

THE
BRITISH
MUSEUM
FRIENDS

Annual Report and Financial Statements
For the year ended 31 March 2006

Registered Charity No.1086080
Company Registration No.4133346



The British Museum Friends

Contents	Page
Objects of BMF	3
Year in Focus	4
Achievement and expectation	5 - 6
In support of the Museum	7 - 8
Financial Review	9
Policies	10
Council Members, Committees and Staff, Company address, Company Secretary, Bankers, and Auditors	11
Independent Auditors' Report	12-13
Statement of Council Members' Responsibilities	14
Statement of Financial Activities	15
Balance Sheet	16
Notes to the Accounts	17-24

‘To support and assist the British Museum in maintaining and
expanding its collections and services to scholars and
to the general public . . .’

The Objects of the British Museum Friends
as laid down in the ‘Memorandum of Association’

*BMF is a registered charity, a company limited by guarantee and is governed by its Memorandum and
Articles of Association*

Year in focus

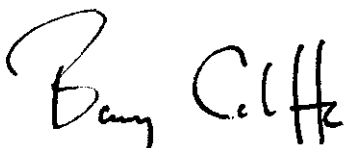
This year we have successfully achieved our prime objective of fostering a closer working relationship with the British Museum wholly in line with our charitable objectives. Following the uncertainties of the last two or three years, we have been introducing changes that will ensure a stronger and more strategy-focused future for British Museum Friends. Working closely with the Museum's Head of Marketing, we recruited our new Head of Membership, Carolyn Young, in May 2005 and with Carolyn in post we have reviewed and restructured our staffing so as to run BMF more effectively.

We are all aware that the Museum is revitalising itself for the 21st century. This has introduced both new restrictions and new opportunities for BMF. As a first response, Council carried out a thorough review of the Member benefits package last October. A new price for Individual Membership was set at £45, with Double Membership at £60. For reasons of simplicity, it was decided to withdraw the Direct Debit discount as well as the concessionary rate for the foreseeable future. Now, with this new cost structure in place, we believe that BMF membership is priced attractively and offers a sustainable benefits package which is deliverable within the Museum's new strategic structure.

Three new BMF Trustees were appointed to Council at our AGM in November. They were selected for their range of expertise and, as we move forward into the next phase, they will provide us with new strength. The Council's Articles of Association lay down maximum and minimum numbers of Trustees. Recently we have operated towards the maximum, but it has been decided that, as the Council begins to focus more on strategy and on improving its decision-making, we should reduce numbers slightly. Thus the Council member who retires this year will not be replaced.

The general induction process for incoming Council members has also been improved. As standard practice, new Trustees will now be given an informal introduction at a meeting with the Chairman, Deputy Chairman and Head of Membership and this will be followed by a presentation by the Museum's Director, Neil MacGregor, outlining the anticipated developments in the Museum over the next five years. A special information pack containing key documents and guidance published by the Charity Commission completes their induction. Your Council takes its responsibilities very seriously and we are working hard to improve our overall decision-making framework and our effectiveness.

Finally, on behalf of Council and the Museum I would like to thank Kusuma Barnett who retires from Council in 2006 after many years of service. We also extend our gratitude to all Members for their generous support this year and for the invaluable contribution they make to the well-being of the Museum through their subscriptions and donations.



Professor Sir Barry Cunliffe
Chairman of the British Museum Friends Council

Achievement and expectation

Reaching the individual

Top of our agenda in 2005/06 was to reconsider the benefits set for Members and the overall pricing structure of membership. Since the relaunch of our new Individual and Double Membership we have seen an immediate upturn in the recruitment of new Members. Over 1,475 new Members have joined since October last year, resulting in a change in fortunes – turning a 12% decline into a 3% growth. The number of Members now stands at just over 12,000 and, as a result, membership income remained reasonably constant at £529,000. The ambition and priority for 2006/07 is to continue to focus our resources and efforts on increasing membership levels still further and to deliver the promised Member benefits to a consistently high standard. This process has been greatly aided by the Museum, its staff and volunteers, working alongside us to promote membership in the galleries, online, at events and in publicity materials.

Communicating in depth

The British Museum Magazine is the second most popular Member benefit after free entry to exhibitions. It continues to be a high-quality and informative publication, giving its readers insight into the British Museum's exhibitions, events and diverse collections. This year's contributions included, among many others, articles on Kabuki theatre, new archaeological finds at Baldock, the Romantic painter Samuel Palmer and the Museum's use of digital archiving. Articles by outside contributors, such as poet Yang Lian, BBC journalist John Wilson and scholar Edgar Peltenburg, added new perspectives. In 'Insight' artists Richard Wentworth, Bill Woodrow and Langlands & Bell gave an aesthetic commentary on aspects of the Museum's collection. Under Bmedia, the Magazine's new advertising agency, the quality of advertising and an overall increase in revenue will be the chief aims for the coming year.

Beyond the opening hours

This year saw the relaunch of our Members' open evenings. These four evenings per year have proved extremely popular. More than 1,000 people attended the open evening organised around the Museum's blockbuster exhibition *Forgotten Empire: the world of Ancient Persia*. We have received valuable feedback from Members over the year and are committed to improving the content and organisation of these events.

Further still

Nearly 300 Members have also signed up for our season of four exclusive Members' lectures sold as an 'add-on' benefit to the basic membership package and priced at £25 for the set. The opening lecture was by curator Nick Ashton on the radical discoveries made over the last five years in British archaeology, forcing a complete rethink in terms of the dating of the earliest human occupation in northern Europe. The series has proved to be a wonderful success and Members who live in and around London have found it an exciting and valuable addition to their membership.

Young Friends

The number of Young Friends now stands at 898, with both the ReMUS Magazine and sleepovers (which sell out immediately) continuing to be popular. In 2006/07 we intend to undertake a review of Young Friends' Membership and its associated activities in an effort to broaden its appeal and increase membership in the future.

Specialist interests

The Townley Group reception was held in March 2006 with over 200 guests attending. Ten projects were presented by the Museum's curatorial staff, enabling grants up to the value of £73,000 to be made from donations. Projects included the Fourth Cataract Project in Sudan, the Masson Project, the Happisburgh excavations and the final season of the Tell Es-Sa'idiyeh Project.

Looking Forward: 2006/07 and beyond

Next year will see continued effort in increasing the overall revenue available for grants in line with our objectives. Now that we have stabilised staffing costs and the costs associated with servicing Members, our ambition is to grow revenue from membership subscriptions significantly over the next two to three years. We will also work with the Museum to ensure we co-ordinate our fundraising activities, as well as support it where we can in securing both donations and legacies to meet its objectives for the future. Council will be seeking to develop a three- to five-year plan that complements the Museum's own strategic direction and continues to provide value, involvement and excitement for Members.

In support of the Museum

In line with our objectives, we were able to make £268,000 available this year to support the Museum and this has facilitated the purchase of a number of unique objects to enhance the Museum's collection.

Sedgeford Torc Terminal

Donation of £17,000 to the

Department of Prehistory and Europe

The decorated terminal ring, made of gold alloy, is the missing piece from the Sedgeford Torc which was originally acquired in 1968. The terminal consists of a doughnut-shaped hollow casting with raised La Tène decoration of trumpet voids and circles, highlighted with pellets. Torcs of this type are well known in the British Iron Age and probably date to between 200 and 50 BC. It is a particularly exciting find and acquisition, since it completes an object already in the Museum's collection.

Coenwulf Mancus

Donation of £10,000 to the

Department of Coins and Medals

This gold coin of Coenwulf, King of Mercia (796–821), is unique, and one of only eight gold British coins known from the period AD 700–1250. This is the earliest of the gold coins which we can be certain was intended for use as regular currency at home and abroad. Coenwulf was King of Mercia, East Anglia and Kent, making him ruler of most of England. We know from letters that his predecessor Offa wanted to be seen as the equal of the Frankish ruler Charlemagne (769–814) and it is likely that Coenwulf felt the same. The coin refers to London as a vicus, or trading centre, and a gold coin of Charlemagne uses the same term to describe the major port of Dorestadt. Both Coenwulf and Charlemagne's coins give the ruler's name and title, and both rulers are shown as Roman emperors. The similarities suggest that Coenwulf wanted a gold coinage to rival Charlemagne's.

Other donations made by BMF towards the purchase of objects include:

Hunt Archive

Donation of £30,000 to the Department of Greek and Roman Antiquities

Drawing of Mary Hamilton by Sir Thomas Lawrence (1789)

Donation of £20,000 to the Department of Prints and Drawings

Ironside Decimal Archive (1970s)

Donation of £16,000 to the Department of Coins and Medals

Achaemenid silver bowl (6th–4th century BC)

Donation of £10,000 to the

Department of Ancient Near East

Isle of Wight Coin Hoard (AD 1st century)

Donation of £9,500 to the Department of Coins and Medals

Anglo-Saxon Gold Ring (late 9th century)

Donation of £7,000 to the Department of Prehistory and Europe

Cast bronze plaquette by Leone Leoni (1541)

Donation of £5,000 to the Department of Prehistory and Europe

Rowington Brooch (15th century) Donation of £2,800 to the Department of Prehistory and Europe

Nevers Dish (1641)

Donation of £20,000 to the Department of Prehistory and Europe

Micromosaic Pendant (c. 1865–70)

Donation of £8,500 to the Department of Prehistory and Europe

Other donations made this year to the Museum through BMF:

A commemorative UNESCO medal (Department of Coins and Medals)

Five Aboriginal weapons (Department of Africa, Oceania and Americas)

Portrait of Lady Layard by Charles Vigor (Department of Prehistory and Europe)

Ivory table screen (Department of Asia)

Facsimile of the Lindisfarne Gospel (Department of Prehistory and Europe)
(presented through the Townley Group)

Financial Review

Income

There was a considerable drop in overall income due to a decline in legacies (£211,000), fundraising (£63,000), paid events (£35,000) and donations (£22,000). Investment income, however, was £43,000 up, following the disposal of the Ladbroke Grove property. Income from Membership subscriptions was £16,000 lower, but this decline has been arrested with recent growth in new Members.

Expenditure (excluding grants)

There has been a focus on controlling the cost of Members activities, without diminishing the quality of services delivered to Members. This, together with a reduction in the cost of generating funds, has resulted in an overall reduction in core expenditure of £154,000.

Grants

Grants to the British Museum in 2005/06 totalled £268,000 which is some 8% lower than the previous year. This level of grant-making reflects the reduced operating surplus, but has benefited from gains on investments and the prior year VAT recovery.

Balance Sheet

Total general funds at 31 March 2006 were £1,836,000, represented primarily by investments in common investment funds (£1,696,000).
The cash position remains satisfactory..

Policies

Grant-making

In accordance with its objectives, BMF makes grants to the British Museum from its operating surplus. On special occasions BMF also arranges additional grants from reserves and engages in one-off fundraising campaigns to support a particular objective of the Museum.

Risk

The major risks to business, finance and reputation have been identified by Council. They are reviewed annually and systems have been established to minimise them.

Reserves

The general reserves are comprised of the following elements: tangible fixed assets (£7,000); expendable endowment arising from the bequest of Miss Eva Lorant (£1,609,000); and £50,000 held towards any major request for grants from the Museum. Unrealised gains on investments of up to £150,000 are retained within reserves and 50% of any gains in excess of this sum is made available for grants. The Trustees consider these reserves to be adequate for any contingency.

Investment

With invested funds, the objective is to achieve an above-average return from dividends, interest and capital growth through a balanced exposure to equities, gilts and property. The funds are invested in common investment funds and provide an asset allocation of approximately 50% in equities, 25% in gilts and 25% in property. Their performance against appropriate benchmarks is monitored on a quarterly basis by the Finance Committee.

Council members: Recruitment and Election

Council members (Trustees) are elected by Members at the AGM, following a selection and interview process led by the Chairman and nominated Council members. Council holds an up-to-date skills register to record the levels of expertise held in specific areas and uses this as a basis for recruitment. Vacancies are advised to Members through the regular membership mailings.

Current BMF Council

Kusuma Barnett
Griselda Bear
Barry Cunliffe (Chairman)
Richard Dalzell (Treasurer)
Brendan Finucane
David Lindsell
Judith Nugée
Anna de Pass
Ian Plenderleith
Hugh Purcell
William Rathbone (Deputy Chairman)
Eva Ratz
Christopher Steele
Sarah Stowell
Kate Trevelyan
Patsy Vanags
Patricia White

BMF Staff

Victoria Diaz-Vilas
Mira Hudson
Raj Phillips
Cristina Lai
Juliet McCreath
Alice Sedgwick
Jonathan Smart
Yiannis Xenarios
Carolyn Young

Membership of Committees at 31 March 2006

Events	Hugh Purcell, Eva Ratz, Patsy Vanags (Chairman)
Finance	Barry Cunliffe, Richard Dalzell, David Lindsell, William Rathbone (Chairman), Sarah Stowell
Fundraising	Griselda Bear (Chairman), Eva Ratz
Magazine	Brendan Finucane (Chairman), Hugh Purcell, Kate Trevelyan
Townley Group	Griselda Bear, Lady Heap, Rodney Little, Geoff Low, Judith Nugée, Michael Rogers, Jeremy Taylor, Lady Trend, Christopher Steele (Chairman)
Young Friends	Kate Ashton Young, Irving Finkel, Eileen Glynn, Nicky Milstead, Grace Onions, Patsy Vanags, Patricia White (Chairman)

The registered address

The British Museum Friends
British Museum
Great Russell St
London WC1B 3DG

Company Secretary

Broadway Services
50 Broadway
London SW1H 0BL

Bankers

National Westminster	CAF Bank
PO Box 158	25 Kings Hill Avenue
214 High Holborn	West Malling
London WC1V 7BX	Kent ME19 4JQ

Auditors

Kingston Smith
Devonshire House
60 Goswell Road
London EC1M 7AD

Independent Auditors' Report to the Members of the British Museum Friends

The directors are responsible for preparing the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of the British Museum Friends for the period ended 31st March 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Council Members and Auditors

The trustees', who are also the directors of the British Museum Friends 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 Generally Accepted 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 International Auditing Standards (United Kingdom & 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 charitable company 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 is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements.

Basis of Opinion

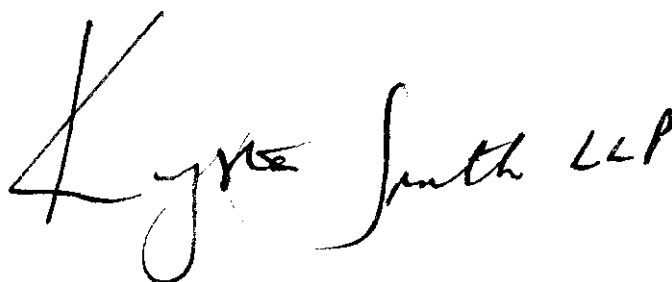
We conducted our audit in accordance with International Auditing Standards (United Kingdom & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment 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 charitable company'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 the United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2006 and of its incoming resources and application of resources, including the income and expenditure of the charitable company for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- the Trustees' Annual Report is consistent with the financial statements

A large, stylized handwritten signature in black ink that reads "Kingston Smith LLP". The signature is written in a cursive, flowing style.

Devonshire House
60 Goswell Road
London EC1M 7AD

Kingston Smith LLP
Chartered Accountants
and Registered Auditors

21/9/06

Statement of Council Members' Responsibilities

Law applicable to charities in England and Wales requires the council members as the trustees to prepare financial statements for each financial period which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The council members are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of Financial Activities (including Income and Expenditure Account)
for the year ended 31 March 2006**

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	2006	As restated 2005
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from charitable activities:						
Members activities	2	591,928	-	-	591,928	643,059
Incoming resources from generated funds:						
Voluntary Income	3	12,433	-	76,352	88,785	321,137
Investment Income	4	70,376	-	-	70,376	26,991
Activities for generating funds	5	91,536	-	-	91,536	168,417
TOTAL INCOMING RESOURCES		766,273	-	76,352	842,625	1,159,604
RESOURCES EXPENDED						
Cost of generating funds:	6	73,135	-	12,597	85,732	167,294
Charitable activities:						
Grant-making	7	186,039	8,800	73,275	268,114	290,708
Members activities	8	597,154	1,950	-	599,104	669,133
		783,193	10,750	73,275	867,218	959,841
Governance costs:	10	31,593	-	-	31,593	33,788
TOTAL RESOURCES EXPENDED		887,921	10,750	85,872	984,543	1,160,923
NET OUTGOING RESOURCES BEFORE TRANSFERS AND OTHER RECOGNISED GAINS AND LOSSES		(121,648)	(10,750)	(9,520)	(141,918)	(1,319)
Gross transfers between funds	17	(9,520)	-	9,520	-	-
Other recognised gains and losses						
Unrealised gains on investments	12	122,337	-	-	122,337	559,806
Realised gains/(losses) on disposal of investments	12	13,846	6,897	-	20,743	(535)
NET MOVEMENTS IN FUNDS		5,015	(3,853)	-	1,162	557,952
Balances brought forward at 1 April 2005 as previously reported		132,741	1,620,164	-	1,752,905	1,227,170
Prior year adjustment	20	82,384	-	-	82,384	50,167
As restated		215,125	1,620,164	-	1,835,289	1,277,337
BALANCES CARRIED FORWARD AT 31 MARCH 2006		220,140	1,616,311	-	1,836,451	1,835,289

The British Museum Friends


**Balance Sheet
as at 31st March 2006**

	Note	2006 £	As restated 2005 £
Fixed assets			
Tangible assets	11	6,914	17,664
Investments	12	1,696,040	1,760,681
		<u>1,702,954</u>	<u>1,778,345</u>
Current assets			
Debtors	13	120,578	154,007
Cash at bank and in hand		490,916	253,104
		<u>611,494</u>	<u>407,111</u>
Current Liabilities			
Creditors: amounts falling due within one year	14	(354,120)	(221,581)
Net current assets		<u>257,374</u>	<u>185,530</u>
Total assets less current liabilities		1,960,328	1,963,875
Creditors: amounts falling due after more than one year	15	(123,877)	(128,586)
		<u>1,836,451</u>	<u>1,835,289</u>
General Funds			
Designated funds	17,18	1,616,311	1,620,164
Other unrestricted funds	17,18	220,140	215,125
		<u>1,836,451</u>	<u>1,835,289</u>

The financial statements were approved at a meeting of the Council

and signed on its behalf on: 18/09/06 by:

Professor Sir Barry Cunliffe  Chairman

Richard Dalzell  Hon. Treasurer

Notes to the Accounts for the year ended 31st March 2006

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain investment assets and in accordance with the Statement of Recommended Practice, Accounting & Reporting by Charities (SORP 2005) issued in February 2005, applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

Subscriptions

Subscriptions are included on a receipts basis.

Life subscriptions are treated as representing fourteen years income and a proportion is treated as income each year, with the unexpired portion treated as a creditor.

Legacies

Legacies are recognised in the accounts when the amount receivable can be reliably measured.

Fixed Assets

Artefacts of an appreciating nature are included in the financial statements at open market valuation, as initially determined by a professional valuer. They are not depreciated as their residual values are not materially different from carrying values included in the accounts.

Depreciation on other tangible assets is provided at rates calculated to write off the cost of each asset over its expected useful life. The annual rates used are :

Members Room Furniture and Equipment	33 1/3 % straight line
Office Equipment	33 1/3 % straight line

Capital Expenditure

Expenditure on small equipment is charged wholly to the income and expenditure account in the year of purchase as other office costs.

Irrecoverable VAT

Irrecoverable VAT is allocated to the relevant expense headings.

All accounting policies are consistent with the prior year.

2 Members activities	2006 £	2005 £
Subscriptions	529,128	545,607
Paid events	62,800	97,452
	<u>591,928</u>	<u>643,059</u>
3 Voluntary income	2006 £	2005 £
Legacies	59	210,698
Donations	12,374	29,683
	<u>12,433</u>	<u>240,381</u>
Townley Group donations (restricted)	76,352	80,756
	<u>88,785</u>	<u>321,137</u>

**Notes to the Accounts
for the year ended 31st March 2006**

4 Investment income	2006 £	2005 £
Income from quoted investments	38,104	18,553
Interest receivable	32,272	8,438
	<u>70,376</u>	<u>26,991</u>
 5 Activities for generating funds	 2006 £	 2005 £
Magazine income	91,536	103,920
Fundraising	-	63,293
Investment property rental income	-	1,204
	<u>91,536</u>	<u>168,417</u>
 6 Cost of generating funds	 2006 £	 2005 £
Magazine advertising commission	27,812	30,453
Publication costs relating to advertising	31,004	37,320
Legacy campaign	4,356	13,770
Property costs	9,963	19,485
Fundraising costs	-	35,960
	<u>73,135</u>	<u>136,988</u>
Townley Group fundraising costs (restricted)	12,597	30,306
	<u>85,732</u>	<u>167,294</u>

**Notes to the Accounts
for the year ended 31st March 2006**

7 Grant-making:		2006	2005
Grants to the British Museum			
	£	£	£
Unrestricted:			
Pre-History and Early Europe			
Anglo Saxon Gold Ring	7,000		
Sedgeford Torc Terminal	17,000		
Cast Bronze Plaquette	5,000		
Tin-glazed Earthenware (Nevers Dish)	20,000		
Gold and Enamel Trefoil (Rowington Brooch)	2,800		
Circular Gold Pendant (Micromosaic Pendant)	8,500		
Lady Layard by Charles Vigor (Painting)	<u>8,500</u>	68,800	39,023
Coins and Medals			
Coenwulf Gold Coin	10,000		
Hampshire Thin Silver Hoard (Isle of Wight)	9,500		
Christopher Ironside Archive of Drawings	<u>16,000</u>	35,500	11,500
Ancient Near East			
Achaemenid Decorated Silver Display Bowl		10,000	2,500
Asia		-	1,121
Oriental Antiquities			
Ivory Table Screen		300	-
Ethnography		-	53,500
Greek and Roman			
Hunt Archive	30,000		
Roman Big Bash (net income)	<u>28,000</u>	58,000	84,789
Prints & Drawings			
Drawing of Mary Hamilton		20,000	15,000
Grants by BMF awarded in the year		<u>192,600</u>	<u>207,433</u>
Other unrestricted grants			
Eva Lorant Lectures	1,739		
Small Office Grants	<u>500</u>	<u>2,239</u>	<u>2,864</u>
		194,839	210,297
Restricted:			
Grants by Townley Group awarded in the year		73,275	80,411
Total Grants		<u><u>268,114</u></u>	<u><u>290,708</u></u>

**Notes to the Accounts
for the year ended 31st March 2006**

8 Members activities	Directly attributable costs		Support Costs (Note 9)	2006	2005
	Staff	Other			
	£	£		£	£
Member promotion	24,507	49,623	24,237	98,367	52,037
Membership services	91,013	20,166	90,010	201,189	268,609
Publications	29,899	74,163	29,569	133,631	154,147
Paid events	56,961	52,622	56,334	165,917	194,340
	<u>202,380</u>	<u>196,574</u>	<u>200,150</u>	<u>599,104</u>	<u>669,133</u>

9 Support costs	2006	As restated 2005
	£	£
Staff costs	160,598	138,075
Recruitment, training and other costs	7,369	7,679
Postage, telephone, printing and stationery	19,970	34,771
Depreciation	1,950	1,951
Loss on write-off of fixed assets	-	48,990
Volunteers' expenses	-	819
Other office costs	10,263	22,817
Input VAT previously unclaimed (Note 20)	-	(32,217)
	<u>200,150</u>	<u>222,885</u>

Support costs have been allocated to charitable activities in the same proportion as directly attributable staff costs.

10 Governance costs	2006	2005
	£	£
Legal and professional fees	819	300
Accountancy and consultancy	7,785	2,000
Audit fee	6,500	5,650
AGM and Council expenses	15,176	24,525
Directors', Officers' & Trustees' liability insurance	1,313	1,313
	<u>31,593</u>	<u>33,788</u>

**Notes to the Accounts
for the year ended 31st March 2006**

11 Tangible assets	Furniture and Effects of an Appreciating Nature	Members' Room Furniture and Equipment	Office Equipment	Total
	£	£	£	£
Cost				
Balance brought forward at 1 April 2005	13,880	2,888	2,963	19,731
Disposals	(8,800)	-	-	(8,800)
At 31 March 2006	<u>5,080</u>	<u>2,888</u>	<u>2,963</u>	<u>10,931</u>
Depreciation				
Balance brought forward at 1 April 2005	-	962	1,105	2,068
Charge for the year	-	963	987	1,950
At 31 March 2006	<u>-</u>	<u>1,925</u>	<u>2,092</u>	<u>4,018</u>
Net book value				
At 31 March 2006	<u>5,080</u>	<u>963</u>	<u>871</u>	<u>6,914</u>
At 31 March 2005	<u>13,880</u>	<u>1,926</u>	<u>1,858</u>	<u>17,664</u>

All assets are employed in direct charitable activities.

**Notes to the Accounts
for the year ended 31st March 2006**

12 Investments

	2006 £	2005 £
Investment property	-	1,327,500
Quoted investments	1,696,040	433,181
	<u>1,696,040</u>	<u>1,760,681</u>
(a) Investment property:		
Market value at 1 April 2005	1,327,500	800,000
Net proceeds	(1,334,397)	-
Unrealised gains	-	527,500
Realised gain on disposal	6,897	-
Market Value at 31 March 2006	<u>-</u>	<u>1,327,500</u>
(b) Quoted investments (UK):		
Market value at 1 April 2005	433,181	501,410
Acquisitions during year at cost	1,403,656	-
Disposals at market value	(263,134)	(100,535)
Unrealised gains at 31 March 2006	122,337	32,306
Market value at 31 March 2006	<u>1,696,040</u>	<u>433,181</u>
Historical cost at 31 March 2006	<u>1,501,656</u>	<u>399,955</u>

The quoted investments portfolio consists of the following investments that constitute greater than 5% of total market value:

	2006 £	2005 £
CAF Balanced Growth UK Equity Fund	-	122,634
Merrill Lynch Charinco Common Investment Fund	-	140,500
Merrill Lynch Charishare UK Equity Fund	430,872	170,047
COIF Charity Fixed Interest Fund	397,792	-
M&G UK Equity Charifund	461,434	-
Rensburgh Sheppards Charities Property Fund	405,942	-
	<u>1,696,040</u>	<u>433,181</u>

13 Debtors

	2006 £	Restated 2005 £
Trade debtors	24,307	39,417
Other debtors:		
HM Revenue & Customs - Gift Aid receivable	50,738	29,178
- VAT (Note 20)	-	82,384
Prepayments and accrued income	45,533	3,028
	<u>120,578</u>	<u>154,007</u>

14 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	103,916	64,772
The British Museum	188,575	87,789
British Museum Development Trust	-	4,000
Taxation and social security	13,690	13,514
Accruals and deferred income	47,939	51,506
	<u>354,120</u>	<u>221,581</u>

Notes to the Accounts
for the year ended 31st March 2006

15 Creditors: amounts falling due after more than one year	2006 £	2005 £
Deferred income	<u>123,877</u>	<u>128,586</u>

16 Council Members

No council member received any remuneration for services in either year. Two council members received £456 in total as re-imbursement of expenses (2005: one £686).

During the year a Charities Professional Liability insurance package was purchased including Directors, Officers & Trustees Executive Liability; Professional Liability and Fidelity Guarantee at a premium of £1,313 (2005: £1,313)

17 Funds

	Balances brought forward	Incoming resources	Resources expended	Transfers	Investment gains	Balances carried forward
	£	£	£			£
Unrestricted Funds	215,125	766,273	(887,921)	(9,520)	136,183	220,140
Restricted Funds	-	76,352	(85,872)	9,520	-	-
Designated Funds:						
Legacy	(1) 1,602,500	-	-	-	6,897	1,609,397
Tangible assets	(2) 17,664	-	(10,750)	-	-	6,914
	<u>1,620,164</u>	<u>-</u>	<u>(10,750)</u>	<u>-</u>	<u>6,897</u>	<u>1,616,311</u>
	<u>1,835,289</u>	<u>842,625</u>	<u>(984,543)</u>	<u>-</u>	<u>143,080</u>	<u>1,836,451</u>

(1) The Legacy fund was set up to hold funds received under a major legacy. It is the intention of the trustees that, although the legacy was not subject to restrictions by the donor, it should be treated as an expendable endowment.

(2) The tangible fixed assets fund has been created in line with the current recommendation of the Charity Commission that reserves represented by fixed assets should be separately identified.

**Notes to the Accounts
for the year ended 31st March 2006**

18 Analysis of net assets between funds

	Designated funds	Other unrestricted funds	Total
	£	£	£
<i>Tangible assets</i>	6,914	-	6,914
Investments	1,609,397	86,643	1,696,040
Current assets	-	611,494	611,494
Creditors	-	(477,997)	(477,997)
	<u>1,616,311</u>	<u>220,140</u>	<u>1,836,451</u>

19 Members liability

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

20 Prior year adjustment

A prior year adjustment has been necessary in the year to 31st March 2006 due to recovery of VAT previously unclaimed. As the amount of £82,384 relates to previous periods, the comparative figures for 2005 have been restated accordingly.