

**THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM**  
**(A company limited by guarantee)**

**DIRECTORS' REPORT AND**  
**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

**SATURDAY**



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# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

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# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## REFERENCE AND ADMINISTRATIVE DETAILS

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Charity number	1097205
Company number	4698817
Principal office	Clock Tower Yard, Temple Meads, Bristol BS1 6QH
Auditors	Winters, 29 Ludgate Hill, London EC4M 7JE
Bankers	Royal Bank of Scotland, 36-38 Baldwin Street, Bristol BS1 1NR

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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### Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees

The following directors and trustees have held office since 1 January 2006

Sir Michael McWilliam KCMG (Chairman)	
Dr Robert Anderson FRSE	
Mr Nicolas Barker OBE	
Sir Nicholas Barrington KCMG CVO	
Mr Keith Bonham MBE DL	
Professor David Cannadine FBA	
Baroness Jean Corston of St George	resigned 22 June 2006
Sir Neil Cossons OBE	
Councillor Christopher Davies	appointed 9 March 2006
Rt Hon Lord Dholakia of Waltham Brooks OBE JP DL	resigned 22 June 2006
Mr Francis Greenacre FMA	
Mr Jack Lambert B A B Arch RIBA	
Professor Wm Roger Louis CBE	
The Hon Sir William McAlpine Bt	resigned 22 June 2006
Mrs Laura Marshall	
Sir Howard Newby CBE	appointed 9 March 2006
Mr John Raisman CBE	retired 26 October 2006
Ms Patsy Robertson	
John Smith CBE	appointed 18 March 2007
Mr Nicholas Stanley	resigned March 2006
HM Lord Lieutenant of Bristol JN Tidmarsh MBE JP	

The trustees are sad to report that John Letts, one of the founding members of the museum, passed away in March 2006. John was instrumental in establishing The British Empire and Commonwealth Museum, and worked tirelessly on the project from its inception to its opening in 2002 and beyond. In 2005 John resigned as a trustee but in recognition of his contribution to the Museum he was made an Emeritus Trustee.

Sir Jack Hayward OBE and John Raisman CBE were also made Emeritus Trustees during the year.

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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### Structure, governance and management

#### Governing document

The British Empire and Commonwealth Museum is a company limited by guarantee governed by its Memorandum and Articles of Association dated 14 March 2003. It is registered as a charity with the Charity Commission.

#### Appointment of trustees

The trustees are appointed or removed by the Board of Trustees on the recommendation of the Nominations Committee.

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

#### Board committees

The board of trustees which can have between 10 and 20 members, is responsible for the effective administration of the charity. The board meets three times a year and its Finance & General Purposes Committee meets at least six times a year. There are also board sub-committees for Capital Development, Fund Raising, Audit and Nominations that meet as required.

#### Management

A Museum Director is appointed by the trustees to manage the day to day operations of the charity. Within terms of delegation approved by the trustees, the management function is conducted through the senior management team comprising:

Dr Gareth Griffiths	Museum Director
Anne Scorer	Deputy Museum Director
Sokoveti Irwin	Events
Faisal Khalif	Head of PR & Marketing
Anne Lineen	Exhibitions Floor Manager
Geoff Nicks FCA	Property and Finance

#### Related parties

On 1 January 2004 the charity took over the activities of its subsidiary company, Empire Museum Ltd, from The Museum of Empire and Commonwealth Trust.

#### Risk assessment

The trustees have given consideration to the major risks to which the company and its subsidiary company are exposed. The major risks, that have been identified, have been reviewed and, where reasonable and practicable, procedures established with a view to mitigating the consequences of those risks.

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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### Objectives and activities

The Mission of the British Empire & Commonwealth Museum is to provide a national forum for preserving, exploring and studying Britain's cultural heritage associated with its former Empire and today's Commonwealth

The Museum is located at Temple Meads, Bristol, in the original GWR terminus designed by Isambard Kingdom Brunel. It was opened in 2002 after an extensive restoration programme funded by private benefactors and trusts. The sixteen galleries give a representative presentation of the collections covering three historical phases: Building an Empire 1490-1800, Victoria's Empire 1800 – 1900, From Colonialism to Commonwealth 1900- present day. There is a separate gallery for special exhibitions.

The Museum delivers its mission through three main activities –

- i Public information, instruction and entertainment delivered by displays in the permanent galleries, special events and exhibitions,
- ii Conservation and research of the collections of materials, images and archives that have been donated to the Museum, carried out by curatorial staff and by research links with universities,
- iii Primary and secondary school education programmes delivered at the Museum and through the distribution of special course materials that address elements of the national curriculum and wider citizenship issues. Following closure of the Commonwealth Institute in 2002, the Museum is the only institution in Britain that is dedicated to explaining and educating about the Commonwealth through school programmes and through its gallery displays.

### Achievements and performance

2006 has been dominated by the preparation for a major exhibition *Breaking the Chains* to commemorate the two hundredth anniversary of the Act of Parliament enacted in 1807 to abolish the slave trade. Clearly the national status of the Museum as well as its location in Bristol, one of the major ports involved in the Atlantic slave trade, demanded a comprehensive exhibition of the highest quality. The cost of such an exhibition can only be met by project funding. Not without difficulty the Museum was eventually able to secure, in partnership with Bristol City Council, a grant of £776,241 from the Heritage Lottery Fund. Research and planning for the exhibition could not await the announcement of the HLF grant in September and fortunately the Garfield Weston Foundation generously provided funding to cover the initial work. Towards the end of the year the successful *Pow Wow* exhibition was closed so that the gallery could be got ready for *Breaking the Chains*, which was opened by HRH The Princess Royal on 23 April 2007.

A grant of £423,000 from the Arts and Humanities Research Council had enabled two appointments to be made in partnership with the University of the West of England to catalogue the Rhodesian Army archive. The *Images of Empire* website was launched at the World Congress of History Producers held in London in November and has since attracted considerable attention.

Trustees supported the promotion by English Heritage of the Great Western Railway as a World Heritage Site. Brunel's Temple Meads station would be one of eight pearls in a string stretching from Paddington to the Great Western dock, Bristol.

Improvements were made to the Passenger Shed, the main venue for functions, by the provision of additional toilets and the renovation of existing toilets. Improvements were also made to the café.

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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### Financial review

Income from charitable activities increased from £705k to £899k. New grants and donations at £796k were lower than the amount of £914k received in 2005. Total expenditure at £1,873k was above the previous year's total of £1,676k. After allowing for grants applied to capital improvements that are written off as incurred, the outcome for the year showed net outgoing resources of £176k, compared with net outgoing resources of £57k in 2005. The cumulative deficit of £1,049k is financed by bank borrowing against the security of the property. During the year these facilities were restructured by the conversion of a previous overdraft facility and loan into a £1 million term loan repayable over 20 years, with the interest rate fixed for the first 10 years.

The Museum's business model is to finance its operations from three streams of revenue:

- i Property income from space that is not required for museum purposes, comprising car parking, a nursery school lease, and function lettings
- ii Income generated from museum activities and services, comprising entrance fees, shop and cafe revenue, fees charged by the education and commercial archives departments
- iii Income donated by individuals, trusts and companies in support of the Museum's activities, and organised by the Development Office

In 2006 the relative contributions were property income 33%, museum activities 20% and donations 48%.

The annual budget is prepared with the involvement of all departmental heads and the Senior Management Team. It is then reviewed and approved (subject to amendments) by the Finance & General Purposes Committee. Departmental heads have the responsibility to deliver their budgets. Procedures are in place to control expenditure and to monitor results.

Principal donors in 2006 included – Sir Jack Hayward, Denman Charitable Trust, British American Tobacco, Garfield Weston Foundation, Child & Co, John Ellerman Foundation, Bristol City Council, John Raisman, Bernard Sunley Charitable Foundation and Pilgrim Trust.

### Reserves policy

The Trustees' policy for reserves is to build reserves to provide additional working capital, and to a level that will enable them to meet staff and other running costs for a period of three months. It is intended to achieve this over the next three years by achieving modest surpluses on activities.

### Plans for future periods

*Breaking the Chains* will be the special exhibition throughout 2007 and 2008. Funds were pledged by the Overseas Pensioners Association and others for extension of the oral history project, work on which will begin in 2007. The oral archive has been recognised by the British Library as 'probably the largest and most important collection of recollection and reflections about the social, political and economic life of the British abroad in the twentieth century unique in its scale and scope clearly of national importance, international interest and proven historical worth'.

In 2007, the fifth anniversary of the opening of the Museum, the Trustees will look again at the objectives of the British Empire and Commonwealth Museum and how best to achieve them.

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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### Auditors

The auditors, Winters, are willing to be reappointed in accordance with section 385 of the Companies Act 1985

### Trustees' responsibilities

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the net income and expenditure, of the group for that year. In preparing those financial statements the trustees are required to -

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### Statement of disclosure to auditors

- so far as the trustees are aware there is no relevant audit information of which the charity's auditors are unaware, and
- they have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the board

  
  
~~John Smith CBE~~  
Chairman

28 June 2007



# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

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We have audited the financial statements of The British Empire and Commonwealth Museum Limited for the year ended 31 December 2006 which comprise the Statement of Financial Activities, the Balance Sheets, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the statement of trustees' responsibilities, trustees' are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' 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 the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of 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 judgements made by the trustees in the preparation of the 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 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.

#### **Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1.3 concerning the preparation of the financial statements on a going concern basis. The validity of this basis is dependent upon the continuing support of the group's bankers and its supporters. The financial statements do not include any adjustments that would be necessary if this basis is inappropriate. Our opinion is not qualified in this respect.

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

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#### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charity's and group's affairs as at 31 December 2006 and of their incoming resources and application of resources, including their income and expenditure, in the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the trustees' report is consistent with the financial statements

Winters  
Chartered Accountants  
Registered Auditors  
29 Ludgate Hill  
London  
EC4M 7JE



20 June 2007

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including Consolidated Income and Expenditure Account) FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	Unrestricted funds £	Restricted fund £	Total funds 2006 £	Total funds 2005 £
<b>Incoming resources</b>					
Voluntary income	2	733,721	62,590	796,311	913,886
Incoming resources from charitable activities	3	899,292	-	899,292	705,355
Bank interest receivable		<u>742</u>	<u>-</u>	<u>742</u>	<u>-</u>
<b>Total incoming resources</b>		<u>1,633,755</u>	<u>62,590</u>	<u>1,696,345</u>	<u>1,619,241</u>
<b>Resources expended</b>					
Costs of generating voluntary income	4	108,995	-	108,995	83,053
Charitable activities	5	1,393,232	151,072	1,544,304	1,341,952
Governance costs	6	151,159	-	151,159	166,911
Bank interest and charges		<u>68,457</u>	<u>-</u>	<u>68,457</u>	<u>84,261</u>
<b>Total resources expended</b>		<u>1,721,843</u>	<u>151,072</u>	<u>1,872,915</u>	<u>1,676,177</u>
<b>Net outgoing resources for the year</b>		(88,088)	(88,482)	(176,570)	(56,936)
<b>Balances brought forward</b>		<u>(960,670)</u>	<u>97,736</u>	<u>(862,934)</u>	<u>(805,998)</u>
<b>Balances carried forward</b>		<u>(1,048,758)</u>	<u>9,254</u>	<u>1,039,504</u>	<u>(862,934)</u>

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	£	2006 £	£	2005 £
<b>Fixed assets</b>					
Tangible assets	9		2,767,889		2,733,609
<b>Current assets</b>					
Stocks		37,947		41,096	
Debtors	11	179,899		134,092	
Cash at bank and in hand		<u>27,040</u>		<u>96,284</u>	
		244,886		271,472	
<b>Creditors amounts falling due within one year</b>	12	<u>(364,390)</u>		<u>(164,406)</u>	
<b>Net current (liabilities)/assets</b>			<u>(119,504)</u>		<u>107,066</u>
			2,648,385		2,840,675
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(920,000)</u>		<u>(970,000)</u>
			<u>1,728,385</u>		<u>1,870,675</u>
<b>Accumulated funds</b>					
Unrestricted funds					
Income and expenditure account			(1,048,758)		(960,670)
Capital reserve	14		2,767,889		2,733,609
Restricted fund	15		<u>9,254</u>		<u>97,736</u>
			<u>1,728,385</u>		<u>1,870,675</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the board on 28 June 2007

*Keith Bonham*

Keith Bonham FCA  
Director

*Sir Michael McWilliam*

Sir Michael McWilliam KCMG  
Chairman

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	2005 £
<b>Current assets</b>			
Debtors	11	36,662	36,662
Cash at bank		<u>20,930</u>	<u>25</u>
		57,592	36,687
<b>Creditors, amounts falling due within one year</b>	12	<u>(20,905)</u>	<u>-</u>
		36,687	36,687
<b>Accumulated funds</b>			
Unrestricted funds		<u>36,687</u>	<u>36,687</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the board on

*28 June 2007*



Keith Bonham FCA  
Director

Sir Michael McWilliam KCMG  
Chairman

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Net cash outflow from operating activities	(a)	(123,015)	(84,868)
Decrease in cash in the year	(b)	(123,015)	(84,868)
Reconciliation of net cash outflow to movement in net debt			
Decrease in cash in the year	(c)	(123,015)	(84,868)
Net debt at 1 January 2006		(923,716)	(838,848)
Net debt at 31 December 2006	(c)	(1,046,731)	(923,716)

The notes to the Cash Flow Statement are set out on page 13

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

<b>(a) Reconciliation of changes in resources to operating cash flows</b>				
		<b>2006</b>		<b>2005</b>
		<b>£</b>		<b>£</b>
Net outgoing resources		(176,570)		(56,936)
Decrease/(increase) in stock		3,149		(8,390)
(Increase)/decrease in debtors		(45,807)		22,230
Increase/(decrease) in creditors		96,213		(41,772)
		<u>          </u>		<u>          </u>
Net cash outflow from operating activities		(123,015)		(84,868)
		<u>          </u>		<u>          </u>
<b>(b) Analysis of cash flows for headings netted in the cash flow statement</b>				
		<b>2006</b>		<b>2005</b>
		<b>£</b>		<b>£</b>
<b>Capital expenditure</b>				
Purchase of tangible fixed assets		(151,072)		(127,670)
Capital grants received		151,072		127,670
		<u>          </u>		<u>          </u>
<b>Net cash flow from capital items</b>		-		-
		<u>          </u>		<u>          </u>
<b>(c) Analysis of net debt</b>				
	<b>1 January</b>		<b>Other</b>	<b>31 December</b>
	<b>2006</b>	<b>Cash flow</b>	<b>movements</b>	<b>2006</b>
Cash at bank and in hand	96,284	(69,244)	-	27,040
Bank overdraft	-	(103,771)	-	(103,771)
Bank loan	(1,020,000)	50,000	-	(970,000)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	(923,716)	(123,015)	-	(1,046,731)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Financial Reporting Standard for Smaller Entities (effective January 2005)

The format of the income and expenditure accounts has been adjusted from the format specified within Schedule 4 of the Companies Act 1985 and within SORP 2005 to include headings which are relevant to its activities and to enable it to show a true and fair view

#### **1.2 Financial statements of the group**

The consolidated financial statements include the financial statements of the company and its wholly owned subsidiary undertaking, Empire Museum Limited

A separate income and expenditure account dealing with the results of the parent company only has not been presented as permitted by Section 228(7) of the Companies Act 1985

#### **1.3 Going concern**

The financial statements have been prepared on a going concern basis which assumes that the group will continue to trade. The validity of this assumption is dependent upon the continuing support of the group's bankers and its supporters. In turn, this support is dependent upon the ability of both the company and its subsidiary undertaking to secure adequate financing to ensure the successful operation of the museum. In the event of the company ceasing to trade, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that may arise, and to reclassify fixed assets as current assets

#### **1.4 Grants and donations**

Grants and donations comprise both capital and revenue grants. Capital grants for leasehold property and improvements are credited to the capital reserve, whilst those for other fixed assets are shown as a deduction from the cost of fixed assets. Revenue grants are credited to the income and expenditure account to match the costs being financed

#### **1.5 Tangible fixed assets and depreciation**

The long leasehold property and improvements have been included in the balance sheet on the basis of the valuation carried out in 2002, as augmented by subsequent additions at cost. Following the completion of the construction work, depreciation is provided for on the long leasehold property and improvements over 50 years

The cost of the permanent gallery was covered by grants receivable and was written off in the year incurred and therefore no provision for depreciation is required

Depreciation is provided to write off the cost of office equipment and museum exhibits over four years to the extent that expenditure is not covered by grants receivable. Expenditure that is covered by grants is written off in the year incurred



**THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**1 6 Stock**

Stock is valued at the lower of cost and net realisable value and consists of items for resale

**1.7 Incoming resources**

Incoming resources are accounted for on a receivable basis

**1 8 Resources expended**

Liabilities are recognised as resources expended where there is a legal or constructive obligation committing the group to the expenditure. All expenditure is accounted for on an accruals basis and includes, where applicable, value added tax where this is irrecoverable

<b>2 Voluntary income</b>	<b>2006 £</b>	<b>2005 £</b>
New grants and donations for the year	796,311	913,886
	<u>          </u>	<u>          </u>
<b>3 Incoming resources from charitable activities</b>		
Rent receivable	137,592	102,561
Museum entry	151,499	137,081
Museum shop and café	157,452	116,281
Commercial archives	32,734	10,744
Events	<u>420,015</u>	<u>338,688</u>
	899,292	705,355
	<u>          </u>	<u>          </u>
<b>4 Costs of generating voluntary income</b>		
Salaries and wages	98,276	67,128
Promotional costs	<u>10,719</u>	<u>15,925</u>
	108,995	83,053
	<u>          </u>	<u>          </u>

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

<b>5</b>	<b>Charitable activities</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Unrestricted funds		
	Salaries and wages	569,616	501,438
	Exhibitions and functions	234,845	129,003
	Education purchases	31,581	47,446
	Shop purchases	98,400	83,729
	Curatorial costs	28,530	25,432
	Special projects	2,113	5,042
	Academic research fees	53,188	40,498
	Insurance	49,797	50,174
	Electricity	43,204	24,760
	Telephone	9,505	8,720
	Building maintenance	43,601	57,994
	Rates	21,868	21,249
	Printing, stationery, publications and advertising	106,162	129,837
	Computer and equipment costs	29,964	41,188
	Travel and entertaining	29,517	25,726
	Recruitment	20,555	7,230
	Office costs	<u>20,786</u>	<u>14,816</u>
		<b>1,393,232</b>	<b>1,214,282</b>
		<u><u>          </u></u>	<u><u>          </u></u>
	Restricted fund		
	Improvements to the museum	94,219	67,440
	Development costs and equipment	<u>56,853</u>	<u>60,230</u>
		<b>151,072</b>	<b>127,670</b>
		<u><u>          </u></u>	<u><u>          </u></u>
	The charitable activities represent the costs of running and developing the museum and its related services		
<b>6</b>	<b>Governance costs</b>		
	Salaries and wages	138,286	142,122
	Legal and professional fees	3,373	13,789
	Audit	4,000	4,000
	Accountancy	<u>5,500</u>	<u>7,000</u>
		<b>151,159</b>	<b>166,911</b>
		<u><u>          </u></u>	<u><u>          </u></u>

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

7	Staff costs	2006 £	2005 £
	Salaries and wages	740,066	653,637
	Social security costs	<u>66,112</u>	<u>57,051</u>
		806,178	710,688
		<u>          </u>	<u>          </u>

These costs comprise the staff costs referred to in notes 4, 5 and 6

	No	No
The average weekly number of employees, including part-timers, was	37	32
	<u>          </u>	<u>          </u>

No expenses were reimbursed to any trustees. Trustees received no remuneration during the year.

8	Net outgoing resources for the year on unrestricted funds	2006 £	2005 £
	Retained by the parent company	-	(6,684)
	Dealt with in the financial statements of the subsidiary undertaking	<u>(88,088)</u>	<u>(147,988)</u>
		(88,088)	(154,672)
		<u>          </u>	<u>          </u>

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

9	Fixed assets	Long leasehold property and improve- ments £	Permanent gallery £	Office equipment £	Museum exhibits £	Total £
	<b>Cost or valuation</b>					
	At 1 January 2006	2,902,953	968,530	239,958	107,388	4,218,829
	Additions	<u>94,219</u>	<u>-</u>	<u>56,853</u>	<u>-</u>	<u>151,072</u>
	At 31 December 2006	<u>2,997,172</u>	<u>968,530</u>	<u>296,811</u>	<u>107,388</u>	<u>4,369,901</u>
	<b>Grants</b>					
	At 1 January 2006	-	968,530	225,154	104,782	1,298,466
	New grants in the year	<u>-</u>	<u>-</u>	<u>56,853</u>	<u>-</u>	<u>56,853</u>
	At 31 December 2006	<u>-</u>	<u>968,530</u>	<u>282,007</u>	<u>104,782</u>	<u>1,355,319</u>
	<b>Depreciation</b>					
	At 1 January 2006	169,344	-	14,804	2,606	186,754
	Charge for the year	<u>59,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,939</u>
	At 31 December 2006	<u>229,283</u>	<u>-</u>	<u>14,804</u>	<u>2,606</u>	<u>246,693</u>
	<b>Net book value</b>					
	At 31 December 2006	<u>2,767,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,767,889</u>
	At 31 December 2005	<u>2,733,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,733,609</u>

The long leasehold property was revalued in February 2002 by KingSturge, chartered surveyors, on the basis of open market value at £1,900,000 and this valuation was included in the accounts. Subsequent additions, at cost, have been included in the balance sheet value at 31 December 2006.

The historical cost of the long leasehold property and improvements at the balance sheet date is £3,412,056.

In October 2004, the directors obtained an indicative valuation of £5.5 million to £6.5 million for the long leasehold property from Hartnell Taylor Cook, chartered surveyors.

On 16 May 2007 the trustees received notice from the British Rail Residuary Body that it proposed, subject to contract, to pass the freehold interest in the site to the charity for £1.

# THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 10 Fixed asset investments

The company's wholly owned subsidiary is Empire Museum Limited, a company limited by guarantee and registered in England and Wales. The principal activity of Empire Museum Limited is the development and operation of the British Empire and Commonwealth Museum, on behalf of and at the direction of the directors of its parent company.

11 Debtors	2006		2005	
	Group £	Charity £	Group £	Charity £
Trade debtors	80,551	-	46,282	-
Other debtors	<u>99,348</u>	<u>36,662</u>	<u>87,810</u>	<u>36,662</u>
	179,899	36,662	134,092	36,662

Other debtors include an amount of £36,662 (2005 £36,662) which is due after more than one year.

### 12 Creditors: amounts falling due within one year

	2006		2005	
	Group £	Charity £	Group £	Charity £
Bank loan and overdrafts (secured)	153,771	-	50,000	-
Trade creditors	137,502	-	54,962	-
Amount owed to subsidiary undertaking	-	20,905	-	-
Other taxes and social security costs	22,548	-	21,092	-
Accruals	<u>50,569</u>	<u>-</u>	<u>38,352</u>	<u>-</u>
	364,390	20,905	164,406	-

### 13 Creditors: amounts falling due after more than one year

	2006		2005	
	Group £	Charity £	Group £	Charity £
Bank loan – repayable between 1 and 2 years	50,000	-	50,000	-
Bank loan – repayable between 2 and 5 years	150,000	-	150,000	-
Bank loan – repayable after 5 years	<u>720,000</u>	<u>-</u>	<u>770,000</u>	<u>-</u>
	920,000	-	970,000	-

The bank overdraft and loan are secured on the long leasehold property of the subsidiary company and its associated assets.

**THE BRITISH EMPIRE AND COMMONWEALTH MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 £	2005 £
<b>14 Capital reserve</b>		
At 1 January 2006	2,733,609	2,724,228
Depreciation	(59,939)	(58,059)
New grants in the year	<u>94,219</u>	<u>67,440</u>
At 31 December 2006	<u>2,767,889</u>	<u>2,733,609</u>

The capital reserve represents grants made towards the leasehold property and improvements to it, which the subsidiary company acquired and holds on behalf of and for the charitable purposes of its parent undertaking

**15 Restricted fund**

This fund represents grants and donations to finance capital expenditure on the museum's development

**16 Related party transactions**

Other debtors include an amount receivable from The Museum of Empire and Commonwealth Trust of £36,662 (2005 £36,662) The Museum of Empire and Commonwealth Trust is a related party by virtue of a number of trustees and directors in common

**17 Company status**

The British Empire and Commonwealth Museum is a charitable company limited by guarantee

Under the Memorandum and Articles of Association, every member promises to contribute up to £1 in the event of the charity being dissolved