

**HAMPSHIRE COUNTY COUNCIL****Decision Report**

<b>Decision Maker:</b>	Executive Member for Culture and Recreation
<b>Date:</b>	8 July 2010
<b>Title:</b>	Museums Trust Accounts 2009/10
<b>Reference:</b>	1642
<b>Report From:</b>	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 2009/10, 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 Trust
- the Aldershot Military Historical Trust

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. By law, all charities must prepare accounts and make them available on request. This includes the Tasker 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 2009/10 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, for information, in Appendix 2.

2.4. The Charities Act 2006 introduced less onerous reporting requirements for smaller charities and annual accounts are no longer required to be sent to the Charity Commission when annual income or expenditure does not exceed £25,000, which is the case in respect of all four trust funds covered in this report.

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. Section 3 below, indicated that the equity-based funds in 2009/10 performed extremely well following a global economic recovery from mid-2009.

### **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 £672 (17%) when compared to its level in 2008/09 due to a fall in income from Charifund and no interest on cash balances being received during the year. This fall in investment income was reflective of the global economic recession which ran for a full year until mid-2009. The nil interest on cash balances is due to an unchanged Base Rate at 0.5% since it was last reduced in March 2009, its lowest level since the Bank of England was formed in 1694. 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. There is no intention to change this at present. The base rate has been 0.5% for all of the financial year. As a result of this no interest on cash balances has been paid on any balances held by the County Council.

3.3. 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.

3.4. The capital value per Charibond share rose during 2009/10, by 7.1%, from 115.1p per share in 2008/09 to 123.3p. The capital value of each Charifund share rose by 35.1% over the year, from 819.24p to 1107.13p. This partially recovers the significant fall in value in 2008/09 but the value is still lower than that of 1 April 2008.

#### **The Red House Foundation**

3.5. The Red House Foundation’s income in 2009/10 fell by £368 or 7.5% compared with 2008/09. 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.

3.6. Charinco is another fixed interest fund. The capital value of each Charinco share rose by 1.2%.

3.7. The Allianz RCM UK Equity Fund aims to provide healthy capital growth over the very long term. In 2009/10, the capital value per share rose by 42.6%. 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. Nevertheless, as with Charifund, the value is still lower than at 1 April 2008.

- 3.8. The Red House Foundation also holds smaller investments in three equity-based funds. The Aberdeen North American Unit Trust rose in capital value by 43.2%, the Aberdeen UK Growth Fund rose by 52.4%, and New Star Equity Trust Income units rose by 29.4%.

#### **4. Recommendation**

- 4.1. That the accounts of the Museums Trusts for 2009/10, 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 a decision because:**

by law, the Trustees are required to approve the annual accounts of the Trusts, which must then be sent to the Charity Commission.

**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 2010**

2008/09 £		2009/10 £
	<b>Income</b>	
3,900	Dividends from Investments	3,279
51	Interest on cash balance	0
<u>3,951</u>		<u>3,279</u>
	<b>Expenditure</b>	
<u>3,951</u>	Contribution towards the running costs of the museum	<u>3,279</u>

**The Allen and Curtis Museum Foundation**

**Balance Sheet as at 31 March 2010**

2008/09 £		2009/10 £
	<b>Fund</b>	
	<b>Balances</b>	
<u>23,436</u>	Accumulated balance as at 31 March	<u>23,436</u>
	<b>Represented by:</b>	
	Investments:	
2,379	Charifund	2,379
18,537	Charibond	18,537
2,520	Property - 10a Church Street (valued at cost)	2,520
<u>23,436</u>		<u>23,436</u>

## The Red House Foundation

### Income and Expenditure Account for the year ended 31 March 2010

2008/09 £		2009/10 £
	<b>Income</b>	
4,854	Dividends from Investments	4,553
67	Interest on cash balance	0
<u>4,921</u>		<u>4,553</u>
	<b>Expenditure</b>	
<u>4,921</u>	Contribution towards the running costs of the museum	<u>4,553</u>

## The Red House Foundation

### Balance Sheet as at 31 March 2010

2008/09 £		2009/10 £
	<b>Fund Balances</b>	
<u>49,995</u>	Accumulated balance as at 31 March	<u>49,995</u>
	<b>Represented by:</b>	
	Investments:	
265	New Star Equity Trust Income A	265
63	Aberdeen UK Growth Fund	63
94	Aberdeen North American Fund	94
<u>422</u>		<u>422</u>
11,810	Allianz Dresdner UK Equity	11,810
15,834	Charinco	15,834
21,929	Charibond	21,929
<u>49,573</u>		<u>49,573</u>
<u>49,995</u>		<u>49,995</u>

**The Tasker Museum Trust \*****Income and Expenditure Account for the year ended 31 March 2010**

2008/09		2009/10
£		£
0	Income	0
0	Expenditure	0
<u>0</u>	Surplus	<u>0</u>

Note

\* - No transactions have occurred. However, 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 2010**

2008/09 £		2009/10 £
0	Income	0
0	Expenditure	0
<u>0</u>	Surplus	<u>0</u>

Note

\* - No transactions have occurred. However, 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 Trust was officially registered with the Charities Commission on 27 February 2004. The 2009/10 financial year is the sixth year of accounts for the charity.

## The Museum Trusts Accounts

### Market value of investments as at 25 June 2010

	At Cost	Value at 1 April 2009	Value at 31 March 2010	Current value at 25 June 2010
	£	£	£	£
<b>The Allen and Curtis Museum Foundation Holdings</b>				
Charifund	2,379	28,870	39,015	36,105
Charibond	<u>18,537</u>	<u>19,222</u>	<u>20,591</u>	<u>20,691</u>
	20,916	48,092	59,606	56,796
Property at 10a Church Street at cost	2,520			
The property does not yield any income to the Foundation				
		<u>23,436</u>		
<b>The Red House Foundation Holdings</b>				
New Star Equity Trust Income A	265	2,321	3,003	2,796
Aberdeen UK Growth Fund	63	1,636	2,494	2,329
Aberdeen North American Fund	<u>94</u>	<u>1,807</u>	<u>2,587</u>	<u>2,340</u>
	422	5,764	8,084	7,465
Allianz RCM UK Equity	11,810	25,053	35,725	32,971
Charinco	15,834	16,511	16,704	17,053
Charibond	<u>21,929</u>	<u>22,879</u>	<u>24,510</u>	<u>24,629</u>
	49,573	64,443	76,939	74,653
		<u>49,995</u>	<u>85,023</u>	<u>82,118</u>