



RUSSELL-COTES ART GALLERY AND MUSEUM

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

YEAR ENDED 31 MARCH 2021

Charity number 306288

CONTENTS	Page
Report of the Trustee	3 - 8
Report of the Independent Auditor	9 - 10
Statement of Financial Activities (incorporating Income and Expenditure Account)	11
Balance sheet	12
Notes to the Accounts	13 - 20

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 2021.

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 - Sir George Meyrick (*entitlement not taken up*)
Auditors: Grant Thornton UK LLP, 199 Avebury Blvd, Milton Keynes, MK9 1AU

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:

- The Portfolio Holder
- Two further Council members
- 4 external (Non-Council Members)
- 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:

- Briefing Note
- Forward Plan
- Collections Strategy
- 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

Covid Pandemic

Due to the Covid Pandemic and the regulations introduced, the Russell-Cotes was closed from 19 March - 6 July 2020. It reopened as soon as it was permissible namely:

- 7 July - 4 November 2020 (closed for rest of November) then
- 5 December - 30 December 2020 (closed until 12 April 2021)
- 13 April 2021 shop and outside catering reopened
- 18 May 2021 Museum and indoor catering reopened

The Museum was therefore only open for 5 months during the Financial Year. Even during the periods of opening, social distancing regulations reduced capacity significantly and together with reduced visitor confidence, had a significant impact on visitor numbers, shop and catering receipts and donations. Many activities including weddings, events, hires, learning and family engagement were curtailed if not completely stopped.

There was a significant drop in income, which was partially offset by a reduction in expenditure and further mitigated by major grants: ACE CRF Emergency Grant of £29,870 and ACE CRF Recovery Grant of £225,916.

The pandemic has not changed the vision, mission or core offer of the museum, it has only restricted the numbers of people it could reach and focussed its work on on-line activity. The museum is still a viable going concern as BCP Council acting as the trustee will donate services sufficient for the museum to break even.

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, some of which moved to online activity because of the Pandemic, achieving the usage numbers:

- 71,295 usages (9,667 visits in person, 945 enquiries, 42,326 unique website users, 7,802 followers on Facebook, 2,597 followers on Twitter, 2,706 followers on Instagram, 4,523 e-newsletter subscribers and 729 online participants), compared to 122,197 in 2019-20.
- 9,667 visits in person, compared to 45,929 in 2019-20.

September 2020 saw the most visitors to the gallery (3,031), whilst October (2,270) and August (1,980) were also busy.

Visitor numbers were hugely impacted by closure, social distancing measures and lack of consumer confidence. Even September, the busiest month, reached only 67% of the equivalent month in 2019. Overall visitor numbers were 21% of 2019 figures. The pandemic made the onsite educational and events programme almost impossible to deliver:

- 2 sessions for home educated children were held on site. This compares to 24 school sessions/educational visits on and off-site - delivering to 788 pupils in 2019-20.

The number of annual tickets sold reduced to 93 (from 646) generating 298 return visits. The Friends membership reduced to 70 new members, generating 183 return visits. All existing members were offered an extension to their membership because of the periods of closure.

Covid-19 pandemic

The museum reopened 18 May with a reduced visitor number capacity. The museum continues to comply with all the HM Government guidance regarding social distancing. Visitor numbers are up increasing not only admission fees but also donations, retail & cafe sales - this is an estimated income increase of £142,000 which has been offset by an increase in expenditure of £91,000 (April - August 2021 compared to April - August 2020). The schools educational visits and events programming are still impacted by the pandemic. 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. 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

Beyond the Brotherhood: The Pre-Raphaelite Legacy (22 February - 27 September 2020)



Russell-Cotes Art Gallery and Museum and Southampton City Art Gallery worked in collaboration over a number of years to stage this major Pre-Raphaelite exhibition, showing in turn at both venues (18 October 2019 to 1 February 2020 at Southampton and scheduled for 21 February to 21 June 2020 in Bournemouth). The exhibition showcased both permanent collections which are rich in iconic Pre-Raphaelite works. 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 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.



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.

The museum was closed on 18 March 2020 because of the pandemic, but an extension to all the loans was secured from the institutional and private lenders enabling the museum to extend the run of the exhibition until 27 September. When the Museum reopened on 7 July the exhibition was still in place and clearly drove a reasonable level of visitors to the museum, despite the pandemic. The extensive programme of events, talks and workshops were cancelled, though some went on-line.

Hidden Highlights: Life in Lockdown (24 October 2020 - 12 September 2021)



The exhibition celebrating the 100th anniversary of Bournemouth Arts Club which was scheduled for summer 2020 was cancelled as the museum was not open to the public nor in position to borrow and install paintings on loan. Instead, an exhibition of paintings from the Museum's own collection curated through a humorous lockdown lens was opened on 24 October, with themes around Staycations, Working from Home, Home Schooling and Lockdown Glamour. Works included *The Kitchen*, 1927, Isabel Codrington (1874-1943); *Miss Chaseley on the Undercliff*, 1927, Maxwell Armfield (1882-1972); *Boy Reading*, 1956, Henry Lamb (1883-1960); *North Foreland Lighthouse, Broadstairs, Kent*, 1930, Elwin Hawthorne (1905-1954), *The Fortune Teller*, 'Beware of a Dark Lady', 1940 Frank Cowper (1877-1958) and *The Guadarrama Range from Ávila, Spain*, 1936 by Charles Cundall (1890-1971).



The exhibition enabled the museum to showcase many rarely seen paintings from its fine collection, and provided a much-needed humorous angle on life in lockdown engaging with audiences on line and on site in generating new humorous captions.

This exhibition provided flexibility to the subsequent programming in the likely event of the pandemic making planning and installation of exhibitions very challenging.

Secretary's Room Exhibitions

The programming for the Secretary's Room was impacted by Covid.

Art of World War 2 (29 August - 22 November 2020)

To mark the 75th anniversary of the end of World War 2 and the 80th anniversary of the Battle of Britain, the Imperial War Museums, with the generous support of Art Fund, loaned three Battle of Britain artworks to the Russell-Cotes as part of a nationwide tour. These key works were displayed alongside a selection of the 33 paintings commissioned by the War Artists' Advisory Committee and given to the museum in 1948. The exhibition explored the representation of this global conflict which caused the death of 85 million people worldwide and changed the world forever.

Café Gallery

The Café Gallery was used for the purposes of selling affordable prints from the Collection and work by local craftspeople.

Events, Learning & Community - On-site and on-line

Owing to the pandemic and restrictions on social distancing, all the usual on-site activities such as tours and talks were stopped. Engagement activities therefore were moved on-line.

- 9 on-line talks were offered by volunteers, staff and external curators and researchers related to the collections, museum and Pre-Raphaelite and War Art exhibitions attracting 690 attendees
- 1 on-line performance of *A Christmas Carol* for 39 people
- Regular newsletters were sent to the mailing list/ supporters to keep them up to date with that was happening
- A weekly quiz about the collections, house and family was emailed out for 13 weeks
- A film of the exhibition and the content of 'Beyond the Brotherhood: the Pre-Raphaelite Legacy' was put on-line so it was accessible despite the museum's temporary closure. A short film about the exhibition was also put on the website.
- Increased content was put on social media channels about the collection and to encourage a response, including sending in photographs of artwork to be shared and recreating paintings from the collection.
- Activities for those home schooling their children in lockdown were created for the website
- A 'Friends Zone' was put on the website with background information and articles.

Only 2 learning sessions for 18 home educated students were held.

Collections and Interpretation

'Reconnect and Redisplay' Project

The programme of improvements to the Mikado's, Yellow and Red Yellow Rooms was completed thanks to major funding from DCMS Wolfson, ACE, Sasakawa Foundation and from the Bournemouth Mayor's charity and a legacy from Mrs Hart with further conservation of fragile murals continuing and improvements to interpretation.

The rooms have now been displayed

- to conserve and showcase the best of the original murals and decorations
- make the most of the magnificent views of the sea and coast
- blend sympathetically with the Victorian aesthetic of the house.



The Collections are now displayed

- highlighting the best and most interesting of the Museum's Japanese and world culture's collection
- in consultation with source communities
- conserving collections and display them in high quality cases
- allowing a more interactive experience for visitors with drawers, audio-visual material and interactives
- with context and narrative for visitors to understand the objects, how and why they were collected by Merton and Annie Russell-Cotes and to reflect on their own travels and souvenir collecting.

The result is a great success, fusing the historic style and atmosphere with beautiful and rich craftsmanship and contemporary expectations of security, clarity and accessibility.



The museum used lockdown to continue with the programme of conservation of the murals funded by a legacy.

Interpretation was also updated, partly reflecting the need to reduce touch points. New interpretative boards were produced, all collections information was made accessible via the website and the museum adopted Smartify app technology so visitors could also access this information interactively using their own smartphones. Staff and volunteers worked throughout lockdown on these projects.

Income Generation

- **Café**

The café adapted to the change in regulations required by Covid and started serving food and drink outside in response to public demand and to take advantage of the Museum's superb sea views. Thanks to the ACE Covid Recovery Fund Grant an outdoor catering cart and equipment were purchased in preparation for reopening.

- **Weddings and Venue Hire**

Despite Covid, the Museum had two wedding bookings and one filming booking. The filming led directly to a number of further bookings that took place at the start of 2021/22.

- **Retail**

Although visitors continued to spend well in the shop sales were heavily impacted by the lack of visitors.

Governance

Proposals to modify the governance arrangements for the museum continued, supported significantly by funding from the ACE Coronavirus Recovery Fund. This enabled specialist consultancy and business support to be procured to develop the business plan fully especially around issues such as staffing, pension, VAT, building liabilities, brand, etc. In addition legal and governance advice was procured and legal options fully explored. Dialogue started with the Charity Commission to establish its views on the viability of the proposed legal framework.

Consultation on the proposals on governance, business plan and funding arrangements started with key stakeholders.

Funding and Grants

The Russell-Cotes benefitted from a rate rebate and the reduction in VAT on tourism and hospitality.

It was awarded a grant of £29,870 from the ACE Coronavirus Emergency Fund in the summer 2020, which covered key staff salaries and digital investment including the drafting of a digital strategy, development of collections web pages, the creation of digital assets and the fee for subscription to the Smartify app for collections information.

In October 2020 the Russell-Cotes was awarded £225,916 from the ACE Coronavirus Recovery Fund. This also contributed partly to ongoing costs including salaries because of the lack of visitor income. It also invested in improvements to support the museum's ongoing financial sustainability including a new outdoor catering facility, a new integrated till and CRM system for managing income and memberships, improved signage, a marketing review. A significant proportion also supported the governance review by funding consultants and specialists to provide expert advice on legal, financial and staffing issues to progress the case for externalization from BCP Council.

Staffing

Approximately 13 FTE members of staff were employed during this period, (18 FTE in 2019-20). The reduction is due to a vacant full-time position and no casual employees because of the museum closure. The figures exclude a % of senior management time.

Volunteer engagement and recruitment saw a significant reduction due to COVID-19. However, some volunteers were able to support the development of the digital offer by researching objects for the Smartify App and Digital Guide, by creating online content for the Friends of the Russell-Cotes, and by delivering talks via Zoom. The volunteer team were supported and benefited from digital efforts with an online 'volunteer hub' as a way to access information about volunteering and about the museum more generally, and through a new Volunteers of the Russell-Cotes Facebook group.

Volunteers continued to make a valuable 'in kind' contribution to the service both remotely and on-site, working on a range of projects including:

- **Interpretation** support for the new Smartify app (research and writing)
- **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 about 96 volunteers contributed about 1,020 hours of their time.

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 and to ensure the valuations remain up to date a rolling programme of revaluation by collection area has been implemented using relevant experts. As a result of the pandemic no insurance valuation was possible. All valuations are 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.

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

on behalf of Trustee

Approved on January 2022

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

Opinion

We have audited the financial statements of The Russell-Cotes Art Gallery and Museum (the 'charity') for the year ended 31 March 2021, 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 2021 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the charity to cease to continue as a going concern.

In our evaluation of the trustee's conclusions, we considered the inherent risks associated with the charity's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustee and the related disclosures and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the trustee with respect to going concern are described in the 'Responsibilities of the trustee for the financial statements' section of this report.

Other information

The trustee is responsible for the other information. The other information comprises the information included in the Trustee's Annual Report, 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.

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 Trustee's Annual Report 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 the trustee for the financial statements

As explained more fully in the Trustee's Responsibilities Statement set out on page 7, 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 intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (The Charities Act 2011, the Charities SORP 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));

We enquired of management, concerning the charity's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur, by evaluating incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and fraudulent revenue recognition. We determined that the principal risks were in relation to:

- journals, management estimates and transactions outside the normal course of business; and
- fraudulent revenue recognition, and specifically the occurrence and accuracy of commercial trading and recreational activity income.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place over journals;
- journal entry testing, with a focus on unusual journals made during the year and after the draft accounts stage;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- understanding controls around the monitoring and receipt of income; and
- sample testing of income to supporting records.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the sector in which the charity operates
- understanding of the legal and regulatory requirements specific to the charity.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the charity's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- the charity's control environment, including the policies and procedures implemented by the charity corporate trustee to ensure compliance with the requirements of the financial reporting framework.

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and 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
Birmingham

[**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 2021

Note	2020-21 Unrestricted Funds £	2020-21 Restricted Funds £	2020-21 Endowment Funds £	2020-21 Total Funds £	2019-20 Unrestricted Funds £	2019-20 Restricted Funds £	2019-20 Endowment Funds £	2019-20 Total Funds £
2 Income and endowments from								
2a Donations and legacies	(495,939)	0	0	(495,939)	(408,990)	0	0	(408,990)
2b Other trading activities	(60,308)	0	0	(60,308)	(259,583)	0	0	(259,583)
2c Investments	0	0	0	0	(47)	0	0	(47)
	(556,247)	0	0	(556,247)	(668,620)	0	0	(668,620)
2d Charitable activities	(312,449)	(2,500)	0	(314,949)	(262,151)	(125,657)	0	(387,808)
Total income and endowments	(868,696)	(2,500)	0	(871,196)	(930,771)	(125,657)	0	(1,056,428)
3 Expenditure on								
3a Raising funds	702,726	2,500	0	705,226	765,969	125,657	0	891,626
	702,726	2,500	0	705,226	765,969	125,657	0	891,626
3b Charitable activities	158,941	0	0	158,941	181,271	0	0	181,271
3c Other	0	0	446,131	446,131	0	0	424,727	424,727
Total expenditure	861,666	2,500	446,131	1,310,297	947,240	125,657	424,727	1,497,624
Net (income)/expenditure before other recognised (gains)/losses	(7,030)	0	446,131	439,101	16,469	0	424,727	441,196
Total (gains)/losses on revaluation of fixed assets	0	0	(599,319)	(599,319)	0	0	(2,350,338)	(2,350,338)
Net movement in funds	(7,030)	0	(153,188)	(160,218)	16,469	0	(1,925,611)	(1,909,142)
Reconciliation of Funds								
Balance brought forward	20,111	53,879	66,571,772	66,645,762	36,580	52,394	64,646,161	64,735,135
Movement in current assets	(3,449)	671	0	(2,778)	(16,469)	1,485	0	(14,984)
Movement in fixed assets	10,479	0	153,188	163,667	0	0	1,925,611	1,925,611
Total funds carried forward	27,141	54,550	66,724,960	66,806,651	20,111	53,879	66,571,772	66,645,762

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 2021

Note.		2020-21 Total Funds £	2019-20 Total Funds £
	Fixed Assets:		
	Tangible assets	10,479	0
5	Heritage assets	66,724,960	66,571,772
	Total Fixed Assets	66,735,439	66,571,772
	Current Assets:		
6	Stock and work-in-progress	15,962	19,411
7	Debtors	23,592	4,236
8	Investments	8,580	8,580
	Cash in hand	700	700
	Cash held on behalf of the Trust	46,976	66,298
	Total Current Assets	95,810	99,225
	Current Liabilities:		
	Overdraft	0	0
9	Creditors: Amounts falling due within one year	(24,598)	(25,235)
	Total Current Liabilities	(24,598)	(25,235)
	Net Assets	66,806,651	66,645,762
	The funds of the charity:		
10	<i>Restricted Income funds</i>		
	Endowment income fund	(8,580)	(8,580)
	Conservatory repair fund	(29,877)	(29,206)
	Painting and Specimens Reserve	(16,093)	(16,093)
		(54,550)	(53,879)
11	Unrestricted income fund	(27,141)	(20,111)
12	<i>Endowment fund</i>		
	Heritage Assets	(66,724,960)	(66,571,772)
		(66,724,960)	(66,571,772)
	Total Charity Funds	(66,806,651)	(66,645,762)

Signed

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

on behalf of Trustee

Approved on January 2022

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.

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
Tangible	5 years

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

	2020-21 £	2019-20 £
Public Donations	(25,295)	(39,471)
General support through donated goods and services	(463,614)	(385,988)
Donation of fixed assets	(10,479)	0
Change in value of gift shop closing stock	3,449	16,469
Petty cash adjustment	0	0
Donations from BCP Council	(470,644)	(369,519)
2a. Total Donations and legacies	(495,939)	(408,990)

2. Analysis of Income and endowments from (continued)

	2020-21	2019-20
	£	£
Retail Income	(56,466)	(226,246)
Letting Income	0	0
Venue Hire	(3,842)	(8,337)
Loan of exhibits	0	(25,000)
2b. Total Other trading activities	(60,308)	(259,583)
2c. Total Investments	0	(47)
Admission fees	(56,663)	(205,531)
Grant Income	(258,286)	(173,240)
School Visits	0	(7,338)
Guided Tours	0	(1,699)
2d. Total Charitable Activities	(314,949)	(387,808)
Total Income and endowments	(871,196)	(1,056,428)

3. Analysis of Expenditure on

	2020-21	2019-20
	£	£
General Operations (see note 4)	617,668	653,786
Exhibition Expenditure	69,981	56,472
Other Grant Funded Expenditure	2,500	125,657
Letting & Venue Expenditure	0	0
Retail Expenditure	15,077	55,711
3a. Total Raising funds	705,226	891,626
General Operations (see note 4)	119,021	146,542
Accountancy and audit costs	18,816	18,774
Repository	21,104	15,955
3b. Total Charitable Activities	158,941	181,271
Depreciation	446,131	424,727
3c. Total Other	446,131	424,727
Total Expenditure	1,310,297	1,497,624

4. Analysis of Expenditure on General Operations

	2020-21 £	2019-20 £
Generating income	617,668	653,786
Charitable activities	119,021	146,542
Total General Operations Expenditure	736,689	800,328
Being made up of:		
Repairs & maintenance	47,541	26,145
Rates & utilities	34,439	57,887
Other premises costs	5,762	8,021
Total Premises Costs inclusive of Repairs & Maintenance	87,742	92,053
Wages and salaries	394,682	433,332
Social security costs	29,806	34,103
Pension costs	56,090	57,169
Other staff related costs	10,318	20,864
Total Staff Costs	490,896	545,468

Approximately 13 FTE members of staff were employed during this period, (18 FTE in 2019-20). The reduction is due a vacant full-time position and no casual employees because of the museum closure. The figures exclude a % of senior management time.

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 (2020 : £15,000) excluding VAT.

	2020-21 £	2019-20 £
Accountancy, HR, Payroll and Legal Costs	28,237	17,544
Costs of Caring For The Collection Inc Insurance	48,343	52,197
IT & telecoms	22,628	19,176
Travel	107	473
Other office costs	1,151	5,244
Total Costs of Travel, Stationery and Office Costs Inc IT	23,886	24,893
Marketing & Promotion	13,394	16,053
	2020-21 £	2019-20 £
Consultants	19,858	0
Miscellaneous Supplies & Services	24,332	52,120
Total General Operations Expenditure	736,689	800,328

5. Heritage Fixed Assets

	2020-21 £	2019-20 £
Heritage Assets - Buildings & Freehold Land		
Cost b/f	22,306,562	21,656,856
Additions in year	0	0
Transfer from Heritage Assets - Freehold Land	7,000	0
Revaluation in year	796,035	649,706
Cost c/f	23,109,597	22,306,562
Heritage Assets - Buildings & Freehold Land		
Depreciation b/f	0	0
Depreciation charged	446,131	424,727
Revaluation adjustment	(446,131)	(424,727)
Depreciation c/f	0	0
Heritage Assets - Freehold Land		
Cost b/f	7,000	7,000
Transfer to Heritage Assets - Buildings & Freehold Land	(7,000)	0
Cost c/f	0	7,000
Heritage Assets - Total Land & Buildings & Tangible	23,109,597	22,313,562
Heritage Assets - Collection		
Net book value b/f	44,258,210	42,982,305
Revaluation adjustment	(642,847)	1,275,905
Additions in year	0	0
	43,615,363	44,258,210
Heritage Assets - Net book value c/f	66,724,960	66,571,772

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 funds on the balance sheet. Following the insurance strategy and to ensure the valuations remain up to date a rolling programme of revaluation by collection area has been implemented using relevant experts. As a result of the pandemic no insurance valuation was possible. All valuations are 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: -

	2020-21 £	2019-20 £
Heritage Assets -		
Building & Land	£23.1m	£22.3m
Fine Art Collection	£43.6m	£44.3m
	£66.7m	£66.6m

The Building and Land combined have been revalued at £23.1m. 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. Historically the Russell-Cotes were part of the Bournemouth Borough Council group accounts, following the merger they are part of the BCP Council group accounts.

6. Stock

	2020-21	2019-20
	£	£
Shop	14,770	17,065
Café	1,192	2,346
Stock of articles for resale	<u>15,962</u>	<u>19,411</u>

7. Debtors

	2020-21	2019-20
	£	£
Debtors	<u>23,592</u>	<u>4,236</u>

8. Investments

	2020-21	2019-20
	£	£
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

	2020-21	2019-20
	£	£
Creditors	<u>(24,598)</u>	<u>(25,235)</u>

The balance relates to amounts owing to accruals.

10. Restricted Income Funds

	2020-21	2019-20
	£	£
Endowment income fund	(8,580)	(8,580)
Conservatory repair fund	(29,877)	(29,206)
Painting & Specimens Reserve	(16,093)	(16,093)
	<u>(54,550)</u>	<u>(53,879)</u>

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

11. Unrestricted Income Fund

	2020-21	2019-20
	£	£
Tangible Assets	(10,479)	0
Stock	(15,962)	(19,411)
Cash	(700)	(700)
	<u>(27,141)</u>	<u>(20,111)</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

	2020-21 £	2019-20 £
Balance b/f	(66,571,772)	(64,646,161)
Movement in year	(153,188)	(1,925,611)
Balance c/f	(66,724,960)	(66,571,772)

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	66,724,960	66,724,960
Tangible Assets	10,479	0	0	10,479
Current assets	41,260	54,550	0	95,810
Creditors due within one year	(24,598)	0	0	(24,598)
	27,141	54,550	66,724,960	66,806,651

Analysis of net assets between funds - prior year

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £
Heritage Assets			66,571,772	66,571,772
Tangible Assets	0	0	0	0
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

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

	2020-21 £	2019-20 £
BCP Council in its capacity as a local authority	470,644	369,519

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.