

JERSEY HERITAGE TRUST

Report and Financial Statements

31 December 2008

# Jersey Heritage Trust

---

## TRUSTEES' ANNUAL REPORT 2008

### **TRUSTEES**

Mr C Jones - Chairman  
Jurat P Nicolle -Vice Chairman  
Mr J Clarke – Société President (appointed 29 April 2010)  
Constable A S Crowcroft  
Mr P Funk (appointed 25 February 2010)  
Mr B Gould  
Mr R. Hassell (appointed 25 February 2010)  
Mr M Oliver (appointed 25 February 2010)  
Mr J Voak

### **HONORARY FINANCIAL ADVISER**

Mr K Keen (appointed 11 December 2009)

### **DIRECTOR**

Mr J Carter MA AMA

### **FINANCE DIRECTOR**

Mr N G Danby ACA

### **OFFICE**

The Jersey Museum  
The Weighbridge  
St Helier  
Jersey  
JE2 3NG

### **AUDITORS**

Ernst & Young LLP  
Liberation House  
Castle Street  
St Helier  
Jersey  
JE1 1EY

### **BANKERS**

Royal Bank of Scotland International  
Royal Bank House  
Bath Street  
PO Box 64  
St Helier  
Jersey  
JE4 8PJ

# Jersey Heritage Trust

---

## TRUSTEES' ANNUAL REPORT 2008

### **INCORPORATION**

The Jersey Heritage Trust ('the Trust') was formally incorporated by order of Her Majesty in Council on 1 May 1983 and registered in Jersey on 3 June 1983.

### **PURPOSE STATEMENT**

The Trust's purpose statement is as follows:

"Jersey's heritage and culture is special. The purpose of the Trust is to care for it, promote wide access to it, act as advocates on its behalf and bring imagination to telling its stories so that we inspire people to create a better Island for everyone."

### **RESULTS FOR THE YEAR**

The unrestricted fund deficit for the year was £481,000, increasing the accumulated deficit to £586,000. The Trust does not currently have a reserve policy.

Contributing to the loss are some one-off costs in respect of the acquisition of the Elizabeth Castle Ferry operation which was completed in early 2008. Those costs are described more fully in note 11.

At the start of the year the Trust held cash balances of £83,000. During the year The Trust used some of its working capital to purchase the Castle Ferry Operation. This purchase was the main contributor to net cash outflows of £684,000 which were financed through a bank overdraft facility provided by Royal Bank of Scotland International (see note 8).

Although the Trust was able to fund its operating deficit in 2008, by early 2009 a number of factors led to significantly increased risks that the Trust would be insolvent by the second half of 2009. In 2008 the Board of Trustees prepared a plan to end a series of operating deficits and produce an annual surplus which would permit the repayment of the Trust's overdraft within a reasonable period assuming no additional grant would be made available by the department for Education, Sport and Culture (ESC). When this plan was shared with the Minister for ESC in October 2008, the Minister urged no action should be taken before the beginning of 2009.

As a result the Trustees were effectively limited in what action they could take to cut costs at a time when the world economic climate had changed fundamentally. By the end of 2009 lenders were imposing stricter lending criteria and consequently the Trust was not able to renew its borrowing facility.

In a series of presentations to key stakeholders, including several Ministers, during the first half of 2009, the Trust began to share more widely the critical and severe nature of the financial problems it was facing. If not addressed these problems would have significant implications for the future of the Island's heritage. The first of these presentations was to Deputy J Reed who following Island wide elections in November 2008 had replaced Senator M. Vibert as new ESC Minister.

In order to achieve a greater understanding of the nature of problems being faced by the Trust, both the Department for ESC and Economic Development Department (EDD) commissioned external reviews of the Trust's performance and work.

## Jersey Heritage Trust

---

### TRUSTEES' ANNUAL REPORT 2008

The first of these reports to be commissioned was a review by the Comptroller and Auditor General into the financial condition and financial management of the Trust. The report was published in October 2009. The report was critical of the Trust's governance arrangements and its relationship with ESC which was described as dysfunctional. It also made it clear that ESC would need to take steps to clear the Trust's overdraft and recommended that the States should agree the extent of the Trust's activity and, on the conclusion of that debate, set the Trust's operating budget.

A second report by Locum Consulting a UK based company specialist destination consultants was commissioned by EDD. Its main conclusion was that the Trust performs well in terms of income generated from the operation of attractions. It also concluded that the Trust would need a sinking fund of £465,000 p.a. in addition to its revenue grant to provide for future investment in the Trust's managed sites. That report was published in February 2010.

Finally BDO-Alto produced a report providing more detailed and specific advice to ESC on the financial position of the Trust, financial forecasts and business plans as well as governance arrangements. The report also examined the Trust's operational and financial opportunities and related risks.

As its first priority, ESC agreed to clear the Trust's borrowing with a one-off grant of £888,000 at the end of 2009.

Also as a result of these reviews, ESC and the Trust have worked together to develop and implement operational changes intended to reduce the Trust's costs without permanent loss of sites.

The services that would be affected included reductions in formal learning programmes, and changes to the regular opening times in periods where there are lower admissions at the Jersey Museum, Maritime Museum, and only opening Hamptonne Country Life Museum for pre-arranged events.

The Trust and ESC also agreed to outsource various functions such as marketing design, and technical support in order to establish a more flexible cost base.

Staff working in those areas affected by the service changes were put on notice that their employment would be at risk. A process of staff consultation, which began on 1 April 2010 was concluded on 22 April 2010 when around 20 full-time posts were made redundant. The restructuring costs estimated at around £250,000 are being financed through a one-off additional grant from ESC.

As a result of these changes the Trust expects to achieve £350,000 in cost savings from 2011. ESC has also agreed to meet the gap between the Trust's forecast operating expenditure and its forecast income in 2010 of £350,000.

ESC's proposition (P75/2010) was approved by the States Assembly on 20 July 2010 providing States Members with an opportunity to agree the level of activity the Trust should provide and agree an appropriate level of funding. As a result, subject to adequate resources being agreed by the States in their Annual Business Plan Debate in the Autumn, the ESC Minister is now authorised to sign a new Service Level agreement with the Trust within a framework which is consistent with a financial strategy both ESC and the Trust have been working towards.

# Jersey Heritage Trust

---

## TRUSTEES' ANNUAL REPORT 2008

The Board of Trustees delayed the publication of the 2008 annual report and accounts until most of the major uncertainties being faced by the Trust had been resolved and until, in their view, going concern issues have also been resolved.

Even though the eventual result of the States Annual Business Plan debate is uncertain, the Board of Trustees have good reason to be much more confident that the Trust is now in a far stronger position to operate within agreed funding. Firstly, the ESC Minister and Department have demonstrated their commitment to the Trust. In January 2009 the Trust received its annual grant of £2.017 million and since that date additional amounts totalling £1.088 million have been made available as follows:

- To reinstate restricted funds (£342,000)
- To replace external borrowings (£546,000)
- To provide deficit finance (£200,000)

ESC has also confirmed that up to £400,000 additional funding is available to the Trust to complete a restructuring programme.

Secondly, having undergone a major organisational restructure and having shed over 25% of its workforce (cutting costs by £350,000 p.a.) the Trust is in a much stronger position to respond more quickly to changing external economic activities.

Finally, even if the States were to not able to support the Trust to the required level set out in P75/2010, the report itself provides a description of the further cuts the Board of Trustees need to consider in order to align its 2011 budget. Unwelcome though these cuts would be, as it includes closing the Maritime Museum, ending the Trust's involvement in Hamptonne Country Life Museum and further cuts in learning programmes, it does mean it is much more likely that necessary action can be taken much more swiftly.

### **FUTURE AND KEY OBJECTIVES**

Following a recommendation made by the States Comptroller and Auditor General, ESC has drafted a new service level agreement (SLA) for the Trust. Although the final version of the SLA has yet to be agreed, it is expected to provide:

- Detailed objectives and purpose of the financial support provided by ESC to the Trust;
- A set of conditions the Trust must meet in order to receive States Funding.

### **CHAIRMAN'S APPOINTMENT**

Mr C Jones was appointed by the States Assembly on 22 October 2008 as the Trust's new Chairman. Trustees wish to record their thanks to the Mr P J B Le Brocq, who presided as acting Chairman during the interim period that followed the retirement of former Chairman, Jurat P J de Veulle on 14 June 2008.

# Jersey Heritage Trust

---

## TRUSTEES' ANNUAL REPORT 2008

### TRUSTEES

Persons who served as Trustees between 1 January 2008 and 10 August 2010 who are no longer in office:

Mrs J Stubbs (resigned 12 March 2008)

Deputy C F Labey (term in office ended 12 December 2008)

Mr P J B Le Brocq – Vice-Chairman (term in office ended 10 February 2010)

Mr G G Crill (term in office ended 10 February 2010)

Mr R Anthony (term in office ended 29 April 2010)

### THE BOARD OF TRUSTEES

The Board of Trustees comprises:

- A chairman who, following consultation with the Trust, is nominated by the Minster for ESC and then appointed by the States Assembly. The chairman is appointed for a period of four years, and may subsequently be re-appointed by the States of Jersey for one further period of four years;
- The current President of the Société Jersiaise;
- A current member of the States of Jersey who is committed to the objectives of the Trust;
- A trustee appointed by the Trust at its discretion but on the recommendation of the Société Jersiaise;
- No fewer than three, and no more than seven, additional trustees appointed by the Trust. These trustees are appointed for a period of three years and may be re-appointed by the Trust for a further period of three years.

Decisions of the Board of Trustees are by made by simple majority. The Chairman has an additional casting vote in addition to his own in the event of a tied vote.

New Trustees are recruited through a process that is overseen by Jersey's Appointments Commission to ensure openness and transparency. Vacant positions are advertised and all applications are considered. Selection is based on criteria related to applicant's experience, skills, and personal qualities.

The induction of Trustees is primarily through a programme of site visits and meetings with the Director, and members of the senior management team. An introductory pack of key documents and publications including Governance Policies, Business Plans, Annual Report and Accounts, organisation chart and budget forecasts is provided.

### GOVERNANCE

On 22 May 2008 the Board adopted a code of practice and scheme of delegations. To a large extent this documentation simply codified existing Board practices and reflects the Board's intent to be seen as open and transparent in all its dealings with public funds and assets under its control.

The adopted code of practice also includes provision for the appointment of an Honorary Financial Adviser. The Board of Trustees appointed Mr K. Keen to that post on 11 December 2009. On 25 January 2010 The Honorary Financial Adviser was appointed chairman of a

# Jersey Heritage Trust

---

## TRUSTEES' ANNUAL REPORT 2008

newly appointed Finance and Audit Committee. This committee, which comprises three members of the Board of Trustees and the Board's Chairman, has responsibility for overseeing the Trust's financial management and adequacy of reporting. That committee met for the first time on 29 April 2010.

On 5 November 2009 and following an invitation from the Minister for ESC and the Chief Officer of the Department for ESC, Jersey's Comptroller and Auditor General issued a report into 'the financial condition, governance arrangements and financial management of the Trust'.

The report made a number of recommendations to improve the Trust's governance and internal financial reporting arrangements. Subsequent to the release of that report, the Department for ESC commissioned BDO-alto to carry out a further study that would provide more detailed plans for improving governance and internal financial reporting arrangements. The recommendations were subsequently codified in a new service level agreement proposed by ESC in their report and proposition to the States Assembly (P75/2010). That proposition was subsequently debated and then approved by the States Assembly on 20 July 2010.

### **HERITAGE PARTNERS**

The Trust has developed formal and informal relationships with a number of other heritage bodies which share similar aims:

#### **Société Jersiaise**

The Trust has a number of separate agreements with the Société Jersiaise under which it undertakes to care for preserve and provide public access to Hamptonne Country Life Museum and La Hougue Bie as well as many of the collections owned by the Société Jersiaise. The Société also receives an annual grant of £41,266 from the Trust.

#### **Channel Islands Occupation Society (CIOS)**

The Trust cares for the archival collections of the CIOS at the Jersey Archive. The collections are fully catalogued and preserved by the Trust's staff who also deal with any enquiries from individuals wishing to access the records. CIOS liaise with Jersey Archive when planning archive days for their members.

#### **Channel Islands Family History Society (CIFHS)**

The collections of the Channel Islands Family History Society are hosted by the Trust at Jersey Archive. The CIFHS provide volunteers at the Archive to assist members of the public with their family history enquiries. CIFHS and the Trust both promote the collections through websites, leaflets and open days/family history events.

#### **National Trust for Jersey (NTfJ)**

The Trust cares for a number of historic objects belonging to the NTfJ.

The Trust also manages its own volunteer programme. Those individuals together with volunteers working through the above heritage bodies donated 14,037 hours (2007 – 16,187 hours) of their time supporting the work of the Trust.

### **PROPERTIES**

The Trust is the owner of the properties known as the Jersey Museum, No. 9 Pier Road and the Sir Francis Cook Gallery and has been granted by deed of gift the usufruct of Mont Orgueil and Elizabeth Castle. Two management agreements with the Société Jersiaise cover the responsibilities of the Trust in respect of the properties at La Hougue Bie and Hamptonne. The

# Jersey Heritage Trust

---

## TRUSTEES' ANNUAL REPORT 2008

Trust also has a management agreement with Jersey Property Holdings in respect of Seymour Tower, La Crête Fort, Barge Aground, Radio Tower, Fort Leicester and L'Etacquerel Fort.

Regrettably, the Trust has still not been able to achieve long-term security of tenure for the Maritime Museum/Occupation Tapestry Gallery or the Jersey Archive. The Board of Trustees do not believe it would be in the best interests of the Trust to sign the tenancy agreements it has been offered until the maintenance programmes required are properly funded. It is hoped that continuing negotiations with ESC and Jersey Property Holdings will eventually result in the Trust achieving long-term tenure of these properties.

## INSURANCE

### Property Insurance

The insurance values of the Jersey Museum and associated complex of buildings were reviewed in 2007 by a firm of locally qualified architects. Other property valuations as at 1 January 2008 are based on the historic cost of construction, inflation-linked to the local building cost indices.

### Building

	<b>£'000</b>
Jersey Museum and 9-13 Pier Road	6,534
Hamptonne Country Life Museum Buildings	3,551
La Hougue Bie Museum Buildings and Passage Grave	944
Jersey Archive	7,610
Sir Francis Cook Gallery and Store	2,068

Although the Trust has the responsibility for the care and maintenance of Elizabeth Castle, Mont Orgueil, the Maritime Museum/Occupation Tapestry and the group of historic sites called 'Forts and Towers', it is the States of Jersey who insure these buildings.

No.7 Pier Road and collections owned by the Société Jersiaise are also insured under the Trust's insurance policy. The Société Jersiaise reimburses the Trust for the additional premiums paid.

### Museum and Archive Collections

A review of the insurable risk of the museum collections and private archive deposits including those owned and managed by the Société Jersiaise was completed on 16 December 2008. As a result, the total value of insurable risks covered under the collections policy was increased to £15.5 million with a maximum first loss cover of £7.25 million.

The first loss is the maximum loss the Trust could recover in the event of losses suffered in any one insurable event. This type of cover is substantially less costly to purchase, whilst achieving similar levels of risk mitigation provided by more traditional insurance cover. Only if the collections stored or displayed at more than one site were to suffer substantial loss by some common act of destruction could the policy prove inadequate. Trustees consider this risk to be extremely low.

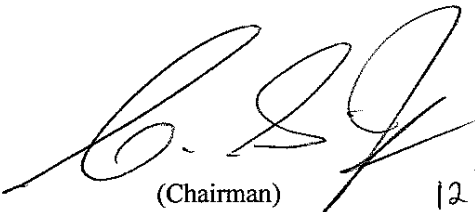
More traditional insurance usually limits the maximum claim that can be made to the market value of the property damaged. This is considered adequate for objects such as paintings with high market value. However, the Trust's insurers have granted a special provision for damage that occurs to collection items with low or no market value, such as most archive material. In this case legitimate restoration costs up to £10,000 for each item damaged may be claimed, regardless of market value.

Public archives are insured separately by the States' insurer and, as with all insurance policies issued in Jersey, acts of terrorism are now excluded from policy claims.

**Other Insurance**

The Trust has public liability and employers liability insurance of £10 million each.

Trustee indemnity insurance, providing risk cover of up to £250,000 for each insurable event, was purchased in the year at a cost of £1,000.



(Chairman) 12<sup>th</sup> August 2010

## The Jersey Heritage Trust

---

### STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the financial statements in accordance with applicable law and regulations.

The trustees are required to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements are required to give a true and fair view of the net movement in resources of the Jersey Heritage Trust for the period and the state of Jersey Heritage Trust's affairs at the end of the year. In preparing these financial statements, the trustees should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the trust will continue in business.

The trustees are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Trust. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# The Jersey Heritage Trust

---

## INDEPENDENT AUDITORS' REPORT To the trustees of the Jersey Heritage Trust

We have audited the trust's financial statements for the year ended 31 December 2008, which comprise Balance Sheet, Statement of Financial Activities, Cash Flow Statement, and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the trustees as a body, in accordance with our letter of engagement. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' 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 trust and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As described in the Statement of Trustees' Responsibilities the trustees are responsible for the preparation of the financial statements in accordance with applicable Jersey law. The trustees are responsible for ensuring that all reasonable steps are taken for the prevention and detection of fraud and other irregularities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements, give a true and fair view. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the Trust has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# The Jersey Heritage Trust

---

INDEPENDENT AUDITORS' REPORT  
To the trustees of the Jersey Heritage Trust

## Opinion

In our opinion the financial statements give a true and fair view in accordance with United Kingdom accounting standards, of the state of affairs of Jersey Heritage Trust as at 31 December 2008 and of its net outgoing resources for the year then ended.

*Rust & Tong LLP*  
Jersey, Channel Islands

Date *13<sup>th</sup> August 2010*

# Jersey Heritage Trust

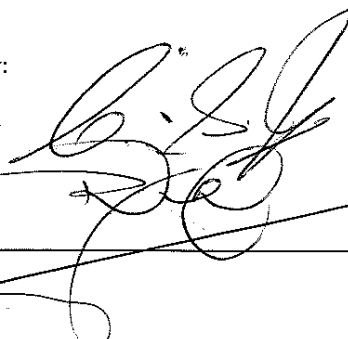
## BALANCE SHEET at 31 December 2008

	<i>Notes</i>	<i>2008 Total £000</i>	<i>2007 Total £000</i>
<b>PROPERTY</b>	5	9,273	9,324
<b>OTHER FIXED ASSETS</b>	6	486	155
		<u>9,759</u>	<u>9,479</u>
<b>CURRENT ASSETS</b>			
Stock		19	19
Debtors	7	113	34
Bank balances		12	83
		<u>144</u>	<u>136</u>
<b>CREDITORS: amounts falling due within one year</b>			
Bank Overdraft	8	613	–
Creditors		275	188
		<u>888</u>	<u>188</u>
Net current liabilities		(744)	(52)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,015	9,427
<b>CREDITORS: amounts falling due after more than one year</b>			
Loan payable	9	275	303
Pension liability	10	1,704	1,586
		<u>1,979</u>	<u>1,889</u>
Net assets		<u>7,036</u>	<u>7,538</u>
Represented by:			
<b>INCOME FUNDS</b>		(586)	(105)
<b>DESIGNATED FUNDS</b>		29	30
<b>RESTRICTED FUNDS</b>		129	(40)
<b>ENDOWMENT FUNDS</b>		7,464	7,653
Total		<u>7,036</u>	<u>7,538</u>

Signed by:

Chairman

Trustee



12<sup>th</sup> August 2010

# Jersey Heritage Trust

## STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2008

	<i>Unrestricted</i>	<i>Designated</i>	<i>Restricted</i>	<i>Endowment</i>	<i>2008</i>	<i>2007</i>
	<i>Funds</i>	<i>Funds</i>	<i>Funds</i>	<i>Funds</i>	<i>Total</i>	<i>Total</i>
<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>INCOMING RESOURCES</b>						
States' grants						
-ESC	1,971	–	–	–	1,971	1,888
-other	73	–	65	–	138	61
Admissions income	907	–	141	–	1,048	933
Trading Income	232	–	63	39	334	298
Bank interest	19	–	–	7	26	42
Sponsorship & Similar income	97	–	–	–	97	90
Fees & charges	58	–	–	–	58	65
	<u>3,357</u>	<u>–</u>	<u>269</u>	<u>46</u>	<u>3,672</u>	<u>3,377</u>
<b>OUTGOING RESOURCES</b>						
<b>Charitable activities 11</b>						
Sites & collections	1,921	1	98	41	2,061	1,740
Visitor services	828	–	–	–	828	679
Jersey Archive	402	–	2	104	508	500
Historic Building Service	72	–	–	–	72	60
Société grant	41	–	–	–	41	41
Management & administration	546	–	–	118	664	616
	<u>3,810</u>	<u>1</u>	<u>100</u>	<u>263</u>	<u>4,174</u>	<u>3,636</u>
Net outgoing resources before transfers	(453)	(1)	169	(217)	(502)	(259)
Transfer between Funds 12	(28)	–	–	28	–	–
Net outgoing resources for the year	<u>(481)</u>	<u>(1)</u>	<u>169</u>	<u>(189)</u>	<u>(502)</u>	<u>(259)</u>
Balances brought forward	(105)	30	(40)	7,653	7,538	7,797
Balances carried forward at 31 December	<u>(586)</u>	<u>29</u>	<u>129</u>	<u>7,464</u>	<u>7,036</u>	<u>7,538</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

# Jersey Heritage Trust

## CASH FLOW STATEMENT for the year ended 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
<b>RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>			
Decrease in resources		(502)	(259)
Bank Interest receivable		(26)	(42)
Depreciation		185	131
Increase/(Decrease) in creditors		87	(8)
(Increase)/Decrease in debtors		(79)	30
Increase in stock		–	(19)
Increase in pension liability		146	103
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		<b>(189)</b>	<b>(64)</b>
<b>RETURNS ON INVESTMENTS</b>			
Bank Interest receivable		26	42
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(465)	(25)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(628)</b>	<b>(47)</b>
<b>FINANCING</b>			
Loan repayments		(28)	(28)
Payment in respect of pension liability		(28)	(28)
Loan repayments		(56)	(56)
<b>DECREASE IN CASH</b>		<b>(684)</b>	<b>(103)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
Decrease in cash		(684)	(103)
Loan repayments		28	28
<b>MOVEMENT IN NET DEBT</b>		<b>(656)</b>	<b>(75)</b>
Net debt at the start of the year	13	(247)	(172)
<b>NET DEBT AT THE END OF THE YEAR</b>	13	<b>(903)</b>	<b>(247)</b>

# Jersey Heritage Trust

---

## NOTES TO THE ACCOUNTS for the year ended 31 December 2008

### 1. ACCOUNTING POLICIES

#### (A) *ACCOUNTING CONVENTION*

The Financial Statements are prepared under the historical cost convention and on a going concern basis in accordance with accounting principles generally accepted in the Island of Jersey incorporating United Kingdom accounting standards, and comply with Statement of Recommended Practice (SORP) entitled "Accounting and Reporting by Charities" (SORP –Revised 2005) issued by the Charities Commission.

#### **Going Concern**

Although the Trust was able to fund its operating deficit in 2008, by early 2009 a number of factors led to significantly increased risks that the Trust would be insolvent by the second half of 2009. In 2008 the Board of Trustees prepared a plan to end a series of operating deficits and produce an annual surplus which would permit the repayment of the Trust's overdraft within a reasonable period assuming no additional grant would be made available by the department for ESC. When this plan was shared with the Minister for ESC in October 2008, the Minister urged no action should be taken before the beginning of 2009.

As a result the Trustees were effectively limited in what action they could take to cut costs at a time when the world economic climate had changed fundamentally. By the end of 2009 lenders were imposing stricter lending criteria and consequently the Trust was not able to renew its borrowing facility.

In a series of presentations to key stakeholders, including several Ministers, during the first half of 2009, the Trust began to share more widely the critical and severe nature of the financial problems it was facing. If not addressed these problems would have significant implications for the future of the Island's heritage. The first of these presentations was to Deputy J Reed who following Island wide elections in November 2008 had replaced Senator M. Vibert as new ESC Minister.

In order to achieve a greater understanding of the nature of problems being faced by the Trust, both the Department for ESC and Economic Development Department (EDD) commissioned external reviews of the Trust's performance and work.

The first of these reports to be commissioned was a review by the Comptroller and Auditor General into the financial condition and financial management of the Trust. The report was published in October 2009. The report was critical of the Trust's governance arrangements and its relationship with ESC which was described as dysfunctional. It also made it clear that ESC would need to take steps to clear the Trust's overdraft and recommended that the States should agree the extent of the Trust's activity and, on the conclusion of that debate, set the Trust's operating budget.

A second report by Locum Consulting a UK based company specialist destination consultants was commissioned by EDD. Its main conclusion was that the Trust performs well in terms of income generated from the operation of attractions. It also concluded that the Trust would need a sinking fund of £465,000 p.a. in addition to its revenue grant to provide a sinking fund for future investment in Trust's managed sites. That report was published in February 2010.

Finally BDO -Alto produced a report providing more detailed and specific advice to ESC on the financial position of the Trust, financial forecasts and business plans as well as governance arrangements. The report also examined the Trust's operational and financial opportunities and related risks.

As its first priority, ESC agreed to clear the Trust's borrowing with a one-off grant of £888,000 at the end of 2009.

# Jersey Heritage Trust

---

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

### 1. ACCOUNTING POLICIES (CONTINUED)

Also as a result of these reviews, ESC and the Trust have worked together to develop and implement operational changes intended to reduce the Trust's costs without permanent loss of sites.

The services that would be affected included reductions in formal learning programmes, and changes to the regular opening times in periods where there are lower admissions at the Jersey Museum, Maritime Museum, and only opening Hamptonne Country Life Museum for pre-arranged events.

The Trust and ESC also agreed to outsource various functions such as marketing design, and technical support in order to establish a more flexible cost base.

Staff working in those areas affected by the service changes were put on notice that their employment would be at risk. A process of staff consultation, which began on 1 April 2010 was concluded on 22 April 2010 when around 20 full-time posts were made redundant. The restructuring costs estimated at around £250,000 are being financed through a one-off additional grant from ESC.

As a result of these changes the Trust expects to achieve £350,000 in cost savings from 2011. ESC has also agreed to meet the gap between the Trust's forecast operating expenditure and its forecast income in 2010 of £350,000.

ESC's proposition (P75/2010) was approved by the States Assembly on 20 July 2010 providing States Members with an opportunity to agree the level of activity the Trust should provide and agree an appropriate level of funding. As a result, subject to adequate resources being agreed by the States in their Annual Business Plan Debate in the Autumn, the ESC Minister is now authorised to sign a new Service Level Agreement with the Trust within a framework which is consistent with a financial strategy both ESC and the Trust have been working towards.

The Board of Trustees delayed the publication of the 2008 annual report and accounts until most of the major uncertainties being faced by the Trust had been resolved and until, in their view, going concern issues have also been resolved.

Even though the eventual result of the States Annual Business Plan debate is uncertain, the Board of Trustees have good reason to be much more confident that the Trust is now in a far stronger position to operate within agreed funding. In January 2009 the Trust received its annual grant of £2.017 million and since that date additional amounts totalling £1.088 million have been made available as follows:

- To reinstate restricted funds (£342,000)
- To replace external borrowings (£546,000)
- To provide deficit finance (£200,000)

ESC has also confirmed that up to £400,000 additional funding is available to the Trust to complete a restructuring programme.

Secondly, having undergone a major organisational restructure and having shed over 25% of its workforce (cutting costs by £350,000 p.a.) the Trust is in a much stronger position to respond more quickly to changing external economic activities.

# Jersey Heritage Trust

---

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

### 1. ACCOUNTING POLICIES (CONTINUED)

The Board of Trustees has, therefore, concluded that it is appropriate to prepare these Financial Statements on a going concern basis.

The SORP requires a split of the Financial Statements into the following funds:

#### **Unrestricted Funds**

These are resources that are expendable at the discretion of the Trustees of the Trust. From within such funds the Trustees may, from time to time, designate or re-designate funds for special purposes and, at the end of the year, the distinction between those unrestricted funds which are designated and those which are not will need to be shown.

#### **Restricted Funds**

Both income and capital earmarked by the donor or provider for specific projects must be accounted for separately.

#### **Endowment Funds**

Where there is no power or authority within the Trust to convert assets into any other form or to dispose of them, they are designated as an Endowment Fund, which has the characteristic of permanence.

#### **(B) PROPERTY**

The initial restoration expenditure and any development work is capitalised; subsequent conservation repair and restoration costs are written off to the Statement of Financial Activities. No depreciation is provided on freehold property as in the opinion of the trustees, any depreciation charged on the freehold property would be immaterial, as the residual value is more than the current carrying value.

#### **(C) FIXED ASSETS**

Fixed assets (with the exception of items for collection which are written off in the year of acquisition) are depreciated on a straight-line basis using the following rates:

Fixtures and fittings	10%
Castle Ferry	10%
Other equipment	10% - 33%
Motor vehicles	20%
Leasehold property	Life of the lease

The status of the Trust in respect of the Jersey Archive building, which is owned by the States of Jersey, is still subject to negotiation. However it is assumed that secure tenure of the building will eventually be granted. The building cost is therefore now being written down over a 99-year period, the expected life of the building.

# Jersey Heritage Trust

---

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

**(D) COLLECTIONS**

The Trust's own collection comprises objects, artefacts, archives material, and data, of an historic nature which are specifically donated to, or purchased by, the Trust. All acquisition costs are written off in the year of purchase.

Items generally donated to the museum are deemed to have been donated to the Société Jersiaise and are not included in these Financial Statements.

Costs of the care and maintenance of all collections managed by the Trust, whether owned by the Société Jersiaise, the Trust, the States of Jersey and others, are borne by the Trust and are reflected in these Financial Statements. All the costs of insurance in respect of collections managed by the Trust are reflected in these Financial Statements.

**(E) HISTORIC BUILDINGS**

The Trust cares for a number of Historic Buildings for which it would be impossible to find the cost information needed to produce a reliable valuation. Therefore the restoration cost of these buildings is written off in the year in which it is expended.

**(F) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

At each balance sheet date, the Trustees review its tangible assets to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Trustees estimate the recoverable amount of the cash-generating unit to which the asset belongs.

**(G) STOCK**

Stock is valued at the lower of cost or net realisable value.

**(H) LIABILITIES**

The Trust meets the employer cost of pension cover for the staff they employ by payment of contributions calculated by the Scheme Actuary triennially. Although the scheme is a defined benefit scheme, the Board of Trustees is unable to identify the Trust's share of the underlying assets and liabilities and has therefore accounted for the contributions to the scheme as if it were a defined contribution scheme.

The future contributions to be paid in relation to the pre-1987 pension liability are discounted to arrive at the provision included under pension liability.

**(I) GRANTS**

All grants are credited on a received basis.

**(J) ADMISSION INCOME AND MEMBERSHIP SUBSCRIPTIONS**

Credit is taken for admission income and membership subscriptions on the dates received.

**(K) INVESTMENT INCOME**

Deposit interest is accrued on a daily basis.

**(L) RENT RECEIVABLE**

Credit is taken for rental income on the dates receivable.

**(M) RESOURCES EXPENDED**

Expenditure is recognised in the Financial Statements on an accrual basis.

**(N) SPECIFIC FUNDS**

Grants or bequests received for specific purposes are accounted for separately.

# Jersey Heritage Trust

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

### 2. DESIGNATED FUNDS

	<i>Balance 1 January 2008 £000</i>	<i>Incoming Resources £000</i>	<i>Outgoing Resources £000</i>	<i>Transfers £000</i>	<i>Balance 31 December 2008 £000</i>
JHT fund-Société projects	30	–	(1)	–	29
Total	30	–	(1)	–	29

The Trust established this fund after the Société Jersiaise paid for a programme of archaeological work and restoration on the mound and passage grave at La Hougue Bie in 1993. Both bodies have agreed this fund will be spent on restoring parts of La Hougue Bie chapel.

### 3. RESTRICTED FUNDS

	<i>Balance 1 January 2008 £000</i>	<i>Incoming Resources £000</i>	<i>Outgoing Resources £000</i>	<i>Transfers (Note 12) £000</i>	<i>Balance 31 December 2008 £000</i>
Ancient Monuments	(2)	141	(70)	–	69
Children's Home enquiry	–	65	(1)	–	64
Forts & Towers Investment	(48)	63	(29)	–	(14)
Glass Rainbow Publication	3	–	–	–	3
Hamptonne Land Acquisition	7	–	–	–	7
Total	(40)	269	(100)	–	129

#### Ancient Monuments Fund

Under the terms of the usufruct for both Mont Orgueil and Elizabeth Castle, the Trust pays a percentage of admission income received from both Castles into the Ancient Monuments Fund. The Trust can use this fund to pay for development and maintenance programmes at both Castles. The current rate of contribution (23%) has remained unchanged since the States granted the usufruct in 1996.

#### Children's Home Enquiry

Under a proposition approved by the States of Jersey, it was resolved that all the historic records that may be required by the Committee of Inquiry into Children's Care Homes in Jersey should be transferred to the Jersey Archive. The Jersey Archive would then act as the official repository for Public Records under the Public Records (Jersey) Law 2002 to ensure that they are catalogued and kept in a secure, impartial environment.

A service level agreement between the Trust, the Department for ESC and the States Greffe was then drawn up and it was agreed the Trust would receive a fee of £135,000 for undertaking this work over a two-year period.

# Jersey Heritage Trust

---

## NOTES TO THE ACCOUNTS for the year ended 31 December 2008

### 3. RESTRICTED FUNDS

#### **Forts & Towers Investment Fund**

By the end of 2008, six States-owned sites have been developed by the Trust into self-catering accommodation and are available for public hire. All are operated under management agreements with Property Holdings and the Trust bears the cost of operating and promoting the sites. Under an informal arrangement with Property Holdings, the Trust is allowed to retain 50% of the income generated from public hire to offset those costs. The remaining 50% of income is paid into the Forts & Towers Investment Fund, which is used to pay for the future upkeep of these sites and the development of similar States-owned historic sites.

The temporary deficit in the fund arose as a result of capital overspends during the development phase of the scheme. Future surpluses generated by the Forts and Towers scheme will be used initially to clear the deficit and then build a reserve fund.

#### **Glass Rainbow Fund**

Jersey Tourism provided the finance for the production of the Glass Rainbow publication. Income from the sale of these books is retained in the fund and will be applied to the production of publications of a similar nature in the future.

#### **Hamptonne Land Acquisition Fund**

The National Trust for Jersey, the Société Jersiaise and the Trust have agreed to raise funds to enable them to jointly purchase a field located adjacent to Hamptonne Country Life Museum. This fund comprises the money raised to date. The total cost of the land purchase is estimated at around £100,000.

# Jersey Heritage Trust

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

### 4. ENDOWMENT FUNDS

	<i>Balance 1 January 2008 £000</i>	<i>Incoming Resources £000</i>	<i>Outgoing Resources £000</i>	<i>Transfers £000</i>	<i>Balance 31 December 2008 £000</i>
Augrès Collections Store	238	–	–	28	266
Jersey Archive	4,984	–	(104)	–	4,880
Jersey Museum	3,433	–	–	–	3,433
Sir Francis Cook Bequest	584	46	(41)	–	589
Pension Liability	(1,586)	–	(118)	–	(1,704)
Total	7,653	46	(263)	28	7,464

#### **Sir Francis Cook Bequest**

This fund comprises the Sir Francis Cook Gallery, four rented properties and some cash balances. Interest earned from cash balances held on deposit and the rental income is used for the purposes defined under the bequest. The majority of the income is applied to maintaining the gallery which houses a permanent display of Sir Francis Cook's works of art.

#### **Jersey Museum and Jersey Archive Funds**

These funds comprise the residual value (after annual depreciation) of the cost of buildings and fit out of these buildings, which were funded through States of Jersey capital grants.

#### **Augrès Collections Store**

This fund comprises the difference between the balance sheet value of the collections store built at Sir Francis Cook Gallery and the States of Jersey loan referred to in note 9.

#### **Pension Liability**

This liability arose when a shortfall in funding in the States Public Employees Contributory Retirement Scheme was identified in the late 1980's. At that time PECRS hoped surpluses from current members' contributions would service the cost of this obligation. In 2005 further changes were made to the pension fund and the remaining liability was transferred to the participating bodies. See note 10 for further details.

# Jersey Heritage Trust

## NOTES TO THE ACCOUNTS for the year ended 31 December 2008

### 5. PROPERTY

	<i>Freehold Land &amp; Buildings £000</i>	<i>Leasehold Property £000</i>	<i>Total £000</i>
<b>Cost</b>			
At 1 January 2008	4,446	5,916	10,362
Additions	–	–	–
At 31 December 2008	4,446	5,916	10,362
<b>Accumulated depreciation</b>			
At 1 January 2008	–	1,038	1,038
Charge for the year	–	51	51
At 31 December 2008	–	1,089	1,089
Net book values at 31 December 2008	4,446	4,827	9,273
Net book values at 31 December 2007	4,446	4,878	9,324

All the above assets have been included within the Endowment Funds.

The freehold property above comprises the following:

	<i>Cost £000</i>
Jersey Museum, Weighbridge, St Helier	3,433
Sir Francis Cook Gallery, Augrès, Trinity	445
Collections Store, Augrès, Trinity	568
Total	4,446

The Net Book Value of the leasehold property above relates entirely to the unamortized cost of the Jersey Archive.

The terms of the leases are as follows:

<i>Property</i>	<i>Lease length</i>	<i>Expiry date</i>
Occupation Tapestry Gallery/ Maritime Museum	(under re-negotiation)	N/a
Jersey Archive	(under negotiation)	N/a
Le Hocq Tower, St Clement	25 years	24 June 2019

# Jersey Heritage Trust

## NOTES TO THE ACCOUNTS for the year ended 31 December 2008

### 6. OTHER FIXED ASSETS

	<i>Fixtures &amp; Fittings Leasehold £000</i>	<i>Other Other £000</i>	<i>Other Equipment £000</i>	<i>Motor Vehicle £000</i>	<i>Elizabeth Castle Ferry £000</i>	<i>Total £000</i>
Cost						
At 1 January 2008	1,712	1,090	111	10	–	2,923
Additions	–	–	46	8	411	465
Disposals	–	–	(17)	–	–	(17)
At 31 December 2008	1,712	1,090	140	18	411	3,371
Accumulated depreciation						
At 1 January 2008	1,606	1,090	68	4	–	2,768
Charge for the period	53	–	36	4	41	134
Disposals	–	–	(17)	–	–	(17)
At 31 December 2008	1,659	1,090	87	8	41	2,885
Net book values at 31 December 2008	53	–	53	10	370	486
Net book values at 31 December 2007	106	–	43	6	–	155

#### Elizabeth Castle Ferry

On 28 February 2008, the Trust agreed to acquire the Elizabeth Castle Ferry operation from Pure Adventure (Jersey) Ltd under a severance agreement. The purpose of the acquisition was to ensure the Trust could better fulfil its obligations under the Elizabeth Castle usufruct to use its best endeavours to cause an appropriate passenger transport service to Elizabeth Castle to be maintained.

Included within fixed assets additions is an amount of £411,000, which represents the total cost of manufacturing two amphibious vessels in the United States, together with cost of shipment and a range of route specific modifications that were necessary to bring the vessels into service on the Elizabeth Castle to West Park route.

#### Leasehold fixtures and fittings

Leasehold fixtures and fittings relate to costs associated with the fit out of the Jersey Archive. Other fittings relate to costs associated with the Jersey Museum.

The net book value of assets at 31 December 2008 is analysed between the following funds:

	<i>Fixtures &amp; Fittings Leasehold £000</i>	<i>Other Other £000</i>	<i>Other Equipment £000</i>	<i>Vehicles £000</i>	<i>Total £000</i>
Unrestricted	–	–	53	380	433
Endowment funds	53	–	–	–	53
Total	53	–	53	380	486

# Jersey Heritage Trust

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

### 7. DEBTORS

The following is an analysis of the amount included in debtors:

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
2008 States Grant receivable-Children's Home Enquiry	65	–
Other debtors	48	34
	<u>113</u>	<u>34</u>

### 8. OVERDRAFT FACILITY

The Trust had an unsecured overdraft facility of £610,000 with the Royal Bank of Scotland International. Interest is charged at a rate of 2.25% above Bank of England Rate on any outstanding balance. That facility expired on 15 January 2009 and was repaid when the Trust received its 2009 annual grant. The Trust has not since renewed the bank overdraft mandate.

### 9. LOAN PAYABLE

The States of Jersey has provided a loan of £550,000 to the Trust for the purpose of building a Collections Store at Augrès. The loan is interest free and repayable in 20 equal annual instalments, with the first instalment having been made on 1 January 1999. The loan is analysed as follows:

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Amounts falling due in less than 1 year	28	27
Amounts falling due in more than 1 year and less than 2 years	27	28
Amounts falling due in more than 2 years and less than 5 years	83	83
Amounts falling due in more than 5 years	165	192
	<u>303</u>	<u>330</u>

### 10. PENSION LIABILITY

The following is an analysis of the movement in the pension liability:-

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
At 1 January 2008	1,586	1,511
Add Increase in value of debt during the year	146	103
Less: Repayments for the year	(28)	(28)
At 31 December 2008	<u>1,704</u>	<u>1,586</u>

As with other participating employers the Trust is liable to repay its share of the pre-1987 scheme debt by 2083. This liability, which arose when PECRS was restructured in the late 1980's, is currently being serviced through monthly payments that will continue until December 2083. The 2008 repayment rate was £2,321 per month and is subject to annual review by the scheme actuary. Future contribution payments are discounted to obtain the total pension liability.

The salary increase (4.7% p.a.) and discount rate (5.8% p.a.) assumptions used to calculate the liability are those agreed for the valuation of PECRS as at 31 December 2007, and updated to reflect market conditions as at 31 December 2008. The assumptions are intended to represent best estimates and are consistent to those applied by the actuary to all participants in the PECRS scheme.

# Jersey Heritage Trust

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

### 11. DIRECT EXPENSES

Included within direct expenses are the following amounts:

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Depreciation	185	131
Goodwill on acquisition of the Castle Ferry Operation	122	–
Audit Fee	9	9
	<u>          </u>	<u>          </u>

During negotiations with Pure Adventure Jersey Limited (then the owners of the Castle Ferry operation) to acquire the service, the Trust agreed to make a goodwill payment of £121,777.

The fair value of the goodwill at the balance sheet date was considered to be nil and accordingly the full cost has been recorded as an unrestricted fund expense.

### 12. TRANSFER BETWEEN FUNDS

The sum of £27,500 was transferred from the unrestricted funds to the Augrès Store fund. This relates to the annual payment of the loan described more fully in note 9.

### 13. ANALYSIS OF CHANGES IN NET DEBT

	<i>At</i>		<i>At</i>
	<i>1 January</i>	<i>Cash</i>	<i>31 December</i>
	<i>2008</i>	<i>Flow</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at Bank and in hand	83	(684)	(601)
Debt due within one year	(28)	1	(27)
Debt due after one year	(302)	27	(275)
	<u>          </u>	<u>          </u>	<u>          </u>
	(247)	(656)	(903)
	<u>          </u>	<u>          </u>	<u>          </u>

### 14. ANALYSIS OF STAFF COSTS

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Salaries and Wages	1,964	1,771
Employers' Social Security	118	104
Employers' Pension costs	187	171
	<u>          </u>	<u>          </u>
	2,269	2,046
	<u>          </u>	<u>          </u>

#### Average Number of employees

The average number of employees expressed as full time equivalents in 2008 was 85 (2007 – 82).

#### Details of higher paid staff

During the year one member of staff earned between £60,000 p.a. and £70,000 p.a. (2007 - 1) and one member of staff earned between £70,000 p.a. and £80,000 p.a. (2007 - 1).

# Jersey Heritage Trust

---

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

### 15. TRUSTEE REMUNERATION

Trustees are entitled to claim all reasonable out-of-pocket or other expenses occasioned in the course of carrying out their duties. No trustee who is not otherwise an employee of the Trust, or any company owned by it, is entitled to be remunerated.

No Trustee was remunerated or claimed expenses in respect of carrying out their duties during the year (2007 – Nil).

No Trustee or other person related to the Trust had any personal interest in any contract or transaction entered into by the Trust during the year (2007 – Nil).

### 16. RELATED PARTY TRANSACTIONS

The Trust has developed formal and informal relationships with a number of other heritage bodies which share similar aims:

#### Société Jersiaise

The Trust has a number of separate agreements with the Société Jersiaise under which it undertakes to care for preserve and provide public access to Hamptonne Country Life Museum and La Hougue Bie as well as many of the collections owned by the Société Jersiaise. The Société also receives an annual grant of £41,266 from the Trust.

#### Channel Islands Occupation Society (CIOS)

The Trust cares for the archival collections of the CIOS at the Jersey Archive. The collections are fully catalogued and preserved by the Trust's staff who also deal with any enquiries from individuals wishing to access the records. CIOS liaise with Jersey Archive when planning archive days for their members.

#### Channel Islands Family History Society (CIFHS)

The collections of the Channel Islands Family History Society are hosted by the Trust at Jersey Archive. The CIFHS provide volunteers at the Archive to assist members of the public with their family history enquiries. CIFHS and the Trust both promote the collections through websites, leaflets and open days/family history events.

#### National Trust for Jersey (NTfJ)

The Trust cares for a number of historic objects belonging to the NTfJ.

The Trust also manages its own volunteer programme. Those individuals together with volunteers working through the above heritage bodies donated 14,037 hours (2007 – 16,187 hours) of their time supporting the work of the Trust.

### 17. TAXATION

The Trust is exempt from Jersey Income Tax by virtue of Article 115(a) of the Income Tax (Jersey) Law, 1961, in so far as it is applied for charitable purposes. This law also entitles the Trust to qualify for exemption from charging Goods and Service Tax (GST) on supplies and services it provides. Any GST paid on qualifying expenditure is fully recoverable.

### 18. PENSION SCHEME

The Trust, together with a number of other locally based public bodies and institutions, has 'admitted body status' within the Public Employees' Contributory Retirement Scheme (PECRS). This enables the Trust to offer its employees the chance to participate in this large defined benefit pension scheme.

The Trust meets the employer cost of pension cover for the staff they employ by payment of contributions calculated by the Scheme Actuary triennially. Although the scheme is a defined benefit scheme, the Board of Trustees is unable to identify the Trust's share of the underlying assets and liabilities and has therefore accounted for the contributions to the scheme as if it were a defined contribution scheme. The Trust's contribution rate has been set by the actuary at 13.60% of the gross salary of participating employees. During the year, the Trust made contributions on behalf of 50 employees (out of a total of 71 entitled to join the scheme) of £186,972.

# Jersey Heritage Trust

---

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

Normally, actuarial valuations are performed on a triennial basis, the most recent being at 31 December 2007. The main purposes of the valuation are to review the operations of the scheme, to report on its financial condition, and to confirm the adequacy of the contributions to support the scheme benefits.

As at 31 December 2005, the actuarial valuation showed that there was a deficiency in the present scheme as a whole of £17.4 million. Subsequent to the year end, the Trustees received an updated actuarial valuation as at 31 December 2007. This latest valuation showed that the deficiency in the present scheme had increased to £63.2 million. Given that this deficit applied to all members, and not just members who are employed by the Trust, and that the actuary has concluded that the deficit is temporary in nature, the Trust's share of this deficit has not been quantified and recorded in the financial statements.

### **19. WHOLLY OWNED SUBSIDIARY**

The Trust has one wholly owned subsidiary, the Jersey Museum Trading Company Limited. This company holds the liquor licences in respect of the Jersey Museum, but is otherwise dormant and has no other assets.

### **20. POST BALANCE SHEET EVENT**

As described more fully in Note 1(A), on 29 April 2010 the Board of Trustees agreed to introduce service changes in order to reduce its costs. The services that would be affected included reductions in formal learning programmes, and changes to the regular opening times in periods where there are lower admissions at the Jersey Museum, Maritime Museum, and only opening Hamptonne Country Life Museum for pre-arranged events.

The Trust and the department also agreed to outsource various functions such as marketing, design, and technical support in order to establish a more flexible cost base.

Staff working in those areas affected by the service changes were put on notice that their employment would be at risk. A process of staff consultation, which begun on 1 April 2010 was concluded on 22 April 2010 when around 20 full-time posts were made redundant. The restructuring costs estimated at around £250,000 are being financed through a one-off additional grant from ESC. ESC has also agreed to meet the gap between the Trust's forecast operating expenditure and its forecast income in 2010 of £350,000.

As a result of these changes the Trust expects to achieve £350,000 in cost savings from 2011.

As described more fully in Note 1(A) ESC's proposition (P75/2010) was approved by the States Assembly on 20 July 2010. As a result subject to adequate resources being agreed by the States in their Annual Business Plan debate to be held in the Autumn, the ESC Minister is now authorised to sign a new Service Level agreement with the Trust within a framework which is consistent with the strategy both ESC and the Trust have been working towards.