

JERSEY HERITAGE TRUST

Report and Financial Statements

31 December 2007

Jersey Heritage Trust

TRUSTEES' ANNUAL REPORT 2007

TRUSTEES

Jurat P J de Veulle OBE – Chairman (final term in office ended 14 June 2008)

Mr P J B Le Brocq – Vice-Chairman

Mr R Anthony

Mr G G Crill

Constable A S Crowcroft

Mr B Gould

Mr C Jones

Deputy C F Labey

Mr P Nicolle

Mrs J Stubbs (resigned 12 March 2008)

Mr J Voak

DIRECTOR

Mr J Carter MA AMA

FINANCE DIRECTOR

Mr N G Danby ACA

OFFICE

The Jersey Museum

The Weighbridge

St Helier

Jersey

JE2 3NF

AUDITORS

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BANKERS

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Jersey Heritage Trust

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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."

In the early part of 2008 the Board of Trustees agreed to adopt the use of the name 'Jersey Heritage' (JH) in most formal communications with the public.

GOVERNANCE

In the early part of 2007 the Board of Trustees considered Jersey Heritage's application for re-accreditation under the Museums, Libraries and Archives Council (MLA) standards for museums. Although JH achieved accreditation in the past, the standard itself recently underwent a major revision.

As would be expected in a standard of attainment for museums, any successful applicant needs to demonstrate their ability to properly care for and interpret their collections but, in addition sets standards for customer care, staff welfare and training, and financial reporting.

The Board was therefore delighted when in March 2007, Mont Orgueil, Elizabeth Castle, Jersey Museum, Hamptonne Country Life Museum, and La Hougue Bie were all reaccredited. Regrettably the Maritime Museum was only granted provisional accreditation. This was not because of a general failure to achieve MLA standards for museums and, indeed, full accreditation would have been achieved had Jersey Heritage a secure and long-term tenure of the building on the New North Quay. (See section below entitled Properties).

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

CHAIRMAN

Jurat de Veulle's second four-year term as Chairman of Jersey Heritage ended on 14 June 2008 and he is constitutionally required to retire on that date. A new Chairman has yet to be appointed but, in the interim, Mr P J B Le Brocq, will preside until a successor is found. The Trustees would like to formally record their grateful thanks to the outgoing Chairman whose involvement and contribution to the work of Jersey Heritage extends back over a period of 20 years.

TRUSTEES

In accordance with the Trust's constitution, the first three-year term in office of Mr P J B Le Brocq and Mr G G Crill expired on 9 February 2007; both Trustees were re-appointed for a second three-year term. Mrs Stubbs resigned as a Trustee on 12 March 2008.

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. JH has a further six separate management agreements with Property Holdings in respect of Seymour Tower; La Crête Fort, Barge Aground, Radio Tower, Fort Leicester and L'Etacquerel Fort.

Regrettably, JH has still not been able to achieve long-term security of tenure on 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 JH to sign the tenancy agreements it has been offered in the past until the maintenance programmes required are properly funded. It is hoped that continuing negotiations with Education Sport and Culture (ESC) and Property Holdings will eventually result in Jersey Heritage achieving long-term tenure of these properties.

INSURANCE

Property Insurance

In the early part of 2007, a firm of locally based quantity surveyors were instructed to review the insurance values of Jersey Museum and associated complex of buildings. These values were revised accordingly. Other property valuations listed are based on the historic cost of construction, inflation-linked to the local building cost indices.

Building

	£'000
Jersey Museum and Pier Road complex	6,209
Hamptonne Country Life Museum Buildings	3,375
La Hougue Bie Museum Buildings and Passage Grave	897
Jersey Archive	7,244
Sir Francis Cook Gallery and Store	1,964

Under various arrangements Property Holdings, remain responsible for adequacy of insurance cover provided for the following buildings: Elizabeth Castle, Mont Orgueil, the Maritime Museum/Occupation Tapestry and the group of historic sites called 'Forts and Towers.'

Museum and Archive Collections

The insurable risk for the museum collection and private archive deposits is £15 million with a maximum first loss cover of £4 million (recently revised to £6.25 million). The first loss is the maximum loss Jersey Heritage 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, JH'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.

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.

Results

In 2007 the Board's agreed financial strategy was aimed at delivering a revenue surplus of at least £38,000 in order to remove the accumulated deficit on the unrestricted fund.

There were two key components to the strategy. The first was to increase admission prices at Mont Orgueil to bring them in line with other similar attractions within the Island. The second was to postpone some interpretative programmes and maintenance programmes.

Although some customer resistance to the price increases was expected it proved to be greater than predicted. As a result although the price increases generated an additional £30,000 in revenue, this fell short of the anticipated increase of £70,000.

There was one other significant change to Jersey Heritage's financial environment. The operator of the amphibious transport link to Elizabeth Castle, Puddleducks Limited had decided to withdraw from servicing the route. This was partly motivated by the directors' wish to retire and sell their business. However, more significantly for Jersey Heritage, this was because the route had become financially unviable.

In the absence of an amphibious service, the Board were faced with the risk that Elizabeth Castle would have to be closed to the public. To mitigate this risk a new contract was drawn up. In contrast to the previous agreement in which Puddleducks Ltd retained monies paid by passengers using the service, under this new agreement Jersey Heritage would keep those fares and use these to help offset the cost of a fee paid to the new operator. The contract was openly tendered and awarded to the company offering the lowest overall price, Pure Adventure (Jersey) Limited (PAJL).

Jersey Heritage expected to generate around £170,000 p.a. from paying passengers. This only partially offset the cost of PAJL's £254,000 annual fee and is the single most important factor contributing to Jersey Heritage's £67,000 decrease in the unrestricted fund during 2007.

Due to operational difficulties encountered by PAJL throughout the season, JH suffered losses of approximately £100,000 from sales of fares charged to use the Castle Ferry and sale of admission tickets to the Castle. As part of the severance agreement signed in 2008, PAJL waived £80,000 of its 2007 operating fee and, therefore, JH has been able to recover most the income lost from operator failures in that year.

As recently announced in the press, under that severance agreement, Jersey Heritage also acquired the vessels and service for around £500,000 in order to run the service directly. By

Jersey Heritage Trust

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doing so it will save on paying operator's profit and finance costs, included within its fee, of around £115,000 p.a.

Therefore, even after allowing for finance costs and some further increases in operating costs from rising fuel prices, this investment will deliver considerable savings over the long run.

Although operational difficulties of the new amphibious service have recently been the attention of much media and political focus, staff continue to focus on other aspects of Jersey Heritage's valuable work.

The Mont Orgueil Project cost control group met for the last time on 17 July 2007 after the final phase of the Mont Orgueil project was completed during early 2007.

Jersey Heritage delivered an extensive range of interpretive programmes including events, exhibitions and publications. A particular highlight was the *Beyond Sensation* exhibition held at Jersey Museum in association with Deutsche Bank, which included a display of works by Tracey Emmin, Damien Hirst and Jason Martin. This is the first time the art gallery has been used as temporary display space for an art collections owned by a commercial organisation. Jersey Heritage hopes to build on this success with future exhibitions of a similar nature.

Jersey Heritage has also had considerable success with developing the Forts and Towers programme. The six States owned historic sites that are managed by Jersey Heritage and let to the public have proved very popular with locals and visitors to the Island. Income from hire of these sites grew from less than £10,000 in 2006 to around £96,000 in 2007.

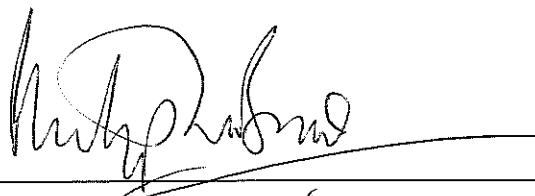
Without doubt the single greatest challenge Jersey Heritage now faces is lack of access to a capital investment fund. Jersey Heritage's annual grant from ESC has never been sufficient to pay for building maintenance programmes which fall outside Jersey Heritage's annual cycle of basic repair work or the on going renewal of major interpretative displays. Whilst buildings and displays, and even IT systems paid from capital grants received in the past, remained relatively new this has not had any serious consequences.

The recent cost of acquiring the amphibious vessels is one example of the type of investment that JH will need to make over the next five years if public access to sites is to be maintained. For instance failure of the major plant, such as the lifts or a heating system at the Maritime Museum or Jersey Museum, could threaten closure of these sites in the same way that the loss of the Puddleducks Ltd operation threatened closure of Elizabeth Castle. Similarly, since public access to Jersey Archive deposited material is completely dependent on the existence of a reliable IT infrastructure, lack of investment, could lead to those systems becoming unreliable and ultimately threaten public access to those materials.

The organisation already earns over 40% of its revenue income leaving little scope for further growth especially if quality of experience deteriorates due to low levels of maintenance and investment.

It has now become both urgent and critical for Jersey Heritage to have access to a States supported investment fund if the Island is not to face the prospect of deep cuts in many of Jersey Heritage's free to use services.

(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.

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 2007, which comprise Balance Sheet, Statement of Financial Activities, Cash Flow Statement, and the related notes 1 to 17. 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.

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 affairs of the Jersey Heritage Trust as at 31 December 2007 and of its net outgoing resources for the year then ended.

Ernst & Young Ltd
Jersey, Channel Islands

Date 7 August 2008

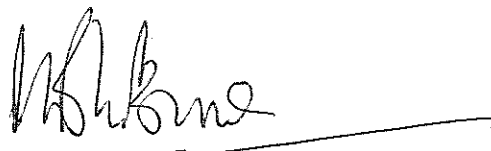
Jersey Heritage Trust

BALANCE SHEET at 31 December 2007

	Notes	2007 Total £000	2006 Total £000
PROPERTY	5	9,324	9,376
OTHER FIXED ASSETS	6	155	208
		<u>9,479</u>	<u>9,584</u>
CURRENT ASSETS			
Stock		19	—
Debtors	7	34	64
Bank balances		83	186
		<u>136</u>	<u>250</u>
CREDITORS: amounts falling due within one year			
Creditors		188	196
Net current assets		<u>(52)</u>	<u>54</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,427</u>	<u>9,638</u>
CREDITORS: amounts falling due after more than one year			
Loan payable	8	303	330
Pension liability	9	1,586	1,511
		<u>1,889</u>	<u>1,841</u>
Net assets		<u>7,538</u>	<u>7,797</u>
Represented by:			
INCOME FUNDS		(115)	18
HERITAGE FUNDS		7,653	7,779
Total		<u>7,538</u>	<u>7,797</u>

Signed by:

Chairman



Trustee



28 July 2008

Jersey Heritage Trust

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2007

	<i>Unrestricted</i>	<i>Designated</i>	<i>Restricted</i>	<i>Heritage</i>	<i>2007</i>	<i>2006</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>
INCOMING RESOURCES						
States' grants						
-ESC	1,888	–	–	–	1,888	1,856
-other	61	–	–	–	61	467
Admissions income	829	–	105	–	933	823
Rental & Space Hire	194	–	48	36	279	195
Publications	19	–	–	–	19	16
Bank interest	36	–	–	6	42	52
Sponsorship & Similar income	90	–	–	–	90	99
Fees & charges	65	–	–	–	65	34
	<u>3,182</u>		<u>153</u>	<u>42</u>	<u>3,377</u>	<u>3,542</u>
OUTGOING RESOURCES						
Direct expenses 10						
Sites & collections	1,507	–	168	65	1,740	2,947
Visitor services	679	–	–	–	679	631
Jersey Archive	396	–	–	104	500	456
Historic Building Service	60	–	–	–	60	63
Other public programmes	–	–	–	–	–	149
Société grant	41	–	–	–	41	41
Management & administration	541	–	–	75	616	452
	<u>3,224</u>	<u>–</u>	<u>168</u>	<u>244</u>	<u>3,636</u>	<u>4,739</u>
Net outgoing resources before transfers	(42)	–	(15)	(202)	(259)	(1,197)
Transfers between Funds	(25)	–	(51)	76	–	–
Net outgoing resources for the year	<u>(67)</u>	<u>–</u>	<u>(66)</u>	<u>(126)</u>	<u>(259)</u>	<u>(1,197)</u>
Balances brought forward	(38)	30	26	7,779	7,797	8,994
Balances carried forward at 31 December	<u>(105)</u>	<u>30</u>	<u>(40)</u>	<u>7,653</u>	<u>7,538</u>	<u>7,797</u>

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

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CASH FLOW STATEMENT for the year ended 31 December 2007

	2007 £000	2006 £000
	<i>Note</i>	
RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Decrease in resources	(259)	(1,197)
Bank Interest receivable	(42)	(52)
Depreciation	131	236
(Decrease)/increase in creditors	(8)	(55)
Decrease/(increase) in debtors	31	(7)
Decrease/(increase) in stock	(19)	9
(Decrease)/increase in pension liability	75	(26)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(91)	(1,092)
RETURNS ON INVESTMENTS		
Bank Interest receivable	42	52
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(25)	(27)
NET CASH INFLOW FROM INVESTING ACTIVITIES	(74)	25
FINANCING		
Loan repayments	(27)	(28)
DECREASE IN CASH	(103)	(1,095)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
Decrease in cash	(103)	(1,095)
Loan repayments	28	28
MOVEMENT IN NET DEBT		
Net debt at the start of the year	12 (172)	12 895
NET DEBT AT THE END OF THE YEAR	12 (247)	12 (172)

Jersey Heritage Trust
NOTES TO THE ACCOUNTS
for the year ended 31 December 2007

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 (SORP 2) entitled "Accounting and Reporting by Charities" issued by the Charities Commission. SORP 2 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 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.

(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	10% - 33%
Motor vehicle	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 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 2007. The building cost is therefore now being written down over a 99-year period, the expected life of the lease.

Jersey Heritage Trust
 NOTES TO THE ACCOUNTS
 for the year ended 31 December 2007

1. ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. DESIGNATED FUNDS

	<i>Balance</i> <i>1 January</i> <i>2007</i> <i>£000</i>	<i>Incoming</i> <i>Resources</i> <i>£000</i>	<i>Outgoing</i> <i>Resources</i> <i>£000</i>	<i>Transfers</i> <i>£000</i>	<i>Balance</i> <i>31 December</i> <i>2007</i> <i>£000</i>
JHT fund-Société projects	30	—	—	—	30
Total	30	—	—	—	30

Jersey Heritage established this fund after the Société Jersiaise paid for 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 the La Hougue Bie chapel.

Jersey Heritage Trust
 NOTES TO THE ACCOUNTS
 for the year ended 31 December 2007

3. RESTRICTED FUNDS

	<i>Balance</i> <i>1 January</i> <i>2007</i> <i>£000</i>	<i>Incoming</i> <i>Resources</i> <i>£000</i>	<i>Outgoing</i> <i>Resources</i> <i>£000</i>	<i>Transfers</i> <i>£000</i>	<i>Balance</i> <i>31 December</i> <i>2007</i> <i>£000</i>
Ancient Monuments	–	105	(58)	(49)	(2)
Forts & Towers Investment	14	48	(110)	–	(48)
Glass Rainbow Publication	3	–	–	–	3
Hamptonne Land Acquisition	7	–	–	–	7
Historic Building Thematic Review	2	–	–	(2)	–
Total	<u>26</u>	<u>153</u>	<u>(168)</u>	<u>(51)</u>	<u>(40)</u>

Ancient Monuments Fund

Under the terms of the usufruct for both Mont Orgueil and Elizabeth Castle, Jersey Heritage pays a percentage of admission income received from both Castles into the Ancient Monuments Fund. Jersey Heritage 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 usufruct was granted by the States in 1996.

Forts & Towers Investment Fund

To date, six States-owned sites have been developed by Jersey Heritage into self-catering accommodation and are available for public hire. All are operated under management agreements with Property Holdings and Jersey Heritage bears the cost of operating and promoting the sites. Under an informal arrangement with Property Holdings, Jersey Heritage 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 pay for the future upkeep of these sites and the development of similar States-owned historic sites.

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 Jersey Heritage have agreed to raise funds to enable them to jointly purchase a field located adjacent to Hamptonne Country 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 2007

4. HERITAGE FUNDS

	<i>Balance</i> <i>1 January</i> <i>2007</i> <i>£000</i>	<i>Incoming</i> <i>Resources</i> <i>£000</i>	<i>Outgoing</i> <i>Resources</i> <i>£000</i>	<i>Transfers</i> <i>£000</i>	<i>Balance</i> <i>31 December</i> <i>2007</i> <i>£000</i>
Augrès Collections Store	211	–	–	27	238
Jersey Archive	5,088	–	(104)	–	4,984
Jersey Museum	3,433	–	–	–	3,433
Mont Orgueil Restoration	(11)	–	(38)	49	–
Sir Francis Cook Bequest	569	42	(27)	–	584
Pension Liability	(1,511)	–	(75)	–	(1,586)
Total	7,779	42	(244)	76	7,653

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 8.

Pension Liability

This liability is one that 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 9.)

Jersey Heritage Trust
 NOTES TO THE ACCOUNTS
 for the year ended 31 December 2007

5. PROPERTY

	<i>Freehold Land & Buildings £000</i>	<i>Leasehold Property £000</i>	<i>Total £000</i>
Cost			
At 1 January 2007	4,446	5,916	10,362
Additions	–	–	–
At 31 December 2007	<u>4,446</u>	<u>5,916</u>	<u>10,362</u>
Accumulated depreciation			
At 1 January 2007	–	986	986
Charge for the year	–	52	52
At 31 December 2007	<u>–</u>	<u>1,038</u>	<u>1,038</u>
Net book values at 31 December 2007	<u>4,446</u>	<u>4,878</u>	<u>9,324</u>
Net book values at 31 December 2006	<u>4,446</u>	<u>4,930</u>	<u>9,376</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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 NOTES TO THE ACCOUNTS
 for the year ended 31 December 2007

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 2007	1,712	1,090	94	10	2,906
Additions	–	–	25	–	25
Disposals	–	–	(8)	–	(8)
At 31 December 2007	1,712	1,090	111	10	2,923
Accumulated depreciation					
At 1 January 2007	1,553	1,090	52	2	2,697
Charge for the period	53	–	24	2	79
Disposals	–	–	(8)	–	(8)
At 31 December 2007	1,606	1,090	68	4	2,768
Net book values at 31 December 2007	106	–	43	6	155
Net book values at 31 December 2006	159	–	42	8	209

The net book value of assets at 31 December 2007 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	6	49
Heritage funds	106	–	–	–	106
Total	106	–	43	6	155

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.

7. DEBTORS

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

	2007	2006
	<i>£000</i>	<i>£000</i>
2007 States Grant receivable	–	17
Other debtors	34	47
	34	64

Jersey Heritage Trust
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 for the year ended 31 December 2007

8. **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 on 1 January 1999. The loan is analysed as follows:

	2007	2006
	£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	192	220
	<u>330</u>	<u>358</u>

9. **PENSION LIABILITY**

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

	2007
	£000
At 1 January 2007	1,511
Add: Interest for the year (at 6.75%)	102
Less: Repayments for the year	(27)
At 31 December 2007	<u>1,586</u>

As with other participating employers the Trust also 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 2007 repayment rate was £2,196 per month and is subject to annual review by the scheme actuary.

10. **DIRECT EXPENSES**

Included within direct expenses are the following amounts:

	2007	2006
	£000	£000
Depreciation	131	236
Audit Fee	9	8
	<u>140</u>	<u>244</u>

11. **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 8.

The Board agreed to transfer £49,000 from the Ancient Monuments Fund to help pay for some of the repair work carried out on Mont Orgueil Castle during the recently completed restoration and re-display programme.

Jersey Heritage Trust

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for the year ended 31 December 2007

12. ANALYSIS OF CHANGES IN NET DEBT

	<i>At</i>		<i>At</i>
	<i>1 January</i>	<i>Cash 31 December</i>	<i>2007</i>
	<i>2007</i>	<i>Flow</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at Bank and in hand	186	(103)	83
Debt due within one year	(28)	-	(28)
Debt due after one year	(330)	28	(302)
	<u>(172)</u>	<u>(75)</u>	<u>(247)</u>

13. ANALYSIS OF STAFF COSTS

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Salaries and Wages	1,771	1,684
Employers' Social Security	104	99
Employers' Pension costs	171	160
	<u>2,046</u>	<u>1,943</u>

14. TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

Trustees are entitled to claim all reasonable out-of-pocket or other expenses occasioned in the course of carrying out their duties, but no trustee who is not otherwise an employee of the Jersey Heritage 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 (2006 – Nil).

No Trustee or other person related to Jersey Heritage had any personal interest in any contract or transaction entered into by Jersey Heritage during the year (2006 – Nil).

15. TAXATION

Jersey Heritage 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.

Jersey Heritage Trust

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

16. PENSION SCHEME

The Jersey Heritage Trust has, together 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. The Trust's contribution rate has been set by the actuary at 13.60% of the gross salary of participating employees. In the year the Trust made contributions on behalf of 45 employees (out of a total of 63 entitled to join the scheme) of £171,156.

Adequacy of Scheme funding

Actuarial valuations are performed on a triennial basis, the most recent being at 31 December 2005. 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.

17. 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.