan currently administered by Scottish Widows.

From 1st January 2013, a NOW pension scheme was made available to new employees, this is auto-enrolment compliant. Employer contributions to this plan are 3% of basic pay. From 1st May 2015, an additional NOW pension scheme was made available to new employees. Employee contributions to this plan are currently 1% of basic pay. Contributions to this scheme will rise in line with auto-enrolment guidance.

During the year, the pension contributions paid to South Yorkshire Pension Authority totalled £80,611 (2017: £80,120). The contributions paid during the year to the Sheffield Galleries & Museums Trust Group Personal Pension Plan totalled £62,811 (2017: £58,147). The contributions paid during the year to NOW Pensions totalled £17,783 (2017: £17,268).

The performance of the South Yorkshire Pension Scheme defined benefit scheme has been reported under FRS102, which was adopted fully in 2016. The balance sheet disclosures as at 31 March 2018 were based on a full valuation at 31 March 2016, updated where necessary by an actuary on an FRS102 basis. The information disclosed below is in respect of the South Yorkshire Pension Scheme defined benefit scheme for which the Trust has been allocated a share of cost under an agreed policy throughout the periods shown.

Notes (continued)

Post-retirement benefits (continued)

	2018 £000	2017 £000
Present value of funded defined benefit obligations	5,060	5,300
Fair value of plan assets	(4,223)	(4,115)
	<hr/>	<hr/>
	837	1,185
Present value of unfunded defined benefit obligations	137	144
	<hr/>	<hr/>
Deficit	974	1,329
	<hr/>	<hr/>
Net liability	974	1,329
	<hr/>	<hr/>

Movements in present value of defined benefit obligation

	2018 £000	2017 £000
At 1 April	5,444	4,635
Current service cost	36	25
Interest cost	135	160
Actuarial (gains)/ losses	(277)	769
Contributions by members	9	9
Benefits paid	(150)	(154)
	<hr/>	<hr/>
At 31 March	5,197	5,444
	<hr/>	<hr/>

Movements in fair value of plan assets

	2018 £000	2017 £000
At 1 April	4,115	3,360
Interest on plan assets	103	116
Remeasurement of assets	68	706
Contributions by employer	78	78
Contributions by members	9	9
Benefits paid	(150)	(154)
	<hr/>	<hr/>
At 31 March	4,223	4,115
	<hr/>	<hr/>

Expense recognised in the Statement of Financial Activities

	2018 £000	2017 £000
Current service cost	36	25
Interest on defined benefit pension plan obligation	32	44
Expected Return on assets	-	-
	<hr/>	<hr/>
Total	68	69
	<hr/>	<hr/>

Notes (continued)

Post-retirement benefits (continued)

The expense is recognised in the following line items in the Statement of Financial Activities:

	2018 £000	2017 £000
Curatorial and exhibitions	12	28
Operational	51	30
Education	5	11
	<hr/>	<hr/>
	68	69
	<hr/>	<hr/>

The fair value of the plan assets and the return on those assets were as follows:

	2018 Fair value £000	2017 Fair value £000
Equities	2,360	2,506
Government debt	587	588
Corporate bonds	313	255
Property	384	387
Cash/Liquidity	203	66
Other	376	313
	<hr/>	<hr/>
	4,223	4,115
	<hr/>	<hr/>
Actual return on plan assets	171	741
	<hr/>	<hr/>

None of the Trust's own financial instruments and property occupied, or other assets used, are included within fair value of plan assets.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 23.0 years (male), 25.8 years (female) (2017: 65: 22.9 years (male), 25.7 years (female))
- Future retiree upon reaching 65: 25.2 years (male), 28.1 years (female) (2017: 65: 25.1 years (male), 28.0 years (female))

Notes (continued)

Post-retirement benefits (continued)

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Present value of scheme liabilities	5,197	5,444	4,635	4,820	4,303
Fair value of scheme assets	(4,223)	(4,115)	(3,360)	(3,491)	(3,179)
Deficit	974	1,329	1,275	1,329	1,124

The Company expects to contribute approximately £79,200 to its defined benefit plans in the next financial year.

25. Related parties

Under an agreement dated 8 April 1998 between the Trust and Sheffield City Council (the "Council") the Trust is paid by the Council to manage the non-industrial galleries and museums of Sheffield.

During the year the Trust entered into the following transactions with the Council:

- The Council paid £1,504,000 (2017: £1,504,000) to the Trust under the Service Agreement to manage the non-industrial museums and galleries of Sheffield. The Trust purchased goods and services from the Council of £93,098 (2017: £127,255);
- The Council purchased goods and services from the Trust of £67,033 (2017: £14,887);

At the year-end the Council owed the Trust £27,317 (2017: £nil). The Trust owed the Council £68 (2017: £24,000) plus a working capital loan of £130,000 (2017: £260,000) (see note 17).

26. Agency Disclosures

The Trust has agency relationships with two consortia.

The Trust has acted as an accountable body for the Making Ways project. This is a three year project to develop exceptional contemporary visual art and to develop infrastructure to support the growth of Sheffield's artistic talent. The project is led by Sheffield Cultural Consortium and funded by Arts Council England's Ambition for Excellence programme.

During the year, the Making Ways project received funding of £150,000. Costs incurred by the project were £153,386. The project's cash balance of £97,284 is held in a restricted reserve.

The Trust is also accountable body for a local education consortium, Sheffield Network for Arts and Cultural Practitioners Art Providers (SNAP). During the year income was received of £3,689, expenditure was incurred of £3,424. The cash balance at 31 March 2018 of £2,277 is held in a restricted reserve.

Funding received and costs incurred by Museums Sheffield acting in an agency role have been excluded from these financial statements. Year end balances have been separately identified.