

JERSEY HERITAGE TRUST

Report and Financial Statements

31 December 2005

TRUSTEES

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Professor E J Sallis – Vice-Chairman
Mr F L M Corbet
Mr G G Crill
Constable A S Crowcroft
Mr B Gould
Mr C Jones
Deputy C F Labey
Mr P J B Le Brocq
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DIRECTOR

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Jersey Heritage Trust

TRUSTEES' ANNUAL REPORT 2005

INCORPORATION

The Jersey Heritage 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 Jersey Heritage 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."

GOVERNANCE

The Board of Trustees formally meet five times a year. In addition there are two more informal Trustee groups which provide additional assurance about the Trust's work: the 'Sub-Committee' (formerly Governance Committee) which meets annually to consider staff remuneration and the 'Commissions Group' which has responsibility to add to the museum collections through the purchase of historic objects of local interest, or commissioning new work.

The Mont Orgueil Project cost control group, which draws its membership from professional consultants, Trust officers and a States Treasury representative, ensures that value for money is obtained from, and cost control is applied to, the restoration and interpretation programme planned for that site. The Chairman sits in attendance on this group.

After six years as Trustees and in accordance with the constitution, the terms in office of Mr P J Austin, Mrs S P Henwood, Mrs S J Pinel and Senator F E Cohen ceased on the 19 July 2005. Mr B Gould, Mr C Jones and Mr P Nicolle (with effect from July 2006) and Mrs J Stubbs were appointed in their stead.

In the late part of 2004 the Shadow Public Accounts Committee commissioned a report into the internal financial controls of the Trust. The report dated June 2005 did not find any significant weaknesses but made a number of recommendations for improvement. All of the recommendations were accepted by the Board and have now been adopted.

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. There are currently no long-term agreements between the States of Jersey and the Trust over its occupation of the buildings that are home to the Maritime Museum/Occupation Tapestry Gallery and Jersey Archive. The Board of Trustees hope that continuing negotiations with Education Sport and Culture (ESC) and Property Holdings Limited will eventually result in a long term commitment to the Trust's continuing use of these properties, together with a financial commitment from the States to meet the cost of their upkeep.

In 2005 the Trust, on behalf of the States, became responsible for the restoration and management of a number of publicly owned properties of historic interest (also known as Forts

and Towers). The current agreement covers the management of four properties but will be extended to include a total of ten properties by the end of 2006. Capital funding for the restoration has been provided by TDF within the auspices of the Economic Development Committee. Future repairs and maintenance will be met from the rental income of the properties.

INSURANCE

In its long association with its brokers, Hepburn's, the Trust has continually reviewed its insurance policies to ensure that it maintains adequate cover against commercial risks. The inalienable nature of the properties and collections that the Trust owns, manages or leases means that conventional approaches to assessing insurable risks of an historic interest are not always applicable. The valuation of these properties for insurance purposes is therefore more subjective and is set out below:

Sites of Historic Interest	£'000
No 9 Pier Road Building	6,054
Hamptonne Country Life Museum Buildings	2,841
La Hougue Bie Museum Buildings	580

Under the terms of the usufruct the responsibility for ensuring the fabric of both Elizabeth and Mont Orgueil castles is adequate rests with the States insurer. Similar arrangements exist with regard to the fabric of the group of historic sites called 'Forts and Towers' which are now managed by the Trust.

Other sites

Insurance valuations for Jersey Archive, Jersey Museum, and the Sir Francis Cook Gallery are based on the original balance sheet cost index-linked to the building cost indices. The Maritime Museum/Occupation Tapestry buildings are insured by Jersey Harbours.

Museum and Archive Collections

The total insurable risk for the museum collection and privately deposited archives is currently estimated at £15 million. The States of Jersey archives (around 80% of the material held on deposit with the Trust) are separately insured through the States insurer. However the maximum loss from one single insurable loss has been estimated at only £4 million because the JHT's collections are dispersed across several sites. As a result it has been possible for the JHT to achieve a more cost effective means of insuring this collection, through 'a first loss agreement'. The policy also has special provisions that apply to insurable risks associated with objects that have little or no market value. This provision has meant that where damage or repair is possible then restoration costs up to a maximum of £10,000 or the market value (which ever is the greater) will be met by the insurers.

It has been agreed with the Trust's insurer that the majority of the recent objects which have been acquired for display at Mont Orgueil will be covered by this policy and, as a result, have no impact on the total premiums paid. The main exceptions being the playground, display cases, AV equipment and ticket office contents (see below), which are insured under standard contents insurance policies.

Trustee indemnity insurance, providing risk cover of up to £250,000 for each insurable event, was purchased in the year at a cost of £950.

UNRESTRICTED INCOME

The States of Jersey Revenue Grant

The level of grant was increased from £1,584,000 to £1,808,000. This new level is the one that JHT and ESC have agreed should become JHT's new base funding level for the next three years. Although the increase was substantial it was insufficient to avoid cuts in services offered to the public. Cuts were made, with the written consent of ESC, to reduce public opening times at Jersey Archive (from five to three days per week) and, the acquisitions/commissions fund was axed.

Admissions income

The JHT increased its average admission price by around 3% in 2005. Footfall from local visitors increased by around 20% mainly because of the introduction of the Flash Day programme which was targeted at young local audiences. The number of season tickets holders (the main way by which local adults access the sites) increased from around 1,500 to 2,200 in the year.

However, the Trust was only able to sustain admission income at its 2004 levels because of the continuing decline in the Island tourism industry and also because local visitors pay proportionally less than non-locals to access sites. Concessions available to local groups include free access to those aged over 60 and all individuals in full-time education.

Other income

Income under this heading includes property rentals, concession fees, profit on the sale of publications, bank interest, sponsorship, JHT Business Associates income and the hire of the sites for business and private functions. In 2005 the actual income the Trust will receive from all of these sources will be broadly in line with expectations, with the exception of a one-off payment of £20,000 received from the Royal Yacht Hotel Group as payment in return for the right for the developer's crane to over-sail the Jersey Museum during construction of the hotel extension.

Many of the Trust's activities would be threatened without the continued support of businesses and private donors. The total income of £124,000 includes amounts received from: business partners (£50,000); David and Anne Crossland (£12,000) Jersey Tourism (£22,000 for various site-based events), the Liberation 60 Committee (£33,000 for the 'Liberation to Coronation' exhibition) and Policy and Resources (£7,000 shared costs of holograph promotion).

Bookings for Heritage Spaces have continued to increase, in particular, the use of sites for weddings and other corporate functions. This has more than offset the decline in income from reduced use of the Rose Room, the profitability of which has been affected by changes to the public opening of Jersey Archive.

UNRESTRICTED EXPENDITURE

Expenditure cuts of around £100,000 were made in 2005 by restricting public access to Jersey Archive to three days a week and axing the acquisitions and collections fund. All the staff who had been made redundant, and were not at the end of their contract period, were redeployed to vacancies which had arisen elsewhere in the Trust.

In general the Trust has a very good record of keeping costs in line with budget forecasts. Unusually there have been three areas where expenditure of an unforeseen and unplanned nature has occurred.

The first are the costs relating to the commercial development of products associated with the holograph of the Queen, *Equanimity*, of around £20,000 in 2005. These costs have been written off as it remains uncertain whether commercial exploitation will eventually lead to the recovery of this investment.

The second relates to the continuing cost of the legal dispute with a former employee.

Finally, changes to the way employers' contributions to the Public Employees Contributory Retirement Pension Scheme are calculated (of which the JHT is an admitted body) means that there was an additional charge of £27,695 in the unrestricted fund for the year. There are other financial implications relating to future employer's contributions until 2083 (see note 14).

Staff costs

As a result of the financial strictures imposed on the Trust, referred to above, for the first time in nearly 20 years the Trust's general pay award fell below the general rate of inflation.

RESTRICTED FUNDS (see note 3)

Many bodies provide financial support for specific programmes which meet the Trust's aims.

The States of Jersey - other grants

In 2005 the Trust agreed to provide historic building advice in respect of planning applications to the States of Jersey Planning Department and also agreed to extend its education programme to include advice to the public on the maintenance of historic properties. In 2005 it received a grant £70,000 in return for providing these services and a former employee of the Planning Department (the Historic Buildings Officer) was transferred to the Trust's employ to carry out this function.

The Tourism Development Fund (TDF) agreed to provide the Trust with a grant of £250,000 towards the cost of restoration and refurbishment of four publicly owned historic sites (Forts and Towers). At the balance sheet date, £200,000 of this funding had been received and only a small amount of expenditure incurred, mainly consultancy fees (see note 3, Forts and Towers capital fund). A further grant of £340,000 from the TDF, which will facilitate the restoration of a further six sites, was approved by the Finance and Economics Committee in March 2006.

A separate Fort and Towers income fund, which will be operated under the terms of the management agreement, has also been established. The surplus generated from letting the sites for public use will be used to help fund the upkeep and maintenance of forts and towers in future years.

Sponsorship and other income

With its various partners the Trust was able to deliver four major public programmes supporting the Island's celebration of 60 years of liberation from the German Occupation. These were: The Parish Exhibition and associated publication; a new academic history of the occupation entitled *The British Channel Islands under German Occupation 1940 - 1945*; the 'Freedom Tree' on the waterfront which was paid for from monies originally allocated for a millennium monument, and a banner exhibition at Charing Cross.

The balance of the money held within the Freedom Tree Fund will be used to pay for the future upkeep and maintenance of this and other public works of art administered by the Jersey Public Sculpture Trust. The Charing Cross Fund has been established as semi-permanent fund with any money left over from each exhibition being used to help fund future exhibitions in that area of St Helier. The fund was used to finance the successful *Herd of Charing Cross?* banner exhibition in May 2005.

The Trust also administers two boat restoration funds, one of which is supported by the Friends of Maritime Museum which pays for the material costs associated with restoring and maintaining the Trust's Historic boat collection, and the Howard D Lifeboat restoration fund on which work is planned to begin in 2006.

The Marc Fitch Charitable Trust is funding the cost of some preservation on the La Cotte Collection and the second phase of that work will be completed in 2006 with a further grant from that Trust.

The BNP Art Restoration Fund paid for the restoration of the portrait of 'Sir Antony Paulet' currently on display at Mont Orgueil Castle

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In partnership with the TDF, the Trust is producing and installing 92 'Heritage Signs' around the Island which will provide tourists and Islanders alike with a better understanding of the historic environment. The Trust is contracted to complete this work in 2006 and will receive around £24,000 towards the cost of this work.

Under the terms of the usufruct, the Trust is required to set aside 23% of its castles' admissions income into a separate fund called the Ancient Monuments Fund. From this Fund the Trust meets all the costs of maintenance and upkeep of the two castles.

The original finance used to pay for the production of *The Glass Rainbow* publication was given by Jersey Tourism and the income from the sale of this book will be used to produce similar publications in the future.

The purpose of the Partnership Fund, which was established with money given by ESC, has yet to be agreed but is likely to be used in support of cultural activities within the Island.

HERITAGE FUNDS

As work on Mont Orgueil Castle approached completion, expenditure on the restoration of the castle accelerated to £1.1 million in 2005. The Board, with written agreement from ESC, have approved the transfer of money currently held in the Ancient Monuments Fund to the Mont Orgueil project to help finance some of the repair costs associated with this project.

Also included in the Heritage Fund is the Sir Francis Cook bequest which comprises a gallery that is currently used as an exhibition space by local artists. Income to support the upkeep of the gallery is generated through properties and interest earned on cash balances held on deposit, which also form part of the bequest.

The remaining funds represent the cost of capital investment into buildings operated by the Trust. The outgoing resources are the result of depreciation on these assets which are being written off over the expected lifetime of the building.

INVESTMENTS AND CASH BALANCES

At the year-end, cash balances decreased from £2.3 million to £1.3 million. The bulk of these cash balances are held by the Trust for its capital programme or other restricted purposes.

As virtually all of its cash balances are held for restricted purposes, the Trust's investment policy is necessarily a cautious one. On informal advice from the States Treasury, all cash balances are held on term deposits with three reputable banks with varying terms of up to 3 months.

CONCLUSION

The Trust has been highly successful in securing funding for a wide range of programmes but, despite this, there is an excess of outgoing over income resources in the Unrestricted Fund of £10,000. This means that the Trust's obligation to maintain its interpretation of sites and collections interpretation at current standards will be a challenging one for the foreseeable future.



(Chairman)

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 Jersey law and generally accepted accounting principles. The Trustees are required to prepare financial statements for each financial year which give a true and fair view of the net movement in resources of the Jersey Heritage Trust for the period and the state of the Jersey Heritage Trust's affairs at the end of the year.

In preparing Financial Statements the Trustees should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Jersey Heritage Trust will continue in business.

The Trustees are responsible for keeping accounting records which are sufficient to show and explain the Jersey Heritage Trust's transactions so as to disclose with reasonable accuracy, at any time, the financial position of the Jersey Heritage Trust. They are also responsible for safeguarding the assets of the Jersey Heritage Trust and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

STATEMENT OF RECOMMENDED PRACTICE

In compliance with requirements of the Statement of Recommended Practice entitled "Accounting and Reporting by Charities ", issued by the Charities Commission, the Statement of Financial Activities splits the Financial Statements into the following funds:

Unrestricted Funds


These are resources which are expendable at the discretion of the Trustees of the Jersey Heritage 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.

Heritage Funds

Where there is no power or authority within the Jersey Heritage Trust to convert assets into any other form or to dispose of them, they are designated as a Heritage Fund, which has the characteristic of permanence. Note 4 to the Financial Statements expands on the assets that comprise the Heritage Funds.


(Chairman)

**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 2005 which comprise the Balance Sheet, Statement of Financial Activities, Cashflow Statement and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the trustees, as a body, in accordance with the terms of our 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

The trustees are responsible for the preparation of the financial statements as set out in the Statement of Trustees' Responsibilities.

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 read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Accounting Standards, of the state of the trust's affairs as at 31 December 2005 and of its net outgoing resources for the year then ended.



Jersey, Channel Islands
Date: 12 October 2006

Jersey Heritage Trust

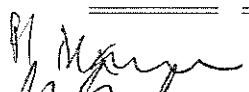
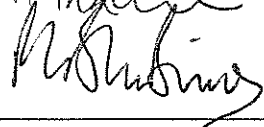
BALANCE SHEET

at 31 December 2005

	Notes	Unrestricted Funds			Heritage Funds £000 (Note 4)	2005 Total £000	2004 Total £000 (as restated)
		Undesignated Funds £000	Designated Funds £000 (Note 2)	Restricted Funds £000 (Note 3)			
PROPERTY	5	–	–	–	9,427	9,427	9,527
OTHER FIXED ASSETS	6	45	–	–	321	366	553
		45	–	–	9,748	9,793	10,080
CURRENT ASSETS							
Stock	7	9	–	–	–	9	10
Debtors	8	41	–	16	–	57	83
Bank balances		6	30	623	622	1,281	2,341
		56	30	639	622	1,347	2,434
CREDITORS: amounts falling due within one year							
Creditors	9	138	–	3	110	251	346
Net current assets		(82)	30	636	512	1,096	2,088
TOTAL ASSETS LESS CURRENT LIABILITIES		(37)	30	636	10,260	10,889	12,168
CREDITORS: amounts falling due after more than one year							
Loan payable	10	–	–	–	358	358	385
Pension liability	14	–	–	–	1,537	1,537	1,440
		–	–	–	1,895	1,895	1,825
Net assets		(37)	30	636	8,365	8,994	10,343
Represented by:							
INCOME FUNDS		(37)	30	636	–	629	601
HERITAGE FUNDS		–	–	–	8,365	8,365	9,742
Total		(37)	30	636	8,365	8,994	10,343

Signed by:
Chairman

Trustee


 11 October 2006

Jersey Heritage Trust

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2005

	<i>Unrestricted Funds</i>	<i>Designated Funds</i>	<i>Restricted Funds</i>	<i>Heritage Funds</i>	<i>2005 Total</i>	<i>2004 Total</i>
<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>(as restated) £000</i>
INCOMING RESOURCES						
States' grants						
-revenue	1,767	41	–	–	1,808	1,584
-other	–	–	270	–	270	50
Admissions income	622	–	78	–	700	699
Rental & Space Hire	133	–	–	36	169	153
Publications	5	–	19	–	24	12
Bank interest	45	–	17	44	106	141
Sponsorship & related income	124	–	47	–	171	161
Fees & charges	41	–	–	–	41	117
	<u>2,737</u>	<u>41</u>	<u>431</u>	<u>80</u>	<u>3,289</u>	<u>2,917</u>
OUTGOING RESOURCES						
Direct expenses 11						
Sites & collections	1,249	–	83	1,284	2,616	2,402
Visitor services	632	–	–	–	632	531
Jersey Archive	309	–	–	104	413	408
Historic Building Service	–	–	51	–	51	–
Other public programmes	–	–	269	–	269	452
Société grant	–	41	–	–	41	41
Management & administration	519	–	–	97	616	487
	<u>2,709</u>	<u>41</u>	<u>403</u>	<u>1,485</u>	<u>4,638</u>	<u>4,321</u>
Net outgoing resources before transfers	28	–	28	(1,405)	(1,349)	(1,404)
Transfers between Funds	(38)	–	10	28	–	–
Net outgoing resources for the year	<u>(10)</u>	<u>–</u>	<u>38</u>	<u>(1,377)</u>	<u>(1,349)</u>	<u>(1,404)</u>
Balances brought forward at 1 January						
-as previously reported	(27)	30	598	9,742	11,783	13,096
Prior year adjustment	–	–	–	–	(1,440)	(1,349)
As restated	<u>(27)</u>	<u>30</u>	<u>598</u>	<u>9,742</u>	<u>10,343</u>	<u>11,747</u>
Balances carried forward at 31 December	<u>(37)</u>	<u>30</u>	<u>636</u>	<u>8,365</u>	<u>8,994</u>	<u>10,343</u>

Jersey Heritage Trust

CASH FLOW STATEMENT for the year ended 31 December 2005

	2005 £000	2004 £000
	<i>Note</i>	
RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Decrease in resources	(1,349)	(1,404)
Bank Interest receivable	(106)	(141)
Depreciation	295	341
(Decrease)/increase in creditors	(96)	211
Decrease/(increase) in debtors	26	(58)
Decrease/(increase) in stock	1	(10)
Increase in pension liability	97	91
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(1,132)</u>	<u>(970)</u>
RETURNS ON INVESTMENTS		
Bank Interest receivable	106	141
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(8)	(11)
NET CASH INFLOW FROM INVESTING ACTIVITIES	<u>98</u>	<u>130</u>
FINANCING		
Loan repayments	(27)	(28)
DECREASE IN CASH	<u>(1,061)</u>	<u>(868)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
Decrease in cash	(1,061)	(868)
Loan repayments	27	28
MOVEMENT IN NET DEBT	<u>(1,034)</u>	<u>(840)</u>
Net debt at the start of the year	13 1,929	13 2,769
NET DEBT AT THE END OF THE YEAR	<u>13 895</u>	<u>13 1,929</u>

Jersey Heritage Trust

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

1. ACCOUNTING POLICIES

(A) ACCOUNTING CONVENTION

The Financial Statements are prepared under the historical cost convention and in accordance with accounting principles generally accepted in the Island of Jersey incorporating United Kingdom accounting standards, and comply with Statement of Recommended Practice entitled "Accounting and Reporting by Charities".

(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. The trustees carry out an annual impairment review on each of the freehold properties to ensure their current value is not less than their carrying amount.

(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%
Other equipment	20% - 33%
Motor vehicle	25%
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 in the near future a 99-year lease will be given to the Trust and, when it is, the date of commencement will be backdated to 1st January 2005. The building cost is therefore now being written down over a 99 year period, the expected life of the lease.

(D) COLLECTIONS

The Jersey Heritage 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 Jersey Heritage Trust, whether owned by the Société Jersiaise, the Jersey Heritage Trust, the States of Jersey and others, are borne by the Jersey Heritage Trust and are reflected in these Financial Statements. All the costs of insurance in respect of collections held on properties owned or managed by the Trust, are reflected in these Financial Statements.

(E) HISTORIC BUILDINGS

The Jersey Heritage 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) GRANTS

All grants are credited on a received basis.

Jersey Heritage Trust

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

1. ACCOUNTING POLICIES (CONTINUED)

(G) INVESTMENT INCOME

Deposit interest is accrued on a daily basis.

(H) RENT RECEIVABLE

Credit is taken for rental income on the dates receivable.

(I) SPECIFIC FUNDS

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

(J) CHANGES IN ACCOUNTING POLICY

In a change of accounting policy the gross pension liability for the 'pre-1987 debt' (see note 14) and the related charge for the movement in the liability have been recorded in the financial statements. The change in accounting policy has had the effect of decreasing the opening net assets of the prior year by £1,349,452 and in respect of the year ended 31 December 2005 the change in accounting policy has resulted in an increase of costs within heritage funds of £97,237.

2. DESIGNATED FUNDS

The income funds of the Trust include the following designated funds which have been set aside out of unrestricted fund by the Trustees of the Jersey Heritage Trust.

	<i>Balance 1 January 2005 £000</i>	<i>Incoming Resources £000</i>	<i>Outgoing Resources £000</i>	<i>Transfers (Note 9) £000</i>	<i>Balance 31 December 2005 £000</i>
Grants to the Société Jersiaise	–	41	(41)	–	–
JHT fund-Société projects	30	–	–	–	30
Total	30	41	(41)	–	30

Jersey Heritage Trust

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

3. RESTRICTED FUNDS

	<i>Balance 1 January 2005 £000</i>	<i>Incoming Resources £000</i>	<i>Outgoing Resources £000</i>	<i>Transfers (Note 12) £000</i>	<i>Balance 31 December 2005 £000</i>
Ancient Monuments	314	90	(41)	–	363
'BNP' art restoration	4	–	–	(4)	–
Charing Cross Exhibitions	–	26	(24)	–	2
CI under German Occupation	(12)	36	(28)	4	–
'ESC' Partnership	51	1	–	–	52
Forts & Towers Capital	–	200	(32)	–	168
Forts & Towers Income	–	–	(3)	–	(3)
Freedom Tree (Millennium Monument)	204	4	(183)	–	25
Glass Rainbow Publication	2	1	–	–	3
Gorey Interpretation	1	–	(1)	–	–
Historic Building Service	–	70	(51)	–	19
'Maritime Friend's' Boat Restoration	2	3	(7)	–	(2)
Howard D Lifeboat Restoration	3	–	–	–	3
Liberation 60 Parish Exhibition	16	–	(26)	10	–
'Marc Fitch' La Cotte collection	2	–	(2)	–	–
No 9 Fund	2	–	–	–	2
'TDF' Heritage Signage	9	–	(5)	–	4
Total	598	431	(403)	10	636

4. HERITAGE FUNDS

	<i>Balance 1 January 2005 £000</i>	<i>Incoming Resources £000</i>	<i>Outgoing Resources £000</i>	<i>Transfers (Note 12) £000</i>	<i>Balance 31 December 2005 £000</i>
Augrès Collections Store	157	–	(1)	28	184
Jersey Archive	5,296	–	(104)	–	5,192
Jersey Museum	3,433	–	–	–	3,433
Mont Orgueil Restoration	1,511	41	(1,110)	–	442
OTG/Maritime Museum	269	–	(159)	–	110
Sir Francis Cook Gallery-Bequest	516	39	(14)	–	541
Pension Liability	(1,440)	–	(97)	–	(1,537)
Total	9,742	80	(1,485)	28	8,365

Jersey Heritage Trust

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at 31 December 2005

5. PROPERTY

	<i>Freehold Land & Buildings £000</i>	<i>Leasehold Property £000</i>	<i>Total £000</i>
Cost			
At 1 January 2005	4,446	5,916	10,362
Additions	–	–	–
At 31 December 2005	<u>4,446</u>	<u>5,916</u>	<u>10,362</u>
Accumulated depreciation			
At 1 January 2005	–	835	835
Charge for the year	–	100	100
At 31 December 2005	<u>–</u>	<u>935</u>	<u>935</u>
Net book values at 31 December 2005	<u>4,446</u>	<u>4,981</u>	<u>9,427</u>
Net book values at 31 December 2004	<u>4,446</u>	<u>5,081</u>	<u>9,527</u>

All the above assets have been included within the Heritage 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	<u>4,446</u>

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

In compliance with requirements of Statement of Recommended Practice all expenditure on the Mont Orgueil Restoration Project has been taken to the Statement of Financial Activities.

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6. OTHER FIXED ASSETS

	<i>Fixtures & Fittings</i>		<i>Other</i>	<i>Motor</i>	<i>Total</i>
	<i>Leasehold</i>	<i>Other</i>	<i>Equipment</i>	<i>Vehicles</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost					
At 1 January 2005	1,712	1,090	147	12	2,961
Additions	–	–	8	–	8
Disposals	–	–	(68)	–	(68)
At 31 December 2005	1,712	1,090	87	12	2,901
Accumulated depreciation					
At 1 January 2005	1,229	1,090	79	10	2,408
Charge for the period	162	–	33	–	195
Disposals	–	–	(68)	–	(68)
At 31 December 2005	1,391	1,090	44	10	2,535
Net book values at 31 December 2005	321	–	43	2	366
Net book values at 31 December 2004	483	–	68	2	553

The net book value of assets at 31 December 2005 is analysed between the following funds:

	<i>Fixtures & Fittings</i>		<i>Other</i>	<i>Motor</i>	<i>Total</i>
	<i>Leasehold</i>	<i>Other</i>	<i>Equipment</i>	<i>Vehicles</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Unrestricted	–	–	43	2	45
Heritage funds	321	–	–	–	321
Total	321	–	43	2	366

Leasehold fixtures and fittings relate to costs associated with fitting out the Occupation Tapestry Gallery/ Maritime Museum and the Archive Building. Other fittings relate to costs associated with the Jersey Museum.

	2005	2004
	<i>£000</i>	<i>£000</i>
	<i>Total</i>	<i>Total</i>
Capital commitments		
Authorised but not contracted for:	690	1,176
Contracted for:	132	360
Total	822	1,536

All the above capital commitments relate to the Mont Orgueil project.

Jersey Heritage Trust

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

7. STOCK

In 2004 Senator F. E. Cohen former Vice Chairman of the Board of Trustees agreed to underwrite the cost of producing 20,000 lenticular postcards, which incorporate the Image of Her Majesty The Queen. The digital information used is the copyrighted material of Chris Levine, the artist who produced the holographic portrait of the Queen entitled 'Equanimity.' Proceeds from the sale of these postcards is in the first instance will used to reduce the guarantee made by Senator Cohen but thereafter the Trust and Mr Levine will benefit directly from the profit on further sales. The value of these postcards and the underwritten obligation in favour of the Trust was £9,109 at the balance sheet date.

8. DEBTORS

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

	2005	2004
	£000	£000
2005 States Grant receivable	—	14
Other debtors	57	69
	<u>57</u>	<u>83</u>

9. CREDITORS

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

	2005	2004
	£000	£000
2005 States Grant received in advance	—	200
Other Creditors	251	146
	<u>251</u>	<u>346</u>

10. LOAN PAYABLE

The States of Jersey has provided a loan of £550,000 to the Jersey Heritage 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 1 January 1999. The loan is analysed as follows:

	2005	2004
	£000	£000
Amounts falling due in less than 1 year	28	28
Amounts falling due in more than 1 year and less than 2 years	27	27
Amounts falling due in more than 2 years and less than 5 years	83	83
Amounts falling due in more than 5 years	247	275
	<u>385</u>	<u>413</u>

11. DIRECT EXPENSES

Included within direct expenses are the following amounts:

	2005	2004
	£000	£000
Depreciation	295	341
Audit Fee	5	5
	<u>295</u>	<u>341</u>

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NOTES TO THE FINANCIAL STATEMENTS

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12. TRANSFER BETWEEN FUNDS

The JHT has transferred £10,000 from the unrestricted fund to a restricted fund which has been set up to finance a publication entitled 'British Channel Islands under German Occupation'. This money together with loans, gifts from a number of individuals and a contribution from the Liberation 60 Committee is being used to fund the research and promotion of this academic publication.

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 10.

13. ANALYSIS OF CHANGES IN NET DEBT

	<i>At</i>		<i>At</i>
	<i>1 January</i>	<i>Cash 31 December</i>	
	<i>2005</i>	<i>Flow</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at Bank and in hand	2,341	(1,061)	1,280
Debt due within one year	(27)	–	(27)
Debt due after one year	(385)	27	(358)
	<u>1,929</u>	<u>(1,034)</u>	<u>895</u>

14. PENSION SCHEME

The Jersey Heritage Trust has along with a number of other locally based Public bodies and institutions '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 scheme.

The Jersey Heritage 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.

Up to January 2006 the Trust's contribution rate was set at 15.16% of salary costs, but from February 2006 the PECRS actuary recommended changing the Trust's contribution rate to 13.60% of salary costs, backdating the change to 1 January 2002. Therefore, for the period 1 January 2002 to 31 January 2006 there were overpayments into the scheme in respect of annual contributions of PECRS members' salary costs.

However, in addition the Trust also has a liability to meet its share of the pre-1987 debt, as do all participating employers. This arose from the restructuring of the PECRS arrangements which in 1 January 1988. The PECRS Council of Management formally determined the pre-1987 liability in September 2005 and in January 2006 the Trust was advised of the repayment schedule to meet the liability, which was deemed to have taken effect from January 2002. The PECRS actuary advised that the Trust's share of the liability comprised two elements and was to be serviced in the following ways:

- 1) the payment of a fixed monthly sum for twelve months starting in February 2006 and ending on January 2007 to clear the arrears due in respect of pre-1987 debt repayments net of the overpayment of contributions to the present scheme made in the period 1 January 2002 to 31 January 2006. This resulted in an additional charge of £27,695 in the accounts of in the year ended 31 December 2005.

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- 2) the payment of a monthly sum, starting in February 2006 and continuing until December 2083. Initially the monthly sum, which includes repayment of interest, is set at £2,356 and will increase each January to an amount calculated by the actuary, but approximating to rises equal to the increase in pay of the PECRS membership.

Adequacy of Scheme funding

Actuarial valuations are performed on a triennial basis, the most recent being at 31 December 2004. 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.

The latest valuation showed that there is a deficiency in the present scheme as a whole at the valuation date of £17.4 million. The Trust's share of this deficit has not been quantified. However, the actuary has concluded that this deficit is temporary in nature and no action is necessary at this time.

For 2005, contributions of £171,127 were paid to the States Treasury at rate of 15.16% as determined by and advised by the States Treasury. Particulars of the scheme are shown in the financial statements of the States Treasury.

15. WHOLLY OWNED SUBSIDIARY

The Jersey Heritage 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.