

**THE HOLBURNE MUSEUM**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

**THE HOLBURNE MUSEUM**

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**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**THE HOLBURNE MUSEUM  
REPORT BY THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**STRUCTURE AND GOVERNANCE**

***Introduction***

The Trustees submit their annual report and accounts for the year ended 31 December 2018. The accounts (financial statements) have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and UK Generally Accepted Practice as it applies from 1 January 2015.

**Reference and administration information**

The Holburne Museum ("The Museum") is an independent institution with registered charitable status, established by Deed of Trust in 1883. The sole Trustee, by whom the Trust is administered, is the Holburne Museum Trust Company ("The Company"), a company limited by guarantee.

The directors and senior management of The Company are detailed on pages 9 & 10, together with the names of directors of The Company who acted during the course of the year but are no longer directors at the date of this report. Relevant registration information is shown below:

▪ The Holburne Museum	Registered Charity Number:	<b>310288</b>
▪ Holburne Trading Company Ltd	Company Number:	<b>6954139</b>
▪ The Holburne Museum Trust Company	Company Number:	<b>4104120</b>
▪ Museums and Galleries Commission	Registered Museum Number:	<b>930</b>

The address of the principal offices and premises of The Museum, and of the registered office of The Company, is Great Pulteney Street, Bath BA2 4DB. The names and addresses of The Museum's professional advisers and bankers are shown on page 11.

**Structure, governance and management**

▪ Organisational structure

The Museum is an independent registered charitable trust of which The Company is the sole trustee.

The Company has one subsidiary, which was established in 2011 to operate the commercial activities of the Museum - being the café, shop, car park, commercial events and paying exhibitions.

▪ Governance

The charity is governed by the board of directors of The Company, known as "The Trustees" who are appointed by the members of The Company.

The maximum number of General Trustees is eighteen. In addition, the Board may have up to three Representative Trustees of whom one is nominated by The Council of the University of Bath, one by Bath Spa University, and one by the Friends & Patrons of the Holburne Museum.

New Trustees are required to sign a "Declaration of Eligibility to Act" and a "Declaration of Interests" in order to comply with the Board's Conflicts of Interest policy.

The Museum's responsibilities and duties as a University Museum are governed by the Holburne Universities Partnership Group (which meets twice a year).

▪ Management

The Trustees, who meet formally at least four times each year, are responsible for setting strategies and policies for the Museum and for ensuring that these are implemented. In 2015 the Chairman and the Chair of the Nominations Committee formalised committees of the Board in order to draw on the specific strengths and expertise of Board

members from fundraising to community engagement. These committees also allow increased opportunities for staff mentoring with opportunities for staff to join committee meetings.

The Trustees are responsible, in particular, for:

- Appointing the Director.
- Approving the annual budget.
- Approving the Trustee's report and audited financial statements.

To achieve a closer connection of the Trustees with the 'day to day' operational control the *Finance and General Purposes Committee* which met monthly has been disbanded. In its place there are regular, normally at least weekly, informal meetings between senior executives and one of the Chairman, Treasurer or other Chairs of the committees below.

The primary functions of the Trustees are to:

- Oversee the key decisions affecting the operation of the Museum.
- Assist the Director in formulating policy and with significant operational decisions.
- Review quarterly management accounts and key financial performance indicators against budget.
- Oversee the identification and management of risks.

Full list of committees of the Board during 2018:

- Finance, Audit & Investment Committee. Chairman - Antony Constantinidi
- Development Committee. Chairman - Edward Beyntun-Coward
- Nominations Committee. Chairman - Michael King
- Learning & Engagement Advisory Committee. Chairman - Adrian Tinniswood

There is also a Holburne Universities Partnership Group made up of University of Bath, Bath Spa University, University of Bristol and The University of the West of England. This group meets twice a year.

The Trustees maintain a Risk Register which identifies the major risks to which the Museum, Trustees, staff and volunteers are exposed. This Register is maintained by the Treasurer and reviewed by the Trustees annually. Thus bringing risks to the attention of the Trustees and enabling them to establish strategies for dealing with them.

The Museum staff comprises 19 full time equivalents. Salary levels and job descriptions are benchmarked against Museum Association guidelines. A staff restructure in summer 2018 led to the formation of a smaller Senior Management Team comprising the Head of Finance & Operations, Head of Development and the Director. The aims of the Senior Management Team meetings are:

- To monitor the day-to-day performance (financial and operational) of the Museum in order to report to the Trustees.
- To provide a forum for management support in particular by identifying staff professional development opportunities and addressing HR issues.
- To provide a platform for joined-up thinking across departments in implementing the Museum's strategy.

#### **Objectives and activities for the public benefit**

The Holburne Museum was founded in 1882 as Bath's first art museum with, at its heart, the collection of Sir William Holburne (1793-1874). In 1916 the collection moved to its present location at the top of Great Pulteney Street and in May 2011 an award-winning extension by architect Eric Parry provided space for additional galleries and a garden café. The Holburne is a treasure house of Old Master paintings, portrait miniatures, porcelain, Renaissance bronzes and ceramics, silver, and embroidery. It is particularly renowned for its eighteenth-century British portraits, most notably by Ramsay, Stubbs, Zoffany and Gainsborough. The collection continues to develop with regular bequests,

loans and acquisitions, including the purchase of the oil sketch by Thomas Lawrence of *Arthur Atherley* following a major fundraising campaign from September to December 2015. The Holburne stages international exhibitions and other projects involving fine and decorative arts of all periods and is admired for its dynamic displays, vibrant learning & community engagement programme and innovative interpretation.

### **The Holburne Museum Vision:**

#### **CHANGING LIVES THROUGH ART**

The Holburne believes enjoyment of the arts changes people's lives. The Holburne promotes this by:

- Caring for, understanding, developing, displaying and interpreting the collection, building and site.
- Reaching as wide a public as possible by providing a welcoming, intimate experience of the arts.
- Creating exhibitions, events and educational activities of outstanding quality, impact and imagination.
- Being confident, adventurous and innovative.
- Ensuring everybody has access to the Museum, its collection and its programmes.

### **Statement of Purpose:**

The Holburne's charitable objects for the public benefit, as set out in its original trust deed, are:

- The provision and maintenance of a museum in the city of Bath for the exhibition to the public of a collection of specimens of the fine and decorative arts.
- The extension, enhancement, conservation, storage and maintenance of the art collection.
- Promotion of education in art and allied subjects, and of the appreciation of art.

As a University Museum it also seeks to:

- Develop and encourage the use of the Holburne's collection and the expertise of its staff as educational resources and stimuli for research.

When reviewing the charity's aims and objectives and planning future activities, the Trustees have had due regard to the public benefit guidance published by the Charities Commission. The activities undertaken to assist in the delivery of the Museum's objectives are outlined below.

### **Achievement and performance**

The year 2018 witnessed some major actions aimed at securing the Museum's future sustainability. A small staff restructure created a more efficient, slightly smaller team better suited to deliver our current vision. On October 5 we re-introduced a wider admission charge for access to the upper galleries, the ground floor and basement remaining free to access. While the impact on visitor numbers to the galleries was worse than anticipated, this has significantly improved our financial position by doubling ticket income while having only a small effect on the numbers entering the building as a whole. The exhibition programme was successful in a variety of ways: Anthony Fry attracted more sponsorship than any exhibition in our history and attracted a different audience to usual; *Prized Possessions* was one of the most popular exhibitions we have held; and *Gainsborough and the Theatre* continued our commitment to the history of art in Bath. Alongside these we presented smaller exhibitions, including the restored collection of Islamic artefacts bequeathed to the Holburne by Ellen Tanner in the 1920s and 30s, a small exhibition centred on Rodin's *La*

*Penseur* from the British Museum and David Hockney's *Mr & Mrs Clark and Percy*, all proved popular successes. Our learning and Engagement programme continued to flourish.

The museum continues to enjoy the invaluable support of both of Bath's universities in the form of on-going core support (in terms of money and services) and of individual exhibition sponsorship. The relationship with both institutions, their teaching, students and ethos remains a defining characteristic of the Holburne.

During 2018 we delivered a particularly ambitious programme of creative activities for all ages, engaging with nearly 13,280 people including over 1000 university students. We successfully ran the Bronze Art Award, enabling ten young people to achieve this national qualification, introduced Art Masterclasses for teenagers, worked with over 850 people on a multi-audience project inspired by the Lawrence study of Arthur Atherley and ran a lively programme of activities and events to complement our exhibition programme. The latter included working with University of Bath scientists to deliver an 'Up Late', Family Fun Day and sixth-form study day inspired by *Seurat to Riley: The Art of Perception*. Around 40% of participants in these activities were experiencing the Holburne for the first time.

We continued our pioneering work with dementia patients and their carers in partnership with Bath Preservation Trust and Avon & Wiltshire Mental Health Partnership NHS Trust. This ground-breaking project brings both the Collection and personal memories to life, enabling people to enjoy art in a non-clinical setting. The sessions are led by an artist and arts psychotherapist supported by volunteers. The importance and innovation of this project is reflected in the fact that it was nominated for a Creative Bath Award.

Also nominated was 'Pathways to Wellbeing' - a three year project funded by the Big Lottery Fund to work with people affected by lived experience of mental health issues, homelessness and social isolation, opening it up to 200 participants. 'Pathways offers different routes to improve confidence, skills and mental health. The programme attracted national recognition, with the project manager speaking at an international conference on Culture, Health and Wellbeing.

In conclusion, 2018 was a year of significant change. We implemented a new Business Plan that, recognising the challenges in building an endowment without the impetus of a capital campaign, sets out to balance the Holburne's budget. The Director's vision for a Museum that feels more energetic and contemporary, in look and tone of voice, while protecting all the best things that have secured the Museum its formidable reputation for excellence, began to be implemented.

## **FINANCIAL REVIEW**

### **Responsibility for the accounts and financial statements**

The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year that provide a true and fair view of the state of affairs of the charity's financial activities during the year and of its financial position at the end of the year. In preparing the financial statements, The Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate that the museum will continue operating.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position at any time and which ensure that the financial statements comply with the applicable rules and regulations. They are also responsible for safeguarding the assets of the charity and for their proper application under charity law, including taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Review of the year**

The Trustees are satisfied that the responsibilities set out above have been discharged and that these accounts have been prepared in accordance with the applicable accounting standards, save where stated in respect of donated heritage assets.

The net cost of operating was £535,836. The total donations and grants receivable were £531,308 (2017 £578,446).

Overall the unrestricted income fund totalled £1,026,376. This is a net decrease of £84,528 for the year. Investment income from dividends and interest was £10,038 (2017 £15,307).

With the agreement of the Charity Commission, the actuarial adjustment to the pension deficit reserve, being a non cash item, has now been offset against the Special Acquisitions restricted reserve at least until the unrestricted reserves have been rebuilt.

Clearly the drain on the reserves is unsustainable and, in so far as it represents a cash outflow, is primarily the result of a failure to achieve the annual fundraising target. The Trustees appointed a new fundraiser and the early indications are that the fresh approach is beginning to yield results in 2018. Coincident with this, the Trustees also concluded that central to the future operational efficiency of the changes, it was necessary for the Director, Chris Stephens, to become a Trustee, thus enabling more rapid decision making on important issues, not least in the sphere of grant applications. An Order from the Charity Commission was obtained to enable this to be implemented.

Our Catalyst Endowment Fund and Restricted Income Funds are discussed below.

At the end of 2018 the Museum Group's total net assets were £11,846,983, a reduction of £602,701. This reduction included two non-cash items – the actuarial gain on the defined benefit pension scheme (£101,000) and the provision for depreciation (£234,541). The total net assets includes £8,159,094 for the building and its redevelopment completed in 2011. The Trustees are concentrating on bringing the operating results to a breakeven position at the minimum. With the deterioration of the equity markets at the end of 2018 the investments underlying the endowment funds fell to a point which made it necessary for the Trustees to make an application to the National Lottery Heritage Fund in order to borrow from the Catalyst Fund. It was agreed that £400,000 could be borrowed at interest with the repayment being made over four years. The operating result for 2019 has been underwritten by an anonymous donor in order to provide time for the new plan to bed in. On this basis it is considered that the Balance Sheet is in sufficiently sound state with resources available to support operations in the short to medium term.

A fundamental change was made by the Trustees in 2018 in order to achieve the objective of bringing the operating costs to at least breakeven after annual fundraising and the total return achieved on investments. Thus the Museum reverts to the position prior to the building of the extension and the relaunch. In the long term the objective is to build the unrestricted fund which, taken together with the Catalyst and Education Endowment funds, will generate average total returns from investments sufficient to cover the Museum's core operating costs after annual fundraising and charging for admission and so ensure the longer term stability of the Museum and its operations. A restricted permanent endowment fundraising programme is being prepared with initial support of £1 million grant funding available on a £ for £ matching basis.

### Details of Funds

The Trustees long term objective is to maintain the following five separate funds:

- **The General Fund** is the fund through which all the Trust's day-to-day operating transactions (other than those that relate solely to one or more of the other funds) are recorded. This fund operates routinely in deficit, and is subject to regular subsidy from the Unrestricted fund.
- **The Unrestricted Fund** provides finance for the core operating costs relating to the on-going activities of the Museum. Total return income and gains from the Catalyst Endowment Fund, Education Endowment Fund and the Special Acquisition Fund are held within this fund.
- **The Development Fund** is a restricted fund operated solely for funds donated and grants raised for the purpose of financing the Trustees' major development scheme (which for these purposes included the Gardener's Lodge development).
- **The Specific Purposes Fund**, also a restricted fund, is an amalgam of the many donations to the charity over the years made with a specific purpose or intent expressed at the time of gift. It also contains the Special Acquisition Fund which holds the proceeds of sale of an item from the collection in 2011. All these transactions, both receipts and the use of the funding, are separately recorded and accounted for in the Trust's records.
- **The Endowment Funds** comprise of two grants: 1) The DCMS/Heritage Lottery Fund's Catalyst: Endowments Fund award together with the matched donations. 2) The Holburne Education Fund awarded by the Medlock Charitable Trust together with matched donations. The National Lottery Heritage Fund has agreed to a loan being made from the Catalyst Fund at interest with repayment made over four years. Subject to this, both funds are required to be held intact for a minimum of 25 years from the date of the receipt.

### Investment policy and performance

The assets of the Endowment Fund and Special Acquisitions Fund have been invested:

- Through two third party professional investment managers with a medium to low risk/capital preservation total return mandate in accordance with the powers given to the Trustee under the Trustee Investment Act 1961. During the year the Trustees decided to review the position and, after holding a series of interviews, concluded on changing the investment advisers by appointing Heartwood Investment Management as the sole provider. Such funds totalled £2,649,242 at 31 December 2018 (2017 £3,077,124) recording a loss of £167,865 during the year.

The balance of the funds is held in cash and is invested at regular intervals as appropriate. The performance of the investments is reported quarterly to the Trustees.



### **Unrestricted Funds operational approach**

The Trustees have taken the fundamental step of reintroducing admission charges in October 2018, which together with a restructuring of staff and cost cutting is intended to bring the operation of the Museum to breakeven after fundraising and investment return. To this end an anonymous donation has been received of £250,000 to underwrite 2019's performance. It has also been necessary to obtain agreement from the National Lottery Heritage Fund to borrow £400,000 from the Catalyst Fund, at interest and repayable over three years to allow time to achieve this goal. The Trustees are concerned to maintain a level of reserves which will provide sufficient working capital and enable the Museum to cope with unexpected shortfalls in income or increases in operating costs. A three year Implementation Plan has been prepared and is being applied, the objective of which is to preserve the Endowment funds and ultimately to increase them to a level at which the total return income generated will cover the annual deficit of the Museum. It is the long term aim of the charity to establish unrestricted reserves, which are the free reserves of the Charity, at a level that is sufficient to cover the running costs of the Charity for at least six months, being in the region of £700,000. The actions set out above are currently being implemented with the aim to restore this headroom.

### **Pension Fund Deficit**

The Museum's participation in the defined benefit scheme for its employees in the Avon Pension Fund resulted in a net actuarial gain in 2018 of £101,000 (2017 net gain £87,000).

The present value of funded obligations is £1,671,000 (2017 £1,742,000), giving rise to a net pension liability of £619,000 (2017 £711,000). This deficit is charged to the Restricted Reserves Fund. This shows that the pension fund covers some 63% (2017 59%) of the projected liability that is expected to crystallise over a period of 20 years and may have to be funded from the charity's resources in the future. The liability is reassessed by the Scheme's actuary on a triennial basis. As the Trustees take the view that as this liability is most unlikely to crystallise at one point in time, the focus should be on funding the annual costs of servicing the scheme.

In 2010 the Trustees closed the defined benefit scheme to new employees and offered them a defined contribution scheme with Scottish Widows, which enables them to exercise some control over their entitlements. There was no take up of this scheme. In 2016 in line with government requirements, an automatic enrolment pension scheme was put into place, the provider being People's Pension.

### **Plans for future periods**

Looking forward to 2019 and beyond, the priorities for the Trustees as set out in the Museum's Forward Plan are:

- **Excellence:** To maintain and develop the Holburne Museum's reputation for high quality in all of its activities.
- **Resilience:** To create a sustainable museum through ambitious programming, fundraising, commercial activities, partnerships and staff development.
- **Engagement:** To increase and broaden audiences by providing engaging, meaningful and welcoming experiences

During 2019, Trustees will agree a new Vision and Future Plan and will help implement both. These will set out the parameters for a revised brand identity and visitor offer, on-site and online, to be developed during 2020-22.

A key goal for the Trustees throughout will be to support the ongoing Fundraising target alongside a new Endowment Campaign.

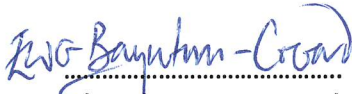
### **Auditors**

Moore Stephens have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

### Thanks

The Trustees convey their sincere thanks to all the staff and volunteers who have provided their support to the Museum, without which it could not continue to honour and deliver its response to the charitable objectives laid down for it by its founder in 1882.

This report was approved by the Trustees and signed on their behalf on 20 09 2019 by:

  
.....  
Edward Bayntun-Coward  
Chairman

  
.....  
Antony Constantinidi  
Treasurer

**THE HOLBURNE MUSEUM  
OFFICERS AND MANAGEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**The Board of Directors of The Holburne Museum Trust Company ('The Trustees')**

**Edward Bayntun–Coward [1, 2]**

CHAIRMAN

Owner of George Bayntun, antiquarian bookbinders and booksellers

Deputy Lieutenant of Somerset

**John Barneby [1]**

JOINT VICE CHAIRMAN

Former Chairman of Czarnikow Group Ltd

**Prof. Brian Allen FSA, DLitt [4]**

JOINT VICE CHAIRMAN

Chairman, Hazlitt Group

Former Director of Studies at the Paul Mellon Centre

**Antony Constantinidi FCA [1]**

HON.TREASURER

Chartered Accountant

Former tax partner, PricewaterhouseCoopers

**Dr Martin Clarke [1]**

Senior Corporate Finance advisor to AA plc

Founder partner at Ocean Bridge Partners

Iford Arts - Dr Martin Clarke Young Organ Scholar's Trust

Member of the Advisory Board of the St Mary's University Business School

Trustee of Friends of York Minster

**Patricia Lankester [3, 4]**

Educationalist

Trustee of the Chelsea Physic Garden

Former Trustee of the Tate and the National Gallery and Heritage Lottery Fund

Former Head of Education, National Trust

Former Director of Paul Hamlyn Foundation

**Michael King [4]**

Consultant Solicitor Accredited Mediator

Former Chairman of Stone King LLP solicitors

Chairman, Prior Park Schools

**John Lovering [1]**

Former Governor of Dulwich College

Former chairmanships include: Dulwich College Enterprises, Hastings Pier Charity, Mitchells & Butlers plc,

Debenhams plc, Homepage Ltd, Somerfield Ltd

Trustee of The Lovering Charitable Foundation

Trustee of United World Schools

**Oluwatosin Onile-Ere-Rotimi [3]**

Contemporary African art specialist

**Prof. Sue Rigby** [8] [Appointed 6/7/2018]  
Nominated Trustee, Vice Chancellor of Bath Spa University

**Tim Sanderson** [2] [Appointed February 2018]  
Fellow of the Ashmolean Museum and University College, Oxford  
Member of the Chancellor of Oxford University's Court of Benefactors  
Chairman of Chalke Valley History Festival Ltd

**Desmond Shawe-Taylor LVO**  
Surveyor of The Queen's Pictures  
Former Director of Dulwich Picture Gallery

**Adrian Tinniswood OBE** [3, 4]  
Architectural historian, author, lecturer and broadcaster.  
A consultant to The National Trust and formerly Chairman of the HLF committee for the South West

**Cllr. Paul Crossley** [5]  
Nominated Trustee, Leader of Bath and North East Somerset Council

**Antonia Johnson** [2, 6]  
Nominated Trustee, The Friends of The Holburne Museum

**Mark Humphriss** [4, 7]  
Nominated Trustee, University of Bath Secretary

**Prof. John Strachan** [8] [Resigned 6/7/2018]  
Nominated Trustee, Bath Spa University

**Dr Christopher Stephens** [1,2,3] [Appointed 6/7/2018]  
The Holburne Museum Director

#### Notes

- [1] Member of Finance, Audit & Investment Committee
- [2] Member of the Development Committee
- [3] Member of the Learning & Engagement Advisory Committee
- [4] Member of the Nominations Committee
- [5] Nominee, Bath and North East Somerset Council
- [6] Nominee, The Friends of The Holburne Museum
- [7] Nominee, The University of Bath
- [8] Nominee, Bath Spa University

**Trustees and management who served during the year, but who are no longer in post at the date of this report**

**Professor Sue Rigby** until 8<sup>th</sup> May 2019

**Cllr. Paul Crossley** until 20<sup>th</sup> May 2019

**THE HOLBURNE MUSEUM  
PROFESSIONAL ADVISORS AND BANKERS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

*Solicitors*

Thrings LLP  
2 Queen Square  
Bath BA1 2HQ

Withy King  
Midland Bridge House  
Midland Bridge Road  
Bath BA2 3FP

*Auditors*

Moore Stephens  
Chartered Accountants & Statutory Auditors  
30 Gay Street  
Bath BA1 2PA

*Investment Managers and Advisors*

Ruffer LLP  
80 Victoria Street  
London SW1E 5JL

Link Fund Solutions Limited  
PO Box 389  
Darlington  
DL1 9UF

Heartwood Investment Management  
No1 Kingsway  
London  
WC2B 6AN

*Insurance Brokers*

Jelf Insurance Brokers Ltd  
1 Crescent Office Park  
Clarks Way  
Bath BA2 2AF

Blackwall Green  
The Wallbrook Building  
25 Wallbrook  
London EC4N 8AW

*Bankers*

CafBank Ltd  
PO Box 289  
West Malling  
Kent ME19 4TA

**THE HOLBURNE MUSEUM  
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MUSEUM  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Opinion**

We have audited the financial statements of The Holburne Museum (the 'charity') for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, Charity and Consolidated Balance Sheets, Consolidated Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

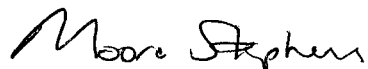
### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Moore Stephens

Statutory Auditor  
30 Gay Street  
Bath  
Somerset  
BA1 2PA

Moore Stephens Bath is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

20<sup>th</sup> September 2019



THE HOLBURN MUSEUM OF ART

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR YEAR ENDED 31 DECEMBER 2018

		Unrestricted Funds	Restricted Funds	Endowment fund	Total Funds 2018	Total Funds 2017
	Note	£	£	£	£	£
<b>INCOME AND ENDOWMENTS</b>						
Donations and legacies	1	438,737	92,558	13	531,308	578,446
Income from charitable activities	2	222,931	35,164	-	258,095	307,482
Other trading activities	3	331,598	-	-	331,598	342,070
Income from investments	4	110	-	9,928	10,038	15,307
Other income	5	33,000	-	-	33,000	-
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>1,026,376</b>	<b>127,722</b>	<b>9,941</b>	<b>1,164,039</b>	<b>1,243,305</b>
<b>EXPENDITURE</b>						
Expenditure on raising funds	6	(102,445)	-	-	(102,445)	(91,608)
Investment management costs	7	-	-	(5,443)	(5,443)	(11,143)
Expenditure on charitable activities	8/9/10	(1,245,655)	(346,332)	-	(1,591,987)	(1,675,190)
<b>TOTAL EXPENDITURE</b>		<b>(1,348,100)</b>	<b>(346,332)</b>	<b>(5,443)</b>	<b>(1,699,875)</b>	<b>(1,777,941)</b>
<b>NET INCOME/ (EXPENDITURE)</b>	<b>11</b>	<b>(321,724)</b>	<b>(218,610)</b>	<b>4,498</b>	<b>(535,836)</b>	<b>(534,636)</b>
<b>TRANSFERS BETWEEN FUNDS</b>	<b>12</b>	<b>833,393</b>	<b>(619,000)</b>	<b>(214,393)</b>	<b>-</b>	<b>-</b>
<b>NET INCOME/(EXPENDITURE) AFTER TRANSFERS</b>		<b>511,669</b>	<b>(837,610)</b>	<b>(209,895)</b>	<b>(535,836)</b>	<b>(534,636)</b>
(Loss)/gain on investments	16a	-	-	(167,865)	(167,865)	132,415
Actuarial gain on defined benefit pension scheme	20	101,000	-	-	101,000	87,000
<b>NET MOVEMENT IN FUNDS</b>		<b>612,669</b>	<b>(837,610)</b>	<b>(377,760)</b>	<b>(602,701)</b>	<b>(315,221)</b>
<b>FUND BALANCES BROUGHT FORWARD</b>		<b>129,803</b>	<b>10,212,879</b>	<b>2,107,002</b>	<b>12,449,684</b>	<b>12,764,905</b>
<b>FUND BALANCES CARRIED FORWARD</b>		<b>742,472</b>	<b>9,375,269</b>	<b>1,729,242</b>	<b>11,846,983</b>	<b>12,449,684</b>

The above results relate wholly to continuing activities; there were no other recognised gains or losses in the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

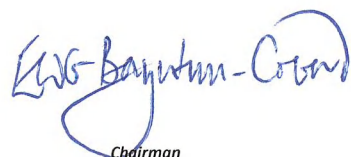
## THE HOLBURN MUSEUM OF ART

## BALANCE SHEET

31 DECEMBER 2018

	Note	Unrestricted Funds	Restricted Funds	Endowment Fund	Total Funds 2018	Total Funds 2017
		£	£	£	£	£
<b>FIXED ASSETS</b>						
Tangible fixed assets						
The Museum	14	550,000	7,609,094	-	8,159,094	8,332,213
Others	14	56,044	678,937	-	734,981	782,070
Heritage assets	15	-	753,000	-	753,000	753,000
Investments	16a	100	920,000	1,729,242	2,649,342	3,077,224
<b>TOTAL FIXED ASSETS</b>		<b>606,144</b>	<b>9,961,031</b>	<b>1,729,242</b>	<b>12,296,417</b>	<b>12,944,507</b>
<b>CURRENT ASSETS</b>						
Bookshop stock	17	2,500	-	-	2,500	2,500
Debtors	18b	284,786	-	-	284,786	216,068
Bank balances and cash in hand		117,254	33,238	-	150,492	176,524
		<b>404,540</b>	<b>33,238</b>	<b>-</b>	<b>437,778</b>	<b>395,092</b>
<b>CREDITORS: Amounts falling due within one year</b>	19b	<b>(268,221)</b>	<b>-</b>	<b>-</b>	<b>(268,221)</b>	<b>(355,721)</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>136,319</b>	<b>33,238</b>	<b>-</b>	<b>169,557</b>	<b>39,371</b>
<b>NET ASSETS/(LIABILITIES) BEFORE PENSION DEFICIT</b>		<b>742,463</b>	<b>9,994,269</b>	<b>1,729,242</b>	<b>12,465,974</b>	<b>12,983,878</b>
Pension scheme deficit	20	-	(619,000)	-	(619,000)	(711,000)
<b>NET ASSETS/(LIABILITIES)</b>		<b>742,463</b>	<b>9,375,269</b>	<b>1,729,242</b>	<b>11,846,974</b>	<b>12,272,878</b>
<b>ENDOWMENT FUND</b>	21	<b>-</b>	<b>-</b>	<b>1,729,242</b>	<b>1,729,242</b>	<b>2,107,002</b>
<b>RESTRICTED FUNDS</b>	22					
Specific Purposes Fund: Revenue		-	81,098	-	81,098	72,271
Specific Purposes Fund: Capital		-	22,548	-	22,548	22,548
Specific Purposes Fund: Heritage assets		-	753,000	-	753,000	753,000
Special Acquisitions Fund		-	920,000	-	920,000	920,000
Pension fund		-	(619,000)	-	(619,000)	0
Development Fund		-	8,217,623	-	8,217,623	8,445,060
		<b>-</b>	<b>9,375,269</b>	<b>-</b>	<b>9,375,269</b>	<b>10,212,879</b>
<b>UNRESTRICTED FUNDS</b>						
General fund	23	742,463	-	-	742,463	663,997
Pension fund	20	-	-	-	-	(711,000)
		<b>742,463</b>	<b>-</b>	<b>-</b>	<b>742,463</b>	<b>(47,003)</b>
		<b>742,463</b>	<b>9,375,269</b>	<b>1,729,242</b>	<b>11,846,974</b>	<b>12,272,878</b>

The financial statements were approved by the Trustees at their meeting on  
and are signed on their behalf on 2019/19 by:

  
Chairman

  
Treasurer

The accompanying accounting policies and notes form an integral part of these financial statements

## THE HOLBURNE MUSEUM OF ART

## CONSOLIDATED BALANCE SHEET

31 DECEMBER 2018

	Note	Unrestricted Funds	Restricted Funds	Endowment Fund	Total Funds 2018	Total Funds 2017
		£	£	£	£	£
<b>FIXED ASSETS</b>						
Tangible fixed assets						
The Museum	14	550,000	7,609,094	-	8,159,094	8,332,213
Others	14	56,044	678,937	-	734,981	782,070
Heritage assets	15	-	753,000	-	753,000	753,000
Investments	16a	-	920,000	1,729,242	2,649,242	3,077,124
<b>TOTAL FIXED ASSETS</b>		<b>606,044</b>	<b>9,961,031</b>	<b>1,729,242</b>	<b>12,296,317</b>	<b>12,944,407</b>
<b>CURRENT ASSETS</b>						
Bookshop stock	17a	50,257	-	-	50,257	57,812
Debtors	18a	240,092	-	-	240,092	231,026
Bank balances and cash in hand		173,520	33,238	-	206,758	232,284
		<b>463,869</b>	<b>33,238</b>	<b>-</b>	<b>497,107</b>	<b>521,122</b>
<b>CREDITORS: Amounts falling due within one year</b>	19a	<b>(327,441)</b>	<b>-</b>	<b>-</b>	<b>(327,441)</b>	<b>(304,845)</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>136,428</b>	<b>33,238</b>	<b>-</b>	<b>169,666</b>	<b>216,277</b>
<b>NET ASSETS/(LIABILITIES) BEFORE PENSION DEFICIT</b>		<b>742,472</b>	<b>9,994,269</b>	<b>1,729,242</b>	<b>12,465,983</b>	<b>13,160,684</b>
Pension scheme deficit	20	-	(619,000)	-	(619,000)	(711,000)
<b>NET ASSETS/(LIABILITIES)</b>		<b>742,472</b>	<b>9,375,269</b>	<b>1,729,242</b>	<b>11,846,983</b>	<b>12,449,684</b>
<b>ENDOWMENT FUND</b>	21	<b>-</b>	<b>-</b>	<b>1,729,242</b>	<b>1,729,242</b>	<b>2,107,002</b>
<b>RESTRICTED FUNDS</b>	22					
Specific Purposes Fund: Revenue		-	81,098	-	81,098	72,271
Specific Purposes Fund: Capital		-	22,548	-	22,548	22,548
Specific Purposes Fund: Heritage assets		-	753,000	-	753,000	753,000
Special Acquisitions Fund		-	920,000	-	920,000	920,000
Pension fund		-	(619,000)	-	(619,000)	0
Development Fund		-	8,217,623	-	8,217,623	8,445,060
		<b>-</b>	<b>9,375,269</b>	<b>-</b>	<b>9,375,269</b>	<b>10,212,879</b>
<b>UNRESTRICTED FUNDS</b>						
General fund	23	742,472	-	-	742,472	840,803
Pension fund	20	-	-	-	-	(711,000)
		<b>742,472</b>	<b>-</b>	<b>-</b>	<b>742,472</b>	<b>129,803</b>
		<b>742,472</b>	<b>9,375,269</b>	<b>1,729,242</b>	<b>11,846,983</b>	<b>12,449,684</b>

The financial statements were approved by the Trustees at their meeting on  
and are signed on their behalf on 2019/19 by:

  
Chairman

  
Treasurer

The accompanying accounting policies and notes form an integral part of these financial statements

**THE HOLBURNE MUSEUM**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**YEAR ENDED 31 DECEMBER 2018**

	<b>2018</b>	2017
	<b>£</b>	£
<b>Cash flows from operating activities</b>		
Net expenditure for the reporting period	<b>(602,701)</b>	(315,221)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	<b>234,541</b>	241,182
Net losses/(gains) on investments	<b>167,865</b>	(132,415)
Dividends and rents from investments	<b>(9,928)</b>	(15,233)
Movement in pension reserve deficit	<b>(92,000)</b>	(74,000)
<i>Changes in:</i>		
Stocks	<b>7,555</b>	(12,784)
Trade and other debtors	<b>(9,066)</b>	(93,990)
Trade and other creditors	<b>22,596</b>	40,390
Net cash used in operating activities	<b><u>(281,138)</u></b>	<u>(362,071)</u>
<b>Cash flows from investing activities</b>		
Dividends and rents from investments	<b>9,928</b>	15233
Purchase of tangible assets	<b>(14,333)</b>	(12,318)
Purchase of heritage assets	-	(5,000)
Purchases of other investments	<b>(2,971,552)</b>	(479,223)
Proceeds from sale of other investments	<b>3,231,569</b>	892,606
Net cash provided by investing activities	<b><u>255,612</u></b>	<u>411,298</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(25,526)</b>	49,227
<b>Cash and cash equivalents at beginning of year</b>	<b>232,284</b>	183,057
<b>Cash and cash equivalents at end of year</b>	<b><u>206,758</u></b>	<u>232,284</u>

## THE HOLBURNE MUSEUM

### ACCOUNTING POLICIES

#### YEAR ENDED 31 DECEMBER 2018

##### Basis of accounting

###### General information

The charity is a registered charity in England and Wales and is unincorporated. The address of the principal office is Great Pulteney Street, Bath, BA2 4DB.

###### Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair view". This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

##### Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investments measured at fair value through income or expenditure.

The consolidated accounts include the trading activities, assets and liabilities of the subsidiary company.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### Going concern

The activities of the Charity, together with the factors likely to affect its future development and performance are set out in the Trustees Report. The financial position of the Charity and its cashflow are presented in the Financial Statements and accompanying Notes.

2018 has been the year in which the Trustees have made a number of key decisions in order to move towards the aim of achieving a minimum of breakeven in respect of operating results after fundraising and investment return. To that end it was decided to revert to charging for admission in October, to restructure the staffing both to streamline management and overall cost, and to reduce costs in a number of areas.

The fall in the equity markets in the last quarter of 2018 and the operating deficit meant that unrestricted reserves were insufficient to support future operations. The Trustees therefore applied to and obtained agreement from National Lottery Heritage Fund to borrow £400,000 from the Catalyst Fund at interest repayable over four years.

This, together with a donation of £250,000 made specifically to underwrite the 2019 operational performance, has given sufficient short term headroom for the changes to bed down and for operations to continue. Some refocussing of the learning and educational activities is being made so as to improve the ability to fundraise specifically for those courses.

A further £250,000 has been donated to support a specific change programme. For the medium term it is the intention to start the process of building the Endowment Funds with a capital raising programme using grant funding which has been made available up to £1million matching £ for £.

Notwithstanding the fact that the consolidated statement of financial activities shows a decrease in funds of £602,701 for the year ended 31 December 2018 the Board of Trustees considers that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

ACCOUNTING POLICIES (*continued*)

YEAR ENDED 31 DECEMBER 2018

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Defined benefit pension and other post-employment benefits**

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, Bath and North East Somerset Council determine the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 20.

## THE HOLBURNE MUSEUM

### ACCOUNTING POLICIES *(continued)*

#### YEAR ENDED 31 DECEMBER 2018

##### **Revenue recognition**

Donations, grants, sponsorship and legacies are credited to income only when it is probable that they will be received and the amount can be measured with sufficient reliability.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

No monetary value is attributed to the substantial amount of time and effort contributed by the many volunteers essential to the Museum's activities and who have not been paid for their assistance.

##### **Income**

Donations and legacies include all gifts, donations and related gift aid, grants which provide core funding and patrons' subscriptions.

Other trading activities are the trading and other fundraising activities primarily to generate incoming resources to undertake charitable activities.

Income from charitable activities includes any incoming resources received that are a payment for goods and services provided for the benefit of the charity's beneficiaries. 'Charitable activities' for the purposes of the Museum's financial statement are:

- a) Exhibitions and display
- b) Learning
- c) Events (lectures and concerts etc), room hire and catering.

##### **Expenditure**

Expenditure is recognised when incurred, and is reported gross of related income on the following bases:

- a) Expenditure on raising funds comprises the costs associated with attracting voluntary income and the costs of other income generation, e.g. the costs associated with management of the investment portfolio.
- b) Expenditure on charitable activities comprises direct expenditure including staff costs attributable to its activities. Where costs cannot be directly attributed, they are allocated to activities on a basis consistent with the use of resources as described below.
- c) Governance costs are costs incurred in the governance of the Trust's assets in order to comply with constitutional and statutory requirements and are included within expenditure on charitable activities.
- d) Support costs include the central functions and are allocated to activity cost categories on a basis consistent with the use of the resources, e.g. allocating staff costs according to time spent and other costs according to usage.

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

## THE HOLBURNE MUSEUM

### ACCOUNTING POLICIES *(continued)*

#### YEAR ENDED 31 DECEMBER 2018

##### **Investment assets and income**

Dividends and interest from investments are credited to income on receipt.

The charity's investment in its subsidiary company is shown at cost.

All other investments are shown in the Balance Sheet at their mid-market price as quoted on the London Stock Exchange. Gains and losses on the revaluation and realisation of investments are taken or charged to income in the Statement of Financial Activities.

##### **Taxation**

The Charities' activities are charitable and therefore, to the extent that any surpluses are applied to its charitable objects, the Charity is not liable to tax. In addition, its subsidiary incur no current tax charge as all their profits, which would otherwise be taxable, are distributed to the Charity by way of Gift Aid and thus no tax liability arises. The Group receives Museum and Gallery Exhibition Tax Relief which is surrendered, giving rise to a tax repayment to the Group. The arising credit is recognised in the year in which the related expenditure is incurred. The credit is recognised in other income in the Consolidated Statement of Financial Activities.

Gift Aid is recoverable on certain donations, and where applicable, has been included in income.

##### **Liabilities**

Liabilities are recognised in full in the financial statements as soon as the obligation arises.

##### **Restricted and unrestricted income funds**

Unrestricted income funds are expendable at the discretion of the Trustees in furtherance of the objects of the Museum.

Funds designated for a particular purpose are also unrestricted.

The Museum receives grants and donations for purposes specified by the donors and funds are expended in accordance with donors' wishes. Such funds are restricted funds and are disclosed in the accounts under one of the headings Specific Purposes Funds or Development Funds.

##### **Endowment fund**

The charity's Catalyst endowment fund is the Heritage Lottery Fund/Department for Culture Media and Sport Catalyst: Endowment fund created from a grant of £1 million from the Heritage Lottery Fund which, together with 1:1 matched funding, was received and raised over the period to June 2016. The capital must be retained as a permanent endowment for a minimum period of 25 years. The real value of investment returns on this fund will be used to support the operations of the Museum and will be transferred annually to the general fund.

The Holburne Learning endowment fund has been created by the Medlock Charitable Trust, Bath. It is a grant to be treated as a restricted endowment fund, the capital of which will be ring fenced to remain intact for a minimum of 25 years. The income, on a "total return" basis, from the fund will be used to support learning activities at the Holburne Museum.

##### **Fixed Assets**

Freehold property is shown in the Balance Sheet using a pre development valuation of £550,000 as deemed cost on transition to SORP (FRS102) plus subsequent costs of development of £8,949,750.

Since re opening in May 2011, depreciation has been provided on the Museum's building.

Expenditure on fixed assets is capitalised where material. Where capitalised, assets are stated at cost less subsequent depreciation unless otherwise stated. Other fixed asset expenditure of less than £200 is charged to general income or specific grants as appropriate. Where expenditure on material fixed assets is funded by specific grants or donations depreciation thereon is charged to the Specific Purposes Fund.



## **THE HOLBURNE MUSEUM**

### **ACCOUNTING POLICIES *(continued)***

#### **YEAR ENDED 31 DECEMBER 2018**

##### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property - 50 years straight line (SL)  
Fixtures and fittings - pre development, 20% reducing balance - post development, 15 to 30 years SL  
Leasehold property - over the period of the lease

Where the recoverable amount of a tangible fixed asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category of the statement of financial activities. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. In the year, the charity currently has no tangible fixed assets to which impairment provisions apply.

##### **Heritage assets**

The charity holds heritage assets, which are tangible fixed assets of historical, artistic or scientific importance that are held to advance preservation and conservation objectives of the charity.

The directors of the trustee company have identified three heritage assets acquired in earlier years and these have been capitalised.

With the exception of the three assets mentioned above the collection is the legacy of the Holburne family and it would be difficult and costly to attribute a cost or value to the collection. As such these assets are excluded from the balance sheet as reliable cost information is not available and conventional valuation approaches lack sufficient reliability and significant costs would be involved in the reconstruction or analysis of past accounting records or in valuation, which are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.

The very long expected lives of heritage assets, due to their nature, value and need to be protected and preserved means that depreciation is not material and is, therefore, not provided.

##### **Stock**

Stock in the Museum shop is included in the financial statements at the lower of its original cost and net realisable value.

##### **Operating lease agreements**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are included in expenditure on a straight-line basis over the period of the lease.

**ACCOUNTING POLICIES** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

**Pension costs**

For defined contribution pension schemes, contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

For defined benefit pension schemes, current service costs, past service costs and gains and losses on settlements and curtailments are charged to appropriate resources expended categories in the statement of financial activities. Past service costs are recognised over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the statement of financial activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount as other finance costs or income. Net pension finance costs are allocated to appropriate resources expended categories in the statement of financial activities. Net pension finance income is recognised as an incoming resource in the statement of financial activities. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the statement of financial activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension scheme deficit is recognised in full on the balance sheet.

**Financial instruments**

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

THE HOLBURNE MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

1. Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £
<b>Donations</b>				
Specific purposes revenue fund	75,375	12,720	–	88,095
General donations and grants	176,805	79,838	13	256,656
Patrons' subscriptions and donations	43,632	–	–	43,632
Friends of the Holburne Museum	62,925	–	–	62,925
University contributions	80,000	–	–	80,000
	<u>438,737</u>	<u>92,558</u>	<u>13</u>	<u>531,308</u>
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2017 £
<b>Donations</b>				
Specific purposes revenue fund	132,215	6,000	–	138,215
General donations and grants	223,067	28,686	31,825	283,578
Patrons' subscriptions and donations	47,486	–	–	47,486
Friends of the Holburne Museum	25,000	10,000	–	35,000
University contributions	74,167	–	–	74,167
	<u>501,935</u>	<u>44,686</u>	<u>31,825</u>	<u>578,446</u>

2. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Exhibition admissions and touring income	178,094	4,800	182,894
Learning lectures, concerts, workshops etc	44,837	30,364	75,201
	<u>222,931</u>	<u>35,164</u>	<u>258,095</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Exhibition admissions and touring income	225,409	–	225,409
Learning lectures, concerts, workshops etc	41,416	40,657	82,073
	<u>266,825</u>	<u>40,657</u>	<u>307,482</u>

3. Other trading activities

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Corporate Sponsorship and membership	48,965	48,965	43,855	43,855
Other activities for generating funds	280,906	280,906	297,378	297,378
Museum room hire and lettings	1,727	1,727	837	837
	<u>331,598</u>	<u>331,598</u>	<u>342,070</u>	<u>342,070</u>

THE HOLBURNE MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

4. Investment income

	Unrestricted Funds £	Endowment Funds £	Total Funds 2018 £
Income from listed investments	–	9,928	9,928
Bank interest receivable	110	–	110
	<u>110</u>	<u>9,928</u>	<u>10,038</u>

	Unrestricted Funds £	Endowment Funds £	Total Funds 2017 £
Income from listed investments	–	15,233	15,233
Bank interest receivable	74	–	74
	<u>74</u>	<u>15,233</u>	<u>15,307</u>

5. Other income

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Museum and Gallery Exhibition Tax Relief	<u>33,000</u>	<u>33,000</u>	<u>–</u>	<u>–</u>

The Group receives Museum and Gallery Exhibition Tax Relief which is surrendered, giving rise to a tax repayment to the Group. The arising credit is recognised in the year in which the related expenditure is incurred.

6. Costs of other trading activities

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Other costs of generating funds	<u>102,445</u>	<u>102,445</u>	<u>91,608</u>	<u>91,608</u>

7. Investment management costs

	Endowment Funds £	Total Funds 2018 £	Endowment Funds £	Total Funds 2017 £
Investment management fees	<u>5,443</u>	<u>5,443</u>	<u>11,143</u>	<u>11,143</u>

8. Costs of charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Museum activities	519,370	286,901	806,271
Learning activities	122,469	30,520	152,989
Exhibition activities	142,319	28,754	171,073
Support costs	461,497	157	461,654
	<u>1,245,655</u>	<u>346,332</u>	<u>1,591,987</u>

THE HOLBURNE MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

8. Costs of charitable activities by fund type (*continued*)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Museum activities	582,117	249,389	831,506
Learning activities	104,903	57,691	162,594
Exhibition activities	163,307	11,169	174,476
Support costs	506,614	–	506,614
	<u>1,356,941</u>	<u>318,249</u>	<u>1,675,190</u>

9. Costs of charitable activities by activity type

	Staff costs £	Other direct costs £	Support costs £	Total Funds 2018 £	Total Funds 2017 £
Museum activities	375,757	430,514	129,196	935,467	998,719
Learning activities	92,240	60,749	107,664	260,653	258,787
Exhibition activities	26,258	144,815	189,487	360,560	380,099
	<u>494,255</u>	<u>636,078</u>	<u>426,347</u>	<u>1,556,680</u>	<u>1,637,605</u>
Governance costs	–	–	35,307	35,307	37,585
	<u>494,255</u>	<u>636,078</u>	<u>461,654</u>	<u>1,591,987</u>	<u>1,675,190</u>

10. Analysis of support costs

	Museum activities £	Education activities £	Exhibition activities £	Total 2018 £	Total 2017 £
Staff costs	38,629	32,191	56,656	127,476	125,701
Premises	70,075	58,396	102,776	231,247	231,260
Other administrative costs	20,492	17,077	30,055	67,624	112,068
	<u>129,196</u>	<u>107,664</u>	<u>189,487</u>	<u>426,347</u>	<u>469,029</u>

11. Net outgoing resources for the year

This is stated after charging:

	2018 £	2017 £
Depreciation	234,541	241,182
Auditors' remuneration:		
- audit of the group financial statements	11,100	10,900
- audit of the charity financial statements	8,500	8,300
	<u>254,141</u>	<u>260,382</u>

12. Fund transfers

The transfer from endowment funds to unrestricted funds is the unapplied total return on the endowment fund which has been allocated to income in the reporting period.

The balance on the unrestricted pension fund of £(619,000) has been transferred to restricted funds following Charity Commission approval for the balance to be set against the balance held in the Special Acquisitions fund.

**THE HOLBURNE MUSEUM**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

**13. Staff costs and emoluments**

Total staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	555,341	550,671
Social security costs	48,378	48,077
Other pension costs – defined benefit	29,000	32,000
Other pension costs – defined contribution	9,927	7,331
	<u>642,646</u>	<u>638,079</u>

Other pension costs above represents the total operating charge included in expenditure in the Statement of financial activities and does not include amounts included in other finance costs.

**Particulars of employees:**

The average number of employees during the year, was as follows:

	2018	2017
	No.	No.
Director	1	1
Curatorial	2	3
Learning	4	5
Exhibitions	1	1
Shop	1	1
Administration & finance	2	2
Fundraising	2	2
Communications	1	2
Facilities	1	1
Front of House	4	4
	<u>19</u>	<u>22</u>

There were 12 (2017:14) part time employees and 12 (2017:12) full time employees during the year, being 23 (2017:26) employees in total. The average full time equivalent being 19 (2017:22) employees

The number of employees whose remuneration for the year fell within the following bands, were:

	2018	2017
	No.	No.
£70,000 to £79,999	<u>1</u>	<u>-</u>

**Trustees**

No remuneration is payable to the sole trustee of the Museum, or to any of the directors, except for the Director, Chris Stephens, of that company. No expenses were reimbursed to directors of the Trustee company (2017 - £181 to two directors).

**Key Management Personnel**

The total amount of employee benefits received by key management personnel is £162,222 (2017:£152,283).

THE HOLBURNE MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

14. Tangible Fixed Assets

The group and the charity

	Freehold property £	Fixtures & Fittings £	Leasehold Property £	Total £
<b>COST</b>				
At 1 January 2018	9,499,750	1,133,782	90,423	10,723,955
Additions	3,113	11,220	–	14,333
<b>At 31 December 2018</b>	<b>9,502,863</b>	<b>1,145,002</b>	<b>90,423</b>	<b>10,738,288</b>
<b>DEPRECIATION</b>				
At 1 January 2018	1,167,537	383,820	58,315	1,609,672
Charge for the year	176,232	53,610	4,699	234,541
<b>At 31 December 2018</b>	<b>1,343,769</b>	<b>437,430</b>	<b>63,014</b>	<b>1,844,213</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2018</b>	<b>8,159,094</b>	<b>707,572</b>	<b>27,409</b>	<b>8,894,075</b>
At 31 December 2017	8,332,213	749,962	32,108	9,114,283

**Freehold property**

The freehold of the Museum buildings and grounds is held by the Trustee, in Trust for the charity.

The Museum building and grounds were professionally valued at £550,000 in 1994 and this valuation has been used as a deemed cost on transition to SORP (FRS 102).

During 2011 the Development project was completed and the total cost of £8,811,623 reanalysed as freehold property.

Since the opening of the Museum in May 2011, depreciation commenced on the freehold property on a straight line basis over a period of 50 years. In August 2017 the building was valued at £16.6m (2016 £16m) by the Charity's insurers, this being based on the cost of restoring or repairing the building using modern techniques and materials or replacing the property with a modern equivalent.

**Leasehold property**

The leasehold property is the Gardener's Lodge. The cost included in the accounts represents the cost of the premium paid to Bath & North East Somerset Council for the grant by them of a 20 year rent-free lease on these premises in Sydney Gardens, together with the cost of small subsequent improvements. The lease commenced on 20 November 2004 and its costs are being amortised by equal annual instalments over the life of the lease. The amount of the depreciation is charged against the Development Fund.

THE HOLBURNE MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

15. Heritage Assets

The group and the charity

	Heritage Assets £
<b>COST</b>	
At 1 January 2018	753,000
At 31 December 2018	753,000
<b>DEPRECIATION</b>	
At 31 December 2018	-
<b>NET BOOK VALUE</b>	
At 31 December 2018	753,000
At 31 December 2017	753,000

A Bead Basket costing £78,000 and a cabinet costing £250,000 were purchased in earlier years and capitalised as a prior year adjustment as at 1 January 2015. The Atherley portrait costing £420,000 was purchased in 2015 and an Ivory Fan costing £5,000 was purchased in 2017.

16a. INVESTMENTS

The group and the charity

Movement in market value

	2018 £	2017 £
Market value at 1 January 2018	3,077,124	3,358,092
Acquisitions at cost	2,971,552	479,223
Disposals at opening book value	(3,316,968)	(915,827)
Net (losses)/gains on revaluations in the year	(167,865)	132,415
Movement in cash account in the year	85,399	23,221
Market value at 31 December 2018	2,649,242	3,077,124
Historical cost at 31 December 2018	2,849,718	2,033,857

Analysis of investments at 31 December 2018 between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £	Total Funds 2017 £
<b>Listed investments</b>					
Quoted Shares	-	920,000	1,583,551	2,503,551	3,016,832
<b>Other investments</b>					
UK Cash held as part of Portfolio	-	-	145,691	145,691	60,292
	-	920,000	1,729,242	2,649,242	3,077,124

The charity

	2018 £	2017 £
Investment in subsidiary	100	100



# THE HOLBURNE MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2018

#### 16b. SUBSIDIARY UNDERTAKING

The charity owns the whole of the issued share capital of Holburne Trading Company Limited, a company registered in England. The address of the principal office is Great Pulteney Street, Bath, BA2 4DB.

Its principal activity is the operation of the commercial activities at the Holburne Museum and a summary of its results and balance sheet is provided below:

	2017 £	2017 £
<b>Profit and loss account</b>		
Turnover	414,961	569,764
Cost of sales	(191,649)	(215,534)
Gross profit	223,312	354,230
Administrative expenses	(175,264)	(177,457)
Operating profit	48,048	176,773
Interest receivable	36	23
Museum and galleries tax credit	33,000	-
Net profit	81,084	176,796
Distribution to Holburne Museum	(257,880)	-
Result for the financial year	(176,796)	176,796
<b>Balance sheet</b>		
Assets	180,413	257,920
Liabilities	(180,302)	(81,013)
Capital and retained reserves	111	176,907

#### 17a. STOCKS

##### The group

	2018 £	2017 £
Stock	50,257	57,812

#### 17b. STOCKS

##### The charity

	2018 £	2017 £
Stock	2,500	2,500

THE HOLBURNE MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

18a. DEBTORS

The group

	2018	2017
	£	£
Trade debtors	57,345	29,690
Other debtors	124,855	157,090
VAT	5,103	1,575
Prepayments	52,789	42,671
	<u>240,092</u>	<u>231,026</u>

18b. DEBTORS

The charity

	£	£
Trade debtors	24,418	5,015
Amounts owed by group undertakings	111,900	–
Other debtors	85,338	156,407
VAT	14,187	20,162
Prepayments	48,943	34,484
	<u>284,786</u>	<u>216,068</u>

19a. CREDITORS: Amounts falling due within one year

The group

	2018	2017
	£	£
Trade creditors	122,699	125,681
Other creditors	404	4,759
Accruals and deferred income	204,338	174,405
	<u>327,441</u>	<u>304,845</u>

19b. CREDITORS: Amounts falling due within one year

The charity

	2018	2017
	£	£
Trade creditors	113,439	111,183
Amounts owed to group undertakings	–	113,203
Accruals and deferred income	154,278	127,401
Other creditors	504	3,934
	<u>268,221</u>	<u>355,721</u>

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2018

## 20. PENSIONS AND OTHER POST RETIREMENT BENEFITS

## The group and the charity

In 2011 The Holburne Museum set up a defined contribution pension scheme. It is with Scottish Widows and is a group pension scheme. As at 31 December 2018 no one had taken up the scheme. This is available to all staff if they wish.

The museum also participates in a multi employer defined benefit scheme which has some 65,000 members. The assets of the scheme are held in the Avon pension fund administered by Bath & North East Somerset council. The Avon pension scheme was closed to new members in September 2010. The last actuarial valuation was undertaken as at 31 March 2016.

The amounts recognised in the statement of financial activities are as follows:

	2018 £	2017 £
<i>Total operating charge in resources expended:</i>		
Current service cost	29,000	32,000
Total operating charge	<u>29,000</u>	<u>32,000</u>
<i>Amounts included in other finance cost:</i>		
Expected return on scheme assets	(27,000)	(24,000)
Interest on scheme liabilities	45,000	46,000
Other finance cost	<u>18,000</u>	<u>22,000</u>
<i>Amounts included in other recognised gains and losses:</i>		
Actuarial gain	(101,000)	(87,000)
<i>Amounts included in non-operating exceptional items:</i>		
Other recognised gains	<u>(101,000)</u>	<u>(87,000)</u>
Total credit to the statement of financial activities	(54,000)	(33,000)
Employers' contributions	(38,000)	(41,000)
Decrease in net liability	<u>(92,000)</u>	<u>(74,000)</u>

The total operating charge and other finance cost are recognised in the following line items in the statement of financial activities:

	2018 £	2017 £
Costs of generating funds	29,000	32,000
Governance costs	18,000	22,000
	<u>47,000</u>	<u>54,000</u>

The amounts recognised in the balance sheet are as follows:

	2018 £	2017 £
Present value of funded obligations	(1,671,000)	(1,742,000)
Fair value of scheme assets	1,052,000	1,031,000
Net pension liability	<u>(619,000)</u>	<u>(711,000)</u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Changes in the present value of the defined benefit obligation scheme are as follows:

	2018 £	2017 £
Opening defined benefit obligation	1,742,000	1,672,000
Current service cost	29,000	32,000
Interest on scheme liabilities	45,000	46,000
Contributions by scheme participants	6,000	6,000
Benefits paid	(26,000)	(14,000)
Remeasurements liabilities - gain on assumptions	(125,000)	–
Closing defined benefit obligation	1,671,000	1,742,000

Changes in the fair value of scheme assets are as follows:

	2018 £	2017 £
Opening fair value of scheme assets	1,031,000	887,000
Expected return on scheme assets	27,000	24,000
Contributions by employer	38,000	41,000
Contributions by scheme participants	6,000	6,000
Actuarial gain	–	87,000
Benefits paid	(26,000)	(14,000)
Remeasurements assets	(24,000)	–
Closing fair value of scheme assets	1,052,000	1,031,000

The pension contributions rates for the year were 18.4% of salary plus a fixed contribution of £25,200. This is expected to change to 20.1% plus a fixed contribution of £28,000 for the year commencing 1 April 2019.

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	2018 %	2017 %
Equities	39	44
Government bonds	12	11
Other bonds	12	5
Property	9	9
Cash	4	3
Other assets	24	28

The principal actuarial assumptions as at the balance sheet date were:

	2018 %	2017 %
Discount rate	3	3
Rate of increase in salaries	4	4
Rate of increase in pensions in payment	2	2
Inflation	2	2

Amounts for the current and previous four periods are as follows:

	2018 £	2017 £	2016 £	2015 £	2014 £
Defined benefit obligation	(1,671,000)	(1,742,000)	(1,672,000)	(1,338,000)	(1,302,000)
Fair value of scheme assets	1,052,000	1,031,000	887,000	881,000	829,000
Deficit in the scheme	(619,000)	(711,000)	(785,000)	(457,000)	(473,000)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

## 21. ENDOWMENT FUNDS

The group and the charity

	Balance at 1 January 2018 £	Income £	Expenditure and transfers £	Gains and losses £	Balance at 31 December 2018 £
<b>Permanent endowments</b>					
Catalyst endowment fund	2,057,002	9,941	(219,836)	(167,865)	1,679,242
Learning endowment fund	50,000	—	—	—	50,000
	<u>2,107,002</u>	<u>9,941</u>	<u>(219,836)</u>	<u>(167,865)</u>	<u>1,729,242</u>

The Charity's endowment fund is a Heritage grant of £1 million from the Heritage Lottery Fund which, together with 1:1 matched funding, was received and raised over the period to June 2016. The capital must be retained as an endowment for a minimum period of 25 years. The real value of investment returns on this fund will be used to support the operations of the Museum.

The Holburne Learning endowment fund has been created by the Medlock Charitable Trust, Bath. It is a grant to be treated as a restricted endowment fund, the capital of which will be ring fenced to remain intact for a minimum of 25 years. The income, on a "total return" basis, from the fund will be used to support learning activities at the Holburne Museum.

<b>Disclosure of total return approach to investment of permanent endowment</b>	<b>Trust for Investment</b>	<b>Unapplied Total Return</b>	<b>Total Endowment</b>
<b>Balance as at 1 January 2018</b>			
Gift component of the permanent endowment	2,088,434	-	2,088,434
Unapplied total return	-	18,568	18,568
<b>Total</b>	<u>2,088,434</u>	<u>18,568</u>	<u>2,107,002</u>
<b>Movements in the reporting period</b>			
Gift of endowment funds	13	-	13
Investment return: dividends & interest	-	9,928	9,928
Investment return: realised & unrealised (losses)	-	(167,865)	(167,865)
Less: Investment management costs		(5,443)	(5,443)
	<u>13</u>	<u>(163,380)</u>	<u>(163,367)</u>
Unapplied total return allocated to income in the reporting period	-	(214,393)	(214,393)
<b>Net movements in the reporting period</b>	<u>13</u>	<u>(377,773)</u>	<u>(377,760)</u>
<b>Balance as at 31 December 2018</b>			
Gift component of the permanent endowment	2,088,447	-	2,088,447
Unapplied total return	-	(359,205)	(359,205)
<b>Total</b>	<u>2,088,447</u>	<u>(359,205)</u>	<u>1,729,242</u>

THE HOLBURNE MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

22. RESTRICTED INCOME FUNDS

The group and the charity

	Balance at 1 Jan 2018 £	Income £	Expenditure £	Transfers £	Balance at 31 Dec 2018 £
<b>Development fund</b>					
Gardener's lodge	26,764	—	(4,699)	—	22,065
Major development project	8,418,296	—	(222,738)	—	8,195,558
<b>Specific purposes</b>					
<b>-Capital funds</b>					
Assets	8,270	—	—	—	8,270
Cash	14,278	—	—	—	14,278
<b>-Revenue funds</b>					
Learning	1,431	5,000	(4,746)	—	1,685
Railings	2,412	—	—	—	2,412
Conservation	32,953	3,930	(30,567)	—	6,316
Adopt a Treasure	1,202	—	—	—	1,202
D E B Pike for conservation	1,447	108	(108)	—	1,447
Collections for Music Fund	2,382	—	—	—	2,382
Pathways	30,444	30,364	(25,822)	—	34,986
Exhibitions	—	57,873	(57,652)	—	221
Contemporary Curator fund	—	30,447	—	—	30,447
<b>-Heritage asset funds</b>					
Atherley acquisition fund	420,000	—	—	—	420,000
Bead basket fund	78,000	—	—	—	78,000
Cabinet fund	250,000	—	—	—	250,000
Ivory Fan	5,000	—	—	—	5,000
Special Acquisitions fund	920,000	—	—	—	920,000
Pension fund	—	—	—	(619,000)	(619,000)
	<u>10,212,879</u>	<u>127,722</u>	<u>(346,332)</u>	<u>(619,000)</u>	<u>9,375,269</u>

The Development project fund is monies received specifically to finance the Museum's development project.

The Special Acquisitions fund holds £920k received from the sale of an item in the collection and under the charity's constitution is required to be held and applied for the further purchase of other works of art for the collection. Therefore, any income, gains or losses on the investments held in the Special Acquisitions fund are allocated to unrestricted funds in order to maintain the balance within the fund.

The balance on the unrestricted pension fund of £(619,000) has been transferred to restricted funds following Charity Commission approval for the balance to be set against the balance held in the Special Acquisitions fund.

The Bead Basket fund, the Cabinet fund and the Atherley acquisition fund are funds used to acquire in earlier years heritage assets which have now been capitalised.

THE HOLBURNE MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

23a. UNRESTRICTED INCOME FUNDS

The group

	Balance at 1 Jan 2018 £	Income £	Expenditure and transfers £	Gains and losses £	Balance at 31 Dec 2018 £
Pension Fund	(711,000)	–	610,000	101,000	–
General Funds	840,803	1,026,376	(1,124,707)	–	742,472
	<u>129,803</u>	<u>1,026,376</u>	<u>(514,707)</u>	<u>101,000</u>	<u>742,472</u>

23b. UNRESTRICTED INCOME FUNDS

The charity

	Balance at 1 Jan 2018 £	Incoming resources £	Outgoing resources and transfers £	Gains and losses £	Balance at 31 Dec 2018 £
Pension Fund	(711,000)	–	610,000	101,000	–
General Funds	663,997	1,002,275	(923,809)	–	742,463
	<u>(47,003)</u>	<u>1,002,275</u>	<u>(313,809)</u>	<u>101,000</u>	<u>742,463</u>

24. RELATED PARTIES

The group and the charity

As a University Museum, Mark Humphriss, the nominee of the University of Bath sits on the board of Trustees. During the year, grants totalling £20,000 (2017: £14,167) were made by the University to the Museum plus exhibition sponsorship of £Nil (2017: £20,000). In addition to this services 'in-kind' were provided by the University to the Museum in relation to IT, payroll and security services estimated at a value of £30,000 (2017: £30,000). This is included in both income and expenditure.

Professor Sue Rigby, the nominee of Bath Spa University sits on the board of Trustees. During the year, grants totalling £60,000 (2017: £60,000) were made by the University to the Museum plus exhibition sponsorship £20,000 (2017: £20,000).

## THE HOLBURN MUSEUM

### DONORS TO THE MUSEUM FOR THE YEAR ENDED 31 DECEMBER 2018

The Holburne Museum is fortunate to receive both financial gifts and gifts of time from many Foundations and Trusts, Companies, Individuals and Partners Organisations. In particular we would like to thank: our 300 volunteers who give us 35,000 hours each year, the University of Bath and Bath Spa University, all our Benefactors and Patrons and the Friends of Holburne Museum. It is because of you we are Changing Lives through Art.

We do not have room to thank absolutely everyone who supported us during 2018, but we would like to say special thanks to:

#### Major Donors and Supporters

Rodney and Deborah Barber  
John & Alison Barneby  
Bath Spa University  
Edward Bayntun-Coward, DL  
Rosalie Challis  
Dr and Mrs Martin Clarke  
Antony & Amanda Constantinidi  
Andrew Fletcher, OBE  
The Friends Committee  
The Friends of the Holburne Museum  
Mark Fry and Lucy Fry  
Daniel Katz, MBE  
Tim Kent  
John and Belinda Lovering  
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