

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Culture and Recreation
Date:	8 July 2011
Title:	Museums Trust Accounts 2010/11
Reference:	2997
Report From:	County Treasurer

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1. Executive Summary

- 1.1. The purpose of this paper is to seek approval for the accounts of the Museums Trusts for 2010/11, as set out in Appendix 1 of the attached report.

2. Contextual information

- 2.1. The Executive Member for Culture and Recreation acts as Trustee for the following:

- the Allen and Curtis Museum Foundation
- the Red House Foundation
- the Tasker Museum Trust
- the Aldershot Military Historical Trust

These museums are independent organisations that support Hampshire County Council's (HCC) Museums Service. HCC is the Trustee for each of these organisations and as such the responsibility for preparing the annual reports and accounts sits with the Council, with the Exec Member acting as the principal trustee. The investments are managed by the loans and investments team in the Corporate Finance section of the County Treasurer's Department.

- 2.2. In addition, Mr Mark Breedon is a Trustee for the Allen and Curtis Museum Foundation. He has been sent a copy of this report.
- 2.3. Under the Charities Act 2006, every charity must prepare accounts on its activities and make them available on request. Charities whose gross income exceeds £25,000 must also send a completed Trustees' Annual Report (TAR) to the Charity Commission within ten months of the end of the

charity's financial year. Given that the charities covered in this report are all below this limit, the approval of the accounts of the charities by the Executive Member on behalf of the County Council as principal trustee satisfies the reporting requirements.

- 2.4. This includes the Tasker Museum Trust and the Aldershot Military Historical Trust which do not hold any investments nor had any financial transactions during the year. The accounts for the year 2010/11 are attached at Appendix 1. These include the value of each Trust's investments at book cost. The recent market value of investments is shown in Appendix 2.
- 2.5. The various Trusts hold investments in a variety of managed funds, all geared to long term investment. These managed funds should spread risks, while giving access to professional investment management. The funds invested in have not been changed for a number of years as the transaction costs of selling units and reinvesting in other funds, added to the uncertainty of not finding a "better" performing fund, all argue against change.

3. Finance

The Allen and Curtis Museum Foundation

- 3.1. The Foundation holds units in Charibond and Charifund.
- 3.2. The Allen and Curtis Museum Foundation's income fell by £43 (1.3%) when compared to its level in 2009/10. This is due to a slight fall in income from Charibond and no interest on cash balances being received during the year. This fall in investment income was reflective of the global economy slowly emerging from the recession which ran for a full year until mid-2009. The nil interest on cash balances is due to the Bank of England's base rate remaining unchanged at 0.5% throughout the financial year. Traditionally the funds have received interest on dividends paid for the period until the dividend is paid to the Museums Service. Interest has been calculated at 0.5% below base rate. As a result, no interest on cash balances has been paid on any balances held by the County Council during 2010/11.
- 3.3. The Council's policy is to pay interest on trust account cash balances at 1.0% below base rate, albeit not falling below nil. The basis for this deduction from base rate acknowledges that the investment risk is borne by the County Council and that there is no separate charge for administration. Whilst interest rates are at historically low levels, the intention is to retain the policy.
- 3.4. Charibond is a fixed interest based fund, investing in UK Government bonds (gilts) and corporate bonds. It should provide a higher income than funds such as Charifund which is invested in equities and convertible stocks. As an equity-based fund, Charifund should provide capital growth and rising income over the longer term.
- 3.5. The capital value per Charibond share fell during 2010/11, by 1.4%, from 123.3p per share in 2009/10 to 121.6p. The capital value of each Charifund share rose by 5.0% over the year, from 1107.13p to 1162.16p.

The Red House Foundation

- 3.6. The Red House Foundation's income in 2010/11 fell by £424 or 9.3% compared with 2009/10. The main sources of income are Charibond, Charinco and Allianz RCM which account for the fall during the year along with no interest being received on cash balances.
- 3.7. Charinco is another fixed interest fund. The capital value of each Charinco share rose by 0.2%.
- 3.8. The Allianz RCM UK Equity Fund aims to provide healthy capital growth over the very long term. In 2010/11, the capital value per share rose by 4.9%. This rise in value was more than the Charifund holding held by the Allen and Curtis Museum Foundation. Allianz pursue a more adventurous growth-based investment style, which they believe will perform well over the long term.
- 3.9. The Red House Foundation also holds smaller investments in three equity-based funds. The Aberdeen North American Unit Trust rose in capital value by 5.5%, the Aberdeen UK Growth Fund rose by 11.1%, and Henderson Higher Income units rose by 5.3%.

4. Recommendation

- 4.1. That the accounts of the Museums Trusts for 2010/11, as set out in Appendix 1, are approved.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

This proposal does not link to the Corporate Strategy but, nevertheless, requires, under the Charities Act 2006, a decision to approve the accounts and reports appended to this report because the County Council acts as principal trustee to the charities mentioned in the report.

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. Not applicable

2. Impact on Crime and Disorder:

2.1. Not applicable

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable

The Allen and Curtis Museum Foundation

Income and Expenditure Account for the year ended 31 March 2011

2009/10 £		2010/11 £
	Income	
3,279	Dividends from Investments	3,236
<u>0</u>	Interest on cash balance	<u>0</u>
3,279		3,236
	Expenditure	
<u>3,279</u>	Contribution towards the running costs of the museum	<u>3,236</u>

The Allen and Curtis Museum Foundation

Balance Sheet as at 31 March 2011

2009/10 £		2010/11 £
	Fund Balances	
<u>23,436</u>	Accumulated balance as at 31 March	<u>23,436</u>
	Represented by:	
	Investments:	
2,379	Charifund	2,379
18,537	Charibond	18,537
<u>2,520</u>	Property - 10a Church Street (valued at cost)	<u>2,520</u>
<u>23,436</u>		<u>23,436</u>

The Red House Foundation

Income and Expenditure Account for the year ended 31 March 2011

2009/10 £		2010/11 £
	Income	
4,553	Dividends from Investments	4,129
<u>0</u>	Interest on cash balance	<u>0</u>
4,553		4,129
	Expenditure	
<u>4,553</u>	Contribution towards the running costs of the museum	<u>4,129</u>

The Red House Foundation

Balance Sheet as at 31 March 2011

2009/10 £		2010/11 £
	Fund Balances	
<u>49,995</u>	Accumulated balance as at 31 March	<u>49,995</u>
	Represented by:	
	Investments:	
265	Henderson Higher Income A	265
63	Aberdeen UK Growth Fund	63
<u>94</u>	Aberdeen North American Fund	<u>94</u>
422		422
11,810	Allianz Dresdner UK Equity	11,810
15,834	Charinco	15,834
<u>21,929</u>	Charibond	<u>21,929</u>
49,573		49,573
<u>49,995</u>		<u>49,995</u>

The Tasker Museum Trust**Income and Expenditure Account for the year ended 31 March 2011**

2009/10		2010/11
£		£
0	Income	0
0	Expenditure	0
<u>0</u>	Surplus	<u>0</u>

Whilst no transactions occurred during the year, the trustees appreciate the indirect financial support provided by Hampshire County Council in ensuring the preservation and upkeep of the collection.

The Aldershot Military Historical Trust

Income and Expenditure Account for the year ended 31 March 2011

2009/10		2010/11
£		£
0	Income	0
0	Expenditure	0
<u>0</u>	Surplus	<u>0</u>

Whilst no transactions occurred during the year, the trustees appreciate the indirect financial support provided by Hampshire County Council and Rushmoor Borough Council as Joint Management Committee members in ensuring the preservation and upkeep of the collection.

The Museum Trusts Accounts

Market value of investments as at 22 June 2011

	At Cost	Value at 1 April 2010	Value at 31 March 2011	Current value at 22 June 2011
	£	£	£	£
The Allen and Curtis Museum Foundation Holdings				
Charifund	2,379	39,142	40,955	40,610
Charibond	<u>18,537</u>	<u>20,591</u>	<u>20,307</u>	<u>20,625</u>
	20,916	59,733	61,262	61,235
Property at 10a Church Street at cost	2,520			
The property does not yield any income to the Foundation				
		<u>23,436</u>		
The Red House Foundation Holdings				
Henderson Higher Income A	265	3,003	3,163	3,108
Aberdeen UK Growth Fund	63	2,494	2,770	2,759
Aberdeen North American Fund	<u>94</u>	<u>2,587</u>	<u>2,728</u>	<u>2,658</u>
	422	8,084	8,661	8,525
Allianz RCM UK Equity	11,810	35,725	37,485	37,287
Charinco	15,834	16,704	16,731	16,979
Charibond	<u>21,929</u>	<u>24,510</u>	<u>24,172</u>	<u>24,549</u>
	49,573	76,939	78,388	78,815
	<u>49,995</u>	<u>85,023</u>	<u>87,049</u>	<u>87,340</u>