



RUSSELL-COTES ART GALLERY AND MUSEUM

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2020

Charity number 306288

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Report of the Trustee

The trustee is pleased to present its report together with the financial statements of the charity for the year ended 31st March 2020.

Reference and administrative details

Registered name: Russell-Cotes Art Gallery and Museum
Charity number: 306288
Principal Office: Russell-Cotes Road, East Cliff, Bournemouth, BH1 3AA
Trustee: BCP Council - Cabinet members <https://democracy.bpcouncil.gov.uk/mgCommitteeDetails.aspx?ID=285>
The current holder of the Meyrick Baronetcy (*entitlement not taken up*)
Auditors: Grant Thornton UK LLP, The Colmore Building, 20 Colmore Circus, Birmingham B4 6AT

As of 1st April 2019 Bournemouth Borough Council became part of a new authority Bournemouth, Christchurch & Poole Council (BCP) and the policy of donation has passed to the new authority. This is enshrined in the following two UK Statutory Instruments:

- 2018 No. 648 The Bournemouth, Dorset and Poole (Structural Changes) Order 2018
- 2008 No. 2176 The Local Government (Structural Changes)(Transfer of Functions, Property, Rights and Liabilities) Regulations 2008.

The trustee is pleased to present these formal statements of account. This recognises the importance the art gallery and museum has as a key cultural community resource and flagship visitor attraction for the Bournemouth conurbation and region. The trustee has taken the Charity Commission's guidance on public benefit into consideration. It formalises the accounting treatment of the Trust as a separate entity with its own transactions distinct from those of BCP Council (The Council).

Governing Document

The Trust was created under Indentures of 1908, 1918 and 1920 between the County Borough of Bournemouth Corporation and Sir Merton and Lady Russell-Cotes. In 1962 a charity was formed to take over responsibility for the house and contents. Further information is provided in the notes to the accounts - fixed assets.

Under the Indentures, the house and its collection were gifted to the Council for the purpose of forming an art gallery and museum for the use, benefit and enjoyment of the residents of and visitors to Bournemouth.

The original Indentures were varied by s.57 Bournemouth Borough Council Act 1985. This requires that the Council manage, regulate, control and deal with the Trust, premises and property by means of a management committee appointed by them in accordance with the Local Government Act 1972.

Governance

Pursuant to the Council's Constitution, local choice functions are intended to be executive functions (ordinarily exercised by the Leader and/or Cabinet and Cabinet members per the Leader's scheme of delegation) as is permitted in accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. The Council's executive therefore exercises the functions as Trustee for the operations and management of the Russell-Cotes Art Gallery and Museum. As in practice, Cabinet does not sit as the Management Committee and to that end, a new Management Committee was created in 2016, as a sub-committee of Cabinet and exercises the functions delegated to it.

The Management Committee meets twice a year and is serviced by the Council's Democratic services team. As a sub-committee the minutes of meetings are noted and agreed by Cabinet.

The Management Committee is made up of:

- a. The Portfolio Holder
- b. Two further Council members
- c. 4 external (Non-Council Members)
- d. Sir George Meyrick (or the person for the time being in enjoyment of the title), in compliance with the Bournemouth Borough Council Act. A substitute can be agreed with the elected chair prior to any meeting.

Non-council members cannot lawfully exercise formal voting rights. However the rules have been written very carefully to ensure the non-members' views are taken into account through a recorded shadow vote before any formal vote is taken.

Recruitment and appointment of external members

The management Committee recruitment process is carried out by officers and existing members on behalf of the Management Committee. The vacancy is advertised in the local media and interested parties are then provided with:

- a. Briefing Note
- b. Forward Plan
- c. Collections Strategy
- d. Latest Annual Report

The applicants' CV's are reviewed and potential applicants are then interviewed and appointed using the Charity Commission Operational Guidance, Trustee Act 2000, OG 86 B4 'Power to employ nominees and custodians'. On the appointment the committee members are provided with a copy of the governing documents, the Rules of the Management Committee together with the rules for conflicts of interest. A familiarisation session will be provided which ensures that the new management committee members have a good understanding of the Russell-Cotes Art Gallery and Museum as a whole and how it operates within the context of BCP Council.

Objectives and Activities

The objectives of the Charity are the same as the purposes of an art gallery and museum.

Vision and Aims

Vision

Our vision is that the Russell-Cotes Art Gallery and Museum will be the internationally-acclaimed cultural flagship for Bournemouth and beyond. The pandemic has not changed this vision.

Mission

The mission is to inspire and enrich the lives of Bournemouth's residents and visitors by creating a cultural flagship around a unique historic house and international art collections. The pandemic has not changed this mission.

The Core Offer

Russell-Cotes Art Gallery and Museum is an outstanding celebration of late Victorian art collectors; their passions and achievements; how they lived and encountered the world; and how they presented their collections to enrich the lives of others.

We are entrusted to present the Russell-Cotes' personal legacy in the most authentic way possible, and to enable learning, enjoyment and access to the house and collections for residents and visitors to Bournemouth.

Background

The Russell-Cotes housed in East Cliff Hall and Grade II* listed is a rare survivor as the residence of a Victorian / Edwardian collector, filled with works of art and souvenirs from Sir Merton and Lady Russell-Cotes's extensive travels and planned and perpetuated as a permanent art museum. It now comprises art galleries, historic house, exhibitions, a licensed café and a shop and activity / learning area.

The Collections

The collection is a prime example of Victorian attitudes which resulted in an eclectic collection spanning fine art, ethnography, decorative and applied arts, sculpture, souvenirs and a theatre collection. Since Merton Russell-Cotes was an assiduous collector of British paintings in the latter part of the 19th century, the art collection provides a unique insight into middle class taste of the period. The collections were expanded and enhanced by the souvenirs acquired during the Russell-Cotes's travels around the world. Further donations, purchases and bequests have significantly added to the collection after 1921. The 'collections strategy' contains the policies for the acquisition, preservation, management and disposal of heritage assets and the details of the assets are maintained in the Modes database. The public has access to the collections that are on display however personal access to the collections is not permitted as a general rule however each request is reviewed on its merits taking into account the risks to the collection before granting or refusing access.

Achievements and Performance

Review of the year

During the year, the gallery provided a range of public benefits through its public exhibitions, displays, activities, events and learning resources and sessions, achieving the usage numbers:

- 122,197 usages (45,929 visits in person, 1,661 enquiries, 62,137 unique website users, 7176 followers on facebook, 2,425 followers on Twitter, 2,199 followers on Instagram and 670 off-site participants), compared to 120,961 in 2018-19.
- 45,929 visits in person, compared to 47,406 in 2018-19.

August 2019 saw the most visitors to the gallery (4,976), whilst October (4,512) and September (4,496) were also busy.

Visitor numbers were lower than in the previous year, which was largely a result of the coronavirus pandemic. Visitor numbers noticeably decreased from 8 March, the museum closed to the public on 19 March and on 23 March the country entered lockdown. It also impacted on schools and educational visits and events programming.

- 24 school sessions/educational visits on and off-site, delivering to 788 pupils. This compares to 40 visits by 1,021 school pupils in 2018-19.

The number of annual tickets sold increased to 646 (from 514) generating 898 return visits. The Friends membership stabilized with 314 new members, generating 173 return visits.

Covid-19 pandemic

The museum was closed from 19 March reopening on 4 July however with a much reduced visitor number capacity. The museum complied with all the HM Government guidance regarding social distancing. The pandemic has again forced the museum to close on 5 November with an expectation to reopen on 2 December. These periods of closure have led to much decreased visitor numbers, impacting also schools educational visits and events programming, and will cause admission fees to decrease with a knock on effect of decreased donations, retail & cafe sales - this is an income loss of an estimated £204,000 which has partly been offset by a decrease in expenditure of £80,000. The pandemic has not changed the vision, mission or core offer of the museum, it has only restricted it in terms of the numbers of people it can currently reach. The museum was granted on 16 October £225,916 as part of the HM Government's Culture Recovery Fund. Despite the pandemic, the museum is still a viable going concern as BCP Council acting as the trustee will donate services sufficient for the museum to achieve breakeven.

Exhibitions and Events

China: Through the Lens of John Thomson (2 November 2018 - 2 June 2019)



This exhibition showcased photographs by the legendary Scottish photographer and travel writer, John Thomson (1837 - 1921) who spent four years travelling through China. His fascination with the country and sensitivity towards its people and their customs is reflected in his stunning photographs. The beauty of his work established him as a pioneer of photo-journalism and one of the most influential photographers of his generation.

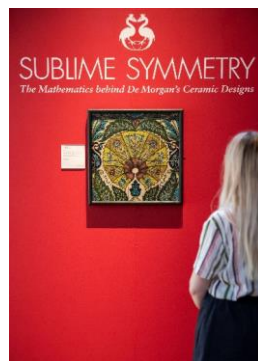
The exhibition of modern prints, blown up to more than life-size proportions from the original glass plates, was organized by Betty Yao of Credential Arts on behalf of the Wellcome Library, London.



The Russell-Cotes selected about fifty photographs for display, themed around place and social status.

They were accompanied by objects, such as opium pipes and kingfisher hair ornaments, which featured in the photographs and had been collected by Annie and Merton Russell-Cotes on their visit to China in 1885. The exhibition was successful in both facilitating research on the Chinese collection and as a popular and engaging exhibition for the public.

Sublime Symmetry: The Mathematics behind De Morgan's Ceramics Designs (2 June 2019 - 2 February 2020)



This exhibition showcased the glorious work of William De Morgan (1839-1917), the celebrated Arts and Craft designer who was undoubtedly the most intriguing and inventive ceramic designer of the Victorian period. De Morgan revolutionised ceramics with his rediscovery of the lost art of lustre, his reproduction of the sumptuous colours associated with Islamic pottery and his visual imagery of peacocks, parrots, swans and flowers. This exhibition from The De Morgan Foundation presented over 70 magnificent tiles and vases, which explored the mathematical principals used by De Morgan to such extraordinary visual effect.



Evelyn De Morgan's *Aurora Triumphans* and Dante Gabriel Rossetti's *Venus Verticordia* as well as an important collection of works in tempera. Both collections were complemented by significant loans from institutions such as Tate Britain, Victoria and Albert Museum, Royal Academy, Bristol Museums, Victoria Art Gallery, Bath and private lenders in London and across the South.



The concept of this exhibition was to take Pre-Raphaelitism beyond its standard limits of 1848 to 1914/8 into the 1920s-1930s and even beyond beyond illustrating how Pre-Raphaelitism lives on in contemporary fantasy, book illustration and film and how it inspires artists today. The exhibition was curated by Dr Anne Anderson.

At the Russell-Cotes it was arranged thematically and its content included the core Pre-Raphaelite brothers (Dante Gabriel Rossetti, John Millais and Holman Hunt), second generation artists (Edward Burne-Jones), Academic artists (Edward Gregory, Frank Dicksee), women artists (Evelyn de Morgan, Noel Laura Nisbet), Brotherhood of Ruralists (Peter Blake and David Inshaw), illustrators (Walter Crane, Brian Froud and Alan Lee) and fantasy artists (Keiran Belshaw).



This exhibition was a major development for the museum, taking several years of investment and activity to make structural improvements to the galleries (with the replacement of the skylights funded by DCMS/Wolfson and ACE), negotiate loans and achieve Government Indemnity Standard to support the costs of insurance.

A fully-illustrated catalogue was produced in partnership with publishers, Sansoms and is widely available in shops and online. This catalogue provides a lasting legacy for the project, spotlights the importance of the collection and will be a popular product in the shop. The exhibition and catalogue were supported by a grant of £25,000 from the Weston Loan Programme with Art Fund.

Secretary's and Morning Room Exhibitions

Short-term exhibitions continued to highlight strengths in the collection

'China: through the eyes of the Russell-Cotes' (23 November 2018 - 12 May 2019) provided an opportunity to display more material from the Chinese collection, notably ceramics, bronze vessels, religious items and ephemera which was collected by Merton and Annie and by subsequent benefactors.



***'Romanicizing Dorset: The paintings and prints of Leslie Ward'* (25 May - December 2019)**

The much-loved artist Leslie Moffatt Ward (1888 - 1978) was a pivotal figure in the Dorset arts scene and a founder member of the Bournemouth Arts Club in 1920. An accomplished painter, exquisite printmaker and teacher at the Bournemouth Art College, his last exhibition at the Russell-Cotes was in 1978 shortly before his death. This exhibition displayed some of the museum's extensive collection of his work documenting the peaceful unspoilt landscapes of his beloved southwest.

In September 2019, an object handling session was held at the museum to explore and discuss a range of artefacts from Africa and the Caribbean with members of the BAME community. The outcome of this session was an exhibition held in the Morning Room with interpretation drawn from the group's comments, memories and responses. In addition to this display of objects was an exhibition of work by Lance Mundle, a local artist who depicts scenes from his youth in Ocho Rios, Jamaica. These displays were exhibited throughout October, in celebration of Black History Month.

Cafe Gallery Exhibitions

The policy to programme exhibitions of work by contemporary artists alongside community groups and schools in the café gallery space to develop audiences as well as sales of affordable art continued.

- Billa Edwards and Felicity House, Indian Summer (2 April - 14 July)
- Prints from the Collection (16 July - 3 November 2019)
- PRESSED: Contemporary Prints from Poole Printmakers (5 November 2019 - 3 March 2020)
- Prints from the Collection (5 March - 8 July 2020)

Events, Learning & Community

A total of 268 informal learning and activity sessions took place on-site. These included guided tours, behind the scenes tours and workshops.

- Bi-Monthly 'Behind the Scenes' tours with the curator
- Volunteer-led guided tours every Wednesday, Thursday, Saturday and Sunday
- 42 booked group visits, some with a guided tour, for 865 people (including U3A, adult education, WI as well as for coach tour operators)
- Talks by Paul Whitaker on his new book 'The Art of a Salesman; Merton Russell-Cotes; Elizabeth Kramer, Northumbria University on A Paradise of Pretty Girls, Sarah Hardy, De Morgan Foundation on The Misattribution of 'Aurora Triumphans'
- In association with the John Thomson exhibition 'Chinese Portrait art workshops with Abi Kremer and a talk on 'Fashionable China' by Sarah Cheang from the Royal College of Art
- Architectural tour for Dorset Architectural Heritage Week
- In association with the Sublime Symmetry exhibition, the museum held a Curator talk and an evening with Curator Sarah Hardy and Prof June Barrow examining the careers of William De Morgan and his father the distinguished mathematician Augustus De Morgan
- In connection with the 'Beyond the Brotherhood Exhibition', Anne Anderson gave curator tours, an evening was held with Alan Lee (illustrator and Oscar winner for art direction of Lord of the Rings), a talk by art historian Kirsty Stonell-Walker on the Pre-Raphaelite Girl Gang and Keiran Belshaw, Game of Thrones concept artist, gave a workshop on digital art
- An art Workshop in association with BEAF (Bournemouth Emerging Arts Festival)
- Two drawing workshops were held in association with the Classical Art Academy
- The regular talk programme continued with talks by volunteers on the Royal Bath Hotel Visitor Book and artist Edwin Long
- For Arts by the Sea Festival, a special sunset evening opening was held with music and talks and the blinds up to reveal the view
- A Valentine's evening was held with music and art demonstrations
- An Antiques Road Show evening and garden event was organized in partnership with Duke's Auctioneers as a fundraiser with valuations by TV stars



In addition, 736 (878 in 2018-19) children and adults participated in the following family-learning and engagement activities:

- 29 activity days with craft-making activities during the School holidays, delivered to 515 children and adults
- 'After Dark' spooky Halloween interactive event for 150 adults and children.
- 2 Victorian Family Christmas days with visits to Father Christmas for 71 children
- Christmas weekend with carol singing, poetry and crafts attracted 455 people

3 informal learning and activity sessions - 'take out talks' - were delivered off-site to 125 people.

At least 74 learning sessions to a total of 1,677 pupils and students were delivered on site including:

- 21 Local and non-local schools
- 7 art sessions for Home Educated students
- A project with Applied Theatre students at Arts University Bournemouth
- A project with PGCE students at Winchester University using the collection as inspiration for teaching
- 15 University groups of 430 under-graduate and post-graduate students
- 35 Language school visits with 765 students (although many of these were self-led)



As part of the Reconnect and Redisplay project to redisplay the museum's collections of world cultures in partnership with the local community, a range of interactive, engagement activities were organised including an evening to introduce the Japanese collection with Greg Irvine, Senior Japanese Curator at the Victoria and Albert Museum, a Black History Month display was co-curated with members of the BAME community and a Drumming Workshop held in the museum.

Outreach events were held at the 'World of Love' festival, in the museum garden and at Asda, reaching 230 people.

Staff also visited 3 local primary schools to show Japanese objects from the collection and talk about the museum and its collection to 305 pupils.

Collections and Interpretation

'Reconnect and Redisplay' Project

The programme of improvements to the fabric of the building and the displays and reinterpretation was continued. Major funding was received from DCMS Wolfson, ACE, and from Sasakawa Foundation.

The main focus of the work was the Mikado's, Yellow and Red Rooms where the decoration, displays and interpretation were in need of complete overhaul. Conservation and cleaning of the historic murals in the Mikado's, Red and Yellow Room was completed. Display cases from the 2000 refurbishment were removed and new carpets laid. Cases in the Mikado's Room have been completed, others commissioned for later installation. Furnishings and wallpaper have been commissioned. Objects and paintings have been conserved and audio-visual interpretation commissioned. Consultation has taken place with visitors, BAME community groups and external specialist curators to inform decisions made. When completed the rooms will tell the story of the Russell-Cotes visit to Japan in 1885, their world travels and their personalities in a more engaging way with some of the highlights of the world cultures collection on display for the first time. Although the redisplay was due for completion by the end of March 2020, the coronavirus pandemic has caused some delays but are scheduled to be completed by the end of the project in December 2020.



Income Generation

- **Café**
The café continued to increase income and improve its operations, control costs and staffing in order to return a greater profit for the Museum, although it was impacted by the sudden and unanticipated closure of the museum with the loss of income and wasted stock.
- **Weddings and Venue Hire**
The wedding and venue hire business continued and included 3 small weddings and 6 morning room bookings and 5 evening hires.
- **Retail**
Turnover in the shop continued to grow as it was able to take advantage of the varied and appealing product ranges relating to William de Morgan's designs in the 'Sublime Symmetry' exhibition. Sales for the Pre-Raphaelite exhibition were promising until suddenly truncated. A significant amount of accumulated stock was written off in this Financial Year.

Governance

At the end of March 2019, the Management Committee had reviewed and accepted the report on the governance arrangements and business plan (developed with a Resilient Heritage Fund grant from the Heritage Lottery Fund) which recommended that the Russell-Cotes charity move towards full trust status.

It planned to develop a full business case for further review and presentation to the newly formed BCP Council for a final decision. However, the election of Councillors to the newly formed BCP Council, development of internal structures for the new authority and appointment of new Management Committee members took some time and the first meeting of the Committee did not take place until January 2020. Although work continued on developing the Business Case, the coronavirus pandemic has delayed plans. The decision on whether or not to pursue independence has yet to be fully resolved.

Commissioning Funding & Funding Bids

The Russell-Cotes was awarded a grant of £25,000 from Weston Loan Fund with Art Fund for the exhibition 'Beyond the Brotherhood: The Pre-Raphaelite legacy' organised jointly with Southampton City Art Gallery for 2019-20.

A grant of £115,500 was awarded by DCMS/Wolfson for the Reconnect and Redisplay project and £55,476 from the Arts Council England. £3,000 was received from the Sasakawa Foundation to support the costs of the audio visuals in the Mikado's Room.

Staffing

Approximately 18.1 FTE members of staff were employed during this period, (17.1 FTE in 2018-19) reflecting the addition of the Interpretation Officer, excluding a % of senior management time.

Volunteers made a valuable 'in kind' contribution to the service, working on a range of projects including:

- **Exhibition support** (research, preparation, curation and installation)
- **Collections-related** (cataloguing the Russell-Cotes library, collections research and documentation, environmental monitoring, deep cleaning)
- **Public facing** (stewarding, tour guiding, learning assistance, talks, café etc.)
- **IT, marketing & administrative** (gift aid reclaim, visitor feedback data entry etc.)
- **Performing live music in the house**
- **Maintaining the garden**

During the year over 115 volunteers contributed about 3580 hours of their time, representing a significant increase in the number of volunteers from 72 in 2018 -19 and the number of hours worked.

Financial Review

Financial position and reserves policy

Historically the Council, in its role as local authority and corporate trustee, has provided donated services each year sufficient for the trust to achieve breakeven. This is currently the policy that is expected to continue and so the accounts have been prepared on a going concern basis. The unrestricted income fund is stock and cash held. Endowment income fund, conservatory repair fund & purchase reserve are held in trust to be retained for the benefit of the charity.

The trust's assets are the freehold land and buildings consisting of the East Cliff Hall, Bournemouth and the collection itself. The buildings are now classified as Heritage Assets. Their value is reflected in the endowment funds on the balance sheet. Following the insurance strategy Sotheby's revalued 46 paintings and two sculptures and together with a review of the remaining collection by the curator the valuation increased from £43.0m to £44.3m. To ensure valuations remain up to date a rolling programme of revaluation by collection area has been implemented using relevant experts. This year in line with the agreed insurance and valuation strategy Old Master paintings, British Pictures - both before and after 1850, 19th Century paintings, Modern & Post-War British Pictures and two sculptures were valued by Dr Franka Haiderer of Sotheby's. These valuations have been used to update the total valuations for the collection. All valuers with the exception of the museum curator are independent of the Trust. The museum curator has provided a valuation in her capacity as a professional in this area.



'Venus Verticordia' by Dante Gabriel Rossetti was lent to Mitsubishi Ichigokan Museum, Tokyo and Kurume City Art Museum in Japan for the exhibition Parabola of Pre-Raphaelitism from March - September 2019.

Responsibilities of the Trustee

The Law requires the trustee 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 its net movement in funds for that period.

The charity trustee is responsible for preparing a trustee annual report and financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice.)

In preparing those financial statements, the trustee is required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities SORP
- c. make judgements and estimates that are reasonable and prudent;
- d. state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity, and to enable them to ensure that the financial statements comply with the requirements of the Charities Act 2011. 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.

Each of the persons who are trustees at the time when this Report of the Trustee is approved has confirmed that:

- so far as that trustee is aware, there is no relevant auditor information of which the trust's auditor is unaware, and
- a trustee has taken all the steps that ought to have been taken as a trustee in order to make them aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

All of the activities reported are derived from the continuing operations of the charity.

By Order of the trustee

Signed

Professor Stuart Bartholomew Chair of Management Board of the Russell-Cotes Art Gallery and Museum

Cllr. Drew Mellor on behalf of Trustee

Approved on 8 January 2021

Independent Auditor's Report to the Trustee of Russell-Cotes Art Gallery and Museum

Opinion

We have audited the financial statements of Russell-Cotes Art Gallery and Museum (the 'charity') for the year ended 31 March 2020, which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the trustee and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the charity's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the charity's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a charity associated with these particular events.

Conclusions relating to going concern

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

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

In our evaluation of the trustee's conclusions, we considered the risks associated with the charity's activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the charity's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charity will continue in operation.

Other information

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

We have nothing to report in this regard.

Independent Auditor's Report to the Trustee of Russell-Cotes Art Gallery and Museum (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustee is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustee for the financial statements

As explained more fully in the Trustee's Responsibilities Statement set out on page 10, the trustee is responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustee determines 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 trustee is 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 trustee either intends to liquidate the charity or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustee 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 charity and its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature**]**

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

[Date**]**

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities (incorporating Income and Expenditure Account)

Year ended 31 March 2020

Year ended 31 March 2020								RESTATED	RESTATED
		2019-20	2019-20	2019-20	2019-20	2018-19	2018-19	2018-19	2018-19
		Unrestricted	Restricted Funds	Endowment	Total Funds	Unrestricted	Restricted	Endowment	Total Funds
Note		Funds		Funds		Funds	Funds	Funds	
		£	£	£	£	£	£	£	£
2	Income and endowments from								
2a	Donations and legacies	(408,990)	0	0	(408,990)	(482,998)	(12,227)	0	(495,225)
2b	Other trading activities	(259,583)	0	0	(259,583)	(214,069)	0	0	(214,069)
2c	Investments	(47)	0	0	(47)	(44)	0	0	(44)
		(668,620)	0	0	(668,620)	(697,111)	(12,227)	0	(709,338)
2d	Charitable activities	(262,151)	(125,657)	0	(387,808)	(211,308)	(38,979)	0	(250,287)
	Total income and endowments	(930,771)	(125,657)	0	(1,056,428)	(908,419)	(51,206)	0	(959,625)
3	Expenditure on								
3a	Raising funds	765,969	125,657	0	891,626	742,166	51,206	0	793,372
		765,969	125,657	0	891,626	742,166	51,206	0	793,372
3b	Charitable activities	181,271	0	0	181,271	165,998	0	0	165,998
3c	Other	0	0	424,727	424,727	0	0	408,241	408,241
	Total expenditure	947,240	125,657	424,727	1,497,624	908,164	51,206	408,241	1,367,611
	Net (income)/expenditure before other recognised (gains)/losses	16,469	0	424,727	441,196	(255)	0	408,241	407,986
	Total (gains)/losses on revaluation of fixed assets	0	0	(2,350,338)	(2,350,338)	0	0	1,446,131	1,446,131
	Net movement in funds	16,469	0	(1,925,611)	(1,909,142)	(255)	0	1,854,372	1,854,117
	Reconciliation of Funds								
	Balance brought forward	36,580	52,394	64,646,161	64,735,135	36,325	50,572	66,500,533	66,587,430
	Movement in current assets	(16,469)	1,485	0	(14,984)	255	1,822	0	2,077
	Movement in fixed assets	0	0	1,925,611	1,925,611	0	0	(1,854,372)	(1,854,372)
	Total funds carried forward	20,111	53,879	66,571,772	66,645,762	36,580	52,394	64,646,161	64,735,135

All of the activities are derived from the continuing operations of the charity.

The movement in current assets is the difference between the opening stock and closing stock of items purchased for resale in the gift shop and cafe. These are donated assets and are reflected in the balance sheet.

The movement in fixed assets is due to capital costs being incurred by BCP Council and donated to the Trust and revaluations of the Heritage Assets.

Balance Sheet

31 March 2020

Note.		2019-20 Total Funds £	2018-19 Total Funds £
5	Fixed Assets:		
	Heritage assets	66,571,772	64,646,161
	Total Fixed Assets	66,571,772	64,646,161
	Current Assets:		
6	Stock and work-in-progress	19,411	35,880
7	Debtors	4,236	8,241
8	Investments	8,580	8,580
	Cash in hand	700	700
	Cash held on behalf of the Trust	66,298	72,362
	Total Current Assets	99,225	125,763
	Current Liabilities:		
	Overdraft	0	0
9	Creditors: Amounts falling due within one year	(25,235)	(36,789)
	Total Current Liabilities	(25,235)	(36,789)
	Net Assets	66,645,762	64,735,135
	The funds of the charity:		
10	<i>Restricted Income funds</i>		
	Endowment income fund	(8,580)	(8,580)
	Conservatory repair fund	(29,206)	(27,721)
	Painting and Specimens Reserve	(16,093)	(16,093)
		(53,879)	(52,394)
11	Unrestricted income fund	(20,111)	(36,580)
12	<i>Endowment fund</i>		
	Heritage Assets	(66,571,772)	(64,646,161)
		(66,571,772)	(64,646,161)
	Total Charity Funds	(66,645,762)	(64,735,135)

Signed

Professor Stuart Bartholomew Chair of Management Board of the Russell-Cotes Art Gallery and Museum

Cllr. Drew Mellor on behalf of Trustee

Approved on 8 January 2021

Notes to the Accounts

1. Statement of Accounting Policies

Basis of preparation of the accounts

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with 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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting standard applicable in the UK and Republic of Ireland (FRS 102). Section 1A of FRS 102 has been applied and no Statement of Cashflows has been prepared.

The Russell-Cotes Art Gallery and Museum's corporate trustee includes the charity in its consolidated financial statements. The consolidated financial statements are prepared under the International Financial Reporting Standards and are available to the public at <https://www.bcpccouncil.gov.uk/About-the-council/Budgets-and-finance/Annual-accounts.aspx>. In these financial statements the Russell-Cotes Art Gallery and Museum is considered to be a qualifying entity (for the purpose of this FRS) and has applied exemptions available under FRS 102 in respect of the requirement to present a cashflow statement. Having given regard to Public Benefit Entity guidance the corporate trustee considers the Russell-Cotes Art Gallery and Museum to be a Public Benefit Entity.

Going Concern

Historically the Council, in its role as local authority and corporate trustee, has provided donated services each year sufficient for the trust to achieve breakeven. This is currently the policy and the trustee has received confirmation that this support will continue for the foreseeable future and is considered adequate and so the accounts have been prepared on a going concern basis. The trustee considers that there are no material uncertainties about the Trust's ability to continue as a going concern. The pandemic has not affected this policy.

Income recognition

Voluntary income in the form of Donated Services received is recognised in the year that the matching unfunded element of expenditure is incurred. The policy of BCP Council has been and will be to subsidise the charity each year to the extent of its income shortfall.

While this arrangement is likely to continue for the foreseeable future there is no contractual necessity for the Council to provide the subsidy through Donated Services other than the basic maintenance of the East Cliff Hall premises and grounds and the collection. There is also the need to employ a curator. Staffing currently includes a post of this nature together with the staff expected of a modern-day museum and art gallery.

Income from commercial trading activities is recognised at point of sale - this includes income from the café. Grant income is recognised when the charity can demonstrate entitlement, receipt is probable, and the amount can be measured reliably.

Expenditure recognition

Raising funds

The main cost is for staff and there is no distinction or recording of time between charitable activities and the cost of generating funds. For example, there are no specific, salaried staff members employed to make retail sales. Instead, other staff members cover this function as an incidental part of their employment. An estimate of the value of this service is reflected in the statement of financial activities on an accrual basis.

Maintenance includes the direct costs of maintaining the building and gardens. Running costs include rates, utilities and insurances. Salaries represent the cost of the Council supplied staff including those funded by any external grants.

Operating costs are mostly incurred by the Council and charged by way of recharges to reflect the Russell-Cotes' apportionment of the cost of central Council services provided.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include those related to preparing statutory accounts, the statutory audit, legal fees and costs of Committee meetings.

Current assets - Stock

The gift shop & cafe stock is counted at year end and valued at the lower of cost or most recent purchase price and net realisable value as per FRS102 (Section 13) and the Charity SORP.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Cash at bank and in hand

Cash at bank is equal and opposite to the sum of the net of the debtors and creditors, the Conservatory Repair fund and the Paintings and Specimens reserve. The museum does not have its own bank account - all receipts are paid into and all payments paid from the BCP Council's main bank account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount.

Prior Period Adjustments

The depreciation on the fixed assets was treated as income and included in the donation from BCP Council. As depreciation is a non-cash movement then it should be written off against the Endowment reserve and not recognised as donated income.

Fixed assets

Heritage assets

The Trust's heritage assets consist of the museum building - East Cliff Hall, the land and the paintings, furniture and other objects that form the collection of the Russell-Cotes museum. They are held to provide benefit and enjoyment to the inhabitants of and visitors to Bournemouth.

Heritage assets are initially recognised at cost and are revalued periodically. Any revaluation gains or losses are held in the Endowment fund. These assets are valued using the Council's land and building valuation processes. Major refurbishment carried out by the Council is classified as a donated service and the asset revalued accordingly. Whilst being carried at other than a notional value, assets are depreciated on a straight line basis over their estimated useful lives.

Heritage - Freehold buildings	50 years
Heritage - Land	Not depreciated

The carrying values of heritage assets are reviewed where there is evidence of physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Trust's general policies on impairment. Depreciation is only chargeable on heritage assets if they meet the Trust's general policies for depreciation. The collection is not depreciated but revalued on a periodic basis by appropriate experts including the museum curator. A record of the heritage assets held by the Trust is maintained in the Modes database.

Capitalisation follows the policy of a threshold of £1,000.

Funds structure

There are a number of small restricted income funds which have designated purposes. The cash balance for these funds is held by the Council within its general bank balances and is available at any time upon demand.

The charity has a main unrestricted income fund. That comprises those funds which the trustee is free to use for any purpose in furtherance of the charitable objects.

The charity has a restricted endowment fund. This comprises the full sum of the Heritage Assets total revalued amount, the cost of any fixed asset additions since the last valuation and the depreciation charged.

2. Analysis of Income and endowments from

	2019-20 £	2018-19 £
Public Donations	(39,471)	(65,897)
General support through donated goods and services	(385,988)	(429,073)
Change in value of gift shop closing stock	16,469	(55)
Petty cash adjustment	0	(200)
Donations from BCP Council	(369,519)	(429,328)
2a. Total Donations and legacies	(408,990)	(495,225)

2. Analysis of Income and endowments from (continued)

	2019-20	2018-19
	£	£
Retail Income	(226,246)	(199,501)
Letting Income	0	0
Venue Hire	(8,337)	(12,071)
Loan of exhibits	(25,000)	(2,497)
2b. Total Other trading activities	(259,583)	(214,069)
2c. Total Investments	(47)	(44)
Admission fees	(205,531)	(200,611)
Grant Income	(173,240)	(38,979)
School Visits	(7,338)	(8,103)
Guided Tours	(1,699)	(2,594)
2d. Total Charitable Activities	(387,808)	(250,287)
Total Income and endowments	(1,056,428)	(959,625)

3. Analysis of Expenditure on

	2019-20	2018-19
	£	£
General Operations (see note 4)	653,786	681,004
Exhibition Expenditure	56,472	44,016
Grant Funded Expenditure	125,657	27,872
Letting & Venue Expenditure	0	0
Retail Expenditure	55,711	40,480
3a. Total Raising funds	891,626	793,372
General Operations (see note 4)	146,542	135,318
Accountancy and audit costs	18,774	14,200
Repository	15,955	16,480
3b. Total Charitable Activities	181,271	165,998
Depreciation	424,727	408,241
3c. Total Other	424,727	408,241
Total Expenditure	1,497,624	1,367,611

4. Analysis of Expenditure on General Operations

	2019-20 £	2018-19 £
Generating income	653,786	681,004
Charitable activities	146,542	135,318
Total General Operations Expenditure	800,328	816,322
Being made up of:		
Repairs & maintenance	26,145	81,354
Rates & utilities	57,887	44,372
Other premises costs	8,021	26,050
Total Premises Costs inclusive of Repairs & Maintenance	92,053	151,776
Wages and salaries	433,332	408,784
Social security costs	34,103	29,831
Pension costs	57,169	50,874
Other staff related costs	20,864	6,656
Total Staff Costs	545,468	496,145

The average number of staff employed during the year, on a full time equivalent basis, was 18 (17 in 2018-19). Staff are issued contracts of employment by BCP Council and the costs are included within the Donated Services Received value disclosed in the accounts.

No employees earned more than £60,000 for their Russell-Cotes related duties. There were no transactions involving the trustee or related parties and there were no ex-gratia payments. External auditor payments were £15,000 excluding VAT.

	2019-20 £	2018-19 £
Accountancy, HR, Payroll and Legal Costs	17,544	17,200
Costs of Caring For The Collection Inc Insurance	52,197	56,155
IT & telecoms	19,176	19,879
Travel	473	13
Other office costs	5,244	3,262
Total Costs of Travel, Stationery and Office Costs Inc IT	24,893	23,154
Marketing & Promotion	16,053	19,494
	2019-20 £	2018-19 £
Consultants	0	5,562
Miscellaneous Supplies & Services	52,120	46,836
Total General Operations Expenditure	800,328	816,322

5. Heritage Fixed Assets

	2019-20 £	2018-19 £
Heritage Assets - Buildings		
Cost b/f	21,656,856	20,412,033
Additions in year	0	0
Revaluation in year	649,706	1,244,823
Cost c/f	22,306,562	21,656,856
Depreciation b/f	0	0
Depreciation charged	424,727	408,241
Revaluation adjustment	(424,727)	(408,241)
Depreciation c/f	0	0
Heritage Assets - Freehold Land		
Cost b/f	7,000	7,000
Revaluation	0	0
Cost c/f	7,000	7,000
Heritage Assets - Total Land & Buildings	22,313,562	21,663,856
Heritage Assets - Collection		
Net book value b/f	42,982,305	46,081,500
Revaluation adjustment	1,275,905	(3,099,195)
Additions in year	0	0
	44,258,210	42,982,305
Heritage Assets - Net book value c/f	66,571,772	64,646,161

The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.

Valuation

The trust's assets are the freehold land and buildings consisting of the East Cliff Hall, Bournemouth and the collection itself. The buildings are now classified as Heritage Assets. Their value is reflected in the endowment fund on the balance sheet. Following the insurance strategy Sotheby's revalued 46 paintings and two sculptures and together with a review of the remaining collection by the curator the valuation increased from £43.0m to £44.3m. To ensure valuations remain up to date a rolling programme of revaluation by collection area has been implemented using relevant experts. This year in line with the agreed insurance and valuation strategy Old Master paintings, British Pictures - both before and after 1850, 19th Century paintings, Modern & Post-War British Pictures and two sculptures were valued by Dr Franka Haiderer of Sotheby's. These valuations have been used to update the total valuations for the collection. All valuers with the exception of the museum curator are independent of the Trust. The museum curator has provided a valuation in her capacity as a professional in this area.

The valuations for insurance purposes are as follows: -

	2019-20 £	2018-19 £
Heritage Assets -		
Building	£22.3m	£21.7m
Fine Art Collection	£44.3m	£43.0m
	£66.7m	£64.7m

The Building and Land combined have been revalued at £22.3m. Historically a residual approach had been adopted for Bournemouth Borough Council assets to establish land/building split. However since Bournemouth Borough Council became part of the new BCP Council (1st April 2019) a consistent approach needed across the conurbation and a bottom up approach was taken for 2020. This brings the Bournemouth assets into line with Christchurch and Poole.

6. Stock

	2019-20	2018-19
	£	£
Shop	17,065	33,075
Café	2,346	2,805
Stock of articles for resale	<u>19,411</u>	<u>35,880</u>

A review of the stock held led to a write down of £9,804, however some of the older items have been retained as they can possibly be sold at a later date.

7. Debtors

	2019-20	2018-19
	£	£
Debtors	<u>4,236</u>	<u>8,241</u>

8. Investments

	2019-20	2018-19
	£	£
Russell-Cotes Investment Capital	<u>8,580</u>	<u>8,580</u>

A small number of balances have built up over the years. These are maintained and used in accordance with any bequest or designated purpose. The balances are held on behalf of the trust within the BCP Council bank balances.

9. Creditors: Amounts falling due within one year

	2019-20	2018-19
	£	£
Creditors	<u>(25,235)</u>	<u>(36,789)</u>

The balance relates to amounts owing to accruals.

10. Restricted Income Funds

	2019-20	2018-19
	£	£
Endowment income fund	(8,580)	(8,580)
Conservatory repair fund	(29,206)	(27,721)
Painting & Specimens Reserve	(16,093)	(16,093)
	<u>(53,879)</u>	<u>(52,394)</u>

These represent cash held for specific purposes, the cash is held in the BCP bank account.

11. Unrestricted Income Fund

	2019-20	2018-19
	£	£
Stock	(19,411)	(35,880)
Cash	(700)	(700)
	<u>(20,111)</u>	<u>(36,580)</u>

The balance reflects cost of stock purchased for resale, petty cash imprest, till floats and capital expenditure incurred on behalf of the Trust by BCP Council.

12. Endowment Fund

	2019-20	2018-19
	£	£
Balance b/f	(64,646,161)	(66,500,533)
Movement in year	(1,925,611)	1,854,372
Balance c/f	(66,571,772)	(64,646,161)

The full sum of the total revalued amount, the cost of any fixed asset additions since the last valuation and the depreciation will be debited or credited to the endowment fund.

13. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £
Heritage Fixed Assets	0	0	66,571,772	66,571,772
Current assets	45,346	53,879	0	99,225
Creditors due within one year	(25,235)	0	0	(25,235)
	20,111	53,879	66,571,772	66,645,762

Analysis of net assets between funds - prior year

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £
Heritage Assets			64,646,161	64,646,161
Current assets	73,369	52,394	0	125,763
Creditors due within one year	(36,789)	0	0	(36,789)
	36,580	52,394	64,646,161	64,735,135

14. Related party transactions

The trust has a close working relationship with BCP Council acting in its role of local authority. The Council acting in its role of trustee of the charitable trust has nominated Council Cabinet to act as the Management Committee under s.57 Bournemouth Borough Council Act 1985.

The charity trustee acting in the capacity as management was not paid or reimbursed expenses during the year and no charity trustee received any emolument or payment for professional or other service.

As disclosed in the analysis of resources expended, the Council provides staff to manage and maintain the museum and gallery. The Council has historically subsidised the annual deficits of the trust.

Donated services received by the Trust	2019-20	RESTATED 2018-19
	£	£
BCP Council in its capacity as a local authority	369,519	429,328

Services donated by the Trust

There are 4 exhibits on loan to BCP Council which can be found in the parlours of both the Mayor and the Mayoress.