

SIR JOHN SOANE'S MUSEUM

ANNUAL ACCOUNTS & FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2004

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FOREWORD

The financial statements for the year ended 31 March 2004 have been prepared to give a true and fair view of the state of affairs of Sir John Soane's Museum at 31 March 2004 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 accounts.

The Statement of Financial Activities (SOFA) shows that the Museum received Grant-in-Aid from the Department for Culture, Media and Sport totalling £2,563,900 (2003 – £699,000). Grant-in-Aid comprised £699,000 for running costs, £350,000 for work on renewing boilers and other services, and £1,514,900 to meet the cost of transferring all liabilities from the Museum's unfunded by-analogy pension scheme to the Civil Service Pension scheme arrangements.

The Museum also received a gift from Sir John Soane's Museum Society Ltd, a registered charity limited by guarantee, of the freehold property, No.14 Lincoln's Inn Fields, shown in the SOFA at its open market existing use value at the Balance Sheet date of £980,000.

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.

The largest single item of expenditure comprised the payment to the Civil Service Pension schemes of £1,514,900 to enable the pension entitlements of the Museum's employees, former employees, and pensioners to be transferred into the Civil Service Pension scheme. In addition more than £750,000 was spent to renew the boilers, lighting, and other services during the ongoing Three Courtyards, and DCMS / Wolfson-funded, projects.

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.

The overall cash position decreased due to the cashflow impact of the Three Courtyards project. Funding to enable the Museum to meet the cost of project work was secured before work commenced, and costs are controlled tightly to avoid significant deterioration in the cash position.

The Trustees are confident 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 meet its foreseeable requirements and 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 Jervis, FSA
John Studzinski, KSG

DELEGATED TRUSTEES

Alderman Sir Gavyn Arthur
Representative of the Court of Aldermen of the City of London

Sir Walter Bodmer, PhD, FRCPath, FRS (until 11 September 2003)
Representative of the Royal Society

Timothy Bliss, PhD, FRS (from 22 March 2004)
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

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, and apply accounting policies and then 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 Curator as the Accounting Officer for Sir John Soane's Museum. Her 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.

ACCOUNTING OFFICER'S STATEMENT ON INTERNAL CONTROL

As Accounting Officer, I 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 I am personally responsible in accordance with the responsibilities assigned to me 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 2004 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Board of Trustees meets up to eight 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, who review the Risk Register, to determine the way risk or change in risk has been identified, evaluated and controlled on an annual basis and delegate on-going scrutiny to the Audit and Finance Committee. I have responsibility for ensuring that staff are suitably trained to manage risk in a way appropriate to their authority and duties.

SIR JOHN SOANE'S MUSEUM

ACCOUNTING OFFICER'S STATEMENT ON INTERNAL CONTROL

(CONTINUED)

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.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My 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, 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.

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

MARGARET RICHARDSON
ACCOUNTING OFFICER

17 August 2004

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 76 to 78 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 79 and 80.

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

As described on page 72, the Board of Trustees and the Curator 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 Curator 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 pages 72 and 73 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 Accounting Officer's 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 in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Trustees and the Curator 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 misstatement, whether caused by error or by fraud or other irregularity and that, 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. 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 2004 and of its incoming resources and application of resources and cashflows 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.

John Bourn
Comptroller and Auditor General

6 September 2004

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 2004

	2004	2003
	£	£
Total income from continuing operations	4,257,181	1,168,353
Operating expenditure	(3,507,004)	(1,093,845)
Net incoming resources	<u>750,177</u>	<u>74,508</u>

SIR JOHN SOANE'S MUSEUM

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 Unrestricted Funds £	2004 Restricted Funds £	2004 Total Funds £	2003 Total Funds £
Incoming Resources					
Grants from Department for Culture, Media and Sport	2	699,000	1,864,900	2,563,900	699,000
Other grants and donations	3	34,095	414,494	448,589	151,237
Sales of publications and postcards		129,149	-	129,149	100,378
Reproduction and hire fees receivable		8,330	-	8,330	8,485
Fees for filming at the museum		1,944	-	1,944	3,110
Education		1,609	-	1,609	3,172
Contributions from the Society	1(b)	1,084,105	-	1,084,105	162,857
Investment income	4	14,157	-	14,157	16,460
Other income		5,398	-	5,398	23,654
Total Income		1,977,787	2,279,394	4,257,181	1,168,353
Resources Expended					
<i>Costs of Generating Funds:</i>					
Investment managers' fees		1,113	-	1,113	1,297
<i>Charitable expenditure:</i>					
General museum costs	5	460,807	-	460,807	426,993
Conservation		31,096	7,298	38,394	119,125
Education		43,221	-	43,221	41,282
Exhibitions		133,053	14,950	148,003	86,611
Library services		56,386	29,665	86,051	73,290
Maintenance		261,002	734,398	995,400	56,119
Publications and postcards		101,513	-	101,513	110,564
Management and administration		107,602	10,000	117,602	178,564
Exceptional item	6(b)	-	1,514,900	1,514,900	-
Total Resources Expended		1,195,793	2,311,211	3,507,004	1,093,845
Notional cost of capital		14,854	-	14,854	21,033
Total Expenditure including Notional Costs		1,210,647	2,311,211	3,521,858	1,114,878
Net Incoming/(Outgoing) Resources for the Year					
		767,140	(31,817)	735,323	53,475
Loss on disposal of assets		-	-	-	(4,036)
Net gains/(losses) on investment assets	8	8,456	-	8,456	(35,494)
Reversal of notional costs		14,854	-	14,854	21,033
Net Movement in Funds		790,450	(31,817)	758,633	34,978
Fund balances brought forward at 26 March 2003		584,285	32,710	616,995	582,017
Fund balances carried forward at 31 March 2004	14	1,374,735	893	1,375,628	616,995

SIR JOHN SOANE'S MUSEUM
BALANCE SHEET AT 31 MARCH 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed Assets					
Tangible assets	7		1,001,649		204,398
Investments	8		161,385		153,288
			1,163,034		357,686
Current Assets					
Stock		56,774		65,550	
Debtors	9	183,813		125,149	
Cash at bank and in hand	10	156,939		228,802	
		397,526		419,501	
Liabilities: Amounts falling due within one year	11	(184,932)		(160,192)	
Net Current Assets			212,594		259,309
Net Assets			1,375,628		616,995
UNRESTRICTED FUNDS					
General fund	15	361,822		520,899	
Designated funds:					
Heritage Property fund		980,000		-	
Publications fund		32,913		29,911	
Three Courtyards fund		-		33,475	
		-		33,475	
			1,374,735		584,285
RESTRICTED FUNDS					
Gallery fund	16	-		17,940	
Conservation fund		2,890		7,602	
Designation Challenge fund		(1,997)		7,168	
		-		7,168	
			893		32,710
			1,375,628		616,995

Approved by the Trustees

.....
R. A. Griffiths
Chairman

.....
Mrs Margaret Richardson
Curator and Accounting Officer

.....
Mrs Bridget Cherry
Trustee

17 August 2004

SIR JOHN SOANE'S MUSEUM
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 £	2003 £
Net Incoming Resources from the Statement of Financial Activities (SOFA) for the Year			
Unrestricted funds		767,140	(6,307)
Restricted funds		(31,817)	59,782
		<hr/>	<hr/>
Total Funds		735,323	53,475
SOFA Adjustments			
Deduct investment income	4	(14,157)	(16,460)
Add back depreciation	7	18,953	20,690
Add back repairs previously capitalised		163,796	-
Deduct gift of property	7	(980,000)	-
Add back notional cost of capital		14,854	21,033
Balance Sheet Movements			
Decrease/(increase) in stock		8,776	(7,719)
Increase in debtors		(58,664)	(28,135)
Increase in creditors		24,740	1,470
		<hr/>	<hr/>
Net Cash (Outflow)/Inflow from Operating Activities		(86,379)	44,354
Investment income	4	14,157	16,460
Capital Expenditure and Financial Investment			
Payments to improve tangible fixed assets		-	(163,796)
Purchase of investments	8	(18,830)	(24,851)
Proceeds from sales of investments	8	19,189	24,852
		<hr/>	<hr/>
Decrease in Cash for the Year		(71,863)	(102,981)
		<hr/> <hr/>	<hr/> <hr/>
Analysis of Changes in Net Cash Balances			
Net cash balances at 26 March 2003		228,802	331,783
Decrease in cash for the year		(71,863)	(102,981)
		<hr/>	<hr/>
Net cash balances at 31 March 2004	10	156,939	228,802
		<hr/> <hr/>	<hr/> <hr/>

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

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 2000 Statement of Recommended Practice on Accounting and Reporting by Charities ('SORP 2000'). The financial statements have also been prepared in accordance with the financial statements requirement dated 14 May 2002 given 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 and conservation work. The value of this benefit is included within the contributions from the Society.

The contribution from Sir John Soane's Museum Society also includes the value of the freehold property gifted by the Society to the Museum. The property is considered to be a non-operational heritage asset as it was originally owned by Sir John Soane, and has been valued at its open market existing use value at the date of the transfer from the Society as required by Treasury Accounting guidelines.

c) EXPENDITURE

Expenditure is classified under the principle 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 2004

1 ACCOUNTING POLICIES (CONTINUED)

f) FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost. The historical cost of tangible fixed assets which have 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

Investments are stated at market value. It is the Museum's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result of this the Statement of Financial Activities only includes those unrealised gains and losses arising from the revaluation of the investment portfolio at the year end. Further information is given in Note 8.

h) STOCK

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

i) FUND ACCOUNTING

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. The aim and use of each designated fund is set out in Note 15.

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 2003-04 is 3.5%.

SIR JOHN SOANE'S MUSEUM

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

2 GRANT FROM DEPARTMENT FOR CULTURE, MEDIA AND SPORT (DCMS)

	2004	2003
	£	£
Grant-in-Aid – current	699,000	699,000
Grant-in-Aid – capital	350,000	-
Grant-in-Aid – pension liability	1,514,900	-
	<u>2,563,900</u>	<u>699,000</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 for the Museum to use on capital projects. The Museum allocated these funds between the Three Courtyards and the Wolfson projects (note 16).

The pension liability Grant-in-Aid was provided to the Museum 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

	2004	2003
	£	£
Heritage Lottery Fund – Three Courtyards project	339,778	95,376
Designation Challenge Fund	30,500	13,000
DCMS / Wolfson Foundation Museums and Galleries Improvement Fund	41,630	-
Friends of the National Libraries	-	1,000
Star Foundation – Children's education	-	10,000
Other donations and gift aid recoverable	36,681	31,861
	<u>448,589</u>	<u>151,237</u>

4 INVESTMENT INCOME

	2004	2003
	£	£
Bank of England interest	1,301	1,028
Other interest receivable	2,721	7,074
	<u>4,022</u>	<u>8,102</u>
UK Equities – dividends and tax reclaimed	10,135	8,358
	<u>14,157</u>	<u>16,460</u>

5 CHARITABLE EXPENDITURE

	Staff costs	Direct costs	Depreciation	Allocated support costs	Total 2004	Total 2003
	£	£	£	£	£	£
General costs	330,255	83,701	18,953	27,898	460,807	426,993
Conservation	14,903	22,597	-	894	38,394	119,125
Education	13,529	28,394	-	1,298	43,221	41,282
Exhibitions	19,050	126,350	-	2,603	148,003	86,611
Library services	56,368	25,814	-	3,869	86,051	73,290
Maintenance	48,394	944,104	-	2,902	995,400	561,119
Trading	14,975	82,474	-	4,064	101,513	110,564
	<u>497,474</u>	<u>1,313,434</u>	<u>18,953</u>	<u>43,528</u>	<u>1,873,389</u>	<u>913,984</u>
Management & administration	62,522	51,144	-	3,936	117,602	179,861
Total 2004	<u>559,996</u>	<u>1,364,578</u>	<u>18,953</u>	<u>47,464</u>	<u>1,990,991</u>	
Total 2003	<u>525,202</u>	<u>504,048</u>	<u>20,690</u>	<u>43,905</u>		<u>1,093,845</u>

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

5 CHARITABLE EXPENDITURE (CONTINUED)

	2004	2003
	£	£
Staff Costs	497,474	416,557
	497,474	416,557
	497,474	416,557
Direct Costs	£	£
Housekeeping	16,807	18,815
Rates, light and heat	18,572	18,941
Security	56,104	51,494
Repairs and maintenance	936,322	35,455
Cost of exhibitions	126,350	68,150
Conservation	22,597	115,821
Library	14,641	9,619
Cataloguing books and drawings	11,173	35,037
Education	28,394	27,358
Trading purchases	82,474	67,324
	1,313,434	448,014
	1,313,434	448,014
Depreciation	£	£
	18,953	18,953
	18,953	18,953
	18,953	18,953
Allocated Support Costs	£	£
Telephone	15,719	7,059
Postage and stationery	14,007	11,156
General office supplies	5,218	3,268
Entertaining and Promotion	4,864	4,621
Sundry	3,720	2,619
	43,528	28,723
	43,528	28,723
Management and Administration	£	£
Staff costs	62,522	108,645
<i>Direct costs</i>		
Auditor's remuneration	7,000	5,000
Accountancy fees	19,049	26,033
Legal and professional fees	23,782	36,274
Bank charges	1,313	771
<i>Allocated support costs</i>		
Telephone, postage and stationery	3,936	3,138
	117,602	179,861
	117,602	179,861

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

6 EMPLOYEE INFORMATION

a) Staff costs

	2004	2003
	£	£
Wages and salaries	452,852	429,666
Employer's national insurance	33,149	25,305
Employer's pension contributions	56,907	34,306
	<hr/>	<hr/>
Employment costs	542,908	489,277
Retirement lump sums	-	22,191
Exceptional item:		
Cost of transfer to Civil Service Pension Scheme (see 6(b))	1,514,900	-
	<hr/>	<hr/>
	2,057,808	511,468
Payroll services, training and other staff costs	17,087	13,734
	<hr/>	<hr/>
	2,074,895	525,202
	<hr/> <hr/>	<hr/> <hr/>

No employee received remuneration in excess of £50,000 (2003 – nil). The Chief Executive (the Curator, Mrs Margaret Richardson), received remuneration of £40,800 (2003 –£40,000).

	2004	2003
The average number of persons employed, analysed by function was:		
General museum activities	15	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/>
	23	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 the DCMS (note 2).

c) Trustees

The Trustees neither received nor waived any emoluments during the year (2003 – nil). No expenses were reimbursed to the Trustees in the year (2003 – nil).

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

7 TANGIBLE ASSETS

Cost or Valuation	Freehold Property £	Property Improvements £	Security Equipment £	Computer Equipment £	Fixtures & Fittings £	Total £
At 26 March 2003	-	163,796	79,194	13,156	45,268	301,414
Reclassification to repairs	-	(163,796)	-	-	-	(163,796)
Transferred from Society at valuation	980,000	-	-	-	-	980,000
At 31 March 2004	980,000	-	79,194	13,156	45,268	1,117,618
Depreciation						
At 26 March 2003	-	-	50,330	13,156	33,530	97,016
Charge for the year	-	-	9,899	-	9,054	18,953
At 31 March 2004	-	-	60,229	13,156	42,584	115,969
Net Book Value						
At 31 March 2004	980,000	-	18,965	-	2,684	1,001,649
At 25 March 2003	-	163,796	28,864	-	11,738	204,398

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

	2004 £	2003 £
Market value at 26 March 2003	153,288	192,819
Additions	18,830	24,851
Disposals (net proceeds)	(19,189)	(28,888)
Net gains/(losses) on revaluation	8,456	(35,494)
Market value at 31 March 2004	161,385	153,288
Historic cost at 31 March 2004	142,144	146,912
Unrealised investment gains at 31 March 2004	19,241	6,376

All the investments are listed on the London Stock Exchange.

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

8 INVESTMENTS (Continued)

Each of the following investments exceeded 5% of the value of the portfolio, excluding cash:

Security	Nominal Amount	Market Value £
7.75% Treasury Stock 2006	9,400	10,145
7.25% Treasury Stock 2007	12,750	14,180
5.75% Treasury Stock 2009	20,000	21,456
Astrazeneca plc – Ordinary US \$0.25	500	12,615
Barclays plc – Ordinary 25p	3,000	14,378
Murray International Investment Trust plc – Ordinary 25p	3,000	11,640
Shell Transport and Trading plc – Ordinary 25p	3,300	11,838
Unilever plc – Ordinary 1.4p	2,321	12,510
		<u>108,762</u>

9 DEBTORS	2004 £	2003 £
Payroll deposit	43,000	34,000
VAT recoverable	55,981	23,846
Other debtors	4,388	7,567
Accrued income	80,444	59,736
	<u>183,813</u>	<u>125,149</u>

10 CASH AT BANK AND IN HAND	2004 £	2003 £
National Westminster Bank plc	105,591	190,595
Bank of England and Investment Managers	50,672	37,451
Cash in Hand	676	756
	<u>156,939</u>	<u>228,802</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2004 £	2003 £
Creditors	43,732	51,905
Accruals and deferred income	141,200	108,287
	<u>184,932</u>	<u>160,192</u>

12 OPERATING LEASE COMMITMENTS	2004 £	2003 £
Annual commitments in respect of equipment leases ending within one year	-	1,196
between two and five years	1,196	-
	<u>1,196</u>	<u>1,196</u>

SIR JOHN SOANE'S MUSEUM

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

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:

	2004 £	2003 £
Total funds per balance sheet	1,375,628	616,995
Designated funds	(1,012,913)	(63,386)
Restricted funds	(893)	(32,710)
Fixed assets held for charity use not within designated funds	(21,649)	(204,398)
Free reserves at 31 March 2004	<u>340,173</u>	<u>316,501</u>

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 four months. In view of the funding agreement with the Department for Culture, Media and Sport, the Trustees consider the level of reserves acceptable.

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Designated Funds £	Total Unrestricted £	Restricted Funds £	Total Funds £
Represented by:					
Tangible Fixed Assets	21,649	980,000	1,001,649	-	1,001,649
Investments	133,653	27,732	161,385	-	161,385
Current Assets	391,452	5,181	396,633	893	397,526
Current Liabilities	(184,932)	-	(184,932)	-	(184,932)
Balance as at 31 March 2004	<u>361,822</u>	<u>1,012,913</u>	<u>1,374,735</u>	<u>893</u>	<u>1,375,628</u>

15 UNRESTRICTED FUNDS

	General Fund £	Heritage Property £	Designated Funds Publication £	Three Courtyards £	Total Unrestricted Funds £
Balance at 26 March 2003	520,899	-	29,911	33,475	584,285
Income	996,240	980,000	1,547	-	1,977,787
Expenditure	(1,162,134)	-	(184)	(33,475)	(1,195,793)
Net gains on Investments	6,817	-	1,639	-	8,456
Balance at 31 March 2004	<u>361,822</u>	<u>980,000</u>	<u>32,913</u>	<u>-</u>	<u>1,374,735</u>

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

The Heritage Property represents the value of the non-operational heritage property donated to the Museum during the year.

The Publication Fund has been designated by the Curator out of an unrestricted legacy so that income generated from its investments may meet some publication costs.

The Three Courtyards Fund represents funds which the Museum set aside towards the cost of restoring the Museum's three internal courtyards.

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

16 RESTRICTED FUNDS

	Gallery £	Conservation £	Designation Challenge £	Exhibition £	Three Courtyards £	Wolfson £	Pension £	Total £
Balance at 26 March 2003	17,940	7,602	7,168	-	-	-	-	32,710
Income	-	2,586	30,500	14,950	444,828	271,630	1,514,900	2,279,394
Expenditure	(1,719)	(7,298)	(39,665)	(14,950)	(461,049)	(271,630)	(1,514,900)	(2,311,211)
Net gains on								
Investments	-	-	-	-	-	-	-	-
Transfers	(16,221)	-	-	-	16,221	-	-	-
Balance at 31 March 2004	-	2,890	(1,997)	-	-	-	-	893

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

The Gallery Fund was created from funds raised to restore the external fabric of the Museum and create the Soane Gallery (1990–1995). As the project is now completed the residue of funds have been transferred to the Three Courtyards fund, which is also for the restoration of the Museum's external fabric.

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, a visitor survey, and library cataloguing. The deficit of the fund will be rectified in the coming financial year as additional claims for funds are made to the Designation Challenge Fund.

The Exhibition Fund received a grant from the Heritage Lottery Fund towards the cost of the Toy Theatre exhibition carried out by the Museum between January and March 2004.

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 grants from the DCMS/Wolfson Foundation Museums and Galleries Improvement Fund which are to be used towards lighting improvements of the collections and interiors of the Museum.

The Pension Fund received a grant from the DCMS to cover the transfer costs of the Museum's employees and pensioners into the Civil Service Pension Scheme.

SIR JOHN SOANE'S MUSEUM
NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

17 FINANCIAL COMMITMENTS

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

Three Courtyards project	£323,616 (2003 – £513,362).
Wolfson project	£378,725 (2003 – nil).

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 to the financial statements.

20 SIR JOHN SOANE'S MUSEUM SOCIETY

The Society exists to carry out fundraising activities on behalf of the Museum and to support it generally. The Chairman of the Trustees, Richard Griffiths, and Mrs M Richardson, the Curator, are directors of the Society but all other directors are independent of the Museum. Details of transactions with the Society are shown in the Statement of Financial Activities and in Note 7.

