

Charity Registration No. 1150493

Company Registration No. 08066776 (England and Wales)

NML FOUNDATION
ANNUAL REPORT AND FINANCIAL
STATEMENTS
for the year ended
31 March 2022

NML FOUNDATION

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NML FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Anthony Bayliss
Professor Phil Redmond
Mark Feeny
Sir David Henshaw
Sarah Dean
Roger Phillips

Appointed 11th April 2022

Charity number

1150493

Company number

08066776

Auditor

DSG Chartered Accountants
43 Castle Street
Castle Chambers
Liverpool
L2 9TL

Bankers

NatWest Bank - St Helens
5 Ormskirk Street
St Helens
WA19 1DR

Solicitors

Brabners LLP
Horton House
Exchange Flags
Liverpool
L2 3YL

NML FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their annual report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The objects are to advance in any manner in which the trustees of the charity see fit, the charitable objects of The National Museums and Galleries on Merseyside (as may be amended from time to time) and to advance the education of the public throughout the world in any manner conducive to and compatible with the charitable objects of The National Museums and Galleries on Merseyside, without prejudice to the generality of the forgoing in particular by widening participation in charitable education.

The trustees have paid due regard to guidance on public benefit issued by the Charity Commission in deciding what activities the charity should undertake.

The Charity furthers its charitable purposes through its grant making policy. The main focus is to award grants to fund projects which advance the education of the public throughout the world in any manner conducive and compatible with the charitable objects of The National Museums and Galleries on Merseyside.

Achievements and performance

During the financial period a grant of £1,944,000 was made to National Museums Liverpool (2021 no grants were made to National Museums Liverpool, which is the operating name of The National Museums and Galleries on Merseyside).

Financial review

The charity had total incoming resources in the sum of £3,000,626 (2021:£3,401,635) and has expended £1,950,146 (2021:£5,523) resulting in a sum for the period of £1,050,480 (2021:£3,396,112).

Reserves policy

The charity currently has only minimal financial obligations and the trustees are of the opinion that the level of reserves held is sufficient to enable the charity to continue its current activities in the event of a reduction in funding.

The trustees will continue to review the reserves held to ensure the charity is able to meet its financial obligations in the event of any change in its operation.

Principal sources of income

The principal source of funding has been received from National Museums & Galleries' on Merseyside operating as National Museums Liverpool and income generated from the bank deposits held. A Grant of £3,000,000 was received in 2021/22.

Investment policy

The trustees have taken the decision to retain the majority of their income on bank deposit interest bearing accounts, as it is anticipated funds will be drawn down in the short-term to meet grant payments. For this reason the trustees do not consider other investment types to be suitable. The trustees will continue to keep the position under review.

NML FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Key risks and uncertainties

Key risks identified by the Foundation focus primarily on monitoring the performance of individual projects. Regular dialogue has been established between the Foundation Trustees and The National Museums and Galleries on Merseyside to check progress and results.

Plans for future periods

The Foundation holds a significant level of cash in the bank accounts. Discussions are ongoing between the trustees to consider suitable term deposits to increase the current return on the funds held. It is recognised though that the funds are to be kept accessible in order to meet grant requests which the trustees expect to approve in the short term which are compatible with their charitable objectives.

Structure, governance and management

Nature of governing document

The charity is a company limited by guarantee and a registered charity. Its governing document is its Memorandum and Articles of Association dated 11th May 2012.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Anthony Bayliss
Professor Phil Redmond
Mary Feeny
Sir David Henshaw
Sarah Dean
Roger Phillips

Appointed 11th April 2022

Recruitment and appointment of trustees

The management of the charity is the responsibility of the trustees who are elected under the terms of the Articles of Association.

The number of trustees shall not be less than three and there is no upper limit. Under the requirements of the Articles of Association, trustees are elected to serve for a period of three years. Retiring trustees are eligible for re-election. One such trustee shall be nominated by the Board of The National Museums and Galleries on Merseyside, otherwise known as National Museums Liverpool, one such trustee shall be nominated by an appropriate professional firm conducting business in the North West to be selected by the trustees from time to time and one trustee shall be appointed by the two nominated trustees, who shall be independent of The National Museums and Galleries on Merseyside. Any other Trustees may be appointed by the Members at an AGM.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

Organisational structure

The charity is principally a grant making organisation. The trustees will liaise collectively in deciding on the investment strategy for the funds on deposit and also make a collective decision on charitable grant requests which are received. Day to day control is maintained by the trustees.

How decisions are made

The charity is run by a body of trustees who liaise regularly and meet formally at least on an annual basis to review the policies and objectives of the trust. The trustees act in accordance with the decisions made at their meetings.

NML FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Induction and training of trustees

The trustees are satisfied that they have put in place satisfactory procedures concerning the proper governance and management and decision making of the charity, including the induction and training of trustees.

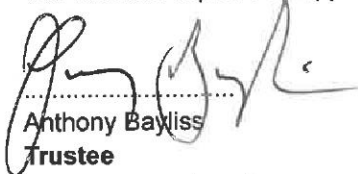
Auditor

In accordance with the company's articles, a resolution proposing that be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.


.....
Anthony Bayliss
Trustee

Date: 20/12/2022
.....

NML FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2022

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

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 judgements 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 charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NML FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF NML FOUNDATION

Opinion

We have audited the financial statements of NML Foundation (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

NML FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF NML FOUNDATION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jean Ellis BA FCA CTA
for and on behalf of

20/12/22

DSG Chartered Accountants
Statutory Auditor

NML FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Income from:			
Donations and legacies	2	3,000,000	3,400,000
Investments	3	626	1,635
Total income		<u>3,000,626</u>	<u>3,401,635</u>
Expenditure on:			
Charitable activities	4	<u>1,950,146</u>	<u>5,523</u>
Net income for the year/ Net movement in funds		1,050,480	3,396,112
Fund balances at 1 April 2021		<u>6,266,800</u>	<u>2,870,688</u>
Fund balances at 31 March 2022		<u><u>7,317,280</u></u>	<u><u>6,266,800</u></u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

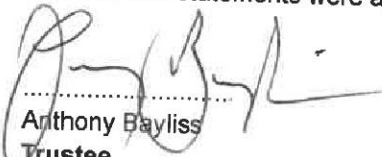
NML FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Current assets					
Cash at bank and in hand		9,268,013		6,272,080	
Creditors: amounts falling due within one year					
Other creditors	8	(1,950,733)		(5,280)	
Net current assets			7,317,280		6,266,800
Income funds					
Unrestricted funds			7,317,280		6,266,800
			7,317,280		6,266,800

The financial statements were approved by the Trustees on 20/12/2022


Anthony Bayliss
Trustee

Company Registration No. 08066776

NML FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations		2,995,307		3,395,437	
Investing activities					
Interest received		626		1,635	
Net cash generated from investing activities			626		1,635
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents		2,995,933		3,397,072	
Cash and cash equivalents at beginning of year		6,272,080		2,875,008	
Cash and cash equivalents at end of year		9,268,013		6,272,080	

NML FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

The charity is a company limited by guarantee and a registered charity. Its governing document is its Memorandum and Articles of Association dated 11th May 2012.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

NML FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Expenditure is accounted for on an accruals basis.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

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 net income/(expenditure) for the year.

If there is a 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 net income/(expenditure) for the year.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.7 Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

NML FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

2 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022 £	2021 £
Donations and gifts	3,000,000	3,400,000
Grants receivable for core activities	-	-

3 Investments

	2022 £	2021 £
Interest receivable	626	1,635

4 Charitable activities

	2022 £	2021 £
Bank charges	72	62
Grants payable	1,944,000	-
	1,944,072	62
Share of governance costs (see note 5)	6,074	5,461
	1,950,146	5,523

NML FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Support costs

	Support costs £	Governance costs £	2022 £	2021 £
Audit fees	-	960	960	840
Accountancy	-	5,114	5,114	4,621
	-	6,074	6,074	5,461
Analysed between Charitable activities	-	6,074	6,074	5,461

6 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year or had any expenses reimbursed.

7 Employees

There were no employees during the year.

8 Other creditors falling due within one year

	2022 £	2021 £
Other creditors	1,944,000	-
Accruals and deferred income	6,733	5,280
	1,950,733	5,280

9 Analysis of changes in net funds

The charity had no debt during the year.