

FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2007

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Statement of Trustees' and Accounting Officer's Responsibilities

Law applicable to charities in England and Wales requires the Board of Trustees to prepare for each financial year a statement of accounts in the form and on the basis determined by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The financial statements are prepared on an accruals basis and must give 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 the financial statements the Trustees should follow best practice and:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgments and estimates that are on a reasonable basis;
- state whether applicable accounting standards and statements of recommended practice have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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 responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Museum's assets, are set out in the Accounting Officer's Memorandum issued by the Treasury and published in *Government Accounting*.

As far as the Accounting Officer is aware there is no relevant audit information of which the Museum's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

Statement on Internal Control

We, as the The Chairman of the Board of Trustees and the Accounting Officer, have a 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 occur, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Trustees meet 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 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 Trustees 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 auditors, and comments made by the independent auditor in 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 a system of delegation and accountability. In particular, it includes:

- budgeting systems and an annual budget;
- regular reports to the Trustees of periodic and annual financial information which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- scrutiny by the Audit and Finance Committee and Trustees; 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
Director and Accounting Officer

Independent Auditor's Report

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Sir John Soane's Museum for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies Order). These comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in this report as having been audited.

Respective responsibilities of the Trustees, the Director and the Auditor

The Trustees and the Director, as Accounting Officer, are responsible for preparing the Trustees' Report, the Remuneration Report and the financial statements in accordance with the Government Resources and Accounts Act 2000 and the Department for Culture, Media and Sport's directions made thereunder and for ensuring the regularity of financial transactions funded by Parliamentary grant (Grant-in-Aid). These responsibilities are set out in the Statement of Trustees' and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and the Department for Culture, Media and Sport's directions made thereunder. I report to you whether, in my opinion, certain information given in the Trustees' Report which includes 'History, Aims and Objectives of the Museum; the Report of the Chairman of the Trustees; the Director's Introduction; Finance; and Development and Fundraising' is consistent with the financial statements. I also report 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.

In addition, I report to you if Sir John Soane's Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on internal control reflects Sir John Soane's Museum's compliance with HM Treasury's guidance and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Sir John Soane's Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Trustees' 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 misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Sir John Soane's Museum's circumstances,

Independent Auditor's Report (continued)

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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury, of the state of Sir John Soane's Museum's affairs as at 31 March 2007 and of the incoming resources and application of resources for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury; and
- information given within the Trustees' Report which includes 'History, Aims and Objectives of the Museum; the Report of the Chairman of the Trustees; the Director's Introduction; Finance; and Development and Fundraising' is consistent with the financial statements.

Audit Opinion on Regularity

In my opinion, in all material respects, the expenditure, income and resources funded by 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 December 2007

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

Statement of Financial Activities for the year ended 31 March 2007

	2007	2007	2007	2007	2006
	Unrestricted	Restricted	Endowment	Total	Total
Note	Funds	Funds	Funds	Funds	Funds
	£	£	£	£	£
Incoming Resources from					
Generated funds					
Grants from Department for Culture, Media and Sport	2	1,045,000	70,000	–	1,115,000
Voluntary income					
other grants and donations	3	47,426	852,240	28,920	928,586
Activities for generating funds					
Room hire		100,200	–	–	100,200
Reproduction, filming, & hire fees		7,167	–	–	7,167
Sales of publications		35,262	–	–	35,262
Charitable activities					
Visitors		76,263	–	–	76,263
Investment income	4	13,205	–	–	13,205
Other sources		301	–	–	301
TOTAL INCOMING RESOURCES		<u>1,324,824</u>	<u>922,240</u>	<u>28,920</u>	<u>2,275,984</u>
RESOURCES EXPENDED					
Cost of generating funds					
Development, fundraising, & trading		96,601	–	–	96,601
Charitable activities					
Buildings		481,657	16,287	–	497,944
Collections		118,185	121,348	–	239,533
Visitor services		356,850	83,057	–	439,907
Governance costs		52,031	–	–	52,031
TOTAL RESOURCES EXPENDED		<u>1,105,324</u>	<u>220,692</u>	<u>–</u>	<u>1,326,016</u>
Notional cost of capital		24,597	–	–	24,597
Total resources expended including notional costs		<u>1,129,921</u>	<u>220,692</u>	<u>–</u>	<u>1,350,613</u>
NET INCOMING RESOURCES		<u>194,903</u>	<u>701,548</u>	<u>28,920</u>	<u>925,371</u>
Net gains on investment assets	8	–	–	4,380	4,380
Reversal of notional costs		24,597	–	–	24,597
NET INCREASE IN FUNDS		<u>219,500</u>	<u>701,548</u>	<u>33,300</u>	<u>954,348</u>
Transfers between funds	14	701,548	(701,548)	–	–
Fund balances brought forward		1,451,331	–	–	1,451,331
Fund balances carried forward	13	<u>2,372,379</u>	<u>–</u>	<u>33,300</u>	<u>2,405,679</u>

All of the Museum's activities are continuing. There were no recognised gains and losses in the year other than those reported in the Statement of Financial Activities.

The notes on pages 65 to 73 form part of these financial statements.

Balance Sheet at 31 March 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed Assets					
Tangible assets	7		1,939,845		1,213,989
Investments	8		33,300		–
			<u>1,973,145</u>		<u>1,213,989</u>
Current Assets					
Stock		30,867		45,356	
Debtors	9	148,517		63,523	
Cash at bank and in hand	10	437,432		259,469	
		<u>616,816</u>		<u>368,348</u>	
Liabilities					
Amounts falling due within one year	11	(184,282)		(131,006)	
		<u></u>		<u></u>	
Net Current Assets			<u>432,534</u>		<u>237,342</u>
NET ASSETS	13		<u><u>2,405,679</u></u>		<u><u>1,451,331</u></u>
UNRESTRICTED FUNDS					
General fund		432,534		237,342	
Designated fund, heritage property		<u>1,939,845</u>		<u>1,213,989</u>	
			<u>2,372,379</u>		<u>1,451,331</u>
RESTRICTED FUNDS	15		–		–
ENDOWMENT FUNDS	16		<u>33,300</u>		–
TOTAL FUNDS			<u><u>2,405,679</u></u>		<u><u>1,451,331</u></u>

The notes on pages 65 to 73 form part of these financial statements.

Approved by the Trustees on
26 November 2007

.....
R A Griffiths
Chairman

.....
Tim Knox
Director and Accounting Officer

.....
Mrs Bridget Cherry
Trustee

Cash Flow Statement for the year ended 31 March 2007

RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	2007 £	2007 £	2006 £	2006 £
Net incoming resources					
before other recognised gains and losses			925,371		2,679
Adjustments to Statement of Financial Activities					
Investment income	4	(13,205)		(8,356)	
Depreciation	7	–		9,066	
Shares donated to the Museum	8	(28,920)			
Notional cost of capital		24,597		9,044	
Balance sheet movements					
Decrease in stock		14,489		7,733	
(Increase) / decrease in debtors		(84,994)		48,358	
(Decrease) / increase in creditors (excluding capital creditors)		(10,491)		79,841	
Total adjustments			<u>(98,524)</u>	<u>145,686</u>	
Net cash inflow from operating activities			<u>826,847</u>	<u>148,365</u>	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

Net cash inflow from operating activities		826,847	148,365
Return on investments			
Investment income	4	13,205	8,356
Capital expenditure and financial investment			
Payments to improve tangible fixed assets		(662,089)	(29,003)
Net increase in cash for the year		<u>177,963</u>	<u>127,718</u>

ANALYSIS OF CHANGES IN NET CASH BALANCES

Net cash balances brought forward		259,469	131,751
Net increase in cash for the year		177,963	127,718
Net cash balances carried forward	10	<u>437,432</u>	<u>259,469</u>

The notes on pages 65 to 73 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2007

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 2005). 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 the approval of HM 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.

c) Resources Expended

All expenditure is accounted for on an accruals basis.

The costs of generating funds are those costs concerned with fundraising and trading, see Note 5a.

To provide more useful information to users of the financial statements, expenditure is classified by the principal categories of Museum activity discussed in the Annual Report rather than the type of expense. During the year, allocation methods were reviewed and the comparatives have been re-classified accordingly.

Expenditure on charitable activities comprises direct expenditure including direct staff costs attributable to the activity. Support costs are costs which cannot be attributed directly to an activity or cost centre and are therefore allocated to activities on a basis consistent with the use of the resources, primarily floor area and staff time, see Note 5b.

Governance costs are those incurred in the governance of the Museum and are primarily associated with constitutional and statutory requirements, see Note 5d.

d) Leases

Rentals under operating leases are charged to the Statement of Financial Activities as they arise, see Note 12.

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 corporation tax under Section 505, Income and Corporation Taxes Act 1988.

f) Notional Cost of Capital

In accordance with HM 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 2006-07 is 3.5%.

g) 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 which it incurs.

1 Accounting Policies (continued)

h) Fixed Assets and Depreciation

Tangible fixed assets, other than non-operational heritage property, are stated at cost less accumulated depreciation. 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. Assets are subject to revaluation under modified historic cost accounting, when material; to date the effect has not been material. 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
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 fall within the definition of non-operational heritage property, and they are considered to be inalienable. As permitted by SORP 2005 and HM Treasury Accounting Guidelines, no valuation has been included in the accounts for those assets in respect of which reliable cost information is not available and conventional valuation techniques are not appropriate. Recently acquired non-operational heritage property is shown at its valuation at the date of transfer to the Museum, together with subsequent restoration and refurbishment costs. Annual impairment reviews are carried out. Further details are shown at Note 7.

i) Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are dealt with in the Statement of Financial Activities. Investment income is credited to incoming resources on a receivable basis, see Note 8.

j) Stock

The stock of goods for resale is stated at the lower of cost or net realisable value.

k) Fund Accounting

Funds are not held for grant-making purposes.

Unrestricted funds comprise general funds and designated funds, see Note 14. 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 15.

The endowment fund represents capital funds which have been donated to the Museum to be held on a permanent basis, see Note 16. Income from the fund is to be applied towards the furtherance of the Museum's objects. The permanent endowment does not contain any power to convert capital into income except by application to the Charity Commission.

Notes to the Financial Statements for the year ended 31 March 2007

2 Grants from the Department for Culture, Media and Sport (DCMS)	2007	2006
	£	£
Grant-in-Aid – current, unrestricted income	1,045,000	810,000
Grant-in-Aid – capital, restricted income	70,000	281,000
	<u>1,115,000</u>	<u>1,091,000</u>

Current Grant-in-Aid was available for general running costs of the Museum including maintenance and conservation. Capital Grant-in-Aid was provided towards the cost of the No. 14 restoration project. In the prior year it was provided to enable the Museum to undertake structural repairs to walls and floors in the crypt and picture room areas. DCMS is a related party, see Note 20.

3 Other Grants and Donations				2007	2006
	Unrestricted	Restricted	Endowment	Total	Total
	£	£	£	£	£
Contributions from the Society (see below)	29,188	783,075	–	812,263	169,340
Heritage Lottery Fund – Exhibitions grant	–	14,291	–	14,291	–
Heritage Lottery Fund – Three Courtyards project	–	–	–	–	57,958
English Heritage – Grant to the Library Fund	–	6,000	–	6,000	–
Other donations for exhibitions	–	14,800	–	14,800	3,000
Other donations and gift aid recoverable	18,238	34,074	28,920	81,232	41,650
	<u>47,426</u>	<u>852,240</u>	<u>28,920</u>	<u>928,586</u>	<u>271,948</u>

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 Society is a separate registered charity with independent trustees and therefore the results of the Society are not consolidated with those of the Museum.

4 Investment Income	2007	2006
	£	£
Dividends and interest receivable, all unrestricted	<u>13,205</u>	<u>8,356</u>

5 Resources Expended

a) Cost of generating funds	2007	2006
	£	£
Direct costs, development and fundraising	395	373
Direct costs, publications	43,677	46,566
Allocated staff costs	44,320	42,208
Allocated support costs, see Note 5e	8,209	14,531
	<u>96,601</u>	<u>103,678</u>

b) Charitable activities, including staff costs see Note 5c

	Buildings	Collections	Visitors	2007	2006
				Total	Total
	£	£	£	£	£
Building projects	79,581	–	–	79,581	372,015
Building maintenance	248,267	–	–	248,267	196,535
Works of art	–	4,374	–	4,374	640
Research, library and archive	–	145,402	–	145,402	95,871
Conservation	–	58,516	–	58,516	71,736
Loans	–	1,529	–	1,529	1,445
Visitors to the museum	–	–	242,542	242,542	237,893
Educational activities	–	–	53,542	53,542	49,411
Exhibitions	–	–	101,198	101,198	100,608
Functions	–	–	22,102	22,102	–
Allocated support costs, see Note 5e	170,096	–	–	170,096	185,258
Allocated support costs, see Note 5e	–	29,712	–	29,712	29,573
Allocated support costs, see Note 5e	–	–	20,523	20,523	21,635
at 31 March 2007	<u>497,944</u>	<u>239,533</u>	<u>439,907</u>	<u>1,177,384</u>	
at 31 March 2006	<u>753,808</u>	<u>199,265</u>	<u>409,547</u>		<u>1,362,620</u>

Notes to the Financial Statements for the year ended 31 March 2007

5 Resources expended (continued)

Resources expended include:	2007 £	2006 £
c) Staff costs, see Note 6a		
Costs of generating funds	44,320	42,208
Buildings	251,916	246,153
Collections	85,853	80,726
Visitors	314,308	279,538
Governance	3,383	–
	<u>699,780</u>	<u>648,625</u>
d) Governance, including staff costs see Note 5c		
Internal audit	16,611	24,422
Accountancy and tax advice	7,500	8,797
External audit	8,000	7,250
Staff training	8,115	6,202
Other administrative expenses	11,805	–
	<u>52,031</u>	<u>46,671</u>
<p>The Comptroller and Auditor General is the auditor of the Museum's Financial Statements. The audit fee for the work was £7,500; no other non-audit work was provided.</p>		
e) Allocated support costs		
Cost of generating funds, see Note 5a		
Entertaining	2,406	10,100
Administrative costs	5,803	4,431
Buildings, see Note 5b		
Curatorial costs	139,127	145,688
House manager and warder costs	14,520	13,728
Administrative costs	16,449	25,842
Collections, see Note 5b		
Photography	16,050	14,445
Subscriptions	986	603
TV/press	3,148	3,075
Website	3,922	2,975
Administrative costs	5,606	8,475
Visitors, see Note 5b		
Administrative costs	20,523	21,635
	<u>228,540</u>	<u>250,997</u>

Notes to the Financial Statements for the year ended 31 March 2007

6 Employee and Trustee Information

a) Staff costs

	2007 £	2006 £
Salaries	549,071	509,466
Employer's national insurance	40,079	35,830
Employer's pension contributions, see Note 19	95,595	86,450
	<hr/>	<hr/>
Total employment costs	684,745	631,746
Recruitment	1,928	1,935
Payroll services, training and other staff costs	13,107	14,944
	<hr/>	<hr/>
Total staff costs	699,780	648,625
	<hr/> <hr/>	<hr/> <hr/>

b) Staff numbers

	2007 Number	2006 Number
The average number of persons employed, analysed by function was:		
Cost of generating funds	0.5	–
Buildings	4.0	4.0
Collections	5.5	5.0
Visitors	14.0	13.0
	<hr/>	<hr/>
	24.0	22.0
	<hr/> <hr/>	<hr/> <hr/>

c) Trustees

The Trustees neither received nor waived any emoluments during the year (2006 – £Nil).

Expenses amounting to £157 (2006: £41) were reimbursed to two Trustees (2006: one Trustee) for travel expenditure in the year.

Notes to the Financial Statements for the year ended 31 March 2007

7 Tangible Assets

	Freehold Heritage Property £	Security Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 April 2006	1,213,989	79,194	45,268	1,338,451
Additions and improvements	725,856	–	–	725,856
At 31 March 2007	<u>1,939,845</u>	<u>79,194</u>	<u>45,268</u>	<u>2,064,307</u>
Depreciation				
At 1 April 2006	–	79,194	45,268	124,462
Charge for the year	–	–	–	–
At 31 March 2007	<u>–</u>	<u>79,194</u>	<u>45,268</u>	<u>124,462</u>
Net Book Value				
At 31 March 2007	<u>1,939,845</u>	<u>–</u>	<u>–</u>	<u>1,939,845</u>
At 31 March 2006	<u>1,213,989</u>	<u>–</u>	<u>–</u>	<u>1,213,989</u>

Sir John Soane's Museum Society donated the property, No. 14 Lincoln Inn Fields, to the Museum on 26 March 2004. At that date it was valued at £980,000 on an open market existing use basis by Drivers Jonas, Chartered Surveyors in order to comply with HM Treasury Accounting Guidelines for non-operational heritage assets. The valuation was made in accordance with *Appraisal and Valuation Standards* published by the Royal Institution of Chartered Surveyors. Since acquiring No.14, the Museum has expended £959,845 to restore the property and restoration work was in progress at the balance sheet date. The restoration costs are capitalised in accordance with HM Treasury guidelines. The property was acquired by the Society with the support of the National Lottery through the Heritage Lottery Fund, and cannot be disposed of by the Museum without the approval of the Trustees of the National Heritage Memorial Fund. The Trustees consider it to be inappropriate to spend further funds on annual revaluation.

The other freehold properties (Nos 12 and 13 Lincoln's Inn Fields) and collections owned by the Museum are considered to be inalienable and are integral to the objectives and purpose of the Museum. As stated in Accounting Policy Note 1h, no cost is attributed to Nos 12 and 13 Lincoln's Inn Fields or the collections as these have been in the Trustees' ownership since 1837, reliable cost information is not available, and conventional valuation techniques are not appropriate. Further details concerning these can be found in the Annual Report.

8 Investments	2007 £	2006 £
Market value at 1 April 2006	–	–
Listed investments donated to the Museum	28,920	–
Net gains on investments	4,380	–
Market value at 31 March 2007	<u>33,300</u>	<u>–</u>
Historic cost at 31 March 2007	<u>28,920</u>	<u>–</u>

The investment is listed on a recognised UK Stock Exchange.

Notes to the Financial Statements for the year ended 31 March 2007

9 Debtors	2007	2006
	£	£
Prepayments and accrued income	91,973	26,147
VAT recoverable	51,539	31,534
Other debtors	5,005	5,842
	<u>148,517</u>	<u>63,523</u>

Grants totalling £86,346, to be paid by Sir John Soane's Museum Society to the Museum, are included within accrued income (2006: £22,267).

10 Cash at bank and in hand	2007	2006
	£	£
Cash at bank	436,348	258,550
Cash in hand	1,084	919
	<u>437,432</u>	<u>259,469</u>

11 Creditors: amounts falling due within one year	2007	2006
	£	£
Trade creditors, No. 14 restoration	78,817	15,050
Taxation and social security	23,137	9,744
Accruals and deferred income	82,328	106,212
	<u>184,282</u>	<u>131,006</u>

12 Operating lease commitments	2007	2006
	£	£
Annual commitments in respect of equipment leases ending between two and five years	1,196	1,196
	<u>1,196</u>	<u>1,196</u>

13 Analysis of net assets	General Fund	Designated Fund	Endowment Funds	Total Funds
	£	£	£	£
Represented by:				
Tangible Fixed Assets	–	1,939,845	–	1,939,845
Investments	–	–	33,300	33,300
Current Assets	616,816	–	–	616,816
Current Liabilities	(184,282)	–	–	(184,282)
Balances at 31 March 2007	<u>432,534</u>	<u>1,939,845</u>	<u>33,300</u>	<u>2,405,679</u>

Notes to the Financial Statements for the year ended 31 March 2007

14 Unrestricted Funds

	General Fund £	Designated Fund £	Total £
Balances at 1 April 2006	237,342	1,213,989	1,451,331
Income	1,324,824	–	1,324,824
Expenditure	(1,105,324)	–	(1,105,324)
Transfers, see below	(24,308)	725,856	701,548
	<u>432,534</u>	<u>1,939,845</u>	<u>2,372,379</u>
Balances at 31 March 2007	<u>432,534</u>	<u>1,939,845</u>	<u>2,372,379</u>

The Designated fund relates to No.14 Lincoln's Inn Fields and represents the value of the property donated to the Museum in 2004 (see Note 7), together with monies spent subsequently on its restoration (see Note 15).

Expenditure on the restoration of No.14 Lincoln's Inn Fields amounted to £725,856 (2006: £44,053). Of this, £701,548 was borne out of restricted funds held for this purpose and £24,308 out of general purpose funds. Both these sums were transferred to the Designated Fund.

15 Restricted Funds

	No. 14 Fund £	Conservation Fund £	Exhibition Fund £	Library Fund £	Masterplan Fund £	Total
Balances at 1 April 2006	–	–	–	–	–	–
Income	701,548	65,280	83,057	56,068	16,287	922,240
Expenditure	–	(65,280)	(83,057)	(56,068)	(16,287)	(220,692)
Transfers	(701,548)	–	–	–	–	(701,548)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Balances at 31 March 2007	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Restricted fund income was expended during the year in relation to the following activities:

the No. 14 Fund relates to the restoration of No. 14 Lincoln's Inn Fields;

the Conservation Fund held funds raised specifically for conservation purposes, including the restoration of particular artefacts and the conservation of artefacts in general;

the Exhibition Fund is specifically for creating and running exhibitions;

the Library Fund was set up for library cataloguing work;

the Masterplan Fund held funds for work on a strategic plan for the longer term re-ordering of the Museum.

16 Endowment Fund

	Total £
Balance at 1 April 2006	–
Listed investments donated to the Museum	28,920
Net gains on investment assets	4,380
	<u>33,300</u>
Balance at 31 March 2007	<u>33,300</u>

The Endowment Fund represents donations, received for the general purposes of the Museum, which cannot be treated as income. The capital element of these donations cannot be spent but the income they generate can be spent. The income is therefore treated as unrestricted.

Notes to the Financial Statements for the year ended 31 March 2007

17 Capital Commitments

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

	2007 £	2006 £
No. 14 restoration project	446,145	–

18 Contingent liabilities

There are no contingent liabilities.

19 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). The rates of contribution were:

2007 Salary range	2007 rates	2006 Salary range	2006 rates
£0 – £18,500	17.1%	£0 – £18,000	16.2%
£18,501 – £38,000	19.5%	£18,001 – £38,000	18.6%
£38,001 – £65,000	23.2%	£38,001 – £65,000	22.3%

20 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, English Heritage and the Heritage Lottery Fund are shown in Notes 2 and 3.

21 Post Balance Sheet Events

There were no post-balance sheet events to report. The financial statements were authorised for issue by the Accounting Officer on 6 December 2007.

