

# **Manx Museum and National Trust**

**Financial statements**

**For the year ended 31 March 2021**

**Registration No. 603**

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## **General Information**

### **Charitable Status**

The Manx Museum and National Trust (the “Trust”), trading as Manx National Heritage, was registered as a charity under the Charities Registration and Regulation Act 2019 on 15 January 1993 and assigned registration no 603.

The Trust is responsible for protecting and promoting the Isle of Man’s natural and cultural heritage. As an Isle of Man registered charity it looks after some of the Island’s most special places, spaces, archives and museum collections, making these available to people across the world.

The Manx Museum and National Trust Act as amended in 2012 makes provision for the establishment of a new Board every five years after a General Election and a new Tynwald. Board members can serve a maximum of two five years terms and must re-apply for the position. Recruitment of a new Board took place in the spring of 2017 – with the Board being formally endorsed by Tynwald in May 2017. The new Board undertook a programme of induction during the summer of 2017.

During the year, the Board consisted of the following Trustees:

- Jonathan Hall (Chairperson)
- Malcolm Kelly
- Mark Shimmin
- Eva Wisemark
- John Watt
- Catriona Mackie
- Rob Callister MHK (Minister’s representative)
- Philip Gawne
- Joan Conway
- David Martin
- Jennie Thompson

The chairperson and other Trustees are appointed by the Council of Ministers.

### **Statement of Purpose**

The powers and duties of the Manx Museum and National Trust are laid out in section 24 of the Manx Museum and National Trust Act 1959 (and subsequent amendments):

The Trust shall:

## **General Information (continued)**

### **Statement of Purpose (continued)**

- a. Promote the permanent preservation for the benefit of the people of the Isle of Man of lands and tenements (including buildings) of beauty or historic interest and, as regards lands, the preservation (so far as practicable, of their natural aspect, features and animal and plant life; the preservation of buildings of national interest or architectural, historic or artistic interest, and places of national interest or beauty, and the protection and augmentation of the amenities of such buildings and places and their surroundings;
- b. Preserve all furniture and pictures and chattels of any description having national or historic or artistic interest;
- c. Provide access to, and enjoyment of, such buildings, places and chattels by the public, whenever desirable.

The formal objectives of the Charity are as follows:

1. Public Museum, Library and Art Gallery and any purpose of a historical, scientific, archaeological, ecclesiastical, physical, industrial or educational character with or incidental to a Public Museum, Library or Art Gallery (Section 5, 1959 Act)
2. Manx National Trust the promotion or the permanent preservation for the people of Isle of Man of lands and tenements including buildings of beauty or historic interest, the preservation of buildings, features and chattels of national, historic or artistic interest (Section 24, 1959 Act)

The following statement of purpose adopted by Trustees in 2018 remained unchanged:

“Manx National Heritage exists to take the lead in protecting, conserving, making accessible and celebrating the Island’s natural and cultural heritage for current and future generations whilst contributing to the Island’s prosperity and quality of life”

The following “Critical Success Factors” agreed in 2018 remained unchanged:

- Responsible management of the IOM’s natural and cultural heritage
- Accessible assets and services
- Coordinated natural and cultural heritage activity on the Island
- Being accepted as an essential part of the visitor economy
- A positive working relationship with our supporters and members
- Delivery against agreed performance measures
- MNH internationally respected as a National heritage organisation

## General Information (continued)

### Registered Address

Manx National Heritage  
Manx Museum and National Trust  
Douglas  
Isle of Man  
IM1 3LY

### Funds

Legacies and donations received by the Trust are allocated to one of three different funds depending on the nature of the legacy or donation.

Within these funds, a separate record is kept of any monies received for specific purposes or with special conditions attached and these are allocated to a restrictive condition section of the fund. The principal funds are:

#### *General All Purpose Fund – (Non-restricted Fund)*

Income from miscellaneous legacies, donations and grants are deposited in this fund. Where this income is received for specific use, it is held separately within this fund.

#### *Curatorial and Professional Development Fund – (Restricted Fund)*

Income received for use in Manx National Heritage for curatorial and professional development.

#### *Biodiversity Fund – (Restricted Fund)*

Income received for use on works that will have a significant long-lasting benefit on Manx biodiversity is allocated to this fund.

#### *Non-distributable Reserve*

All properties, except investment properties (see note 1h), Heritage fixed assets and Tangible fixed assets, are subject to revaluation every three years. Any such revaluation is not classed within a designated fund as these revaluations are not representative of usable funds. Revaluations are allocated to a non-distributable reserve until that reserve is nil, after which deductions are made from the general all purpose fund for any further reductions in value not offset by increases in value.

## **Report of the Trustees**

The Trustees present their annual report together with the audited financial statements of the Manx Museum and National Trust for the year ended 31 March 2021.

### **Allocation between Government and the Trust**

The Isle of Man Government makes a significant contribution to the core activities of the Trust and the Trust uses the Government's accounting services and systems to hold and manage transactions. Historically the Government has included that financial contribution within its Revenue budget and as a consequence has also included the Accounts relating to these activities within its consolidated accounts. A draft unaudited version of these is published annually for the July Tynwald (Light Blue Book) and a summary, audited, version for the October Tynwald (Dark Blue Book).

Historically the Trust's operational budgets and accounts associated with the Government support have been managed and reported separately from accounts described by the Trust as "Charitable". As a result of matters raised by the Attorney General's Chambers, in the capacity of Attorney General's statutory role concerning Manx charities, it is accepted that the Trust has an obligation to describe the full range of its activity in its accounts, and should not artificially separate out accounts or describe them in this way.

Significant progress has been made in rectifying this position with 2020/21 being the first year that Manx National Heritage ("MNH") was funded through a grant. MNH continued to use Treasury's accounting system for the period with the aim of moving to a separate system from 2021/22. It has not however been possible to resolve this in this reporting period due to issues identified in amending the Government's accounting system to allow the effective separation of MNH's accounts. Diversion of resources and challenges facing the charity due to the pandemic means that the framework to provide a single set of accounts will not be available until April 2023, later than previously forecast. As previously provided, the relevant extracts from the Light Blue Book have therefore been appended to the Trust's accounts for the year.

Discussions with the Attorney General's Chambers have also confirmed that all property in the name of the Trust is owned by the Trust irrespective of the source of any funding. Significant progress has been made with documenting this but work is yet to be concluded in this respect. Revaluations for the financial year 2020/21 have been completed. Trust property also remains in the Government consolidated accounts, details of which are appended.

Work continues to conclude a draft Memorandum of Understanding between the Trust and its sponsoring Department, the Department for Enterprise. This documents the relationship between the Charity and the Government.

In March 2020, the Isle of Man declared a state of emergency to deal with the Coronavirus crisis. Two further lockdowns subsequently occurred and the Island's border was closed for 2020/21. The Trust took action to limit its activities in line with Government requirements.

## Report of the Trustees (continued)

### Results

At the year end, the Trust had net assets of £4,656,597 (2020: £4,395,261) and a surplus for the year of £114,336 (2020: deficit £329,318).

### Plan for 2021/2022

The pandemic has highlighted the increased reliance of the charity on its self-generated income and the importance of its key relationship with the public and its sponsoring and funding partners. Opportunities to increase self-generated income will be a priority and early discussion will take place with Treasury on future funding processes following the direction by the Attorney General for the charity to act and be seen to act as a charity.

In the year ahead a strategic review will be undertaken involving key stakeholders to help inform the charity's future aims and objectives including the services it delivers or supports. In addition an Economic Impact Assessment and a review of the charity's buildings to assess current and ongoing liabilities will also take place. MNH will develop a Commercial Strategy, with a view to generating additional income which can be used to fund improvements and enhancements to the visitor experience.

Trustees recognise that the level of disposable reserves may be considered to be high. They have identified potential expenditure that will reduce the charity's reserves by c £1.4m to support projects and service delivery that would otherwise not take place within the funding provided by Government. These projects would reduce cash reserves to c£1m and careful consideration is to be given to the adequate level of reserves that must be maintained. The use and allocation of the reserves will also be reviewed.

These reviews may result in changes to the charity's Forward Plan 2021-23, published and available on the website [www.manxnationalheritage.im](http://www.manxnationalheritage.im)

### Distributions

No distributions have been paid or proposed during the year (2020: £nil).

### Auditors

Our Auditors, Grant Thornton, being eligible, have indicated their willingness to continue in office.

### On behalf of the Trust



Trustee



Trustee

## **Statement of Trustees' Responsibilities in Respect of the Trustees' Report and the Financial Statements**

The Trustees are responsible for preparing the Trustees' report and the financial statements for each financial year in accordance with applicable law and regulations. In addition, the Trustees have elected to prepare the financial statements in accordance with Section 1A of FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Accounting Standards applicable to Smaller Entities), as applicable to an Isle of Man Trust.

The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and of the surplus or deficit for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Accounting Standards including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland as applicable to an Isle of Man Trust;
- assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business, and
- observe the methods and principles in the Charities SORP.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with the Trust Deed.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.



# **Independent Auditor's Report to the Trustees' of the Manx Museum and National Trust**

## **Disclaimer of opinion**

We were engaged to audit the financial statements of the Manx Museum and National Trust (the Trust) for the year ended 31 March 2021 which comprise the Statement of Financial Activities (including income and expenditure account), 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) Section 1A, as applicable to a Manx Trust and as modified by the Accounts and Audit Regulations 2018 made under the Audit Act 2006.

We do not express an opinion on the accompanying financial statements of the Manx Museum and National Trust. Due to the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

## **Basis for disclaimer of opinion**

Due to the fundamental impact of the matter as described in the Trustees' Report on page 4 and in note 13 to the financial statements, we have been unable to confirm the completeness of the Trust's income, expenditure and assets, as they appear in these accounts, as they do not include in consolidated form the income, expenditure and assets which appear within the Isle of Man Government's accounts as proposed by the Attorney General's Chambers. An exercise is underway to examine this position, however it has not been concluded as at the date of this report and it is not possible to quantify the impact on these financial statements. As a result of this, we have been unable to obtain sufficient appropriate audit evidence concerning income, expenditure and assets.

There is also a limitation in audit scope in relation to income donations and legacies. Consistent with many charitable institutions, legacies and donations may be receivable by the Trust from a wide range of sources. Given the inherent difficulty in identifying and quantifying the source of all potential income, there is limited sufficient appropriate audit evidence available to us in order to assess the completeness and accuracy of the donations and legacies.

## **Independent Auditor's Report to the Trustees' of Manx Museum and National Trust (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In accordance with section 6(2) of the Audit Act 2006, we are required to include a statement in our audit report providing particulars where in relation to the accounts we:

- are not satisfied as to any of the matters specified in section 4(1) of the Audit Act 2006; or
- consider that any matter specified in section 4(2) of the Audit Act is contrary to law; or
- consider that the relevant body has failed in any respect mentioned in section 4(3) of the Audit Act 2006.

With regards to section 4(1) as detailed in our report above we have been unable to express an opinion on the financial statements. With regards to section 4(3a) recommendations in respect of internal controls matters identified during the course of our audit are reported to Manx Museum and National Trust in our audit completion report.

Except as noted above, we have nothing to report in respect of the matters we are required to report by exception.

### **Responsibilities of the Trustees'**

As explained more fully in the Trustees' responsibilities statement set out on page 6, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

# **Independent Auditor's Report to the Trustees' of Manx Museum and National Trust (continued)**

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the trust's financial statements in accordance with International Standards on Auditing (UK) (ISAs (UK)) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. 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).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including FRS 102, as applicable to an Isle of Man Trust; statement of Recommended Practice and Isle of Man Charities Registration and Regulation Act 2019. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the trust is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of minutes and documents provided to the trustee.
- We assessed the susceptibility of the trust's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - identifying and testing journal entries, in particular any unusual journal entry postings.

## Independent Auditor's Report to the Trustees' of Manx Museum and National Trust (continued)

### Use of our report

This report is made solely to the Trustees of the Trust, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Trustees 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 Manx Trust and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Name:** Lyndsay Brew  
For and on behalf of Grant Thornton Limited  
Chartered Accountants and Auditors

**Relevant professional  
Qualification or body:** ICAEW

**Address:** Grant Thornton Limited  
Third floor  
54-62 Athol Street  
Douglas  
Isle of Man

**Date:** 16 September 2021

# Statement of Financial Activities (including income and expenditure account)

for the year end 31 March 2021

	Notes	General All Purpose	Biodiversity	Curatorial and Professional Development	Non-distributable Reserve	Total Funds
		£	£	£	£	£
<b>Income:</b>						
Donation boxes		6,342	140	-	-	6,482
Donations and legacies		61,895	102	60,000	-	121,997
Property income		39,077	-	-	-	39,077
Holiday accommodation income		58,604	-	-	-	58,604
Sundry income		16,579	-	-	-	16,579
Investment income		5,955	4	5,519	-	11,478
<b>Total income</b>		<b>188,452</b>	<b>246</b>	<b>65,519</b>	<b>-</b>	<b>254,217</b>
<b>Expenditure:</b>						
Audit fees	12	(4,424)	-	-	-	(4,424)
Heritage project costs	12	(200,924)	-	-	-	(200,924)
Holiday accommodation expenses		(24,323)	-	-	-	(24,323)
Sundry expenses		(10,037)	-	(1,842)	-	(11,879)
Depreciation	2, 5	(29,900)	-	-	-	(29,900)
<b>Total expenditure</b>		<b>(269,608)</b>	<b>-</b>	<b>(1,842)</b>	<b>-</b>	<b>(271,450)</b>
Gain on Investments	4	85,050	-	46,519	-	131,569
Gain on revaluation of investment property	3	-	-	-	147,000	147,000
<b>Net income / (expenditure)</b>		<b>3,894</b>	<b>246</b>	<b>110,196</b>	<b>147,000</b>	<b>261,336</b>
<b>Net movement in funds</b>		<b>3,894</b>	<b>246</b>	<b>110,196</b>	<b>147,000</b>	<b>261,336</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		2,678,413	26,285	950,244	740,319	4,395,261
Total funds carried forward		2,682,307	26,531	1,060,440	887,319	4,656,597

The notes on pages 15 to 27 form part of these financial statements.

The Trustees consider that all results derive from continuing activities.

## Statement of Financial Activities (including income and expenditure account)

for the year end 31 March 2020

	Notes	General All Purpose	Biodiversity	Curatorial and Professional Development	Non-distributable Reserve	Total Funds
		£	£	£	£	£
<b>Income:</b>						
Donation boxes		19,917	-	-	-	19,917
Donations and legacies		131,421	-	60,000	-	191,421
Fundraising		2,819	-	-	-	2,819
Property income		68,956	-	-	-	68,956
Holiday accommodation income		8,630	-	-	-	8,630
Sundry income		2,217	-	-	-	2,217
Investment income		10,948	1	5,609	-	16,558
<b>Total income</b>		<b>244,908</b>	<b>1</b>	<b>65,609</b>	<b>-</b>	<b>310,518</b>
<b>Expenditure:</b>						
Audit fees	12	(3,596)	-	-	-	(3,596)
Heritage project costs	12	(382,637)	-	(103,673)	-	(486,310)
Deficit repayment	12	(60,500)	-	-	-	(60,500)
Holiday accommodation expenses		(443)	-	-	-	(443)
Sundry expenses		(5,175)	-	(1,250)	-	(6,425)
Depreciation	2, 5	(19,824)	-	-	-	(19,824)
<b>Total expenditure</b>		<b>(472,175)</b>	<b>-</b>	<b>(104,923)</b>	<b>-</b>	<b>(577,098)</b>
Loss on investments	4	(22,334)	-	(40,404)	-	(62,738)
Loss on revaluation of investment property	3	-	-	-	(5,000)	(5,000)
<b>Net income / (expenditure)</b>		<b>(249,601)</b>	<b>1</b>	<b>(79,718)</b>	<b>(5,000)</b>	<b>(334,318)</b>
Gain on revaluation of fixed assets		-	-	-	275,319	275,319
<b>Net movement in funds</b>		<b>(249,601)</b>	<b>1</b>	<b>(79,718)</b>	<b>270,319</b>	<b>(58,999)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		2,918,014	26,284	1,029,962	470,000	4,454,260
Total funds carried forward		2,678,413	26,285	950,244	740,319	4,395,261

The notes on pages 15 to 27 form part of these financial statements.

The Trustees consider that all results derive from continuing activities.\*

## Balance Sheet

As at 31 March 2021

	Note	£	2021 £	£	2020 £
<b>Fixed assets</b>					
Heritage assets	2		734,258		740,000
Tangible fixed assets	5		739,900		755,000
Investment properties	3		742,000		595,000
Investments	4		<u>1,034,412</u>		<u>868,925</u>
			<b>3,250,570</b>		<b>2,958,925</b>
<b>Current assets</b>					
Debtors		5,345		620	
Cash at bank		<u>1,412,375</u>		<u>1,511,895</u>	
		<b>1,417,720</b>		<b>1,512,515</b>	
<b>Creditors: amounts falling due in less than one year</b>					
Accruals		(11,693)		(65,599)	
Deferred income	7			<u>(10,580)</u>	
		<b>(11,693)</b>		<b>(76,179)</b>	
<b>Net current assets</b>			<b>1,406,027</b>		<b>1,436,336</b>
<b>Net assets</b>			<u><b>4,656,597</b></u>		<u><b>4,395,261</b></u>
<b>Reserves</b>					
Manx Museum and National Trust funds available			3,769,278		3,654,942
Non-distributable reserve			887,319		740,319
<b>Total funds</b>	8		<u><b>4,656,597</b></u>		<u><b>4,395,261</b></u>

The notes on pages 15 to 27 form part of these financial statements.

These financial statements were approved by the Trustees on 15<sup>th</sup> September 2021 and were signed on their behalf by:

  
.....  
Trustee

  
.....  
Trustee

## Statement of Net Movements on Reserves

for the year end 31 March 2021

As at 31 March 2020	General All Purpose	Biodiversity	Curatorial and Professional Development	Non- distributable reserve	Total
	£	£	£	£	£
Balance brought forward	2,928,014	26,284	1,029,962	470,000	4,454,260
Net movement for the year	(249,601)	1	(79,718)	270,319	(58,999)
Per Balance Sheet	<u>2,678,413</u>	<u>26,285</u>	<u>950,244</u>	<u>740,319</u>	<u>4,395,261</u>
As at 31 March 2021	General All Purpose	Biodiversity	Curatorial and Professional Development	Non- distributable reserve	Total
	£	£	£	£	£
Balance brought forward	2,678,413	26,285	950,244	740,319	4,395,261
Net movement for the year	3,894	246	110,196	147,000	261,336
Per Balance Sheet	<u>2,682,307</u>	<u>26,531</u>	<u>1,060,440</u>	<u>887,319</u>	<u>4,656,597</u>

The non-distributable reserve represents unrealised gains on revaluation of properties. In order for these funds to be used for Trust purposes the properties would need to be sold to release the funds. As such they are classed as non-distributable until such time as the properties are sold and the funds held in cash or other liquid investments.

The notes on pages 15 to 27 form part of these financial statements.



## Notes

*(forming part of the financial statements for year ended 31 March 2021)*

### 1 Accounting policies

The Trust is incorporated in the Isle of Man. The Trust is registered as a charity with registration number 603. Its registered office is Manx Museum and National Trust, Douglas, IM1 3LY.

#### *a) Accounting policies*

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and investment property, and in accordance with Section 1A of FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, as applicable to an Isle of Man Trust; Accounting and Reporting by Charities; Statement of Recommended Practice and Isle of Man Charities Registration and Regulation Act 2019.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's financial statements. The financial statements have been prepared on a going concern basis following an assessment by the Trustees.

The financial statements are presented in Sterling (£) and rounded to the nearest pound.

#### *b) Income and expenses*

All income and expenses are accounted for on an accruals basis.

Income from donations and legacies, either restricted or non-restricted, comprises incomes generated from the following sources:

- Gifts and donations received/receivable including legacies.
- Donations from Friends of Manx National Heritage received for specific projects.

Rental income, recognised in the general all purpose fund, includes income received from the following sources:

- The leasing of investment properties
- The letting of holiday accommodation, with any funds received in advance of the next financial year to be reflected as deferred income.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of interest paid or payable by the bank.

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 1 Accounting policies (continued)

#### b) *Income and expenses (continued)*

Expenditure which, in the Trustees' view, is required to preserve or clearly prevent further deterioration of individual collection items, or to repair and maintain land and buildings, is recognised in the Statement of Financial Activities (including income & expenditure account) when it is incurred.

Any excess expenditure above the Pink Book Budget, approved by Tynwald, within the Isle of Man Government accounts, is repaid from the Trust's reserves to Isle of Man Treasury.

#### c) *Going concern*

After reviewing the Trust's Cashflows, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in existence for the foreseeable future. The Trust therefore continues to adopt the going concern basis in preparing its financial statements.

#### d) *Financial instruments*

The Trust classifies its investments as financial assets at fair value through profit or loss. The classification is dependent on the purpose for which the investments were acquired. The Trustees determine the appropriate classification of investments at the time of purchase and re-evaluate each designation at every reporting date.

Financial assets at fair value through profit or loss are part of a group of investments that is managed on a portfolio basis and whose performance is evaluated and reported internally on a fair value basis to the Trust's Trustees in accordance with a documented investment strategy.

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities.

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 1 Accounting policies (continued)

#### e) *Financial instruments (continued)*

##### i) *Initial recognition and subsequent measurement*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Trust intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### ii) *De-recognition of financial instruments*

Financial assets are derecognised when and only when; a) the contractual rights to the cash flows from the financial asset expire or are settled; b) the Trust transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or; c) the Trust, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled, or expires.

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 1 Accounting policies (continued)

#### f) *Heritage assets*

##### i) *Artefacts*

The Trustees do not consider that reliable cost of valuation information can be obtained for the vast majority of items held in the collections of artefacts and fossils. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The Trust does not therefore recognise the assets on its balance sheet, other than recent acquisitions which are reported at cost, where the object is purchased, or at the Museum Curator's best estimate of current value where the object is donated.

##### ii) *Land and buildings*

The Trust maintains a number of buildings and areas of land which it deems to be classed as heritage assets. These are included in the Schedule of Trust Ownership appended to these financial statements. The Trustees consider that owing to the incomparable nature of the buildings and land sites, conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the museum and users of the accounts. As a result, no value is reported for these assets in the Trust's balance sheet.

Buildings are stated initially at cost less accumulated depreciation. These buildings have a useful life of 50 years and depreciation begins on acquisition. The buildings are revalued every three years to ensure that the carrying amount does not differ materially from that which would be determined using fair value. Gains and losses on revaluation recognised in the non-distributable reserve to the extent that it reverses any previous gain then is recognised in the general all purpose fund.

##### g) *Tangible fixed assets – Buildings*

Buildings are stated initially at cost less accumulated depreciation. Buildings are used to house special heritage assets that are part of the Manx National Heritage program for studying and conserving heritage assets. They have a useful life of 50 years. Tangible fixed assets are revalued every three years to ensure that the carrying amount does not differ materially from that which would be determined using fair value. Gains and losses on revaluation recognised in the non-distributable reserve to the extent that it reverses any previous gain then is recognised in the general all purpose fund.

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 1 Accounting policies (continued)

#### *h) Investment property*

Investment properties are initially recognised at cost. Subsequent to initial recognition the properties are held at fair value with any gains or losses arising from changes in the fair value being recognised through the Statement of Financial Activities (including income & expenditure account) in the year to which they relate. No depreciation is reflected as these properties are revalued on an annual basis.

#### *i) Cash*

Cash at bank includes cash and short term highly liquid investments with a short maturity of three months or less.

#### *j) Funds*

Legacies and donations received by the Trust are allocated to one of three different funds depending on the nature of the legacy or donation. Within these funds, a separate record is kept of any monies received for specific purposes or with special conditions attached and these are allocated to a restrictive condition section of the fund. The principal funds are:

##### *General All Purpose Fund – (Non-restricted Fund)*

Income from miscellaneous legacies, donations and grants are deposited in this fund. Where this income is received for specific use, it is held separately within this fund.

##### *Curatorial and Professional Development Fund – (Restricted Fund)*

Income received for use in Manx National Heritage for curatorial and professional development.

##### *Biodiversity Fund – (Restricted Fund)*

Income received for use on works that will have a significant long-lasting benefit on Manx biodiversity is allocated to this fund.

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 1 Accounting policies (continued)

#### *k) Critical accounting judgements and estimation uncertainty*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant accounting estimate relates to the property valuations, where specialists are used (see notes 2, 3 and 5).

### 2 Heritage assets

The Trustees of the Manx Museum and National Trust have concluded that assets held such as artefacts, fossils and land and buildings fall under the scope of FRS 102 in respect of heritage assets. A schedule of trust ownership is appended to these financial statements. Except for the assets named below no value is attributed to these assets.

The Trust owns three properties classed as heritage assets which have been recently purchased and held for historical interest: Thornbank, Falcon Cliff Terrace, Douglas; the former Castletown benefits office and the former Castletown police station.

Thornbank, Falcon Cliff Terrace, Douglas: A Baillie Scott building, currently undergoing restoration. The property was valued by the Isle of Man Government Valuation Office in accordance with the RICS Valuation Standards Red Book at 31 March 2020 at a value of £245,000.

Castletown benefits office (Castlegate): Improvements to the property are being made by the tenant in lieu of payment of rental income. These improvements are capitalised within the value of the asset. The property was valued by the Isle of Man Government Valuation Office in accordance with the RICS Valuation Standards Red Book at 31 March 2020 at a value of £220,000.

Castletown police station: A Baillie Scott building. The property was valued by the Isle of Man Government Valuation Office in accordance with the RICS Valuation Standards Red Book at 31 March 2020 at a value of £275,000.

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 2 Heritage assets (continued)

	Heritage assets £
<b>Cost or valuation</b>	
At 1 April 2020	740,000
Additions	9,058
Disposals	-
<b>At 31 March 2021</b>	<b>749,058</b>
<b>Depreciation</b>	
At 1 April 2020	-
Charge for the year	14,800
<b>At 31 March 2021</b>	<b>14,800</b>
<b>Net book value</b>	
<b>31 March 2021</b>	<b>734,258</b>
31 March 2020	740,000

### 3 Investment properties

	2021 £	2020 £
<i>Opening balance</i>	<b>595,000</b>	600,000
Gain/(loss) on revaluation of property	<b>147,000</b>	(5,000)
<i>Closing balance</i>	<b>742,000</b>	595,000

The Trust owns two properties classed as investment properties: Flat 1, 3 Kingswood Grove, Douglas and Thie-Ny-Droghad, Colby.

Flat 1, 3 Kingswood Grove, Douglas: The property was valued by the Isle of Man Government Valuation Office in accordance with the RICS Valuation Standards Red Book at 31 March 2021 at a value of £135,000.

Thie-Ny-Droghad, Colby: The property was valued by the Isle of Man Government Valuation Office in accordance with the RICS Valuation Standards Red Book at 31 March 2021 at a value of £607,000.

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 4 Investments

	2021	2020
	£	£
Opening balance	868,925	311,872
Additions	149,936	710,971
Disposals	(116,018)	(91,180)
Gain/(loss) on investments	131,569	(62,738)
Closing balance	<u>1,034,412</u>	<u>868,925</u>

	2021	2020
	£	£
Fixed interest	532,318	494,640
Equity	337,423	222,075
Property	24,201	24,937
Alternatives	140,470	127,273
Closing balance	<u>1,034,412</u>	<u>868,925</u>

### 5 Tangible fixed assets

	Buildings
	£
<b>Cost or valuation</b>	
At 1 April 2020	755,000
Additions	-
Disposals	-
<b>At 31 March 2021</b>	<u>755,000</u>
<b>Depreciation</b>	
At 1 April 2020	-
Charge for the year	15,100
<b>At 31 March 2021</b>	<u>15,100</u>
<b>Net book value</b>	
31 March 2021	<u>739,900</u>
31 March 2020	<u>755,000</u>



## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 5 Tangible fixed assets (continued)

The Trust owns two properties classed as tangible fixed assets, both purchased as storage units: Unit 9 and Unit 10, Cooil Smithy, Braddan.

Unit 9, Cooil Smithy, Braddan: The property was purchased to house the Peggy Vessel, which was obtained from the Castletown Nautical Museum. This is part of the Manx National Heritage programme to conserve and study the vessel. The building is solely used for this purpose. The property was valued by the Isle of Man Government Valuation Office in accordance with the RICS Valuation Standards Red Book at 31 March 2020 at a value of £375,000.

Unit 10, Cooil Smithy, Braddan: The property was purchased in September 2019 to store artefacts from the lower folk gallery and other collection items. The building is solely used for this purpose. The property was valued by the Isle of Man Government Valuation Office in accordance with the RICS Valuation Standards Red Book at 31 March 2020 at a value of £380,000.

The tangible fixed assets have a historical cost of £689,673.

### 6 Capital commitments

The Elizabeth Clucas Trust funds (£30,000) received in 2019 for the refurbishment of Thornbank remains unused as yet.

	2021	2020
	£	£
Authorised but not reimbursed	<u>30,000</u>	<u>30,000</u>

### 7 Deferred income

	2021	2020
	£	£
Deferred income brought forward	10,580	-
Income recognised/deferred in the year	<u>(10,580)</u>	<u>10,580</u>
Deferred income carried forward	<u>-</u>	<u>10,580</u>

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 8 Summary of Fund Movements

As at 31 March  
2020

Fund Name	Fund balances brought forward	Income	Expenditure	Gains and losses	Fund balances carried forward
	£	£	£	£	£
General All Purpose	2,928,014	244,908	(472,175)	(22,334)	2,678,413
Biodiversity	26,284	1	-	-	26,285
Curatorial and Professional Development	1,029,962	65,609	(104,923)	(40,404)	950,244
Non-distributable Reserve	470,000	-	-	270,319	740,319
<b>Total Funds</b>	<b>4,454,260</b>	<b>310,518</b>	<b>(577,098)</b>	<b>207,581</b>	<b>4,395,261</b>

As at 31 March  
2021

Fund Name	Fund balances brought forward	Income	Expenditure	Gains and losses	Fund balances carried forward
	£	£	£	£	£
General All Purpose	2,678,413	188,452	(269,608)	85,050	2,682,307
Biodiversity	26,285	246	-	-	26,531
Curatorial and Professional Development	950,244	65,519	(1,842)	46,519	1,060,440
Non-distributable Reserve	740,319	-	-	147,000	887,319
<b>Total Funds</b>	<b>4,395,261</b>	<b>254,217</b>	<b>(271,450)</b>	<b>278,569</b>	<b>4,656,597</b>

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 9 Assets and liabilities by Fund

As at 31 March 2020	General All Purpose	Biodiversity	Curatorial and Professional Development	Non- distributable Reserve	Total
	£	£	£	£	£
Heritage assets	554,163	-	-	185,837	740,000
Tangible fixed assets	665,518	-	-	89,482	755,000
Investment properties	130,000	-	-	465,000	595,000
Investments	437,294	-	431,631	-	868,925
Debtors	620	-	-	-	620
Cash at bank	966,997	26,285	518,613	-	1,511,895
Accruals	(65,599)	-	-	-	(65,599)
Deferred income	(10,580)	-	-	-	(10,580)
Per Balance Sheet	<u>2,678,413</u>	<u>26,285</u>	<u>950,244</u>	<u>740,319</u>	<u>4,395,261</u>
As at 31 March 2021	£	£	£	£	£
Heritage assets	548,421	-	-	185,837	734,258
Tangible fixed assets	650,418	-	-	89,482	739,900
Investment properties	130,000	-	-	612,000	742,000
Investments	533,427	-	500,985	-	1,034,412
Debtors	5,345	-	-	-	5,345
Cash at bank	826,389	26,531	559,455	-	1,412,375
Accruals	(11,693)	-	-	-	(11,693)
Per Balance Sheet	<u>2,682,307</u>	<u>26,531</u>	<u>1,060,440</u>	<u>887,319</u>	<u>4,656,597</u>

### 10 Taxation

Under the Manx Museum and National Trust Act 1959 the income derived from any property of the Trust is exempt from Income Tax.

### 11 Financial risk management

The Trust is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are market risk, credit risk and liquidity risk.

#### a) Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates, affecting both the value of the Trust's assets and its liabilities.

## Notes (continued)

(forming part of the financial statements for year ended 31 March 2021)

### 11 Financial risk management (continued)

*b) Credit risk*

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Trust's exposure primarily relates to amounts recoverable from investment debtors or bank balances.

*c) Liquidity risk*

Liquidity and cash flow is the risk that cash may not be available to pay obligations when due.

### 12 Related party transactions, immediate and ultimate controlling party

At the balance sheet date, the immediate and ultimate controlling party of the Trust is considered to be the Trustees of the Manx Museum and National Trust. During the year, heritage project costs of £172,189 (2020: £413,375) were paid to the Isle of Man Treasury. These funds were released from cash reserves to cover large projects undertaken outside the scope of the budget provided by Treasury for the year. The Treasury Department forms part of the Isle of Man Government which is controlled by Members of Tynwald made up of Members of the House of Keys (MHKs) and Members of the Legislative Council (MLCs). In accordance with the Manx Museum and National Trust Act, the Trustees of the Trust during the period included an MHK, appointed as a representative of the Minister of the Department for Enterprise. Under FRS 102 this is considered to be a related party. Payments made for heritage projects are made on terms equivalent to those prevailing in an arm's length transaction.

Any excess expenditure above the Pink Book Budget, approved by Tynwald, within the Isle of Man Government accounts is repaid from the Trust's reserves to Isle of Man Treasury. During the current year this amounted to £Nil (2020: £60,500).

The audit fee of the Trust is paid on its behalf by Isle of Man Treasury, which is subsequently reimbursed by the Trust.

None of the Trustees have received any remuneration from this Trust account for their services during the year (2020: Nil), however the Trustees are entitled and have received expenses via the Isle of Man Government revenue account (Pink Book).

## **Notes (continued)**

*(forming part of the financial statements for year ended 31 March 2021)*

### **13 Allocation between Government and the Trust**

As noted in the Report of the Trustees, the position following the direction by the Attorney General's Chambers remains ongoing.

The challenges faced by the Trust during the pandemic, including significant loss of income covered by an additional grant by Treasury, have led to a delay in implementing a single accounting system. Trustees also raised concern over increasing the financial burden on the Trust in taking on services from Treasury and the added risk that introducing a new accounting system would cause at a time of considerable uncertainty. Late identification of an issue in separating MNH's accounts within the Government accounting system has also contributed to a delay to the commencement by the Trust of its ability to maintain a single set of accounts. The expected delivery is now April 2023. To aid in understanding the overall extent of the Trusts operations and, as previously provided, the relevant extracts from the Government's Light Blue Book have therefore been appended to the Trust's accounts for the year.

All necessary revaluations for the financial year 2020/21 have been obtained. In view of the delay to the implementation of a single set of accounts Trust assets remain in the Government consolidated accounts, details of which are appended.

### **14 Subsequent Events**

In July 2021 the Trust submitted a request for an additional grant to the Department for Enterprise to account for the impact of the COVID-19 pandemic. Whilst the scale of the impact on the Trust, financially and otherwise, is not yet fully known this seeks to secure additional funding which will minimise the potentially significant impact of the loss of income from admissions and other sources in 2021/22.

No further subsequent events have been identified that require disclosure in these financial statements.

## Schedule of Trust Ownership (unaudited)

### *As at 31 March 2021*

The majority of the collections at the Manx Museum and Site Museums.

"Yn Thie Thooit", The Lhen, Andreas.

c 2.8 acres Kerroogarroo Fort, Andreas.

c 23.8 acres Ballakeil, Andreas.

c 1.7 acres Smithy Cottage with adjacent land, Earystane, Arbory.

Thie ny Droghad, Upper Ballastrooan, Colby, Arbory.

c 21.45 acres on the Curragh, Ballaugh.

Pinfold, Braddan.

Unit 9, Cooil Smithy, Braddan.

Unit 10, Cooil Smithy, Braddan.

c 57.7 acres at Ballakesh and Ballawhannel, Bride.

c 1.38 acres Vollan Fort, Lezayre.

c 87 acres Killabrega, Lezayre.

c 55 acres Sulby Glen, Lezayre.

c 40.7 acres Ballaragh, Bulgham Bay, Lonan.

c 8.27 acres Laxey Wheel Land and c 6.9 acres Laxey Head, Lonan.

King Orry's Grave adjoining Gretch Veg, Lonan.

Nautical Museum, Malew.

Grammar School, Malew.

Hango Hill, Malew.

Old House of Keys, Malew.

c 3.3 acres Silverdale Glen (partial), Malew.

c 12.6 acres St Michaels Isle (excl. Fort), Malew.

c 0.6 acres Monk's Bridge, Ballasalla, Malew.

Castlegate, Castletown, Malew.

Baillie Scott Building (Former police station), Castletown, Malew.

c 2.2 acres Braaid Monument, Marown.

c 19 acres Upper Ballaharry, Marown.

2.5 acres at Port-e-Vullen, Maughold.

9 acres at Gob ny Rona, Maughold.

c 37.5 acres The Dhoo, Maughold.

c 107 acres on Maughold Head and Brooghs (incl. Hall Caine), Maughold.

Maughold Green, Maughold.

Manx Museum buildings, Clifton House, Library Stack and land at Museum entrance, Onchan.

Thornbank, Falcon Cliff Terrace, Onchan.

Land at Scollag Road, Onchan.

Flat 1, 3 Kingswood Grove, Onchan.

c 373 acres of land at Eary Cushlin and Creggan Mooar, Patrick.

c 13 acres of land at Niarbyl, Upper, Lower Thatch and Knockuskey, Patrick.

c 212 acres Spanish Head (original holding), Rushen.

c 62 acres Cregneash, Rushen.

Harry Kelly's Cottage, Cregneash, Rushen.

Smithy Building, Cregneash, Rushen.

Crebbin's House, Cregneash, Rushen.

Lathe Shed, Cregneash, Rushen.

Weavers House and garden, Cregneash, Rushen.

Karran Farm, Cregneash, Rushen.

Cregneash Green, Cregneash, Rushen.

Ned Begg's Cottage, Cregneash, Rushen.

"Thie Thooit Beg", Cregneash, Rushen.

"Calf View", Cregneash, Rushen.

Charlotte Keggin's Tholtan, Cregneash, Rushen.

c 90 acres the Chasms (incl. the shelter, Sugar Loaf and Anvil Rocks), Rushen.

Land at Sound, Rushen.

c 20 acres Meayll Hill, Meayll Circle, Rushen.

9.5 acres Kitterland, Rushen.

c 616 acres Calf of Man, Rushen.

c 20.5 acres Bradda Mooar, Port Erin, Rushen.

The Broogh, Santon.

## **Schedule of Trust Ownership Held in Isle of Man Government consolidated financial statements (unaudited)**

*As at 31 March 2021*

As set out in the Report of Trustees assets have historically been held in the Isle of Man Government consolidated financial statements whilst being registered to the Trust. This is being reviewed but in the meantime details are appended to present the full assets held by the Trust.

Friary Chapel, Arbory.

Curraghs, Ballaugh.

Land at Marine Drive, Braddan.

Manx Museum, Douglas.

Manx Museum (RC Cowley) - part of Museum extension site, Douglas.

Manx Museum (AD Henry) - part of Museum extension site, Douglas.

Manx Museum (CR Clague) - part of Museum extension site, Douglas.

Manx Museum (TJ Boyde) - part of Museum extension site, Douglas.

Manx Museum (CD Christian) small triangle, Douglas.

Manx Museum - Co-Op Store, Douglas.

Manx Museum (DHPP) Mona Terrace Lane - land now part of Furniture Store, Douglas.

Manx Museum - 8 Mona Terrace Douglas (Tech's Workshop), Douglas.

iMuseum, Kingswood Grove, Douglas.

iMuseum garden, Douglas.

5 Kingswood Grove, Douglas.

7 Kingswood Grove, Douglas.

9 Kingswood Grove, Douglas.

13 Kingswood Grove, Douglas.

15 Kingswood Grove, Douglas.

Odin's Raven Museum (now House of Manannan), Peel, German.

Land near Mill Road (now HoM overflow car park), Peel, German.

Grove Museum (in Trust) and land, Lezayre.

Land at Sulby Glen, Lezayre.

Laxey Wheel and adjoining lands, Lonan.

Land at Cronk e Chule, Laxey Wheel, Lonan.

Castle Rushen, Malew.

Rushen Abbey - Restaurant, Malew.

Rushen Abbey - Land & Ruins, Malew.

Unit 1, Large Object Store, Balthane, Malew.

Peel Castle, Patrick.

c 95 acres of land at Creggan Moor, Patrick.

Niarbyl House - Café, Patrick.

Cummel Beg, Cregneash, Rushen.

Creg-y-Shee, Cregneash, Rushen.

Avoca, Cregneash, Rushen.

Church Farm, Cregneash, Rushen.

Greystones, Cregneash, Rushen.

Cooilbane, Cregneash, Rushen.

West View, Cregneash, Rushen.

Thie Vaddrell, Cregneash, Rushen.

Castruan, Cregneash, Rushen.

Sound Café and land at The Sound, Rushen.

Ivydene & Quirk's Croft, Cregneash, Rushen.

## **Additional information (unaudited)**

The detailed government accounts for 2020-2021, given in the Light Blue Book, applicable to the Manx Museum and National Trust from the Government Revenue Accounts are available in the IOM Government website – link provided below:

**<https://www.gov.im/categories/tax-vat-and-your-money/government-accounts/>**