

**The National Museum of Ireland
Financial Statements
Year Ended
31st December 2010**

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NATIONAL MUSEUM OF IRELAND

STATEMENT OF RESPONSIBILITIES OF THE BOARD

The National Museum of Ireland (NMI) presents its report for the year ended 31st December 2010.

Responsibilities of the Board Members

Section 35 of the National Cultural Institutions Act, 1997, requires the Board to prepare financial statements in such form as may be approved by the Minister for Arts, Heritage and the Gaeltacht with the concurrence of the Minister for Finance. In preparing those financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently for the purpose of showing a true and fair view of the state of the NMI's affairs.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Museum will continue in operation.
- Disclose and explain any material departures from applicable accounting standards.

The Board members are responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Museum and enable them to ensure that the financial statements comply with Section 35 of the National Cultural Institutions Act, 1997.

The Board is responsible for the stewardship of the artefacts, which are owned by the State. The Board oversees the functions previously the prerogative of the Minister of Arts, Heritage and the Gaeltacht.

The Board is also responsible for safeguarding the assets of the Museum and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

Dr. John O'Mahony
Chairman

Board Member

Date:

NATIONAL MUSEUM OF IRELAND
STATEMENT ON INTERNAL FINANCIAL CONTROL
Responsibility for System of Internal Financial Control

On behalf of the Board of the National Museum of Ireland I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated. The system can provide reasonable but not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Board has taken steps to ensure an appropriate control environment by:

- Clearly defining management responsibilities;
- Establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action;

The Board has established processes to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the body, including the extent and categories, which it regards as acceptable;
- Assessing the likelihood of identified risks occurring;
- Assessing the Museum's ability to manage and mitigate the risks that do occur;
- Assessing the costs of operating particular controls relative to the benefit obtained;

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability.

In particular it includes:

- Comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board;
- Quarterly Reviews by the Board of financial information which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;
- Formal project management disciplines;

The Board of the Museum has established an Audit Committee and set the Committee's terms of reference. The Committee met on three occasions in the year ended 31st December 2010. The National Museum of Ireland has outsourced the internal audit function until 2013.

**NATIONAL MUSEUM OF IRELAND
STATEMENT ON INTERNAL FINANCIAL
CONTROL.....continued**

Responsibility for System of Internal Financial Control

Internal Audit operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. Its work is informed by the analysis of the risks to which the Museum is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Audit Committee and approved by the Board. At least annually, the Audit Committee provides the Board with a report of internal audit activity.

The internal auditor conducts, on a rolling basis, an examination of internal controls in the key financial areas and reports its findings to the Audit Committee. All internal audit reports are considered by the Audit Committee. Its recommendations together with key reports are communicated to the Board to enable the Board to discharge its oversight responsibilities.

There was no Board or Audit Committee in place for the final eight months of 2010. The internal audit function did not operate during this period. Senior Management reviewed the monthly management accounts.

Annual Review of Controls

A review of the effectiveness of the system of internal financial control was carried out in respect of the year ended 31 December 2010.

On behalf of the Board:

Dr. John O'Mahony - Chairman

Date:

NATIONAL MUSEUM OF IRELAND

STATEMENT OF ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared under the accruals method of accounting, except as stated under item 4, and under the historical cost convention in the form approved by the Minister for Arts, Heritage and the Gaeltacht with the concurrence of the Minister for Finance in accordance with Section 35 of the National Cultural Institutions Act, 1997.

Financial Reporting Standards recommended by the recognised Accountancy Bodies are adopted, as they become operative.

2. Heritage Assets and Collections

In accordance with the National Cultural Institutions Act, 1997 all Museum heritage objects are the property of the State. The Board of the National Museum of Ireland has the power to enlarge the collection of museum heritage objects, as required by law and for the benefit of the public. The National Museum of Ireland charges expenditure on heritage objects to the income and expenditure account in the year they are purchased. The Board of the National Museum of Ireland also has the power to lend Museum heritage objects, subject to the provisions of Section 17 of the National Cultural Institutions Act, 1997.

Heritage assets are currently not reflected in the balance sheet. This is because of the diverse nature of objects held, the number of objects and the lack of comparable market values. The National Museum of Ireland will be adopting the recommendations as set out under FRS30 in the financial statements for the year ending 31st December 2011.

3. Tangible Fixed Assets and Depreciation

Tangible fixed assets are shown at cost less accumulated depreciation.

Tangible fixed assets below the capitalisation threshold of €1,000 (except for Information Technology assets which have a threshold of €750) are expended in the Income & Expenditure Account in the year of purchase.

Depreciation is charged in the income and expenditure account, on a straight-line basis, at the annual rates set out below, so as to write off the cost of the assets, adjusted for estimated residual value, over the expected useful life of each appropriate category.

• Equipment	20%
• Information Technology	33.33%
• Furniture	10%
• Exhibition Assets	20%

4. Income Recognition

Grants from the Department of Arts, Heritage and the Gaeltacht are accounted for on a receipts basis and represent cash grants received in the year.

5. Shops

Shops are operated by the museum and sell stock items for cash. Stock is valued at the lower of cost or net realisable value.

6. Capital Account

State grants used for the purchase of fixed assets are transferred to the Capital Account in the year in which the expenditure is incurred and are credited to income over the useful lives of the related assets.

The Capital Account balance represents the unamortised funds utilised for the acquisition of fixed assets.

NATIONAL MUSEUM OF IRELAND

STATEMENT OF ACCOUNTING POLICIES

7. Superannuation

In accordance with Section 33 of the National Cultural Institutions Act, 1997, a Staff Superannuation Scheme consisting of a Main Scheme and associated Spouses & Children's Scheme has been submitted to the Minister for Arts, Heritage and the Gaeltacht for approval by the Minister with the consent of the Minister for Finance.

The NMI Staff Superannuation Scheme is a defined benefit scheme which is funded annually from monies made available to NMI including the allocation received from the Department of Arts, Heritage and the Gaeltacht and the contributions deducted from staff salaries, which are retained by the Museum on the basis that the Department of Finance may require that they be remitted to them.

Benefits include a retirement gratuity and annual pension, a death gratuity (Main Scheme), and a spouses and /or dependants pension (if applicable) if the member predeceases his/her spouse (Spouses & Children's Scheme).

Pensions will normally increase, subject to Ministerial approval, in line with relevant pay increases applicable to serving staff and such pay increases are effective from the same dates as pay increases.

Pension costs reflect pension benefits earned by staff in the period and are shown net of staff pension deductions which are retained by the NMI. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from Arts, Heritage and the Gaeltacht.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset, to be recovered in future periods from Arts, Heritage and the Gaeltacht.

8. Leases

Payments under an operating lease are recognised by the National Museum of Ireland as an expense over the lease term.

NATIONAL MUSEUM OF IRELAND
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31st DECEMBER 2010

	Notes	2010 €	2010 €	2009 €	2009 €
INCOME					
Oireachtas Grant	3(a)		15,066,291		15,268,490
Museum Shops Sales	2	812,060		777,891	
Cost Of Sales		(467,584)		(406,977)	
Museum Shops Gross Profit			344,476		370,914
Corporate Income	3(b)		180,288		177,409
Sponsorship and Donations			24,953		28,692
Net Deferred Funding for Pensions in Year	14(c)		3,017,000		2,914,000
TOTAL INCOME			18,633,008		18,759,505
EXPENDITURE					
Administration	5		9,963,240		10,463,439
Services	6		3,947,770		3,331,394
Collections	7		1,584,689		1,354,814
Artefacts/Specimens	8		269,252		162,916
Museum Shop Expenses	2		406,188		452,330
Corporate Expenditure	3(b)		72,552		80,834
Pension Costs	14(a)		2,958,291		2,767,490
TOTAL EXPENDITURE			19,201,982		18,613,217
NET OPERATING (EXPENDITURE)/INCOME			(568,974)		146,288
Transfer (to)/from Capital Account	4		604,774		16,987
(Deficit)/Surplus for year			35,800		163,275
Balance at 1st January			1,915,005		1,751,730
Balance at 31st December			1,950,805		1,915,005

The Statement of Accounting Policies and notes 1 to 23 form part of these financial statements.

On behalf of the Board:

Dr. John O'Mahony
Chairman

Board Member

Date:

Dr. Patrick F Wallace
Director

NATIONAL MUSEUM OF IRELAND
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31st DECEMBER 2010

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		2010	2009
		€	€
Surplus for year		35,800	163,275
Experience gain/(loss) on pension scheme liabilities	14(b)	3,417,000	(1,186,000)
Gain/(loss) arising from change in actuarial assumptions		-	-
Actuarial gain/(loss) on pension scheme liabilities		3,417,000	(1,186,000)
Adjustment to deferred pension funding	14(b)	(3,417,000)	1,186,000
Total recognised gain for the year		35,800	163,275

The Statement of Accounting Policies and notes 1 to 23 form part of these financial statements.

On behalf of the Board:

Dr. John O'Mahony
Chairman

Board Member

Date:

Dr. Patrick F Wallace
Director

NATIONAL MUSEUM OF IRELAND
BALANCE SHEET AS AT 31st DECEMBER 2010

	Notes	2010 €	2009 €
Fixed Assets			
Tangible assets	9	1,234,288	1,839,062
		<u>1,234,288</u>	<u>1,839,062</u>
Current assets			
Museum Shop Stocks	20	563,893	605,785
Debtors and Prepayments	10	660,010	870,861
Cash at Bank		2,470,633	1,786,537
		<u>3,694,536</u>	<u>3,263,183</u>
Creditors: Amounts falling due within one year	11	1,743,731	1,348,178
		<u>1,743,731</u>	<u>1,348,178</u>
Net current Assets		1,950,805	1,915,005
		<u>1,950,805</u>	<u>1,915,005</u>
Total Assets less current liabilities		3,185,093	3,754,067
		<u>3,185,093</u>	<u>3,754,067</u>
Creditors: amounts falling due after more than one year			
Deferred Pension Funding	14 (c)	27,000,000	27,400,000
Pensions Liabilities	14 (b)	(27,000,000)	(27,400,000)
		<u>0</u>	<u>0</u>
Total Net Assets		3,185,093	3,754,067
		<u>3,185,093</u>	<u>3,754,067</u>
Represented by			
Capital Account	4	1,234,288	1,839,062
Income and Expenditure Account Surplus		1,950,805	1,915,005
		<u>3,185,093</u>	<u>3,754,067</u>

The Statement of Accounting Policies and notes 1 to 23 form part of these financial statements.

On behalf of the Board:

Dr. John O'Mahony
Chairman

Board Member

Date:

Dr. Patrick F Wallace
Director

NATIONAL MUSEUM OF IRELAND
CASH FLOW STATEMENT
YEAR ENDED 31st DECEMBER 2010

		2010 €	2009 €
Reconciliation of Net Operating Surplus	Note		
Operating Surplus		35,800	163,275
Transfer to / (from) Capital Reserve	4	(604,774)	(16,987)
Depreciation	9	710,949	609,644
(Increase)/ Decrease in Debtors		210,851	(734,605)
Increase / (Decrease) in Creditors		395,553	(17,085)
(Increase) / Decrease in Stocks		41,892	(37,021)
Loss on disposal of fixed asset		258	-
Net Cash Inflow from Operating Activities		790,529	(32,779)
<u>Cash Flow Statement</u>			
Net Cash Inflow from Operating Activities		790,529	(32,779)
Payments to acquire assets	9	(106,433)	(592,657)
Proceeds on sale of assets		-	-
(Decrease) / Increase in cash		<u>684,096</u>	<u>(625,436)</u>
Reconciliation of net cash flow to movements in net funds			
Net funds at 31st December		2,470,633	1,786,537
Net funds at 1st January		1,786,537	2,411,973
Movement in net funds for the year		<u>684,096</u>	<u>(625,436)</u>
<u>Analysis of changes in net (debt)/funds</u>			
		Cash at bank and in hand	
		€	
At 1 st January 2010		1,786,537	
Cash flows		684,096	
At 31 st December 2010		<u>2,470,633</u>	

The Statement of Accounting Policies and notes 1 to 23 form part of these financial statements.

On behalf of the Board:

Dr. John O'Mahony
Chairman

Dr. Patrick F Wallace
Director

Board Member

Date:

NATIONAL MUSEUM OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2010

1) Establishment of National Museum of Ireland

The National Museum of Ireland was established as an independent body on 3rd May, 2005 under the provisions of The National Cultural Institutions Act, 1997 with a Board and a Director (Chief Executive).

The Board

The Board comprises a chairperson and fifteen ordinary members.

The principal functions of the Board are:

“To maintain, manage, control, protect, preserve, record, research and enlarge the collection of museum heritage objects for the benefit of the public and to increase and diffuse in and outside the State knowledge of human life in Ireland, of the natural history of Ireland and of the relations of Ireland in these respects with other countries”.

The Director

The functions of the Director, as set out under Section 29 (3 [a]) of The National Cultural Institutions Act, 1997 are to manage and control generally the administration and business of the Museum and perform such other functions as may be determined by the Board of the Museum.

Funding

The main source of funding for the Museum is by way of a grant made by the Minister for Arts, Heritage and the Gaeltacht under Section 27 of The National Cultural Institutions Act, 1997. The Museum also generates revenue from a number of commercial activities such as retail, photographic rights and reproductions, catering franchises, fees from corporate functions and public donations and sponsorship.

2) Shop income and expenditure

	Notes	2010 €	2009 €
Sales		812,060	777,891
Cost of Sales			
Opening Stock		605,785	568,764
Purchases		425,692	443,998
Closing Stock		(563,893)	(605,785)
		<u>467,584</u>	<u>406,977</u>
Gross Profit		344,476	370,914
Salaries and administration			
Salaries		353,976	374,493
Administration costs		52,212	77,837
		<u>406,188</u>	<u>452,330</u>
Net (Loss)		<u><u>(61,712)</u></u>	<u><u>(81,416)</u></u>

NATIONAL MUSEUM OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2010

3) Income

(a) Oireachtas Grant

	2010 €	2009 €
Grants from the Department of Arts, Heritage and the Gaeltacht		
Current purposes	13,125,000	13,891,000
Less: Superannuation contributions repayable	(58,709)	(146,510)
	<u>13,066,291</u>	<u>13,744,490</u>
Capital purposes	2,000,000	1,524,000
Total Grant	<u>15,066,291</u>	<u>15,268,490</u>

(b) Corporate Income

Corporate Income represents income generated through the rental of National Museum of Ireland facilities for corporate functions and conferences and includes income generated from the catering franchises and the sale of photographic rights and reproductions.

	2010 €	2009 €
Corporate Income:		
Corporate Hospitality	24,529	84,120
Catering	118,572	55,943
Photographic Rights and Reproductions	18,611	15,246
Guided Tours	2,790	5,285
Other Grants Received	14,700	9,542
Other Income	1,086	7,273
	<u>180,288</u>	<u>177,409</u>
Expenditure:		
Salaries	41,953	40,239
Advertising and Marketing	8,238	10,439
Maintenance and Cleaning	636	4,163
Consultancy	3,000	3,002
Catering	6,147	6,171
Artefact Purchases	-	15,000
Professional Fees	10,720	-
Other Expenses	1,858	1,820
	<u>72,552</u>	<u>80,834</u>
Net Income	<u>107,736</u>	<u>96,575</u>

NATIONAL MUSEUM OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2010

4) Capital Account

	Notes	2010 €	2009 €
Balance as at 1st January		1,839,062	1,856,049
Transfer to / (from) Income and Expenditure Account			
To fund fixed asset purchases	9	106,433	592,657
Amortisation in line with asset depreciation	9	(710,949)	(609,644)
Amount released on disposal of assets		(258)	-
		<u>(604,774)</u>	<u>(16,987)</u>
Balance as at 31st December		<u>1,234,288</u>	<u>1,839,062</u>

5) Administration Expenditure

		2010 €	2009 €
Salaries		8,026,795	8,657,816
Advertising – Recruitment		2,801	1,461
Information Technology		479,813	473,731
Travel and Subsistence		84,090	124,948
Board Fees	16	32,918	107,931
Board – Other Expenditure		9,251	6,207
Consultancy		34,102	23,442
Administration General		11,693	57,938
Training Costs		122,778	106,305
Human Resource Costs		118,672	93,625
Office Stationery and Supplies		22,615	32,567
Audit Fees		15,134	15,134
Internal Audit		15,124	39,081
Other Expenses		15,245	4,207
Settlement of Claims	18(a)	261,260	109,402
Depreciation Charge	9	710,949	609,644
		<u>9,963,240</u>	<u>10,463,439</u>

NATIONAL MUSEUM OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2010

6) Services Expenditure

	Note	2010	2009
		€	€
Exhibition Support		208,135	132,896
Marketing and Advertising		703,081	425,551
Utilities – including Heating, Lighting and Water Charges		1,058,657	968,559
Security		775,945	645,675
Maintenance and Cleaning		378,800	426,326
Postage and Telecommunications		142,992	182,109
Education Programmes		200,760	203,720
Professional Fees		19,922	111,302
Transport and Haulage		35,259	55,102
Signage		7,853	985
Photography		81,668	92,551
Office Equipment and Supplies		46,054	47,700
Rent	12	248,989	-
Design		39,655	38,918
		<u>3,947,770</u>	<u>3,331,394</u>

7) Collections Expenditure

	2010	2009
	€	€
Investigations/Research	36,728	78,239
Library	199,440	224,730
Conservation Works	479,550	556,911
Academic Publications	93,847	19,182
Dublin Excavations	76,013	-
Archives/Documentation	555,925	396,634
Conservation Supplies	32,546	33,597
Storage	110,640	45,521
	<u>1,584,689</u>	<u>1,354,814</u>

8) Artefacts and Specimens

	2010	2009
	€	€
Artefact Purchases	241,740	77,236
Finders' Rewards	17,677	19,725
Specimens Purchases	5,914	58,168
Miscellaneous Costs	3,921	7,787
	<u>269,252</u>	<u>162,916</u>

NATIONAL MUSEUM OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2010

9) Fixed Assets

	Equipment	Information Technology	Furniture	Exhibition Assets	TOTAL
	€	€	€	€	€
<u>COST OR VALUATION</u>					
As at 1st January 2010	2,844,215	1,467,732	786,783	2,581,896	7,680,626
Additions	35,459	70,974	-	-	106,433
Disposals	-	(40,661)	-	-	(40,661)
As at 31st December 2010	2,879,674	1,498,045	786,783	2,581,896	7,746,398
<u>ACCUMULATED DEPRECIATION</u>					
As at 1st January 2010	2,527,056	654,624	487,343	2,172,541	5,841,564
Depreciation charge for period	137,491	329,321	49,374	194,763	710,949
Disposals	-	(40,403)	-	-	(40,403)
As at 31st December 2010	2,664,547	943,542	536,717	2,367,304	6,512,110
<u>NET BOOK VALUES</u>					
As at 31st December 2010	215,127	554,503	250,066	214,592	1,234,288
As at 31st December 2009	317,159	813,108	299,440	409,355	1,839,062

Land and buildings, owned by the state and maintained by the Commissioners of Public Works, are used free of charge by the National Museum of Ireland.

10) Debtors and Prepayments

	2010	2009
	€	€
Prepayments	645,433	735,461
Accounts Receivable	920	109,210
Employee Schemes (Travel Pass etc.)	4,733	18,382
Shop and Other Debtors	8,924	7,808
	660,010	870,861

Included in prepayments above is €396,011 in relation to an operating lease for the Collections Resource Centre in Swords, Co Dublin. This facility is sublet from the Commissioners of Public Works under a twenty year operating lease commencing on 17 September 2010.

NATIONAL MUSEUM OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2010

11) Creditors: Amounts falling due within 1 year

	2010	2009
Note	€	€
Trade Creditors	1,452	2,884
Accruals	415,839	275,069
Professional Services Withholding Tax	35,444	29,042
VAT	24,923	30,430
Payroll Deductions:		
Employee Superannuation Contributions	1,034,142	792,432
PAYE/PRSI	163,595	183,096
Other	68,336	35,225
	<u>1,743,731</u>	<u>1,348,178</u>

The Department of Finance has yet to decide on how employee superannuation contributions deducted from employees up to 31st December 2010 should be dealt with. Pending this decision the contributions held at 31st December 2010 are being retained by NMI and are included in Cash at Bank.

Pension deductions from January 2011 are paid over to the Department of Arts, Heritage and the Gaeltacht.

12) Commitments

a) Operating Leases

NMI has commitments of €396,011 (2009: € 645,000) payable within the next twelve months on foot of a twenty year operating lease for the Collections Resource Centre in Swords, Co Dublin, commencing on 17 September 2010.

Payments made under Operating Leases on Buildings charged in the financial statements amounted to €Nil (2009 - €645,000).

The first payment of €645,000 in December 2009 was for the first nine months of the lease up to and including 16 June 2011, this is followed by a one year rent free period from 17 June 2011 to 16 June 2012. Thereafter the rent payable by NMI is €860,000 per annum.

The total of future minimum lease payments under non cancellable operating lease is as follows:

	2010	2009
	€	€
Expiry of Lease		
Not later than One Year	396,011	645,000
Later than One Year and no later than Five Years	2,184,164	2,580,000
Later than Five Years	14,370,836	13,975,000
	<u>16,951,011</u>	<u>17,200,000</u>

NATIONAL MUSEUM OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2010

13) Salaries

a) Employee Costs

	2010	2009
	€	€
Salaries - Curatorial & Administration	8,026,795	8,657,816
Salaries - Museum Shop	353,976	374,493
Salaries - Corporate Services	41,953	40,239
	<u>8,422,724</u>	<u>9,072,548</u>

Total number of staff employed by the National Museum of Ireland as at 31st December 2010 was 183 (2009: 186) of which 2 (2009: 2) employees are on secondment from the Department of Arts, Heritage and the Gaeltacht.

€439,965 of pension levy has been deducted and paid over to the Department of Arts, Heritage and the Gaeltacht (2009: €373,054).

b) Director's Remuneration

The annual basic salary of the Director of NMI for 2010 amounts to €110,844 (2009: €114,336). The superannuation entitlements of the Director do not extend beyond the standard entitlements of the public sector defined benefit superannuation scheme.

NATIONAL MUSEUM OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2010

14) Superannuation

a) Analysis of total pension costs charged to Expenditure

	2010	2009
	€	€
Current Service cost	1,700,000	1,700,000
Interest on Pension Scheme Liabilities	1,500,000	1,300,000
Employee Contributions	(241,709)	(232,510)
	<u>2,958,291</u>	<u>2,767,490</u>

b) Movement in Net Pension Liability during the financial year

	2010	2009
	€	€
Net Pension Liability at 1st January	(27,400,000)	(23,300,000)
Current Service Cost	(1,700,000)	(1,700,000)
Interest Costs	(1,500,000)	(1,300,000)
Actuarial gain/(loss)	3,417,000	(1,186,000)
Pensions paid in the year	183,000	86,000
Net Pension Liability at 31st December	<u>(27,000,000)</u>	<u>(27,400,000)</u>

c) Deferred Funding Asset for Pensions

NMI recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory basis for the establishment of the pension scheme, and the policy and practice in relation to funding public service pensions including contributions by employees and the annual estimates process. NMI has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The Net Deferred Funding for Pensions recognised in Income and Expenditure Account was as follows:

	2010	2009
	€	€
Funding recoverable in respect of current year pension costs	3,200,000	3,000,000
State Grant applied to pay pensioners	(183,000)	(86,000)
	<u>3,017,000</u>	<u>2,914,000</u>

The deferred funding asset for pensions as at 31st December 2010 amounted to €27,000,000 (2009: €27,400,000)

d) History of defined benefit obligations

	2010	2009	2008	2007
	€	€	€	€
Defined benefit obligations	27,000,000	27,400,000	23,300,000	20,300,000
Experience (gains) / losses on Scheme Liabilities amount	(3,417,000)	1,186,000	555,000	938,000
Percentage of Scheme Liabilities	(13%)	5%	2%	5%

The cumulative actuarial gain recognised in the Statement of Total Recognised Losses amounts to €2,559,000 (2009: €858,000)

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e) General Description of the Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current “model” public sector scheme regulations. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse’s and children’s pensions. Normal Retirement Age is a member’s 65th birthday, and pre 2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation.

Pension benefits in respect of staff who retired prior to establishment date of 3rd May, 2005 continue to be paid from the vote for Superannuation and Retired Allowances.

Pension benefits in respect of staff who retired after the establishment date are, in accordance with the National Cultural Institutions Act, 1997, payable by the National Museum of Ireland. These costs are provided for in these financial statements.

The valuation used for FRS17 (Revised) disclosures has been based on a full actuarial valuation on 7th April 2011 by a qualified actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31st December 2010.

The principal actuarial assumptions were as follows:

	2010	2009
Rate of increase in salaries	4.0%	4.0%
Rate of increase in pensions in payment	4.0%	4.0%
Discount Rate	5.5%	5.5%
Inflation Rate	2.0%	2.0%

The mortality basis adopted allows for improvements in life expectancy over time. The table below shows the life expectancy for members attaining age 65 in 2010, 2030 and 2050.

Year of attaining age 65	2010	2030	2050
Life expectancy – male	22	22	22
Life expectancy – female	25	25	25

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15) Premises

The Commissioners of Public Works are responsible for the provision of services for the construction and maintenance of the buildings (occupied and unoccupied) leased and or owned by the NMI this does not include utilities. The costs involved are met from the Vote for the Commissioners of Public Works.

- National Museum of Ireland - Decorative Arts & History, Collins Barracks, Dublin 7. These premises are occupied and are provided rent free.
- National Museum of Ireland-Archaeology, Kildare Street, Dublin 2. These premises are occupied and are provided rent free.
- National Museum of Ireland - Natural History, Merrion Street, Dublin 2. These premises are occupied and are provided rent free.
- National Museum of Ireland-Country Life, Turlough Park, Castlebar, Co. Mayo. These premises are occupied and are provided rent free.
- Collections storage facility at the former Industrial School at Daingean Co. Offaly. These premises are occupied and are provided rent free.
- Collections Storage Facility at Beggars Bush, Dublin 2. These premises are occupied and are provided rent free.
- Collections Treatment Premises, Lanesborough, Co. Offaly. These premises are occupied and provided by Bord Na Mona rent free.

The Collections Resource Centre in Swords, Co Dublin is sublet by the National Museum of Ireland on a 20 year lease from the Commissioners of Public Works with an annual rent of €860,000. The Landlord is responsible for the maintenance of the fabric and roof of the building for the period of the lease and for the mechanical and electrical plant and systems for a period of five years from the lease date of 17th September 2011.

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16) Board Members Fees, Expenses and attendance at meetings

The Board adopted procedures in accordance with guidelines issued by the Department of Finance in relation to disclosure of interests by Board members and these procedures have been adhered to in the year.

There were three Board meetings as well as a number of Committee meetings held in 2010 prior to the termination of the Board's term of office in May 2010. Below are details of fees and expenses paid to Board members in 2010. The total expenses claimed also relates to expenses from attendance at meetings in late 2009.

Board Members	Fees €	Expenses €	Total €	No of Board meetings attended
Dr John O'Mahony SC (Chairman)	2,993	-	2,993	3
Mr Brian Coyle	1,995	-	1,995	2
Mr Gerard Collins	1,995	2,429	4,424	3
Professor Dervilla Donnelly	1,995	-	1,995	3
Ms Niamh Fitzpatrick	1,995	-	1,995	3
Mr David Hanna MBE	1,995	1,771	3,766	3
Ms Bernardine Hurley	1,995	-	1,995	2
Mr Éamonn Langford	1,995	-	1,995	2
Ms Susan McGrath	1,995	-	1,995	2
Mr Eamonn McEneaney	1,995	1,362	3,357	3
Mr Fergus Mc Kenna O'Hagan SC	1,995	-	1,995	2
Mr Proinnsias Ó Cillín	1,995	-	1,995	3
Ms Nessa O'Connor	1,995	-	1,995	3
Dr Nollaig Ó Muraíle	1,995	452	2,447	3
Mr John Sheehan	1,995	1,076	3,071	3
Professor Ruth Whelan	1,995	-	1,995	2
Total	32,918	7,090	40,008	

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17) Collections

The existing National Collections were not vested in the Board on establishment day.

In prior years because of the diverse nature of objects held, the number of objects and the lack of comparable market values the Board was of the view that valuing these collections or determining their original cost is impractical and would not, in any event, yield information that is relevant or useful in assessing its stewardship of the Collections.

As at 31st December 2010 heritage assets are not reflected in the balance sheet. The National Museum of Ireland will be adopting the recommendations as set out under FRS30 (Accounting for Heritage Assets) in the financial statements for the year ending 31st December 2011.

18) Contingent Liabilities

- a) A stairwell collapse in the administration area of the Natural History Museum, Merrion Street, a building which is owned and managed by the Commissioners for Public Works and resulted in a number of visitors being injured. Subsequently claims for personal injury have been filed against a number of parties including NMI. The claims received were referred to the State Claims Agency for management of the claims. In 2010 NMI paid a total of €261,260 (2009: €109,402) in settlements relating to some of these claims. Three claims remain outstanding at 31 December 2010.

In the event that any of the more significant claims materialise and cannot be met out of NMI's allocation, NMI is to refer the claim to the Department of Arts, Heritage and the Gaeltacht for payment. As a result of this agreement with the Department no provision has been made in the financial statements for these cases.

- b) Industrial Relations Claims

Two pay claims have been referred to the Labour Court where no agreement was reached. No provision has been made in these financial statements for these claims.

Case 1: This concerns a labour court recommendation relating to Head and Senior Attendants and the NMI has received notice that, in accordance with the terms of the Public Service Agreement, the recommendations and similar adjudication findings will be reviewed by the Department of Public Expenditure and Reform.

Case 2: This concerns night time security at one of NMI's sites. The Labour Court recommended that the union involved make a submission to NMI, outlining their proposal and if no agreement is reached following a six week negotiation period, a buy-out package is considered. These negotiations have now completed and an agreement (in principle) has been reached and is with the Department of Arts, Heritage and the Gaeltacht for consideration.

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19) Contingencies

Other than the items referred to in note 18 above there are no contingencies or legal actions, which require specific provision in the Financial Statements.

20) Stocks

	2010 €	2009 €
Stock of resalable goods	563,893	605,785
	<u>563,893</u>	<u>605,785</u>

21) VAT

Under Paragraph (viii) First Schedule VAT Act 1972 (as amended) the National Museum of Ireland's activities to date have been considered by management and the Cultural Institutions Unit of the Department of Arts, Heritage and the Gaeltacht as exempt activities.

The Act defines these activities as “supply of cultural services and of goods closely linked thereto by any cultural body, whether established by or under statute or otherwise, which is recognised as such a body by the Revenue Commissioners for the purposes of this paragraph, not being services to which paragraph (viii) relates.”

The exemption for cultural services is derived from Directive 2006/112/EC article 132(1)(n), which exempts “certain cultural services and goods closely linked thereto supplied by bodies governed by public law or by other cultural bodies recognised by the Member State concerned”.

Revenue Commissioners have since stated that that notwithstanding that the NMI may be a cultural body and operate museums under the cultural Institutions Act 1997, it was never envisaged that the exemption would apply to all services of a cultural body or to all goods supplied.

NMI is currently undertaking to quantify liabilities in relation to Vatable activities. There is no provision for any such liability in these Financial Statements.

22) Comparative figures

Certain of the prior years' figures have been reclassified to conform to the current year's presentation.

23) Approval of Financial Statements

The Board approved the financial statements on 14th July 2011.