

**Friends of Benjamin Franklin House**  
**(Registered Number 1362091)**

**Financial Statements**

**For the Year Ended 31 March 2002**



# **Friends of Benjamin Franklin House**

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## **Friends of Benjamin Franklin House**

### **Governors**

Sir Bob Reid (Chairman)

The Countess of Bessborough

Ms S Chalmers

Ms G Huey Evans (Appointed 20/02/02)

Mrs E B Y Hunter-Jones JP (Resigned 23/08/01 and Reappointed 20/02/02)

Mrs A P Keigher

Mr T Morgan (Appointed 20/02/02)

Mr G A Nixon (Appointed 20/02/02)

Mr R Quartano

Lady Joan Reid

Prof. E Wright (Resigned 23/01/02)

### **Secretary**

Mr G A Nixon (Appointed 23/07/02 position previously held by The Countess of Bessborough)

### **Registered Office**

36 Craven Street

London

WC2N 5NF

### **Registered Number**

1362091

### **Registered Charity Number**

276066

### **Registered Auditors**

F. W. Stephens & Co.

Chartered Accountants

10 Charterhouse Square

London EC1M 6LQ

### **Bankers**

Royal Bank of Canada

71 Queen Victoria Street

London EC4V 4DE

### **Solicitors**

Morrison & Foerester

21 Garlick Hill

London EC4V 2AU

# **Friends of Benjamin Franklin House**

## **Governors' Report for the Year Ended 31 March 2002**

The governors, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 March 2002. The governors have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the charity.

The charity is a company limited by guarantee and was set up in 1978. It is governed by a memorandum and articles of association, which were agreed on 10<sup>th</sup> April 1978.

The memorandum and articles of association are in the process of being up-dated.

The main objectives of the charity are the conservation of 36 Craven Street to preserve the Cultural Heritage of Benjamin Franklin and to provide an insight into 18<sup>th</sup> Century science and medicine using hands on experiments and the resources available in the 2<sup>nd</sup> floor Science and Education Centre

### **Review of activities and future developments**

Phase I, completed on time and within budget, ensured the structural survival of the 1730's Grade I listed building.

We are now engaged in Phase II to open the house in early 2004 as a dynamic museum and educational facility through a unique *Historical Experience*, *Student Science Centre* and *Scholarship Centre*.

The *Historical Experience* utilises a museum as theatre approach where each of the historic rooms tells a different part of Franklin's London story.

The *Student Science Centre* will focus on hands-on science offering children the chance to explore, test and problem solve in the mode of Franklin.

The *Scholarship Centre* will encompass the Benjamin Franklin House Annual Symposium at the Royal Society of Arts, of which Franklin was an early member and display original artefacts and special exhibitions on loan from other institutions. A web portal will be developed with the Franklin-founded University of Pennsylvania to provide outreach to scholars around the world seeking information on Franklin collections. In co-operation with Yale University, we will also have full set of the Franklin papers in print and on CD-Rom.

## **Friends of Benjamin Franklin House**

After many months of presentations and discussions, official approval of our project plans was received from English Heritage and Westminster Council in March 2002, the two statutory bodies with oversight of Benjamin Franklin House given its Grade I listed status.

With this in hand we have been working with our project management team led by Interior Services Group to prepare individual, detailed work packages. These have allowed us to begin the necessary interior conservation and infrastructure work.

The Statement of Financial Activities for the year is set out on page 8 of the financial statements. A summary of the financial results and the work of the charity is set out below.

### **Income generation**

The charity's income increased from £153,376 to £271,772. This increase, amounting to over 77%, is a significant achievement and the charity thanks all its supporters for their generosity.

Donations and gifts received increased by approximately £118,000 this was mainly due to a function held at the science museum.

### **Fundraising**

The governors have reviewed the fund raising strategy and return on fund raising costs. Fundraising costs were £34,051 (2001: £12,728). The increased investment in fundraising costs is reflected in increased donations from £151,097 in 2001 to £269,348 in the year ended 31 March 2002.

### **Resources expended**

Expenditure on fundraising increased by £21,323 in the year, this is mainly due to the expenditure on the science museum function.

Management and administration expenditure increased by £78,383. This is due to the charity paying the project assistants a market wage for the first time, these are included in salary costs. Also office costs rose substantially due to increased marketing of the charity to attract more donations and gifts.

Morrison & Forrester kindly offered their legal advice pro bono during the year.

### **Reserves**

The Governors have reviewed the reserves of the charity. This encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that to allow the charity to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve of £20,000 should be maintained. This equates to approximately 3 months of unrestricted expenditure. Any funds in excess of this will be designated by the trustees towards Phase II of the development.

Restricted funds have increased from £748,790 to £769,144.

## **Friends of Benjamin Franklin House**

### **Changes in fixed assets**

The movements in fixed assets during the year are set out in note 7 to the financial statements.

### **Governance and internal control**

Governors are appointed using the nomination's procedure determined from time to time by the Board. The governors meet 10 – 12 times per year.

Company and Charity law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The governors have overall responsibility for ensuring that the charity has appropriate system of controls, financial or otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the charity is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the charity or for publication is reliable;
- the charity complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan.
- Regular consideration by the governors of financial results and non-financial performance indicators
- Delegation of authority and segregation of duties.
- Identification and management of risks.

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the charity it should, as a public interest body, adopt these guidelines as best practice. Accordingly they have:

- Set policies on internal controls which cover the following:
  - Consideration of the type of risks the charity faces;

## **Friends of Benjamin Franklin House**

- The level of risks which they regard as acceptable;
  - The likelihood of the risks concerned materialising;
  - The charities ability to reduce the incidence and impact on the business of risks that do materialise and
  - The costs of operating particular controls relative to the benefit obtained.
- Clarified the responsibility of management to implement the governors' policies and identify and to evaluate risks for their consideration.
  - Communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
  - Embedded the control system in the charity's operations so that it becomes part of the culture of the charity.
  - Developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment.
  - Included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken.

The governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor.

### **Members**

The company is limited by guarantee. The members guarantee the debt and liabilities of the company to a maximum of £1 each. The members are also the governors of the company.

### **Post balance sheet events**

There are no Post Balance Sheet Events required for disclosure.

### **Governors**

The governors of the company as at the year end were:

Sir Bob Reid (Chairman)  
The Countess of Bessborough  
Ms S Chalmers  
Ms G Huey Evans  
Mrs E B Y Hunter-Jones JP  
Mrs A P Keigher  
Mr T Morgan  
Mr G A Nixon  
Mr R Quartano  
Lady Joan Reid

The governors are the directors in accordance with the Companies Act 1985.

## **Friends of Benjamin Franklin House**

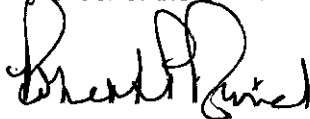
### **Creditors payment policy**

The charity's current policy concerning the payment of trade creditors is to settle the terms of payment with suppliers when agreeing the terms of each transaction. To ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts and pay in accordance with the charity's contractual and other legal obligations.

### **Auditors**

A resolution proposing the re-appointment of Messrs. F. W. Stephens & Co. as auditors of the charity will be put to the members at the Annual General Meeting.

By Order of the Board



Sir Bob Reid

30 January, 2003



## **Friends of Benjamin Franklin House**

### **Independent Auditors' Report to the members of Friends of Benjamin Franklin House**

We have audited the financial statements of Friends of Benjamin Franklin House for the year ended 31 March 2002 which comprise the Statement of Financial Activities, Summary Income and Expenditure Account and the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

#### **Respective responsibilities of trustee and auditors**

The trustees' who are also the directors of Friends of Benjamin Franklin House for the purposes of company law responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

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 United Kingdom Auditing Standards 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 of the state of the charity's affairs as at 31<sup>st</sup> March 2002 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*FW Stephens & Co*

Chartered Accountants and  
Registered Auditors  
London

*30 January, 2003*

# Friends of Benjamin Franklin House

## Statement of Financial Activities

	<i>Note</i>	Unrestricted Funds £	Restricted Funds £	Total 2002 £	Total 2001 £
<b>Incoming resources</b>					
Donations and gifts	2	215,696	53,652	269,348	151,097
Interest receivable	3	-	2,424	2,424	2,279
<b>Total incoming resources</b>		<b>215,696</b>	<b>56,076</b>	<b>271,772</b>	<b>153,376</b>
<b>Resources expended</b>					
<b>Cost of generating funds:</b>					
Fundraising		(34,051)	-	(34,051)	(12,728)
<b>Charitable expenditure</b>					
Management and administration		(106,523)	(35,722)	(142,245)	(63,862)
<b>Total resources expended</b>	4	<b>(140,574)</b>	<b>(35,722)</b>	<b>(176,296)</b>	<b>(76,590)</b>
Net incoming resources before transfers		75,122	20,354	95,476	76,786
Transfers between funds		-	-	-	-
<b>Net incoming resources</b>		<b>75,122</b>	<b>20,354</b>	<b>95,476</b>	<b>76,786</b>
Net movement funds		75,122	20,354	95,476	76,786
Fund balances brought forward at 31 March 2001		336,325	748,790	1,085,115	1,008,329
<b>Fund balances carried forward at 31 March 2002</b>	11	<b>411,447</b>	<b>769,144</b>	<b>1,180,591</b>	<b>1,085,115</b>

There were no recognised gains or losses other than the Net Movement in Funds.

The notes on pages 11 to 17 form part of these financial statements.

## **Friends of Benjamin Franklin House**

### **Income and Expenditure Account for the Year ended 31 March 2002**

		<b>2002</b>	<b>2001</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Donations and gifts	2	269,348	151,097
Interest receivable	3	2,424	2,279
<b>Total income</b>		<b>271,772</b>	<b>153,376</b>
Fundraising expenses	4	(34,051)	(12,728)
Administration expenses	4	(142,245)	(63,862)
<b>Net operating income</b>		<b>95,476</b>	<b>76,786</b>

All items relate to continuing operations in the United Kingdom.

There were no recognised gains or losses other than the surplus for the year.

The notes on pages 11 to 17 form part of these financial statements.

# Friends of Benjamin Franklin House

## Balance Sheet as at 31 March 2002

	Note	£	2002 £	£	2001 £
<b>Tangible fixed assets</b>	7		1,064,816		1,009,312
<b>Current assets</b>					
Debtors	8	23,093		12,075	
Cash at bank and in hand		159,162		127,053	
		182,255		139,128	
<b>Creditors: amounts falling due within one year</b>	9	(66,480)		(8,325)	
<b>Net current assets</b>			115,775		130,803
<b>Total assets less current liabilities</b>			1,180,591		1,140,115
<b>Creditors: amounts falling due after more than one year.</b>	10		-		(55,000)
<b>Net assets</b>			1,180,591		1,085,115
<b>Funds</b>					
Restricted funds			769,144		748,790
General funds			411,447		336,325
	11		1,180,591		1,085,115

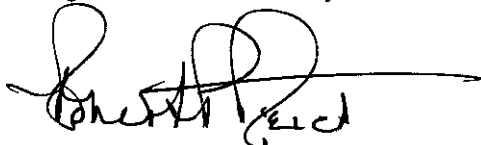
Represented by:

### Funds

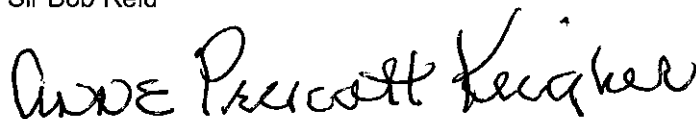
Restricted funds 769,144 748,790  
General funds 411,447 336,325

Approved by the board on 30 January 2003

Signed on their behalf by:



Sir Bob Reid



Mrs A P Keigher

Governors

The notes on pages 11 to 17 form part of these financial statements.

# **Friends of Benjamin Franklin House**

## **Notes to the Financial Statements Year to 31 March 2002**

### **1 Accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and reporting by charities" published in October 2000 and applicable accounting standards.

The charity is incorporated under the Companies Act 1985 and as such is required to prepare financial statements in accordance with that Act's accounting and disclosure requirements.

#### **(b) Company status**

The charity is a company limited by guarantee. The members of the company are the governors named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

#### **(c) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the governors in the furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Bank interest is allocated to the appropriate fund.

#### **(d) Incoming resources**

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost.

#### **(e) Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Fund raising costs are those incurred seeking voluntary contributions and do not include the costs of disseminating information in support of charitable activities. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

# Friends of Benjamin Franklin House

## Notes to the Financial Statements Year to 31 March 2002

### (f) Renovation

Property renovation costs including associated professional fees have been capitalised in full.

### (g) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their useful economic lives as follows:

Freehold land and buildings are depreciated at the rate of 2% per annum on cost.

Computer Equipment is depreciated at the rate of  $33\frac{1}{3}\%$  per annum on cost.

### (h) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

### (i) Inalienable assets

Inalienable assets are not capitalised in the accounts due to there being no readily available and reliable valuation of the assets.

## 2 Donations and gifts

	2002	2001
	£	£
Individuals	102,273	121,097
Charitable foundations	54,212	-
Corporate donors	112,863	30,000
	269,348	151,097

## 3 Interest receivable

	2002	2001
	£	£
Bank deposit interest	2,424	2,279

# Friends of Benjamin Franklin House

## Notes to the Financial Statements Year to 31 March 2002

### 4 Total resources expended

	Staff costs £	Other costs £	Total 2002 £	Total 2001 £
<b>Other Expenditure</b>				
Fundraising & publicity	-	34,051	34,051	12,728
Management and administration	65,084	77,161	142,245	63,862
	65,084	111,212	176,296	76,590

### Other costs

	2002 £	2001 £
Fundraising	34,051	12,728
Office costs	21,592	10,816
Secretarial	6,450	5,430
Premises costs	10,151	9,479
Professional fees	9,385	6,000
Audit fees	3,000	2,950
Bank interest and charges	67	16
Depreciation	22,151	21,639
Other costs	4,365	7,532
	111,212	76,590

### 5 Governors' remuneration

No governor received any remuneration expense allowance during the year.

### 6 Staff costs

	2002 £	2001 £
Wages and salaries	59,304	-
Social security costs	5,780	-
	65,084	-

No employee earned over £50,000 during the year.

The average number of employees for the year was 2 (2001: Nil) they were both employed in the management and administration of the charity.

# Friends of Benjamin Franklin House

## Notes to the Financial Statements Year to 31 March 2002

### 7 Fixed assets

	Freehold Land and Buildings	Computer Equipment	Total
Cost	£	£	£
At 1 April 2001	1,029,910	4,631	1,034,541
Additions	77,655	-	77,655
At 31 March 2002	1,107,565	4,631	1,112,196
<b>Accumulated depreciation</b>			
At 1 April 2001	20,598	4,631	25,229
Charge for year	22,151	-	22,151
At 31 March 2002	42,749	4,631	47,380
<b>Net book value</b>			
At 31 March 2002	1,064,816	-	1,064,816
At 31 March 2001	1,009,312	-	1,009,312

In August 1988, when the charity had a 150 years lease on 36 Craven Street, Jones Lang Wootton valued the property at £750,000. This was at open market value and on the basis that the property was in a completely renovated condition. On 1 March 1989, the freehold of the property was transferred to the charity.

The additions to freehold land and buildings are in respect of building works, architects, chartered quantity surveyors and other professional fees.

All fixed assets are held for charitable activities.

### 8 Debtors

	2002 £	2001 £
Grants receivable	3,582	3,582
Interest receivable	278	318
Prepayments	1,000	-
Income tax recoverable	18,233	8,175
	23,093	12,075



# Friends of Benjamin Franklin House

## Notes to the Financial Statements Year to 31 March 2002

### 9 Creditors

	2002 £	2001 £
Unsecured loan	55,000	-
Tax and social security	4,669	-
Accrued professional fees	6,811	8,325
	66,480	8,325

### 10 Creditors amounts falling due after more than one year

	2002 £	2001 £
Unsecured loan	-	55,000

### 11 Statement of funds

	At 1 April 2001 £	Income £	Expenditure £	At 31 March 2002 £
<b>General fund</b>	336,325	215,696	(140,574)	411,447
<b>Restricted fund</b>				
Conservation	748,790	15,546	(27,627)	736,709
Education & Development	-	40,530	(8,095)	32,435
	1,085,115	271,772	(176,296)	1,180,591

The General Fund represents the free funds of the charity which are not designated for particular purposes.

The Conservation Fund has been set up to be used to conserve the property at Craven Street and to restore the house to its décor at the time when Benjamin Franklin resided there. The fund is reduced by the depreciation expense and other property related expenditure each year.

The Education and Development fund is used to design and develop the house to enable it to be used as a museum.

Prior to 1 April 2001, the movement through the Education & Development fund has been immaterial and therefore has not been separately disclosed. All income received for education purposes was spent in the year received, accordingly there was no unspent monies as at 31 March 2001.

# Friends of Benjamin Franklin House

## Notes to the Financial Statements Year to 31 March 2002

### 12 Analysis of net assets between funds

	General Fund £	Restricted Funds £	Total Funds £
Tangible assets	308,235	756,581	1,064,816
Current assets	114,692	67,563	182,255
Current liabilities	(11,480)	(55,000)	(66,480)
Total net assets	411,447	769,144	1,180,591

### 13 Transactions with governors

During the year a Governor charged the company £4,000 (2001: £4,000) for the use of a room in the home as an office. No governor or person received any remuneration or reimbursed expenses either directly or indirectly other than noted above.

### 14 Inalienable assets

The charity owns the following assets which are historic artefacts donated to the charity as follows:

- Marble bust of Benjamin Franklin by Jean Antoine Houdon – This item was presented to the charity by the Franklin Institute in the 1960s.
- Letter from Benjamin Franklin to his sister – Presented to the charity by Mr and Mrs Harrison and framed by the Morgan Library Restorers as a gift from Robert Pire.
- Moroccan leather purse – Presented to the charity by the Philadelphia Historic Society via Lord Inverchapel.
- Terracotta Medallion of Benjamin Franklin in 1777 by Jean Baptiste Nini – Presented to the charity by the Poor Richard Society in the 1950s.

These assets have not been capitalised in the accounts as there is no reliable valuation readily available.

### 15 Cash flow statement

The company has not produced a cash flow statement, therefore utilising the small companies exception within FRS 1 (revised) Cash Flow Statement.

### 16 Connected charity

The charity is connected to Friends of Benjamin Franklin House (US) at Public Ledger Building, Suite 846 Philadelphia, PA 19106-3474 USA. The US charity has been set up with related objectives and there are governors connected to both the US charity and the UK charity.

During the year ended 31<sup>st</sup> March 2002 the US charity made £13,652 (2001: £NIL) of donations to the charity. In 2001 a transfer of funds from the US charity of £57,128 was actioned.

## **Friends of Benjamin Franklin House**

### **Notes to the Financial Statements Year to 31 March 2002**

#### **17 Control**

The charity is controlled by its governors, and no one party controls the charity.