

SIR JOHN SOANE'S MUSEUM

FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2005

CONTENTS

FOREWORD	66
LEGAL AND ADMINISTRATIVE INFORMATION	67
STATEMENT OF TRUSTEES' RESPONSIBILITIES	68
STATEMENT ON INTERNAL CONTROL	69
INDEPENDENT AUDITOR'S REPORT	70
STATEMENT OF FINANCIAL ACTIVITIES	72
BALANCE SHEET	73
CASH FLOW STATEMENT	74
NOTES TO THE FINANCIAL STATEMENTS	75

FOREWORD

The financial statements for the year ended 31 March 2005 have been prepared to give a true and fair view of the state of affairs of Sir John Soane's Museum at 31 March 2005 and of its incoming resources and application of resources in accordance with the Accounts Direction requirements issued by the Secretary of State for Culture, Media and Sport.

The Annual Report contains a history of the Museum, its aims and objectives, and details of its governing statute. The Foreword contains a brief review of the results shown by the financial statements.

Total income from continuing operations was £1.7m, £2.5m lower than 2004. Income for 2004 was higher than that for 2005 because of two exceptional items, viz the Trustees received ownership of No.14 Lincoln's Inn Fields in March 2004 from the Directors of Sir John Soane's Museum Society, and received a grant of £1.5m to meet the cost of the Museum's pension liabilities.

Operating expenditure was £1.7m, £1.8m lower than 2004. Expenditure for 2004 was higher than that for 2005 largely because the Museum paid £1.5m to meet the cost of funding its membership of the Civil Service pension schemes.

Net incoming resources were £700,000 lower than 2004. The result for 2004 was unusually high due to the transfer of No.14 Lincoln's Inn Fields to the Museum in 2004.

The Statement of Financial Activities shows that the Museum received Grant-in-Aid from the Department for Culture, Media and Sport totalling £779,100 (2004 – £2,563,900). Grant-in-Aid comprised £769,100 for running costs, and £10,000 towards a visitor survey.

Other significant grants were received from the Heritage Lottery Fund to support the Three Courtyards restoration project; the DCMS / Wolfson Foundation Museums and Galleries Improvement Fund to improve lighting; and the Designation Challenge Fund to support several different initiatives.

More than £400,000 received from the Heritage Lottery Fund and the Museums and Galleries Improvement Fund was spent on the Three Courtyards restoration project and other restoration work in the Crypt and other basement areas which are being opened to the public.

Other expenditure followed the pattern of previous years and comprised the routine cost of keeping the Museum open for public access five days a week. The additional cost of exhibitions was largely met by significant grants from generous donors; further details of the exhibition programme are given in the Annual Report.

Fund balances at the year end totalled £1.4m, a slight increase on 2004. The main constituent is the fund associated with No.14 Lincoln's Inn Fields which the Trustees will integrate fully with Nos 12 and 13 Lincoln's Inn Fields. In 2005 the Heritage Property fund represented 81% (2004 – 71%) of the total funds.

The overall cash position decreased by £25,000 due to the cashflow impact of the Three Courtyards project. Funding to enable the Museum to meet the anticipated cost of project work had been secured before work commenced. However unforeseen structural defects in two walls resulted in additional claims by the contractor which have been settled.

In the light of the increased cost of the Three Courtyards project, the Trustees took the decision during the year to liquidate the Museum's investments quoted on the London Stock Exchange.

The Trustees consider that given the continued support of Grant-in-Aid funding from the Department for Culture, Media and Sport to meet routine expenditure, support from other generous donors towards major restoration projects and the exhibition programme, and the wider support of the general public, the Museum has sufficient resources to continue as a going concern.

SIR JOHN SOANE'S MUSEUM
LEGAL AND ADMINISTRATIVE INFORMATION

REGISTERED OFFICE

13 Lincoln's Inn Fields
London WC2A 3BP

LIFE TRUSTEES

Richard Griffiths (Chairman)
Mrs Bridget Cherry OBE, FSA
Simon Swynfen Jervis, FSA
John Studzinski, KSG

DELEGATED TRUSTEES

Alderman Sir Gavyn Arthur (resigned 22 February 2005)
Representative of the Court of Aldermen of the City of London

Alderman Alison Gowman (appointed 22 February 2005)
Representative of the Court of Aldermen of the City of London

Timothy Bliss, PhD, FRS
Representative of the Royal Society

David Coombs
Representative of the Royal Society of Arts

Dr Ian Jenkins, FSA
Representative of the Society of Antiquaries of London

Sir Richard MacCormac, CBE, PPRIBA, RA
Representative of the Royal Academy

PRINCIPAL ADVISERS

BANKERS

National Westminster Bank plc
214 High Holborn
London WC1V 7BX

SOLICITORS

Farrer and Co.
66 Lincoln's Inn Fields
London WC2A 3LH

ACCOUNTANTS

Kingston Smith
Devonshire House
60 Goswell Road
London EC1M 7AD

INDEPENDENT AUDITOR

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
London SW1W 9SP

SIR JOHN SOANE'S MUSEUM

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which show a true and fair view. The Trustees are also required to prepare their financial statements in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The accounts are prepared on an accruals basis and are required to show a true and fair view of the Museum's financial activities during the year and of the financial position of the Museum at the end of the year.

In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- observe the Accounts Direction issued by the Secretary of State, which sets out accounting and disclosure requirements;
- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Museum will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for Sir John Soane's Museum. His relevant responsibilities as Accounting Officer, including the responsibility for the propriety and regularity of the finances are set out in *Government Accounting* issued by HM Treasury. The Accounting Officer is also responsible for ensuring that all published versions of the financial statements, whether in printed or electronic format, represent accurate reproductions of the information contained in the statutory financial statements approved by the Trustees.

SIR JOHN SOANE'S MUSEUM

STATEMENT ON INTERNAL CONTROL

We have responsibility for maintaining a sound system of internal control that supports the achievements, policies, aims and objectives of Sir John Soane's Museum, whilst safeguarding the public funds and assets for which we are personally responsible in accordance with the responsibilities assigned to us in *Government Accounting*.

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Board of Trustees meets at least four times a year to consider the plans and overall strategic direction of the Museum. The Management Team meets on a monthly basis to manage all executive activities. The overall responsibility for risk management rests with the Trustees to determine the way risk or change in risk has been identified, evaluated and controlled. The Trustees review the Risk Register on an annual basis and delegate ongoing scrutiny to the Audit and Finance Committee. We have responsibility for ensuring that staff are suitably trained to manage risk in a way appropriate to their authority and duties.

The Management Team was responsible for initially identifying the major risks, which are set out in the Risk Register, and for implementing a system to assess and monitor them. All staff within the Museum have a responsibility to manage risk in their own areas of responsibility taking appropriate action to mitigate, anticipate or exploit the threats or opportunities that arise. The Trustees set the level of risk appetite (the level of risk remaining after internal controls have been exercised and which they deem to be acceptable and justifiable). Risks of doing and not doing particular work are considered in all proposals and at each level of business planning and assessed by the Management Team and Board as appropriate within the risk management framework.

We also have responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by the senior managers within the Museum, who have responsibility for the development and maintenance of the internal control framework, reports from the internal auditor, and comments made by the external auditors in their management letters and other reports.

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Trustees;
- regular reviews by the Trustees of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- scrutiny by the Audit and Finance Committee; and
- as appropriate, formal project management disciplines.

We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Trustees and the Audit and Finance Committee and we will ensure that work towards continuous improvement is maintained.

R. A. GRIFFITHS
CHAIRMAN

TIM KNOX
ACCOUNTING OFFICER

12 September 2005

SIR JOHN SOANE'S MUSEUM

INDEPENDENT AUDITOR'S REPORT

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I have audited the financial statements on pages 72 to 74 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies Order). These financial statements have been prepared in the form directed by the Secretary of State for Culture, Media and Sport and approved by the Treasury; they have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 75 and 76.

RESPECTIVE RESPONSIBILITIES OF THE BOARD OF TRUSTEES, THE DIRECTOR AND THE AUDITOR

As described on page 68, the Board of Trustees and the Director are responsible for the preparation of financial statements and for ensuring the regularity of financial transactions funded via Parliament. The Board of Trustees and the Director are also responsible for the preparation of the Foreword and the contents of the Annual Report. My responsibilities, as independent auditor, are established by statute, and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993 and directions made by the Secretary of State for Culture, Media and Sport, and whether in all material respects the expenditure, income and resources funded by Grant-in-Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Museum has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on page 69 reflects the Museum's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Museum's corporate governance procedures or its risk and control procedures.

BASIS OF AUDIT OPINION

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by error or by fraud or other irregularity and that, in all material respects, the expenditure, income and resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

SIR JOHN SOANE'S MUSEUM

INDEPENDENT AUDITOR'S REPORT

(CONTINUED)

OPINION

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Sir John Soane's Museum as at 31 March 2005 and of its incoming resources and application of resources and cashflow for the year then ended and have been properly prepared in accordance with the Charities Act 1993, and the directions made by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure, income and resources funded via Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

Sir John Bourn
Comptroller and Auditor General

3 October 2005

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

SIR JOHN SOANE'S MUSEUM

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2005

	2005	2004
	£	£
Total income from continuing operations	1,725,039	4,257,181
Operating expenditure	(1,666,688)	(3,507,004)
Net incoming resources	<u>58,351</u>	<u>750,177</u>

SIR JOHN SOANE'S MUSEUM

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 Unrestricted Funds £	2005 Restricted Funds £	2005 Total Funds £	2004 Total Funds £
Incoming Resources					
Grants from Department for Culture, Media and Sport	2	769,100	10,000	779,100	2,563,900
Other grants and donations	3	31,445	469,326	500,771	448,589
Sales of publications and postcards		88,261	-	88,261	129,149
Reproduction and hire fees receivable		6,902	-	6,902	8,330
Fees for filming at the Museum		650	-	650	1,944
Education		1,697	-	1,697	1,609
Room hire		41,300	-	41,300	-
Contributions from the Society	1(b)	-	267,034	267,034	1,084,105
Investment income	4	9,919	-	9,919	14,157
Other income		29,405	-	29,405	5,398
Total Incoming Resources		978,679	746,360	1,725,039	4,257,181
Resources Expended					
<i>Costs of Generating Funds:</i>					
Investment managers' fees		1,309	-	1,309	1,113
<i>Charitable expenditure:</i>					
General	5	436,579	-	436,579	460,807
Conservation		47,677	29,770	77,447	38,394
Education		54,176	3,000	57,176	43,221
Exhibitions		95,254	63,240	158,494	148,003
Library services		79,160	14,286	93,446	86,051
Maintenance		29,685	-	29,685	31,570
Publications and postcards		86,127	-	86,127	101,513
Restoration		207,931	382,664	590,595	963,830
Management and administration		130,830	5,000	135,830	117,602
		1,167,419	497,960	1,665,379	1,990,991
Exceptional item	6(b)	-	-	-	1,514,900
Total Resources Expended		1,168,728	497,960	1,666,688	3,507,004
Notional cost of capital		11,643	-	11,643	14,854
Total Expenditure including Notional Costs		1,180,371	497,960	1,678,331	3,521,858
Net (Outgoing)/Incoming Resources		(201,692)	248,400	46,708	735,323
Net gains on investment assets	8	5,629	-	5,629	8,456
Reversal of notional costs		11,643	-	11,643	14,854
Net Movement in Funds		(184,420)	248,400	63,980	758,633
Transfers between funds	15,16	189,936	(189,936)	-	-
Fund balances brought forward at 1 April 2004		1,374,735	893	1,375,628	616,995
Fund balances carried forward at 31 March 2005	14	1,380,251	59,357	1,439,608	1,375,628

SIR JOHN SOANE'S MUSEUM
BALANCE SHEET AT 31 MARCH 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed Assets					
Tangible assets	7		1,179,002		1,001,649
Investments	8		-		161,385
			1,179,002		1,163,034
Current Assets					
Stock		53,089		56,774	
Debtors	9	111,881		183,813	
Cash at bank and in hand	10	131,751		156,939	
		296,721		397,526	
Liabilities: Amounts falling due within one year	11	(36,115)		(184,932)	
Net Current Assets			260,606		212,594
Net Assets			1,439,608		1,375,628
UNRESTRICTED FUNDS					
General fund	15	210,315		361,822	
Designated funds:					
Heritage Property	15	1,169,936		980,000	
Publications	15	-		32,913	
			1,380,251		1,374,735
RESTRICTED FUNDS					
Conservation	16	-		2,890	
Designation Challenge		10,041		(1,997)	
Education		7,000		-	
Wolfson		37,316		-	
Visitor Survey		5,000		-	
			59,357		893
			1,439,608		1,375,628

Approved by the Trustees on 12 September 2005

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R. A. Griffiths
Chairman

.....

Tim Knox
Director and Accounting Officer

.....

Mrs Bridget Cherry
Trustee

SIR JOHN SOANE'S MUSEUM
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2005

	Note	2005 £	2005 £	2004 £	2004 £
Reconciliation of changes in resources to net cash flow from operating activities					
Total incoming resources			1,725,039		4,257,181
Total resources expended including notional costs			(1,678,331)		(3,521,858)
Net incoming resources			46,708		735,323
SOFA Adjustments					
Investment income	4	(9,919)		(14,157)	
Depreciation	7	12,583		18,953	
Repairs previously capitalised		-		163,796	
Gift of property		-		(980,000)	
Notional cost of capital		11,643		14,854	
Balance Sheet Movements					
Decrease in stock		3,685		8,776	
Decrease / (Increase) in debtors		71,932		(58,664)	
(Decrease) / Increase in creditors		(148,817)		24,740	
Total adjustments			(58,893)		(821,702)
Net Cash Outflow from Operating Activities			(12,185)		(86,379)
Returns on investments					
Interest received		4,349		4,022	
Investment income		5,570		9,787	
Tax reclaimed		-		348	
Total returns on investments			9,919		14,157
Capital Expenditure and Financial Investment					
Payments to improve tangible fixed assets		(189,936)		-	
Purchase of investments		(677)		(18,830)	
Proceeds from sales of investments		167,691		19,189	
Total capital items			(22,922)		359
Decrease in Cash	10		(25,188)		(71,863)

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES

The following policies have been adopted consistently in dealing with all material items in the financial statements.

a) ACCOUNTING BASIS AND STANDARDS

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed investments, and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2000). The financial statements have also been prepared in accordance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport, with approval of the Treasury, a copy of which can be obtained from the Museum.

b) INCOMING RESOURCES

All income is accounted for on a receivable basis.

Grant-in-Aid from the Department for Culture, Media and Sport, unless for one-off specified purposes, is allocated to the general fund and is taken to the Statement of Financial Activities for the year to which it relates.

Sir John Soane's Museum Society contributes towards certain costs of the Museum, including the cost of exhibitions, the restoration of No.14 Lincoln's Inn Fields and other conservation work. The value of this benefit is included within the contributions from the Society.

c) EXPENDITURE

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements.

Charitable expenditure and administration costs comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they are allocated to activities on a basis consistent with the use of the resources and on the staff time spent in each area.

d) VAT

The Museum was admitted to the amended scheme for the recovery of VAT which was introduced into the Value Added Tax Act 1994 by Section 98, Finance Act 2001, with effect from 1 April 2001. The Museum is able to reclaim all input VAT that it incurs.

e) TAXATION

The majority of the Museum's trading activity is the sale of books and similar literature the subject of which is of an educational nature in accordance with the Museum's objects. It is therefore considered to be exempt from tax under s.506 ICTA 1988.

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES (CONTINUED)

f) FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost. The historical cost of a tangible fixed asset which has been capitalised is not considered to be materially different from its net current replacement cost. Fixed assets costing more than £5,000 are capitalised. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected life as follows:

Non-operational heritage property	No depreciation as permitted by Treasury Accounting Guidelines
Computer equipment	3 years
Fixtures and fittings	5 years
Security equipment	8 years

The Museum's main exhibit is the building itself and its arrangements of objects, which must be maintained as nearly as possible in their original state. The building and the objects displayed are considered to be inalienable. As permitted by SORP 2000 and the Treasury Accounting Guidelines, no valuation has been included in the accounts for those assets in respect of which reliable cost information is not available.

g) INVESTMENTS

The Museum's investments were sold during the year, and the Statement of Financial Activities includes the net gains and losses arising on the disposal of the investment portfolio, calculated in accordance with the Museum's policy of valuing listed investments at their market value.

h) STOCK

Stock of goods for resale is stated at the lower of cost and net realisable value.

i) FUND ACCOUNTING

Unrestricted funds, as set out in Note 15, comprise general funds and designated funds. General funds are available for use at the Trustees' discretion in furtherance of the general objectives of the Museum and have not been designated for other purposes.

Designated funds represent unrestricted funds which have been designated by the Trustees for specific purposes in furtherance of the general objects of the Museum.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the Museum for particular purposes. The aim and use of each restricted fund is set out in Note 16.

j) LEASES

Rentals under operating leases are charged to the Statement of Financial Activities as they arise.

k) NOTIONAL COST OF CAPITAL

In accordance with Treasury Accounting Guidelines, the notional cost of capital is calculated on the average net book value of all assets and liabilities excluding donated assets and those funded by Lottery grants. The cost of capital rate for 2004–05 is 3.5%.

SIR JOHN SOANE'S MUSEUM

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

2 GRANT FROM DEPARTMENT FOR CULTURE, MEDIA AND SPORT (DCMS)		
	2005	2004
	£	£
Grant-in-Aid – current	779,100	699,000
Grant-in-Aid – capital	-	350,000
Grant-in-Aid – pension liability	-	1,514,900
	<u>779,100</u>	<u>2,563,900</u>

Current Grant-in-Aid was available for general running costs of the Museum which include maintenance and conservation. Capital Grant-in-Aid was provided to the Museum in 2004 to use on capital projects. The Museum allocated these funds between the Three Courtyards and the Wolfson projects. The pension liability Grant-in-Aid was provided to the Museum in 2004 to cover the cost of the transfer of the Museum's employees and pensioners to the Civil Service Pension Scheme (Note 6(b)).

3 OTHER GRANTS AND DONATIONS		
	2005	2004
	£	£
Heritage Lottery Fund – Three Courtyards project	101,419	339,778
Other donations for the Three Courtyards project	10,191	-
DCMS / Wolfson Foundation Museums and Galleries Improvement Fund	308,370	41,630
Designation Challenge Fund	26,324	30,500
Donations for exhibitions	10,757	-
Star Foundation – Children's education	10,000	-
Other donations and gift aid recoverable	33,710	36,681
	<u>500,771</u>	<u>448,589</u>

4 INVESTMENT INCOME		
	2005	2004
	£	£
Bank of England interest	1,587	1,301
Other interest receivable	2,762	2,721
	<u>4,349</u>	<u>4,022</u>
UK Equities Dividends	5,570	9,787
Tax reclaimed	-	348
	<u>9,919</u>	<u>14,157</u>

5 CHARITABLE EXPENDITURE						
	(a)	(b)	(c)	(d) Allocated	Total	Total
	Staff costs	Direct costs	Depreciation	support costs	2005	2004
	£	£	£	£	£	£
General costs	303,243	95,413	12,583	25,340	436,579	460,807
Conservation	18,966	58,481	-	-	77,447	38,394
Education	24,375	32,379	-	422	57,176	43,221
Exhibitions	32,879	124,350	-	1,265	158,494	148,003
Library services	57,167	35,857	-	422	93,446	86,051
Maintenance	4,059	25,626	-	-	29,685	31,570
Restoration	28,435	562,160	-	-	590,595	963,830
Trading	38,875	46,620	-	632	86,127	101,513
	<u>507,999</u>	<u>980,886</u>	<u>12,583</u>	<u>28,081</u>	<u>1,529,549</u>	<u>1,873,389</u>
(e) Management & administration	62,349	56,658	-	16,823	135,830	117,602
Total 2005	<u>570,348</u>	<u>1,037,544</u>	<u>12,583</u>	<u>44,904</u>	<u>1,665,379</u>	
Total 2004	<u>559,996</u>	<u>1,364,578</u>	<u>18,953</u>	<u>47,464</u>		<u>1,990,991</u>

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

5 CHARITABLE EXPENDITURE (CONTINUED)	2005	2004
	£	£
a) Staff Costs	507,999	497,474
	507,999	497,474
b) Direct Costs		
Housekeeping	6,277	16,807
Rates, light and heat	22,930	18,572
Security	66,206	56,104
Repairs and maintenance	25,626	23,788
Restoration	562,160	912,534
Cost of exhibitions	124,350	126,350
Conservation	58,481	22,597
Library	11,178	14,641
Cataloguing books and drawings	30,268	11,173
Education	32,379	28,394
Trading purchases	41,031	82,474
	980,886	1,313,434
c) Depreciation	12,583	18,953
	12,583	18,953
d) Allocated Support Costs		
Telephone	4,737	15,719
Postage and stationery	6,479	14,007
General office supplies	12,649	5,218
Entertaining and Promotion	4,216	4,864
Sundry	-	3,720
	28,081	43,528
e) Management and Administration		
Staff costs	62,349	62,522
<i>Direct costs</i>		
Auditor's remuneration	7,000	7,000
Accountancy fees	16,044	19,049
Legal and professional fees	31,670	23,782
Bank charges	1,944	1,313
<i>Allocated support costs</i>		
Telephone, postage and stationery	16,823	3,936
	135,830	117,602

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005.

6 EMPLOYEE AND TRUSTEES' COSTS

a) Staff costs

	2005	2004
	£	£
Wages and salaries	434,590	452,852
Employer's national insurance	33,498	33,149
Employer's pension contributions (Note 18)	55,156	56,907
	<hr/>	<hr/>
Employment costs	523,244	542,908
Exceptional item:		
Cost of transfer to Civil Service Pension Scheme (see (b) below)	-	1,514,900
	<hr/>	<hr/>
	523,244	2,057,808
Recruitment costs	29,047	-
Payroll services, training and other staff costs	18,057	17,087
	<hr/>	<hr/>
	570,348	2,074,895
	<hr/> <hr/>	<hr/> <hr/>

No employee received remuneration in excess of £50,000 (2004 – nil).

The Chief Executive (the Curator, Mrs Margaret Richardson), received remuneration of £42,000 (2004 – £40,800). At 31 March 2005, her accrued pension entitlement was in the range £10,000 to £15,000, and the related lump sum was in the range £30,000 to £35,000. For the year 2004–05, the real increase in pension was in the range £0 to £2,500, and in the related lump sum £0 to £2,500. The cash equivalent transfer value at 31 March 2004 was £181,000, and £195,000 at 31 March 2005, an increase in real terms of £8,000.

	2005	2004
	Number	Number
The average number of persons employed, analysed by function was:		
General museum activities	13	15
Special exhibitions and activities	1	1
Trading	2	2
Library service	1	1
Maintenance	1	1
Research	1	1
Management and administration	2	2
	<hr/>	<hr/>
	21	23
	<hr/> <hr/>	<hr/> <hr/>

b) Pensions

During the year ended 31 March 2003 the Museum's employees and pensioners were admitted to membership of the Civil Service pension arrangements. The transfer cost calculated by the Government Actuary's Department amounted to £1,514,900 and was met by the provision of special Grant-in-Aid from DCMS in 2004 (Note 2).

c) Trustees

The Trustees neither received nor waived any emoluments during the year (2004 – nil). Expenses reimbursed to one of the Trustees in the year amounted to £29 (2004 – nil).

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

7 TANGIBLE ASSETS

	Freehold Property £	Security Equipment £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost					
At 1 April 2004	980,000	79,194	13,156	45,268	1,117,618
Additions and improvements	189,936	-	-	-	189,936
At 31 March 2005	<u>1,169,936</u>	<u>79,194</u>	<u>13,156</u>	<u>45,268</u>	<u>1,307,554</u>
Depreciation					
At 1 April 2004	-	60,229	13,156	42,584	115,969
Charge for the year	-	9,899	-	2,684	12,583
At 31 March 2005	<u>-</u>	<u>70,128</u>	<u>13,156</u>	<u>45,268</u>	<u>128,552</u>
Net Book Value					
At 31 March 2005	<u><u>1,169,936</u></u>	<u><u>9,066</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,179,002</u></u>
At 31 March 2004	<u><u>980,000</u></u>	<u><u>18,965</u></u>	<u><u>-</u></u>	<u><u>2,684</u></u>	<u><u>1,001,649</u></u>

Sir John Soane's Museum Society donated the property, No. 14 Lincoln Inn Fields, to the Museum on 26 March 2004. It was valued at that date on an open market existing use basis by Drivers Jonas, Chartered Surveyors, in order to comply with Treasury Accounting Guidelines for non-operational heritage assets. The property was originally acquired by the Society with a 75% grant from the Heritage Memorial Fund, and cannot be disposed of by the Museum without their approval.

The other freehold properties and collections owned by the Museum are considered to be inalienable and are integral to the objectives and purpose of the Museum. Further details concerning these can be found in the Annual Report. No cost is attributed to Nos 12 and 13 Lincoln's Inn Fields or the collections as these have been in the Trustees' possession since 1837 and reliable cost information is not available.

8 INVESTMENTS

	2005 £	2004 £
Market value at 1 April 2004	161,385	153,288
Additions	677	18,830
Disposals (net proceeds)	(167,691)	(19,189)
Net gains on disposal or revaluation	5,629	8,456
Market value at 31 March 2005	<u>-</u>	<u>161,385</u>
Historic cost at 31 March 2005	<u>-</u>	<u>142,144</u>
Unrealised investment gains at 31 March 2005	<u>-</u>	<u>19,241</u>

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

9 DEBTORS	2005	2004
	£	£
Payroll deposit	-	43,000
VAT recoverable	71,565	55,981
Other debtors	6,605	4,388
Prepayments and accrued income	33,711	80,444
	<hr/>	<hr/>
	111,881	183,813
	<hr/> <hr/>	<hr/> <hr/>
 10 CASH AT BANK AND IN HAND	 2005	 2004
	£	£
National Westminster Bank plc	129,815	105,591
Bank of England and Investment Managers	-	50,672
Cash in Hand	1,936	676
	<hr/>	<hr/>
	131,751	156,939
	<hr/> <hr/>	<hr/> <hr/>
 11 CREDITORS: AMOUNTS	 2005	 2004
FALLING DUE WITHIN ONE YEAR	£	£
Accruals and deferred income	36,115	141,200
Other creditors	-	43,732
	<hr/>	<hr/>
	36,115	184,932
	<hr/> <hr/>	<hr/> <hr/>
 12 OPERATING LEASE COMMITMENTS	 2005	 2004
	£	£
Annual commitments in respect of equipment leases ending within one year	-	-
between two and five years	1,196	1,196
	<hr/>	<hr/>
	1,196	1,196
	<hr/> <hr/>	<hr/> <hr/>

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

13 RESERVES POLICY

The Trustees have reviewed the Museum's need for reserves in line with guidance issued by the Charity Commission. The guidance defines free reserves as 'income which becomes available to the charity and is to be spent at the Trustees' discretion in furtherance of any of the charity's objectives, but is not yet spent, committed or designated'. At the balance sheet date, free reserves comprised the following:

	2005	2004
	£	£
Total funds per balance sheet	1,439,608	1,375,628
Designated funds	(1,169,936)	(1,012,913)
Restricted funds	(59,357)	(893)
Fixed assets held for charity use not within designated funds	(9,066)	(21,649)
Free reserves at 31 March 2005	201,249	340,173

The free reserves provide the Museum with a fund to meet exceptional expenditure and are estimated to be sufficient to meet the running costs of the Museum for approximately three months.

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund	Designated Funds	Total Unrestricted	Restricted Funds	Total Funds
	£	£	£	£	£
Represented by:					
Tangible Fixed Assets	9,066	1,169,936	1,179,002	-	1,179,002
Current Assets	237,364	-	237,364	59,357	296,721
Current Liabilities	(36,115)	-	(36,115)	-	(36,115)
Balance as at 31 March 2005	210,315	1,169,936	1,380,251	59,357	1,439,608

15 UNRESTRICTED FUNDS

	General Fund	Designated Funds		Total Unrestricted Funds
	£	Heritage Property	Publication	£
	£	£	£	£
Balance at 1 April 2004	361,822	980,000	32,913	1,374,735
Income	978,679	-	-	978,679
Expenditure	(1,168,728)	-	-	(1,168,728)
Net gains on Investments	5,629	-	-	5,629
Transfer	32,913	189,936	(32,913)	189,936
Balance at 31 March 2005	210,315	1,169,936	-	1,380,251

Funds are not held for grant making purposes. Designated funds are as follows:

The Heritage Property Fund represents the value of the non-operational heritage property, No. 14 Lincoln's Inn Fields, which was donated to the Museum in 2004. Transfers into the fund represent money spent on the restoration of the property during the year which has been capitalised (see Notes 7 and 16).

The Publication Fund was originally designated out of an unrestricted legacy so that income generated from its investments could meet some publication costs. There are no plans to utilise these funds for future publications, and, following the sale of the investments, these funds have been returned to the general fund.

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

16 RESTRICTED FUNDS

	No. 14 Restoration	Conservation	Designation Challenge	Education	Exhibition	Three Courtyards	Wolfson	Visitors' Survey	Total
	£	£	£	£	£	£	£	£	£
Balance at 1									
April 2004	-	2,890	(1,997)	-	-	-	-	-	893
Income	189,936	26,880	26,324	10,000	63,240	111,610	308,370	10,000	746,360
Expenditure	-	(29,770)	(14,286)	(3,000)	(63,240)	(111,610)	(271,054)	(5,000)	(497,960)
Transfers	(189,936)	-	-	-	-	-	-	-	(189,936)
Balance at 31									
March 2005	-	-	10,041	7,000	-	-	37,316	5,000	59,357

Funds are not held for grant making purposes. Restricted funds are as follows:

The No. 14 Fund represents monies received from Sir John Soane's Museum Society for the restoration of No. 14. Funds spent on the restoration of No. 14 have been capitalised as part of the cost attributable to No. 14, and have been transferred to the Heritage Property designated fund as permitted by paragraph 80 of SORP 2000 (see Notes 7 and 15).

The Conservation Fund holds monies raised specifically for conservation purposes including the restoration of particular artefacts and the conservation of artefacts in general.

The Designation Challenge Fund holds funds received from the Designation Challenge Fund for specific exhibition work, and library cataloguing.

The Education Fund holds monies received from the Star Foundation. £1,000 per month is to be used from January 2005 onwards for the education of children.

The Exhibition Fund received donations of £52,483 from Sir John Soane's Museum Society and £10,757 from various other donors towards the cost of exhibitions.

The Three Courtyards Fund receives grants from the DCMS and the Heritage Lottery Fund which are used towards the cost of restoring the Museum's three internal courtyards.

The Wolfson Fund receives funds for lighting improvements to the collections and interiors of the Museum. During the year £308,370 was received from the DCMS/Wolfson Foundation Museums and Galleries Improvement Fund (Note 3). At the balance sheet date £33,711 of the funds received from the DCMS/Wolfson Foundation Museums and Galleries Improvement Fund was contractually committed to work being carried out at the year end.

The Visitors' Survey Fund holds money received from the DCMS towards the costs of a survey of visitors.

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

17 FINANCIAL COMMITMENTS

At the balance sheet date the Museum was contractually committed to the following expenditure:

Three Courtyards project	£nil	(2004 – £323,616)
Wolfson project	£33,711	(2004 – £378,725)

18 PENSION ARRANGEMENTS

Employees of Sir John Soane's Museum are members of the Civil Service Pension arrangements (CSP). The CSP is an unfunded multi-employer defined benefit scheme and as such Sir John Soane's Museum is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). The level of contributions to the scheme was determined by the Government Actuary and the cost to the Museum is shown in Note 6(a).

19 RELATED PARTY TRANSACTIONS

Sir John Soane's Museum is a Non-Departmental Public Body whose sponsor department is the Department for Culture, Media and Sport. Transactions with the Department, the Heritage Lottery Fund and the DCMS/Wolfson Foundation are shown in Notes 2 and 3.

20 SIR JOHN SOANE'S MUSEUM SOCIETY

The Society exists to assist and promote the charitable work and activities of the Museum. The Chairman of the Trustees, Richard Griffiths, and Tim Knox, the Director, are committee members of the Society but all other committee members are independent of the Museum. Details of transactions with the Society are shown elsewhere in the Financial Statements.