

ANNUAL REPORT AND  
ACCOUNTS 2002-2003

MAGNI 

NATIONAL MUSEUMS & GALLERIES OF NORTHERN IRELAND



**NATIONAL MUSEUMS &  
GALLERIES OF NORTHERN IRELAND  
Annual Report and Accounts  
For the year ended 31st March 2003**

*Laid before the Houses of Parliament by the Department of Culture,  
Arts and Leisure in accordance with Paragraph 12(2) and (4) of  
the Schedule to the Northern Ireland Act 2000 and Paragraph 32  
of the Schedule to the Northern Ireland Act 2000  
(Prescribed Documents) Order 2004*

*22 February 2007*

*Laid before the Northern Ireland Assembly  
under Article 10 (2)(c) or 11 of the Museums and Galleries (Northern  
Ireland) Order 1998 by the Department of Culture, Arts and Leisure*

*22 February 2007*

*Ordered by the House of Commons to be printed*

*22 February 2007*

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## 1. HISTORY AND ROLE

The National Museums and Galleries of Northern Ireland were established under the Museums and Galleries (Northern Ireland) Order (1998) which merged four long established museums:

**Ulster Museum,  
Belfast  
Ulster Folk and Transport Museum,  
Cultra  
Ulster American Folk Park,  
Omagh, and  
Armagh County Museum**

The new institution's remit was extended to include whowhatwherewhenwhy-W5, Ireland's only interactive science discovery centre, which opened in March 2001.

This Annual Report covers the period 1 April 2002 to 31 March 2003.

The Museums and Galleries (Northern Ireland) Order 1998 sets out the constitution and responsibilities of the Board of Trustees. The Board is required to:

- ▣ care for, preserve and add to the objects in its collections
- ▣ secure that the objects are exhibited to the public and assist the public by interpreting the significance of the objects
- ▣ secure that the objects are available to persons seeking to inspect them in connection with study and research
- ▣ promote awareness, appreciation and understanding by the public of art, history and science; of the culture and way of life of people; and of the migration and settlement of people with particular regard to the heritage of Northern Ireland.

The organisation is funded principally by the Department of Culture, Arts and Leisure (DCAL).

## 2. THE NATIONAL MUSEUMS AND GALLERIES OF NORTHERN IRELAND

The National Museums and Galleries of Northern Ireland (MAGNI) is the province's largest cultural organisation. MAGNI makes a key contribution to the achievement of the goals set out in the Programme for Government, the priorities outlined in Building on Progress and the Department of Culture, Arts and Leisure's Corporate Strategy.

- ▣ MAGNI provides an excellent environment in which to explore greater understanding of and respect for our culture, history and heritage.
- ▣ MAGNI offers and works to improve public access to assets in public ownership.
- ▣ MAGNI provides high quality learning programmes to tens of thousands of children and adults in partnership with schools, colleges and universities.
- ▣ MAGNI plays a vital role in tourism and is a key partner with the Northern Ireland Tourist Board and Tourism Ireland Limited.
- ▣ MAGNI contributes to a positive international image of Northern Ireland
- ▣ MAGNI plays a significant role in increasing cultural participation for a wide cross section of Northern Ireland society.
- ▣ MAGNI is a key contributor to cultural capital through its care and development of the national collections including its sites.

### Ulster Museum

- ▣ 202,013 visitors in 2002/03
- ▣ Daily education programmes
- ▣ 8,000 sq metres of galleries
- ▣ Rich collections of art, local history, archaeology and natural sciences
- ▣ Constantly changing programme of major exhibitions and events
- ▣ Sited in Belfast's Botanic Gardens

### Ulster Folk and Transport Museum

- ▣ 147,368 visitors in 2002/03
- ▣ Education programmes
- ▣ Open air Folk Museum and indoor exhibit galleries
- ▣ Over 50 reconstructed exhibit buildings
- ▣ Award winning Irish Railway Collection
- ▣ Cars, planes, trains, bikes and ships
- ▣ Flight and Titanic galleries
- ▣ Exhibitions, events and daily activities
- ▣ Set in 180 acres of rolling countryside

### Ulster American Folk Park

- ▣ 125,121 visitors 2002/03
- ▣ Telling the story of Irish emigration over the past three centuries
- ▣ Over 30 authentic exhibit buildings with costumed interpreters
- ▣ Indoor "Emigrants" exhibition
- ▣ Shop and dockside gallery
- ▣ Programme for students of all ages
- ▣ Major events programme
- ▣ An open air Museum in County Tyrone

### Armagh County Museum

- ▣ 14,850 visitors in 2002/03
- ▣ The oldest county museum in Ireland
- ▣ Capturing the history and heritage of a city and county
- ▣ St Patrick's Cathedral City and "Orchard" county
- ▣ Involving the community with exhibitions and events
- ▣ Reference library rich in local archive material

### 3. CHAIRMAN'S FOREWORD

This Annual Report provides a review of the work and achievements of the National Museums and Galleries of Northern Ireland during the year 2002/03.

We believe that our National Museums should be valued and enjoyed by everyone. Our focus on connecting our collections and knowledge with diverse audiences enables us to play a pivotal role in cultural participation, learning, social inclusion and tourism. This focus is reflected in a programme of activities aimed at engaging with a growing audience of local and international visitors.

We are committed to an extensive range of partnerships across Northern Ireland and beyond and to supporting the aims of the Department of Culture, Arts and Leisure as it seeks to enrich both the human and social capital so vital to our future.



Margaret Elliott CBE  
**Chairman**  
*Board of Trustees*

## 4. PROGRAMMES

In the 2002/03 period MAGNI's work was co-ordinated around ten key programmes as follows:

**The Right Method** – an investment programme increasing participation in culture, arts and leisure through enhancing access to and the quality of facilities and services to provide a quality work environment.

### *Strategic Objectives*

- ▣ Ensuring our staff are in the right place and have the right skills
- ▣ Delivering our vision to the stakeholders
- ▣ Being accountable, open and responsible for our activities

**Campaign for Resource** – an investment programme securing resources to maximise positive social and economic impact.

### *Strategic Objectives*

- ▣ Creating a sound operating base
- ▣ Developing our fundraising strategy
- ▣ Building partnerships
- ▣ Offering value for money

**Living Museum** – a foundation programme promoting and celebrating cultural diversity and individual creativity.

### *Strategic Objectives*

- ▣ Interpreting our collections in ways that promote social inclusion
- ▣ Providing inspiration
- ▣ Fostering exploration and discovery
- ▣ Bringing our stories to life

**Treasury of Knowledge** – a foundation programme preserving and interpreting our cultural and information resources.

### *Strategic Objectives*

- ▣ Adapting and maintaining established standards in collections care
- ▣ Interpreting collections to appropriate standards
- ▣ Developing the collections
- ▣ Increasing access to our collections and archives

**Digital Museum** – a foundation programme contributing to a positive image of Northern Ireland at home and abroad, making our cultural and information resources available to the widest possible audience.

### *Strategic Objectives*

- ▣ Developing on-line learning
- ▣ Developing a digitization plan
- ▣ Providing an international window on our collections and scholarship

**People's Story** – a creative programme exploring the history of the people of this island and region from earliest times to the present.

### *Strategic Objectives*

- ▣ Telling the story of cultural identity in Northern Ireland
- ▣ Illuminating the relationship between people and environment
- ▣ Contributing to the social and economic regeneration of Northern Ireland

**Museum of Emigration** – a creative programme exploring the role of people who have left this region and island.

### *Strategic Objectives*

- ▣ Establishing appropriate methods for interpreting world-wide migration from Ulster
- ▣ Establishing a genealogy research facility
- ▣ Creating a virtual museum

**Unlocking the Creative Arts** – a

creative programme inspiring activity in all artistic media through exploration of our collections and knowledge.

*Strategic Objectives*

- ▣ Interacting with the community to stimulate the development of creative activity in the widest domain
- ▣ Creating a landmark for art and the arts in Northern Ireland
- ▣ Supporting the Creativity Agenda

**Celebrating Innovation** – a creative

programme telling our stories of enterprise, innovation and adventure.

*Strategic Objectives*

- ▣ Celebrating Northern Ireland's international achievements in science, industry and technology
- ▣ Realising the inspirational potential of MAGNI's collections
- ▣ Telling our stories of voyage and adventure
- ▣ Contributing to the social and economic regeneration of Northern Ireland

**Habitas** – a creative programme discovering the natural environment and its diversity.

*Strategic Objectives*

- ▣ Exploring biological and geological diversity
- ▣ Celebrating the natural world
- ▣ Improving access to MAGNI's collections and data

## 5. ACHIEVEMENTS

The National Museums and Galleries collectively attracted 489,352 visitors during the period.

The following awards were received:

**Northern Ireland's Best Visitor Attraction Award** was won by the Ulster American Folk Park at the Travel & Tourism Awards in Newcastle, Co Down in November 2002.

**Interpret Ireland Award** was received for the Icons Exhibition displayed at the Ulster Museum.

The Museum of the Year's **Best Access and Outreach Initiative Award** was won by the Ulster Museum for the Journey into History project.

**Diversity 21 Award for Best Exhibition**, (Large Institution) was won by Armagh County Museum for Pipes, Pipers and Paintings: the exploration of a musical tradition.

**Royal Dublin Society Gold**, 1st Prize was awarded to Bob Johnston, a visitor guide at the Ulster Folk and Transport Museum, for his basketwork. Bob's work was exhibited by the RDS as part of the reef, rush and straw section of a touring exhibition in July 2002.

**Arts and Business Creativity Awards:** in May 2002, the **Arts, Business and Sustainability Award** was won by the Ulster Folk and Transport Museum in partnership with Bombardier Aerospace. The Museum was also awarded the **Arts, Business and Young People Award** in partnership with Nortel Networks (NI) Ltd.

Fundraising initiatives secured grants from a range of Trusts, Foundations and businesses totalling almost £1m for a variety of projects such as:

- ▣ The Flight Experience Exhibition at the Ulster Folk and Transport Museum
- ▣ Appalachian Bluegrass Musical Festival at the Ulster American Folk Park
- ▣ Chinese Ceramics and the Van Ruisdeal painting at the Ulster Museum

## 6. MAJOR EXHIBITIONS AND EVENTS

The National Museums and Galleries of Northern Ireland's exhibitions and events programmes are important forms of communication with our visitors and helped us to attract and widen our audience participation. They made our collections accessible, encouraged repeat visits and helped to exploit the advantage we have as a multidisciplinary organisation of history, art and sciences. Our events promoted museum visiting as an every day part of life and provided important opportunities for lifelong learning and promoting social awareness.

### Ulster Museum

The Ulster Museum attracted many thousands of visitors to events marking the Queen's Golden Jubilee Celebrations. The fabulous touring exhibition of *Ten Leonardo Drawings from the Royal Collection: A Golden Jubilee Celebration* was hugely successful during the autumn. In June the touring exhibition of children's portraits of the Queen, organised by the BBC children's programme, Blue Peter, attracted large audiences and also *Gold*, an exhibition exploring gold in history, archaeology, science and art was very popular.

Dame Mary Peters, whose 1972 Olympic Gold Medal was on display, opened the exhibition. Also featured was the gold medal won by Nobel Peace Laureate, Mairead Corrigan, together with the magnificent Shannongrove Gorget, a bronze-age decoration originally discovered in a bog in County Limerick and on loan from the Victoria and Albert Museum.

*The Fashion Show* which drew on the Ulster Museum's internationally renowned fashion collection was opened in June by fashion guru and celebrity Zandra Rhodes

and delighted large numbers of visitors, including HRH The Princess Royal.

*Followers of Fashion: Graphic Satires of the Georgian Period*, a touring exhibition of satirical prints from the collections of the British Museum, was on display at the Ulster Museum during the summer.

MAGNI's excellent collections of ceramics were featured in two exhibitions on display during the year, *In the Firing Line* and *Fashioning Clay Figurative Ceramics* which explained the contemporary use of ceramics in making functional and art objects.

The highlight of the year was the major exhibition of the paintings of *Basil Blackshaw* sponsored by the Baird Group, which attracted increased numbers of visitors due to the increased popularity of both artist and event.

*Imagine Habitas*, an important interactive exhibition featuring the Museum's superb natural history collections was opened during the year. Iconic specimens such as a Minke whale skull, a 135 million year old amethyst geode and a meteorite older than the earth itself, thrilled visitors while giving insight into the mystery and beauty of the environment.

In May, a new resource "Backpacks" containing a variety of activities linked to permanent exhibitions, proved extremely popular among families with young children during weekend visits.

### The Ulster Folk and Transport Museum

The spectacle and allure of pure road racing was celebrated in an important new exhibition, *Beautiful Danger*. This partnership exhibition of photography by Stephen Davidson of Pacemaker Press, was opened in November by motorcycle racing champion Robert Dunlop. This inspiring collection of road racing photography, which spanned 10 years, was exhibited in the Road Transport Galleries and provided a poignant insight into the sport of motorcycle road racing capturing the excitement and risks involved.

A unique exhibition, *Drawing from Life*, celebrated William Conor's achievement in recording the way of life of people, in and around Belfast, during the early years of the 20th century, as illustrated by his pencil, ink and crayon sketches, many of which had previously never been on public display. The exhibition provided a three dimensional perspective using objects from the Museum's own collections. Following

on from the success of this exhibition the Museum held a series of life drawing classes and lectures in the Folk Galleries and in the Open Air Museum which proved very popular.

*The Best of Ireland*, the Museum's *St Patrick's Day Celebration* marks the beginning of spring and the start of the visiting season. This unique festival provided a special day of music and crafts, including piping, singing, dancing, spinning, weaving, creel making, curragh making, country cooking and farm work.

The Museum's varied and vibrant events programme attracts many thousands of visitors each year. New events which proved very successful included the *Jubilee Holiday Weekend* at the beginning of June, with a focus on 1950s activities and entertainment and *Model Railway Day*, organised by the Friends of Cultra in the Irish Railway Collection, where railway layouts in a variety of scales and gauges were displayed and operated alongside their full sized counterparts, much to the delight of thousands of old and young visitors.

The return was welcomed by many of the very popular *Rare Breeds Show and Sale*, after Foot and Mouth disease in Northern Ireland had prevented it from taking place the previous year. Ireland's largest show and only sale devoted to minority and re-established farm animal breeds attracted record visitor numbers. The Sale and Show were organised in conjunction with the Rare Breeds Survival Trust Northern Ireland.

The regular seasonal celebrations of *Easter*, *Halloween* and *Christmas* attracted many thousands of visitors to the Open Air Museum at Cultra who enjoyed a variety of traditional activities and entertainment in the unique and nostalgic atmosphere of the Museum's 1900s town of Ballycultra.

To mark the *90th Anniversary of Titanic*, special excursions were organised by

Belfast City Council to take visitors from Belfast city centre to see the Titanic exhibition at the Transport Museum and enjoy special historic re-enactments by costumed staff and actors.

The *Traditional Music Concert* in December featured Mairéad Ní Mhaonaigh (fiddle and songs), Dermot Byrne (accordion) and Harry Bradley (flute). This annual event in the candlelit Church of St John the Baptist has continued to attract full audiences to this internationally acclaimed event.

### Ulster American Folk Park

The *Appalachian and Bluegrass Music Festival* attracted thousands of visitors from home and abroad to the Folk Park in September, to see and hear the finest exponents of bluegrass and old time music from North America and Europe. Now in its twelfth year, this is the largest festival of its kind on the island of Ireland, featuring world acclaimed performances in a series of afternoon sessions and evening concerts. The festival was supported by funding from the Peace II programme.

The four-day *Easter Celebrations* over the holiday period was enjoyed by record numbers of visitors who joined in the festivities and sampled some of the food of the period. The celebrations featured a charming re-enactment of a typical *Rural Wedding* at the time of 19th century in Ulster, and also an *American Frontier Wedding* in late 18th century pioneer America, which highlighted some of the customs and traditions which had crossed the Atlantic to the New World.

During May, *Music on the Move* celebrated and explored the movement of music from Ireland to North America in the 18th and 19th centuries. A variety of top musicians and bands from New Orleans, Dublin, Antrim and Fermanagh provided entertainment in this unique location renowned for its musical events.

Visitors experienced life in the 1770s, as over 100 re-enactors depicting soldiers, settlers and woodland indians provided a dramatic insight into the American War of Independence. This annual event to celebrate *American Independence Day* attracted large family audience who enjoyed the music and children's entertainment.

The *Halloween Festival* in October was booked to capacity. Visitors were taken on ghostly tours of the outside Museum as darkness fell, and learnt about Halloween long past and things that frightened our ancestors.

## Armagh County Museum

A major exhibition *Pipes, Pipers and Paintings*, an exploration of a musical tradition, which coincided with the opening of the William Kennedy Piping festival held in Armagh, attracted almost 8,000 visitors to the Armagh County Museum. Through a series of panels, paintings and instruments, it traced the musical tradition of the pipes in Ireland, Scotland and Northern England.

This was followed by the *30th Annual Art Club Exhibition* during the summer which has become an important social occasion within the community and demonstrates the Museum's on-going commitment to providing a venue for local arts-based activities.

*Doll Story*, an exhibition of dolls toys and play-things from MAGNI's collections, opened in September and was on show for eight months and delighted many hundreds of adults as well as children. Special evening openings were arranged to meet the demand and increased access to this very popular exhibition, which told the story of dolls from the 18th century to the present day. Funded by Armagh County Museum, the research and production of the exhibition provided an opportunity to display a major sample of the doll collection from the Ulster Museum, as well as material from Armagh County Museum.

## 7. FINANCIAL STATEMENTS

**NATIONAL MUSEUMS & GALLERIES  
OF NORTHERN IRELAND**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2003



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## FOREWORD TO THE FINANCIAL STATEMENTS

### 1. CONSTITUTION

The Museums and Galleries (Northern Ireland) Order 1998 established a Board of Trustees for the National Museums and Galleries of Northern Ireland and provided that all property, rights and liabilities of the Trustees of the Ulster Museum and the Trustees of the Ulster Folk and Transport Museum would transfer to the Board. The Museums and Galleries (Northern Ireland) Order 1998 repealed previous legislation affecting the Ulster Museum and the Ulster Folk and Transport Museum and the Trustees of the Ulster Museum and the Trustees of the Ulster Folk and Transport Museum were thereby abolished.

The Order requires the Trustees to care for, preserve and add to the objects in its collections, for the purposes of exhibiting to the public and making objects available in connection with study or research, and generally to promote awareness, appreciation and understanding of art, history, science, culture and migration and settlement of people.

The National Museums and Galleries of Northern Ireland assumed responsibility for the Ulster American Folk Park from October 1998.

Under Article 10(2) of the Museums and Galleries (NI) Order 1998 the Museum is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Department of Culture, Arts and Leisure with the approval of the Department of Finance and Personnel.

The financial statements of the National Museums and Galleries of Northern Ireland are required to be audited by the Comptroller and Auditor General for Northern Ireland.

Whowhatwherewhenwhy Limited ("W5") was incorporated to manage and operate the Science Centre built as part of Odyssey, the landmark Millennium Project based in Belfast. Whowhatwherewhenwhy Limited does not have a share capital but is a company limited by guarantee. It is registered with the Inland Revenue as a charitable body for taxation purposes. The Chief Executive of the National Museums and Galleries of Northern Ireland ("MAGNI") and several members of MAGNI's Board of Trustees are directors of W5. The Directors of W5 consider that the Board of Trustees of the National Museums and Galleries of Northern Ireland is the ultimate controlling party of W5 by virtue of the fact that MAGNI is the sole member of the company. The results of W5 have not been consolidated for the year ended 31 March 2003, but in accordance with Financial Reporting Standard 2, will be consolidated in future years.

### 2. RESULTS AND APPROPRIATIONS

The net loss debited to the general reserve was £156,858. This has resulted in a general reserve carried forward of £553,640.

### 3. REVIEW OF MAJOR ACTIVITIES

A full review of the activities of the National Museums and Galleries of Northern Ireland (MAGNI) during the year is provided in the Annual Report. A brief summary of these activities is outlined below.

#### Major exhibitions mounted during the year

The Fashion Show, an exhibition illustrating the history of fashion over a period of two hundred years, opened at the Ulster Museum. The exhibition provided an excellent opportunity to display a selection from the magnificent collection of costumes which has been assembled at the Museum during the past twenty five years. This new and internationally renowned collection replaces former holdings destroyed by terrorist bombing during the nineteen seventies, and the exhibition, which was launched by Zandra Rhodes, was extremely popular with visitors. Followers of Fashion: Graphic Satires of the Georgian Period, a National Touring Exhibition organised for the Arts Council of England by the Hayward Gallery and showing prints from the collections of the British Museum, provided an additional dimension to the subject of fashion history when it was displayed during the summer. Gold, an exhibition marking the Queen's Jubilee, illustrated the scope and diversity of MAGNI's collections by drawing on material

reflecting archaeology, history, natural sciences, art and design. Gold medals won by Nobel laureate, Mairead Corrigan and by athlete Mary Peters together with the magnificent Shannongrove Gorget, on loan from the Victoria and Albert Museum, were included in the display, which was shown at the Ulster Museum. The exhibition also featured an important Goldsmith in Residence project organised in partnership with the Arts Council of Northern Ireland. The accompanying publication was generously supported by the Crafts Council of Ireland. A travelling exhibition, Portraits of the Queen, organised by the popular children's television programme, Blue Peter, which included work by young people from Northern Ireland, was also shown at the Ulster Museum.

An exhibition of ten drawings by Leonardo da Vinci, on loan from the Royal Collection and shown during the autumn and winter, was a highlight of the year. Other exhibitions included Basil Blackshaw: Recent Paintings, Texaco Children's Art and a series of displays illustrating aspects of popular taste and style during the Georgian and Victorian eras. Doll Story, an exhibition of dolls and toys selected from the Ulster Museum collection, was shown at Armagh County Museum and is to be displayed at Fermanagh County Museum and at the North Down Heritage Centre.

### Major publications produced during the year

P. Crowther worked in collaboration with D. Briggs to produce the paperback edition of Paleobiology II which was published by Blackwell Science, Oxford. M. Simms worked with H. Hess, W. Ausich and C. Brett to prepare the paperback edition of Fossil Crinoids, published by Cambridge University Press. J. Nunn edited Marine biodiversity in Ireland and adjacent waters, MAGNI Publication No.8. T. Parkhill collaborated with E. O'Connor

to write Loyatism and Labour in Belfast. The Biography of Robert McElborough, 1884 – 1952, Irish Narratives Series, Cork University Press. Gold Exhibition Guide, MAGNI Publication No. 9, was written by T. Parkhill, W. Glover and R. Heslip. Paul Henry by B. Kennedy was published by Yale University Press, while Basil Blackshaw: Paintings 2000-2002, also by B. Kennedy, was published in Belfast by Blackstaff Press. Conor: Drawing from Life, written by J. Bell, was published by Appletree Press. Several journals, including Folk Life, Ulster Folklife, Annual Report and Proceedings of the Belfast Naturalists' Field Club, Familia, and Ulster Journal of Archaeology were edited by members of staff. Staff also contributed papers to an extensive range of books and journals, including The Oxford Companion to Irish History, Emania, Hagia Chora (Zeitschrift für Geomantie) The Bann Disc: Journal of Coleraine Historical Society, The Hunt Museum: Essential Guide, Archaeology Ireland, Museum Ethnographers' Group Journal, Peritia, Donegal Annual, Lecale Miscellany, Strangford Lough: an Archaeological Survey of the Maritime Cultural Landscape, Excavations on St. Patrick's Isle, Peel, Isle of Mann 1982-88, Mesolithic on the Move, Costume, Dipterist's Digest, Irish Journal of Earth Sciences, The Geological Curator, New Survey of Clare Island, III, Marine Intertidal Ecology, Dictionary of Nineteenth Century Scientists, Irish Naturalists' Journal, Physical Geography, Proceedings of the Geologists' Association, Ulster Folklife, Irish Arts Review, The Art of a Nation: Three Centuries of Irish Paintings and Down Survey.

### Other major areas of activity

Training Programmes in Equality and Targeting Social Need were completed at the Ulster Folk and Transport Museum and at the Ulster American Folk Park. A Management Development Programme was introduced for staff across the organisation, and the first phase was completed during the year. Accessibility was significantly improved with the installation of an elevator, adaptations to facilities and improved access to a number of exhibit buildings at the Ulster Folk and Transport Museum, elevators at the Ulster Museum were improved to ensure access for disabled visitors to some 95% of gallery space and improvements to facilities were made at the Ulster American Folk Park to increase access. The Ulster Folk and Transport Museum's Visitor Guide, Bob Johnston, won the prestigious Gold Medal at the Royal Dublin Society's Annual Craft Competition for his basketwork, Bob regularly demonstrates this important traditional craft at the Ulster Folk and Transport Museum. New storage furniture was provided to house the art collection at Armagh County Museum. Icons of Identity, an exhibition shown at the Ulster Museum, received the

Interpret Ireland Museums Award of the Year. Pipes, Pipers and Paintings: the exploration of a musical tradition, an exhibition prepared by Armagh County Museum, won the Diversity 21 Award for Best Exhibition, (Large Institution.) War and Conflict in Twentieth Century Ireland, a travelling exhibition organised as part of MAGNI's Outreach Initiative, received a Highly Commended Certificate from Diversity 21. The Journey into History project co-ordinated at the Ulster Museum was commended under the category Best Access and Outreach Initiative, Museum of the Year Awards 2002.

#### 4. MARKET VALUE OF LANDS AND BUILDINGS

The residential centre at the Ulster Folk and Transport Museum is stated at cost. For all other land and buildings of the National Museums and Galleries of Northern Ireland there is no difference between the market value and book value at 31 March 2003.

#### 5. FIXED ASSETS

The most significant additions to the fixed assets in the year were improvements to the Manor House at the Ulster Folk and Transport Museum, improvements to the reception area at the Ulster American Folk Park and the purchase of showcases at the Ulster Museum.

#### 6. COLLECTIONS ACQUISITIONS

A unique display specimen of Lias limestone (Lower Jurassic, 200 million years old) from Black Ven, Lyme Regis, Dorset, which contains approximately 300 Promicroceras, Asterocheras and Xiphoceras ammonites (including the largest known Xiphoceras) and a large limestone block containing four spectacular Coronoceras ammonites and one large Nautilus, also from Lias

at Lyme Regis, were bought for the science collections. The important seventeenth century Dutch painting, River Landscape with Figures in Boats and a Church in the Distance, by Salomon van Ruysdael, was bought with grant assistance from the Heritage Lottery Fund, (HLF) from the National Art Collections Fund (NACF) and from the Esmé Mitchell Trust. Acquisition of the O'Neill Collection of Chinese Ceramics, comprising thirty one pieces, was also generously supported by HLF, NACF and the Esmé Mitchell Trust. Titanic, a mixed media work by Rita Duffy, and contemporary designer outfits were bought for the fine and applied art collections. Donations to the collections included a portrait of Rabbi Jacob Shachter by R. Taylor Carson (given by Israel Shachter), Paul Nietsche's painting William H. Fry (given by Mrs Anna Fry), Paul Walls' The Cliffs of Moher, Co. Clare and John Turner's Portrait of Rachel (both given by the artists), works by Marie Foley and Dejana Vuckovic (given by Julian Watson) and pieces of glass respectively given by Mrs Mona McConnell and Mrs Frances McCaig. A small collection of flowering plants from Northern Ireland, made in 1940s by the late Professor R.J.G. Savage was donated by Department of Geology, University of Bristol. Professor Christopher Gibson donated a collection of phytoplankton samples from Lough Neagh, and a total of eighty nine maps was donated by the Geological Survey of Northern Ireland. Geological specimens were donated by Byron Blessed of Fossils UK, by Dr T. Bernard Anderson and by Mrs Kathleen Burns. Marine algae from Co. Donegal were added to the collection as the result of field work by staff. Warrior's accoutrements from Early Bronze Age Co. Down, an Early Mediaeval bronze cross from Armagh and a Mediaeval gold brooch from Coleraine were also acquired for the collections relating to history and archaeology.

#### 7. IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Mike Houlihan was Chief Executive Officer during the Financial Year 2001/02. He resigned with effect from 11 April 2003 and Katrina O'Dowd was appointed as an interim Accounting Officer with responsibility for all accounting and accountability matters in MAGNI until the new Chief Executive Officer, Tim Cooke, was appointed and took up his post on 1 September 2003. There were no other events since the end of the financial year requiring disclosure.

#### 8. CHARITABLE DONATIONS

Charitable donations made by the National Museums and Galleries of Northern Ireland in the year did not exceed £200 in aggregate.

## 9. DISABLED PERSONS

The National Museums and Galleries of Northern Ireland is committed to and operates within its agreed policy on equal opportunities in relation to the employment and career development of disabled staff.

## 10. EMPLOYEE INVOLVEMENT

The maintenance of a highly skilled and motivated workforce is vital to the success of the National Museums and Galleries of Northern Ireland in terms of its care of the national collections and its service to the public. The Board ensures employee involvement through regular briefing of all employees by means of staff meetings, the promotion of good industrial relations through formal and informal management/trade union contacts.

## 11. PROMPT PAYMENT POLICY

The National Museums and Galleries of Northern Ireland is committed to prompt payment of bills for goods and services and makes every effort to pay suppliers within 30 days of receipt of goods and services, or the invoice, whichever is the later. In the year ended 31 March 2003, the National Museums and Galleries of Northern Ireland paid 74% of invoices within 30 days of the date of the invoice. This percentage would be a lot higher if taken from date of receipt of invoice, however, at present the computerised system cannot provide these figures. This is being kept under review during ongoing system development.

## 12. FINANCIAL TARGETS

The National Museum and Galleries of Northern Ireland's key financial target for 2002/03 was to expend the grant in aid and self generated income for 2002/03 while utilising a proportion of the prior

year surplus as required to deliver organisational objectives. This target was achieved.

## 13. TRUSTEES

The following trustees were appointed for a 4 year period commencing 1 July 2002:

Mrs M Elliott CBE (**Chairman**)  
Sir K Bloomfield (**Vice Chairman**)  
Mr D Harvey  
Mr M Adair  
Miss L Beers  
Lt Col (Rtd) R Bickers  
Ms P Flanagan  
Dame G Keegan  
Professor E McLaughlin  
Mr W Montgomery  
Mr S Neeson MLA  
Mrs W Osborne  
Mr T Shaw  
Dr A Walker

The accounts on pages 27 to 43 were approved by the Board of Trustees of the National Museums and Galleries of Northern Ireland on 25 June 2004 and are signed on its behalf



Chairman of The Board of Trustees  
M Elliott



Chief Executive  
T Cooke

## STATEMENT OF TRUSTEES' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Article 10(2) of the Museums and Galleries (NI) Order 1998 the Museum is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Department of Culture, Arts and Leisure with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must give a true and fair view of the National Museums and Galleries Northern Ireland's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Trustees are required to:

- ▣ observe the accounts direction issued by the Department of Culture, Arts and Leisure including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ▣ make judgements and estimates on a reasonable basis;
- ▣ state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- ▣ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the National Museums and Galleries Northern Ireland will continue in operation.

The Accounting Officer for the Department of Culture, Arts and Leisure has designated the Chief Executive as the Accounting Officer for the National Museums and Galleries of Northern

Ireland. His relevant responsibilities as Accounting Officer, including the responsibility for the propriety and regularity of the public finances, for which he is answerable, and for keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Department of Finance and Personnel.

## STATEMENT OF INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of MAGNI, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of MAGNI's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This risk management process has been in place since March 2003 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The processes that have been applied in this respect are as follows:

Between January 2003 and March 2003 a Risk Management Team, comprising senior managers across MAGNI, held risk management workshops in order to identify the organisations objectives and key risks. These workshops were facilitated by MAGNI's internal auditors who have used a risk based audit approach during the last three years. Following the workshops, in March 2003, a MAGNI Risk Management Strategy was completed and approved by MAGNI's

Audit Committee. In order to ensure that the identified risks are appropriately managed, the Risk Management Strategy summarises the key risks, examines existing controls, allocates risk ownership and details an action plan to mitigate against each risk.

Procedures have also been put in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. In order to monitor progress on key projects, the Audit Committee, which meets at least quarterly, receives updated reports at each meeting on the work carried out on each risk action plan.

MAGNI employs a firm of internal auditors who operate to standards defined in the Government Internal Audit Manual. The work of the internal auditors is informed by an analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by MAGNI's Audit Committee and approved by me. At least annually, the Internal Auditors provide me with a report on internal audit work carried out within MAGNI. The report includes their independent opinion on the adequacy and effectiveness of MAGNI's system of internal financial control together with their recommendations for improvement.

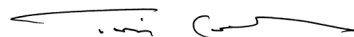
My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Audit committee which oversees the work of the internal auditor, the managers within MAGNI who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letter and other reports.

The internal auditors finalised their report on the year 2002/03 in June 2003. Their work reviewed the following areas:

- ▣ Payroll
- ▣ Income
- ▣ Bank and Cash
- ▣ Financial ledger / budgetary control
- ▣ Creditors payments and procurement
- ▣ Fixed Assets
- ▣ Human resources

- ▣ Collections
- ▣ Prevention and detection of fraud
- ▣ Building Maintenance
- ▣ Procurement
- ▣ Sponsorship, donations and other income
- ▣ Management arrangements
- ▣ Computer Audit

The internal auditors identified weaknesses in documentation relating to fixed assets at the Ulster Folk and Transport Museum and the Ulster American Folk Park. The problem relates to the lack of a comprehensive Fixed Asset Register in respect of assets acquired in respect of earlier periods. All assets purchased since 1998/99 are recorded on a detailed fixed assets register. A major exercise of recreating the fixed asset register across all sites for the years prior to merger, and of identifying and re-lifing all assets still currently in use, was commenced in Summer 2003. Final inventories, valuations and depreciation records were completed ready for inclusion in the March 2004 Financial Statements.



Chief Executive  
**T Cooke**

## **CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS**

I certify that I have audited the financial statements on pages 27 to 43 under the Museums and Galleries (Northern Ireland) Order 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 32 and 33.

### **Respective responsibilities of the Trustees, the Chief Executive and Auditor**

As described on page 22, the Trustees and Chief Executive are responsible for the preparation of the financial statements in accordance with the Museums and Galleries (Northern Ireland) Order 1998 and Department of Culture, Arts and Leisure directions made thereunder and for ensuring the regularity of financial transactions. The Trustees and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Museums and Galleries (Northern Ireland) Order 1998 and Department of Culture, Arts and Leisure directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is

not consistent with the financial statements, if the National Museums and Galleries of Northern Ireland has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 23 and 24 reflects the National Museums and Galleries of Northern Ireland compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Chief Executive's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the National Museums and Galleries of Northern Ireland corporate governance procedures or its risks and control procedures.

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board, except that the scope of my work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the National Museums and Galleries of Northern Ireland circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and

Parliament and the financial transactions conform to the authorities which govern them. However, the evidence available to me for fixed assets (£1,115,049) at both the Ulster Folk and Transport Museum and the Ulster American Folk Park was limited due to inadequate accounting records supporting the valuation and completeness of these assets. In consequence I was unable to carry out auditing procedures necessary to obtain adequate assurance regarding the figures in the Income and Expenditure Account and the Balance Sheet.

In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Qualified opinion arising from limitation in audit scope**

*In my opinion:*

- ▣ except for any adjustments that might have been found necessary had I been able to obtain sufficient evidence concerning fixed assets the financial statements give a true and fair view of the state of affairs of the National Museums and Galleries of Northern Ireland at 31 March 2003 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Museums and Galleries (Northern Ireland) Order 1998 and directions made thereunder by the Department of Culture, Arts and Leisure; and
- ▣ in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them.

*In respect alone of the limitation on my work relating to fixed assets;*

- ▣ I have not obtained all the information and explanations that I considered necessary for the purpose of my audit; and
- ▣ I was unable to determine whether proper accounting records had been maintained.

*Details of this matter are set out in my report on pages 48 to 49.*



**J M Dowdall CB**  
**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

**Northern Ireland Audit Office**  
**8 July 2004**

**INCOME AND EXPENDITURE ACCOUNT**

<b>GROSS INCOME</b>	<b>NOTES</b>	<b>2003 £</b>	<b>2002 £</b>
Department of Culture, Arts and Leisure Grants	3	11,719,796	11,714,720
Other Specimen Grants	16	597,964	104,789
Other Grants		279,952	447,980
Income From Activities	4	875,468	653,866
Recoup from W5		-	145,909
		<u>13,473,180</u>	<u>13,067,264</u>
<b>EXPENDITURE</b>			
Staff Costs	5	8,699,218	8,255,940
Depreciation	8	1,753,548	1,566,758
Other Operating Charges	6	2,966,797	2,795,689
Specimen Purchases	9	695,794	226,783
Millenium project costs		-	145,909
		<u>14,115,357</u>	<u>12,991,079</u>
Interest Paid		3,536	6,218
Interest Received		8,082	6,793
<b>(LOSS)/PROFIT FOR THE YEAR BEFORE NOTIONAL COSTS</b>	7	(637,631)	76,760
Notional cost of capital	2	<u>(2,710,275)</u>	<u>(2,612,501)</u>
<b>DEFICIT FOR THE YEAR AFTER NOTIONAL COSTS</b>		(3,347,906)	(2,535,741)
Adjustment for notional cost of capital	2	2,710,275	2,612,501
Transfer from revaluation reserve	15	<u>480,773</u>	<u>344,939</u>
<b>NET TRANSFER (FROM)/TO GENERAL RESERVE</b>	18	<u><u>(156,858)</u></u>	<u><u>421,699</u></u>

All amounts included in the above statement relate to the continuing operations of the National Museums and Galleries of Northern Ireland.

The notes on pages 32 to 43 form part of these financial statements.

**STATEMENT OF TOTAL RECOGNISED  
GAINS AND LOSSES**

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
Deficit for the financial year	(3,347,906)	(2,535,741)
Unrealised surplus on the revaluation of fixed assets	3,412,358	1,861,211
Total recognised gains and losses recognised since last annual report	<u>64,452</u>	<u>(674,530)</u>

The notes on pages 32 to 43 form part of these financial statements.

**BALANCE SHEET**

<b>FIXED ASSETS</b>	<b>NOTES</b>	<b>2003 £</b>	<b>2002 £</b>
Tangible assets	8	45,545,657	43,419,891
<b>CURRENT ASSETS</b>			
Stock	10	166,481	135,684
Debtors	11	520,259	430,873
Cash at bank and in hand		1,309,526	1,400,143
		<u>1,996,266</u>	<u>1,966,700</u>
<b>CURRENT LIABILITIES</b>			
Creditors - amounts due within one year	12	<u>1,379,717</u>	<u>1,206,307</u>
<b>NET CURRENT ASSETS</b>		616,549	760,393
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>46,162,206</u></u>	<u><u>44,180,284</u></u>
Financed by:			
Deferred Government Grants	13	5,170,780	5,462,404
Capital Account	14	10,799,614	11,313,809
Revaluation Reserve	15	29,550,923	26,619,338
Specimen Fund	16	19,766	5,555
Government Loan	17	67,483	68,680
General Reserve	18	553,640	710,498
		<u>46,162,206</u>	<u>44,180,284</u>

The notes on pages 32 to 43 form part of these financial statements.

The accounts on pages 27 to 43 were approved by the Board of Trustees of the National Museums and Galleries of Northern Ireland on 25 June 2004 and are signed on its behalf



Chairman of The Board of Trustees  
**M Elliott**



Chief Executive  
**T Cooke**

**CASH FLOW STATEMENT**

	<b>2003</b> £	<b>2002</b> £
<b>Net cash (outflow)/inflow from operating activities</b>	(888,856)	561,187
<b>Return on investments and servicing of finance</b>	4,546	575
<b>Capital Expenditure</b>	(501,396)	(559,506)
<b>Net cash (outflow)/inflow before financing</b>	(1,385,706)	2,256
<b>Financing</b>	1,210,203	787,843
<b>(Decrease)/Increase in Cash &amp; Cash Equivalents</b>	(175,503)	790,099
.....		
<b>Reconciliation of net cash flow to movement in net funds</b>		
(Decrease)/Increase in cash for the period	(175,503)	790,099
Net funds at 1 April 2002	599,668	(190,431)
Net funds at 31 March 2003	424,165	599,668
.....		
<b>Reconciliation of operating deficit to net cash (outflow)/inflow from operating activities</b>		
Operating deficit	(3,347,906)	(2,535,741)
Notional costs	2,710,275	2,612,501
Depreciation	1,753,548	1,566,758
Deferred government grant release	(758,579)	(728,144)
Specimens purchased	(695,794)	(226,783)
(Increase)/Decrease in stock	(30,797)	20,948
(Increase)/Decrease in debtors	(89,386)	549,246
Increase/(Decrease) in creditors	88,524	(203,346)
Deposit interest receivable	(8,082)	(6,793)
Bank interest paid	3,536	6,218
Capital account release	(514,195)	(493,677)
<b>Net cash (outflow)/inflow from operating activities</b>	(888,856)	561,187

The notes on pages 32 to 43 form part of these financial statements.

**GROSS CASH FLOWS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Returns on investment and servicing of finance</b>		
Interest received	8,082	6,793
Interest paid	(3,536)	(6,218)
	<hr/>	<hr/>
Net cash inflow from operating activities	4,546	575
	<hr/> <hr/>	<hr/> <hr/>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(501,396)	(559,506)
	<hr/> <hr/>	<hr/> <hr/>
<b>Financing</b>		
Department of Culture, Arts and Leisure	560,571	634,506
Other grants	597,964	121,915
Transfer from recurrent grant	52,866	32,526
Repayment of government loans	(1,198)	(1,104)
	<hr/>	<hr/>
	1,210,203	787,843
	<hr/> <hr/>	<hr/> <hr/>

<b>ANALYSIS OF CHANGES IN NET FUNDS</b>	<b>31 March 2003</b>	<b>1 April 2002</b>	<b>Change 2003</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,309,526	1,400,143	(90,617)
Bank overdraft	(885,361)	(800,475)	(84,886)
	<hr/>	<hr/>	<hr/>
	424,165	599,668	(175,503)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 32 to 43 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of certain assets. The accounts direction is reproduced as an appendix to these accounts.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the accounting standards issued or adopted by the Accounting Standards Board and disclosure requirements issued by the Department of Finance and Personnel in so far as those requirements are appropriate. Significant departures from accounting standards are disclosed and explained in the notes and the financial effects quantified where practicable.

### 2. ACCOUNTING POLICIES

The principal policies which have been adopted in the preparation of these accounts are as follows:

#### Depreciation

Land and buildings are stated at cost or valuation. Depreciation is calculated to write off the valuation of buildings on a straight line basis over the expected useful life of each building.

Where the effect on the financial statements is material, the cost of other fixed assets is restated annually to reflect their replacement cost using the relevant price indices at the year end. The revaluation surplus, net of the corresponding adjustment to accumulated depreciation, is credited to revaluation reserve.

The straight line depreciation rates used for these and other fixed assets are as follows:

Buildings	2% - 5%	per annum
Environmental service system	5%	per annum
Computer equipment	25%	per annum
Other equipment, fittings and tools	10% - 25%	per annum
Motor vehicles and boats	25%	per annum
Estate Machinery	25%	per annum

#### Stocks

Stocks have been valued at the lower of cost and estimated net realisable value. There is no significant difference between the historic cost and current cost of stocks.

#### Repairs and Renewals

This expenditure is charged to revenue in the year in which the expenditure is incurred.

#### Pensions

Staff of the National Museums and Galleries of Northern Ireland are members of the Principal Civil Service Pension Scheme (Northern Ireland) which is a contracted out salary related scheme and is essentially non contributory. The National Museums and Galleries of Northern Ireland makes employer contributions to the cost of pension cover provided for its staff, which are charged to the Income and Expenditure account as they arise. The rate of the employer's contribution ranges from 12% to 19.5% depending on salary level, as advised by the Department of Finance and Personnel.

#### Government Grants

Grants and other income of a revenue nature are credited to income in the year in which they are receivable.

Grants related to specific depreciating assets are credited to a deferred government grants account and are released to revenue over the expected useful life of the relevant assets. Grants received for non-depreciating assets are credited direct to reserves.

Grants received for purchase of specimens are credited to the specimen fund and released to the income and expenditure account in the year of expenditure.

#### Notional costs

These financial statements make provision for the notional interest cost of capital employed by the National Museums and Galleries of Northern Ireland. The income and expenditure account includes the notional cost of capital employed calculated as 6% of the average capital employed over the financial year.

**Value Added Taxation**

All income and expenditure is stated exclusive of VAT, which is recoverable by the National Museums and Galleries of Northern Ireland.

**Capitalisation of Non-Operational Heritage Assets**

Non-operational heritage assets are not capitalised, as it is considered that the cost of obtaining a valuation of these assets is not warranted in terms of the benefits which the valuation would deliver.

**3. DEPARTMENT OF CULTURE, ARTS AND LEISURE GRANTS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Recurrent grants (DCAL)	10,334,981	10,370,905
DCAL (to finance specimens purchased)	59,175	75,000
Transfer from Specimen fund	52,866	46,994
Deferred Government grants	758,579	728,144
Transfer from Capital Account	514,195	493,677
	<u>11,719,796</u>	<u>11,714,720</u>

**4. INCOME FROM ACTIVITIES**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Profit/(Loss) on Trading Accounts</b>		
Shop (Note 19)	55,732	(46,963)
Café (Note 19)	(9,473)	(9,163)
	<u>46,259</u>	<u>(56,126)</u>
<b>Other Income</b>		
Consultancy fees	8,839	10,585
Photographic sales	67,112	52,903
Hire of facilities	75,366	77,494
Fees and other income	3,094	3,036
Income from academic publications	6,539	541
Admissions	520,169	424,871
Events income	43,052	55,086
Sponsorship	52,815	41,922
Donations	10,806	4,197
Rental income	198	169
Sale of asset	550	251
Courses & staff guides	24,169	22,437
Catering concessions	16,500	16,500
	<u>829,209</u>	<u>709,992</u>
	<u>875,468</u>	<u>653,866</u>

<b>5. STAFF COSTS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Salaries & wages (including Temporary non payroll staff costs)	7,422,125	7,119,414
Employers National Insurance	467,573	484,767
Superannuation	977,359	873,133
	<hr/>	<hr/>
	8,867,057	8,477,314
<b>Less amounts allocated to:</b>		
Shop & Café Trading	(167,839)	(220,774)
Odyssey	-	(600)
	<hr/>	<hr/>
	<u>8,699,218</u>	<u>8,255,940</u>

Included within the above totals are amounts of £114,414 (2002 - £56,177) paid in respect of employment agency staff. As these staff are not employees of the National Museums and Galleries of Northern Ireland, they are not included in the employee numbers shown below.

The Chair of the Board of Trustees received an

honorarium of £8,200 (2002 - £8,000) for the year. No other remuneration was paid to trustees in the year.

The following, using actual figures, shows the pension entitlements of the most senior members of the National Museums and Galleries Northern Ireland for the year ended 31 March 2003:

	<b>Age</b>	<b>Salary (£k)</b>	<b>Real increase in pension at 60 (£k)</b>	<b>Total accrued pension at 60 at 31/3/03 (£k)</b>
Mr Mike Houlihan, <i>Chief Executive - MAGNI</i>	55	85 - 90	2.5 - 5.0	30 - 35
Mr Marshall McKee, <i>Director of Operations</i>	51	60 - 65	0 - 2.5	15 - 20
Mr John Gilmore, <i>Director of Development</i>	55	55 - 60	0 - 2.5	15 - 20
Mrs Katrina O'Dowd, <i>Director of Finance</i>	37	35 - 40	0 - 2.5	0 - 5

Mrs Linda Hutchinson, *Director of Personnel* (resigned January 2003) **consent for disclosure withheld**

"Salary" includes gross salary; performance pay or bonuses; overtime and any other allowance to the extent that it is subject to UK taxation.

Pension benefits are provided through the Principal Civil Service Pension Scheme. This is a statutory scheme which provides benefits on a "final salary" basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. Pensions increase in payment

in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

## 5. STAFF COSTS (Continued)

Mike Houlihan was Chief Executive Officer during the Financial Year 2002/03 and resigned with effect from 11 April 2003. At that time, the financial statements for the 2002/03 accounting year had not been finalised and were not available for his signature. A new Chief Executive Officer, Tim Cooke, was recruited and took up his post on 1 September 2003. From 12 April 2003 Katrina O'Dowd was appointed as an interim Accounting Officer with responsibility for all accounting and accountability

matters in MAGNI until 1 September 2003. During the period 12 April to 1 September 2003 other Chief Executive Officer responsibilities, including operational and personnel matters, were allocated between the other directors. Responsibility for signing accounts falls to the Accounting Officer in place at the time the accounts are completed; in the case of these accounts, this is the responsibility of the current Chief Executive Officer, Tim Cooke.

The average weekly number of employees during the year was made up as follows:

	<b>2003 No.</b>	<b>2002 No.</b>
Curatorial	59	60
Collections	34	37
Design	17	17
Administration, Finance and Personnel	45	48
Education and Marketing	26	27
Secretarial	17	16
Trading	12	16
Visitor and Gallery services	127	132
Contract staff	11	9
Armagh County Museum	7	7
	355	369

<b>6. OTHER OPERATING CHARGES</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Rent and rates	587,021	548,362
Light, heat and water	364,078	392,037
Repairs, renewals and maintenance	300,676	233,662
Maintenance and display of specimens	61,971	63,183
Cleaning materials and laundry	57,520	52,116
Travelling and subsistence:		
Staff	77,399	98,552
Trustees	1,060	2,214
Uniforms and clothing	38,760	36,500
Course and training fees	33,681	23,824
Health and safety expenses	14,283	9,468
Printing, stationery and office expenses	95,423	75,251
Telephone and postage	108,563	109,910
Insurance	111,075	60,982
Legal, audit and professional fees	143,817	106,097
Bank charges	4,521	5,129
Recruitment costs	25,170	29,770
Publicity & Promotion	117,179	99,056
Computer maintenance	91,683	65,471
Photographic expenses	17,928	18,985
Events	147,351	154,380
Exhibition expenses	160,448	277,422
Conference expenses and hospitality	15,311	12,208
Education services	81,411	66,016
Transport expenses	10,742	9,495
Books, newspapers and periodicals	21,332	21,880
MAGNI publications	45,343	49,079
Grants and subscriptions	13,708	16,235
Research, projects and development	133,165	63,153
Excavation and field work	4,244	10,177
Audio expenses	2,434	2,959
Maritime archive expenses	-	750
Grounds and farm expenses	7,362	10,829
Library expenses	2,927	3,170
Contracted out security	62,581	67,367
Provision for Bad or Doubtful Debts	6,630	-
	<u>2,966,797</u>	<u>2,795,689</u>

<b>7. (LOSS)/PROFIT FOR THE YEAR</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Expenditure is stated after charging:		
Auditors' and accountants' remuneration:		
The Audit Office - Current year	35,000	35,000
External accountants - internal audit provision	16,000	16,000

**8. TANGIBLE FIXED ASSETS**

<b>Cost</b>	<b>Land and Buildings £</b>	<b>Fixtures and Equipment £</b>	<b>Plant and Machinery £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
At 1 April 2002	42,385,560	9,016,970	81,973	54,828	<b>51,539,331</b>
Additions - purchased	223,710	276,008	-	1,678	<b>501,396</b>
Transfers	-	(47,628)	-	-	<b>(47,628)</b>
Revaluation	2,342,709	9,875	-	-	<b>2,352,584</b>
At 31 March 2003	44,951,979	9,255,225	81,973	56,506	<b>54,345,683</b>
<b>Accumulated depreciation</b>					
At 1 April 2002	1,065,823	6,921,416	81,973	50,228	<b>8,119,440</b>
Charge for year	1,245,767	502,761	-	5,020	<b>1,753,548</b>
Transfers	-	13,188	-	-	<b>(13,188)</b>
Revaluation	(1,065,823)	6,049	-	-	<b>(1,059,774)</b>
At 31 March 2003	1,245,767	7,417,038	81,973	55,248	<b>8,800,026</b>
<b>Net book value</b>					
<b>At 31 March 2003</b>	<b>43,706,212</b>	<b>1,838,187</b>	<b>-</b>	<b>1,258</b>	<b>45,545,657</b>
<b>At 31 March 2002</b>	<b>41,319,737</b>	<b>2,095,554</b>	<b>-</b>	<b>4,600</b>	<b>43,419,891</b>

	<b>2003 £</b>	<b>2002 £</b>
Land and buildings at net book value comprise:		
Long leaseholds	43,706,212	41,319,737

Included in land and buildings is a residential centre at a cost of £688,154 which has not been revalued and is stated at cost in the accounts. The Trustees are of the opinion that the net book value of this residential centre is not materially different from the open market value at 31 March 2003.

All other land and buildings were revalued by the Valuation and Lands Agency at 31 March 2003. The method of valuation used was open market value, existing use value or depreciated replacement cost as appropriate to each site. Other assets have been revalued by the application of

appropriate indices where such revaluations have a material effect on the accounts.

The threshold for capitalisation of expenditure is £1,000. Any capital expenditure below this level is charged to the income and expenditure account in the year of purchase. The fixed asset register was reviewed during the year and any assets less than £1,000 which were acquired before April 2002 were removed and expensed appropriately. The assets removed at March 2003 had a cost of £47,628 and accumulated depreciation of £13,188.

<b>9. SPECIMENS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Purchases during year:		
Fine Art	411,525	20,375
Applied Art	147,881	11,174
Archaeology and Ethnography	11,725	78,641
History	-	985
Botany	800	-
Zoology	-	1,150
Geology	12,900	3,000
Transport	-	142
New World Development	33,574	45,338
Museum of Emigration	18,460	-
Open Air Museum	58,929	65,978
	<u>695,794</u>	<u>226,783</u>

The historic cost of specimens purchased since the establishment of the individual Museums is £7,593,718.

This total does not include donated specimens or specimens transferred from the Belfast Museum and Art Gallery.

<b>10. STOCKS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Shop and café goods for resale	131,726	101,825
Academic publications for resale	7,741	5,978
Maintenance materials and consumables	14,673	16,398
Farm stock	12,341	11,483
	<u>166,481</u>	<u>135,684</u>

<b>11. DEBTORS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Trade debtors	136,465	93,218
Prepayments and accrued income	273,872	211,592
Value added tax	109,922	126,063
	<u>520,259</u>	<u>430,873</u>

<b>12. CREDITORS (amounts falling due within one year)</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank overdraft	885,361	800,475
Accruals and deferred income	493,589	404,445
Sundry creditors	767	1,387
	<u>1,379,717</u>	<u>1,206,307</u>

<b>13. DEFERRED GOVERNMENT GRANTS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Gross Value of Deferred Grants:		
At 1 April 2002	12,086,127	11,526,621
Increase during the year - Grants Received	501,396	559,506
Transfer of fixed assets	(47,629)	-
At 31 March 2003	<u>12,539,894</u>	<u>12,086,127</u>
Less Grants released to Income and Expenditure Account:		
At 1 April 2002	6,623,723	5,895,579
Grant released during the year	758,579	728,144
Transfer of fixed assets	(13,188)	-
At 31 March 2003	<u>7,369,114</u>	<u>6,623,723</u>
Net Value of Deferred Grants		
At 31 March 2003	<u>5,170,780</u>	<u>5,462,404</u>

Deferred Government grants relate to specific depreciating assets. These grants are therefore released

to Revenue on the same basis as the relevant depreciation is charged.

<b>14. CAPITAL ACCOUNT</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
At 1 April 2002	11,313,809	11,807,486
Department of Culture and Leisure Grants	501,396	559,506
Increase in Deferred Government Grants (Note 13)	(501,396)	(559,506)
Release to Income & Expenditure Account	(514,195)	(493,677)
	<hr/>	<hr/>
At 31 March 2003	10,799,614	11,313,809
	<hr/>	<hr/>
Represented by:		
Land and Buildings	10,867,097	11,382,489
Less: Government Loans	(67,483)	(68,680)
	<hr/>	<hr/>
	10,799,614	11,313,809
	<hr/>	<hr/>
<b>15. REVALUATION RESERVE</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
At 1 April 2002	26,619,338	25,103,066
Surplus on revaluation of fixed assets	2,352,584	897,078
Depreciation adjustment on revaluation	1,059,774	964,133
Reserve released relating to depreciation charge on revalued amount	(480,773)	(344,939)
	<hr/>	<hr/>
At 31 March 2003	29,550,923	26,619,338
	<hr/>	<hr/>
<b>16. SPECIMEN FUND</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
At 1 April 2002	5,555	20,023
Department of Culture, Arts and Leisure Grant	59,175	75,000
Transferred from Recurrent Grant	52,866	32,526
Other grants	597,964	104,789
Specimens purchased (Note 9)	(695,794)	(226,783)
	<hr/>	<hr/>
At 31 March 2003	19,766	5,555
	<hr/>	<hr/>

**17. GOVERNMENT LOANS**

The principal of the loans from the government loans fund outstanding at 31 March 2003 was £67,483 (2002: £68,680) consisting of 8 loans repayable by bi-annual instalments. The loans were used to purchase the Manor

House and Dalchoolin at the Ulster Folk and Transport Museum. Charges remain on these properties until the loans are paid in full. The longest loan matures in 30 years. The movements on the fund in the year were as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
At 1 April 2002	68,680	69,784
Add : Interest Charged	4,743	4,836
Less : Amounts Repaid	(5,940)	(5,940)
	<hr/>	<hr/>
At 31 March 2003	<u>67,483</u>	<u>68,680</u>

**18. GENERAL RESERVE**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
At 1 April 2002	710,498	271,675
Transfer (to)/from income and expenditure account	(156,858)	421,699
Odyssey income adjustment	-	17,124
	<hr/>	<hr/>
At 31 March 2003	<u>553,640</u>	<u>710,498</u>

**19. TRADING ACCOUNTS**

Neither of the following trading accounts for the shop or the café include any element of the

establishment or administration charges which are contained within Note 6.

<b>SHOP</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Sales	322,894	291,011
Opening stock	99,886	119,288
Purchases	198,181	162,627
Closing stock	(131,100)	(99,886)
Cost of Sales	166,967	182,029
Gross Profit	155,927	108,982
Less:		
Overheads	2,416	2,358
Salaries, Wages and National Insurance Costs	97,779	153,587
Net Profit/(Loss)	55,732	(46,963)
<b>CAFÉ</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Sales	94,655	88,494
Opening stock	1,939	1,059
Purchases	32,741	31,334
Closing stock	(626)	(1,939)
Cost of Sales	34,054	30,454
Gross Profit	60,601	58,040
Less:		
Overheads	14	16
Salaries, Wages and National Insurance Costs	70,060	67,187
Net Loss	(9,473)	(9,163)

A revised apportionment was applied to shop trading staff costs at March 2003 at the Ulster American Folk Park and at the Ulster Folk and Transport Museum to reflect

trading duties. The effect of applying this apportionment at March 2002 would revise Shop Salaries, Wages and National Insurance Costs to £93,772 and Net Profit to £12,852.

<b>20. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR</b>	<b>Deferred Government Grants 2003 £</b>	<b>Specimen Fund 2003 £</b>	<b>Capital Account 2003 £</b>
At 1 April 2002	5,462,404	5,555	11,313,809
Cash inflow from financing: Grants	453,767	710,005	-
Transfer to income and expenditure account	(745,391)	(695,794)	(514,195)
Closing balance At 31 March 2003	<u>5,170,780</u>	<u>19,766</u>	<u>10,799,614</u>

## 21. RELATED PARTY TRANSACTIONS

The National Museums and Galleries of Northern Ireland is a non departmental public body funded by the Department of Culture, Arts and Leisure for Northern Ireland.

The Department of Culture, Arts and Leisure is regarded as a related party. During the year, the National Museums and Galleries of Northern Ireland had no material transactions with the Department of Culture, Arts and Leisure other than the receipt of Grant in aid.

There were a number of material transactions with other Government Departments and other central government bodies. Most of these transactions were with the Department of Environment for Northern Ireland and the Department of Finance and Personnel.

During the year, none of the board members, key management staff or other related party has undertaken

any material transactions with the National Museums and Galleries of Northern Ireland.

The Chief Executive of the National Museums and Galleries of Northern Ireland ("MAGNI") and several members of MAGNI's Board of Trustees are directors of W5. W5 Science Centre opened to the public on 31 March 2001. Prior to the establishment of W5's computerised financial systems, MAGNI acted as agents for W5 in respect of the administration of its income and expenditure on the science centre fit out and pre opening costs. This arrangement ceased during the financial year 2001/02 and at the end of the year £933 was outstanding from W5.

Included in deferred income is a grant of £10,000 received from BBC,NI in 1998. A member of the Board of Trustees, Mr Mark Adair, is Secretary and Head of Public Policy of BBC,NI. The grant was secured prior to Mr Adair's appointment to the Board in July 2002.

## 22. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

The National Museums and Galleries of Northern Ireland did not have any material financial commitments or

contingent liabilities outstanding as at 31 March 2003.

**THE FOLLOWING PAGES DO NOT  
FORM PART OF THE FINANCIAL  
STATEMENTS**

<b>DETAILED ACCOUNTS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>OTHER GRANTS</b>		
<b>Other grants comprise the following:</b>		
Community Relations Council	47,290	37,892
Community Relations Council - Peace II	7,093	-
Community Relations Council - Music on the Move	800	-
Department of Arts & Heritage	-	10,914
Environment & Heritage Service (EHS)	45,640	38,990
DoE - Salaries and Overheads	-	11,250
Duchas - dragonflys	10,000	-
EHS - CEDaR	95,202	99,488
EHS - Rathlin & Blackwater	4,344	10,734
EHS - Lepidoptera	18,206	-
EHS - Recorder project	20,772	-
Department of Employment and Learning (DEL)	679	-
Adapt NI	1,611	-
North Down Borough Council	4,500	-
Belfast Master Mariners	300	-
Department of Agriculture and Rural Development (DARD)	400	-
DCAL Act of Union Grant	-	91,000
Public Records Office Northern Ireland (PRONI) monies	-	60,000
Northern Ireland Tourist Board (NITB) 25th Anniversary Celebrations Grant	-	1,000
Department of Enterprise Trade and Investment (DETI) re A Greaves	-	1,300
Wildlife Trusts - LRC & NBN Gateway Project	-	3,800
Royal Horticultural Society	-	765
Heritage Council - Ground Beetle	-	4,596
Pittsburg Steelers Museum of Emigration	-	686
Western Education and Library Board (WELB)	1,504	1,407
Heritage Lottery Fund (HLF) Irish Diaspora	-	10,570
Diversity 21 Grant - 25th Anniversary Event	-	59,725
Irish American Partnership	4,746	-
Comenius thematic network (EU funding)	8,999	-
Department for Regional Development (DRD) - Community History outreach officer	2,933	-
Sir Halle Stewart Trust	736	-
Joseph Rowntree Charitable Trust	1,197	-
Clore Foundation	3,000	-
Sponsorship Income	-	2,000
Other Grants	-	1,863
	<u>279,952</u>	<u>447,980</u>

## ACCOUNTS DIRECTION

### **DIRECTION GIVEN BY THE DEPARTMENT OF CULTURE, ARTS AND LEISURE WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE AND PERSONNEL IN ACCORDANCE WITH THE MUSEUMS AND GALLERIES (NI) ORDER 1998**

The National Museums and Galleries of Northern Ireland (MAGNI) shall prepare accounts for the financial year ended 31 March 2000 and subsequent financial years comprising:

- ▣ a foreword;
- ▣ an income and expenditure account;
- ▣ a balance sheet;
- ▣ a cash flow statement; and
- ▣ a statement of total recognised gains and losses, including such notes as may be necessary for the purposes referred to in the following paragraphs.

The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs as at the end of the financial year.

Subject to this requirement, the accounts shall be prepared in accordance with:

- ▣ generally accepted accounting practice in the United Kingdom (UK GAAP);
- ▣ the disclosure and accounting requirements contained in 'The Fees and Charges Guide' (in particular those relating to the need for appropriate segmental information for services or forms of service provided) and in other guidance which DFP may issue from time to time in respect of accounts which are required to give a true and fair view; and

- ▣ the accounting and disclosure requirements given in 'Government Accounting Northern Ireland' and in 'Executive NDPBs: Annual Reports and Accounts Guidance', as amended or augmented from time to time, insofar as these are appropriate to the National Museums and Galleries of Northern Ireland and are in force for the financial year for which the statement of accounts is to be prepared.

Clarification of the application of the accounting and disclosure requirements of the companies (Northern Ireland) Order and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2.

The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:

- ▣ fixed assets at their value to the business by reference to current costs; and
- ▣ stocks at the lower value of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

This direction shall be reproduced as an appendix to the accounts.

Signed by authority of the Department of Culture, Arts and Leisure.

#### **Schedule 1**

#### **APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES (NORTHERN IRELAND) ORDER AND ACCOUNTING STANDARDS Companies (Northern Ireland) Order**

1. The disclosure exemptions permitted by the Companies (Northern Ireland) Order shall not apply to MAGNI unless specifically approved by DFP.
2. The Companies (Northern Ireland) Order requires certain information to be disclosed in the Chief Executive's Report. To the extent that it is appropriate, the information relating to MAGNI shall be contained in the foreword.

3. When preparing its income and expenditure account, MAGNI shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies (Northern Ireland) Order.
  4. When preparing its balance sheet, MAGNI shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order. The balance sheet totals shall be struck at 'Total assets less current liabilities'.
  5. MAGNI is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies (Northern Ireland) Order.
  6. The foreword and balance sheet shall be signed by the Accounting Officer and dated.
2. The notes to the accounts shall include details of the key corporate financial targets set by the Department together with the performance achieved.

### **Accounting Standards**

MAGNI is not required to include a note showing historical cost profits and losses as described in FRS 3.

### **Schedule 2**

#### **ADDITIONAL DISCLOSURE REQUIREMENTS**

1. The foreword shall, inter alia,
  - state that the accounts have been prepared in a form directed by the Department with the consent of DFP in accordance with Museums and Galleries (Northern Ireland) Order 1998;
  - and
  - include a brief history of MAGNI and its statutory background.

## EXTRACT FROM THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

### Report of the Comptroller and Auditor General to the House of Commons

#### INTRODUCTION

1. The National Museums and Galleries of Northern Ireland (the Museum) is a Non-Departmental Public Body administered by a board of trustees under the provisions of the Museums and Galleries (Northern Ireland) Order 1998. Article 9 of the 1998 Order enables the Department of Culture, Arts and Leisure to make grants to the Board of Trustees in respect of each financial year, with such sums and conditions of grant as it considers appropriate. During 2002-03, £11.7m was made available from the Department to the Trustees of the Museum to carry out its activities.

#### QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

2. These financial statements continue the process of improvement in financial reporting which has been evident in recent years. However, I have qualified my opinion on the financial statements of the Museum for 2002-03 as the evidence available to me was limited at the Ulster Folk and Transport Museum and the Ulster American Folk Park, because of inadequate accounting records which have been reported on in previous years.
3. The qualification relates to the completeness and valuation of fixed

assets at the Ulster Folk and Transport Museum and the Ulster American Folk Park.

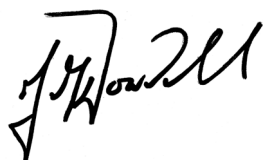
#### FIXED ASSET QUALIFICATION

4. Land and buildings were subject to a professional valuation by the Valuation and Lands Agency at 31 March 2002 which resolved a significant proportion of the issues relating to fixed assets in previous years and a further valuation was carried out at 31 March 2003. This exercise reliably established the total value of land and buildings for the financial statements at £43.7 million, except for one building (included in the financial statements at a value of £688,154), a residential centre at Ulster Folk and Transport Museum. This building was not included in the professional valuation due to ongoing discussions about its heritage status. The Museum told me that it is, however, included on the list for the next full valuation.
5. My audit of the accounting records maintained by the Museum in support of the values recorded in the 2002-03 Balance Sheet for fixed assets at the Ulster Folk and Transport Museum and Ulster American Folk Park found that the recording of fixed assets in place at the Museum was satisfactory for those assets purchased since the merger in 1998-99. However details of earlier assets were incomplete and were not subjected to management checks for existence, for continuing use, remaining life or obsolescence. This loss of audit trail prevented my staff from verifying the accuracy and completeness of the value of the fixed assets.
6. The 2002-03 Museum financial statements disclose a total value of other fixed assets of £1.8 million. These include £426,895 of fixed assets for which there was not a complete audit trail to support the completeness and valuation of these fixed assets. However the Museum told me that a full inventory has now been completed and the tagging and valuations at 31 March 2004 will be completed for inclusion in the 2003/2004 financial statements.

#### CONCLUSION

7. On the basis of the limits imposed on my work due to the limited evidence available to me for fixed assets (£1,115,049) at both the Ulster Folk and Transport Museum and the Ulster American Folk Park due to inadequate accounting records, I have not obtained all

the information and explanations that I consider necessary for the purposes of our audit and I have qualified my opinion on the financial statements on the basis of limitation in audit scope.



**J M DOWDALL CB**  
**Comptroller and Auditor General**  
8 July 2004

**Northern Ireland Audit Office**  
**106 University Street**  
**BELFAST**  
**BT7 1EU**





MAGNI 2002-2003

ANNUAL REPORT  
AND ACCOUNTS  
2002-2003

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