

**YORK MUSEUMS & GALLERY
TRUST**

Report and Financial Statements

31 March 2006

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS	Page
Officers and professional advisers	1
Trustees' report	2
Statement of trustees' responsibilities	6
Independent auditors' report	7
Consolidated statement of financial activities	8
Consolidated balance sheet	9
Charity balance sheet	10
Consolidated cashflow statement	11
Notes to the accounts	13

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

THE TRUSTEES OF THE YORK MUSEUMS & GALLERY TRUST WERE AS FOLLOWS:

TRUSTEES

Dr P V Addyman CBE
M J Allen
Sir N Brooksbank
J Cherry
Sir R U Cooke
R I L Guthrie
C M Hogg
D N Jagger
Cllr A Jones
A Owen
D J Pocknell
D E Rayner
T Suthers
Prof D M Willcocks

COMPANY SECRETARY

A Wadsworth

BANKERS

Cater Allen Private Bank
Sovereign House
16-22 Western Road
Romford
RM1 3SP

HSBC Bank plc
PO Box 26
13 Parliament Street
York
YO1 8XS

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Leeds

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TRUSTEES' REPORT

The Trustees, who are directors of the company, present their annual report on the affairs of the company and the group, together with the financial statements and auditors' report for the year ended 31 March 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Name and registered office of the charity

The full name of the charity is the York Museums & Gallery Trust, its registered office and principal operating address is St Mary's Lodge, Marygate, York, YO30 7DR.

Constitution

The charity was formed as a company limited by guarantee on 26 February 2002.

The company registration number is 4381647.

Registered with the Charity Commission - Registration number 1092466.

It is governed by the Memorandum and Articles of Association dated 26 February 2002.

The charity has a trading subsidiary, York Museums and Enterprises Limited, a company limited by shares, registered company number 4466798.

Method of election of trustees

The original company members were, R I L Guthrie, M J Allen, D E Rayner and R E Rushforth.

The Board of Trustees shall consist of two individuals nominated by the Local Authority, one individual nominated by the Yorkshire Philosophical Society and such other persons elected by the members of the company.

The Local Authority Trustees shall be nominated by the Local Authority.

The Yorkshire Philosophical Society Trustee shall be nominated by the Yorkshire Philosophical Society.

The Trustees have the power to appoint any person to be a Trustee, but so that the total number of Trustees does not exceed the permitted maximum of fifteen at any time.

The Trustees who served during the year and subsequently are listed on page 1. None of the Trustees have any financial interest in the company.

Trustee induction and training

New trustees undergo a briefing on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making process, the business plan and recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The board of trustees administers the charity. The board meets quarterly and there are the following sub committees which meet more regularly:

Committee of the Board

A Finance and general management committee which meets monthly with the Chief Executive and the Director of Finance & Business Development to monitor and guide progress against the business plan.

Audit Committee

Meets three times per year to consider reports from internal and external auditors.

Remuneration Committee

Sets pay of Directors and approves pay increases for all staff.

A Director of Finance and Business Development is appointed by the trustees to manage the day to day operations of the charity.

TRUSTEES' REPORT

Risk management

The trustees have reviewed the major risks to which the charity is exposed, particularly those related to the operations and finances of the trust. The trustees have given consideration to the appropriate policies, procedures and systems to mitigate the charity's exposure to the major risks.

OBJECTS AND ACTIVITIES

To provide opportunities for the citizens of York and visitors to the city to learn the history of the city and its region in terms of its people, culture and history together with its scientific, artistic and industrial development.

To maintain, for the benefit of the public, the Yorkshire Museum and Gardens, the Castle Museum, the York City Gallery, St Mary's Church and any other premises together with care, enhancement, management and display of collections within these institutions and display of collections from any other bodies which will promote the objects of the charity.

The advancement and support of scholarship, scientific enquiry, education and the arts for the benefit of the citizens of York and of the public in Yorkshire and elsewhere, especially in the fields of antiquities, social history, painting, the decorative arts and the natural sciences.

ACHIEVEMENTS AND PERFORMANCE

2005-2006 has been an exciting year for York Museums Trust. One of the major events of this year was the reopening of the York Art Gallery, after a period of refurbishment, in April 2005. We also launched the very successful Ice Age exhibition at Yorkshire Museum as well as the first site specific contemporary art commission in York St Mary's.

During the year we prepared for the major international loan exhibition **Constantine the Great – York's Roman Emperor** which was opened by HRH The Princess Royal in March 2006. The organisation of this exhibition was greatly helped by the association we have with the British Museum through the UK Partnership and the sponsorship support from Shepherd Building Group.

During this year we also prepared for the **Kirkgate** project at the York Castle Museum which reinterpreted and re-presented the Victorian Street in an imaginative evocation of the lives of the people who had lived and worked in the trades and shops during the late 19th Century.

The ambitious programme of exhibitions and displays was only made possible through the additional funding we were able to attract. In all, the investment in the museums and galleries amounted to £494,000 over the year.

During the four years the Trust has been in existence, we have secured £3.2 million from a range of trusts and foundations, Government funding and business sponsorship. Key to our development has been the Heritage Lottery Fund and the Arts Council Yorkshire who have been very supportive of the Trust. We are also very fortunate that the City of York Council supports the Trust with revenue funding of £1.4million per annum which gives us stability and sustainability. The City of York Council's support enables us to plan developments in the long term and also gives confidence to other funders that the museums are considered a valued part of the city's life and that any investment will build on a sound foundation of support.

As one of five partners of the Yorkshire Hub, the Trust is one of the regional museums services supported by the Government's Renaissance in the Regions programme. This scheme has radically changed the museum sector in the regions and has enabled us to develop an exciting schools programme. Working with the five partners across the region, the Trust now has a dedicated learning team who are delivering a comprehensive service to schools. We have also worked hard to improve the care of the collections including documentation and storage and this has been recognised by the Trust being awarded Accreditation in the first round of the new standard on museum performance which is managed by the Museums, Libraries and Archives Council.

One of the Trust's key objectives is to increase the number of visitors to all of the sites in our care. During the year from April 2002 to March 2003 the total number of visitors was 395,000. Since then we have seen an upward trend with 426,000 visitors in 2003-04. However last year saw numbers drop back to 358,000 with the closure of York Art Gallery for refurbishment. For 2005-6 we set ourselves a target of 450,000. The actual total was 465,000 visitors.

TRUSTEES' REPORT

None of our success would have been possible without help from the City of York Council and all the other organisations and individuals we have worked with during the year. We are very grateful to everyone with whom we have had contact. The network created by the activities of the Trust's staff is necessarily complex and widespread and we actively look for, and encourage, partnerships and collaborative projects.

Collections

Good collections management is the unseen effort that enables the public to enjoy the displays and learning programmes which visitors expect of museums today. One of our priorities as a Trust is to ensure the care and management of the collections in our care is up to accepted museum standards and our success in achieving Accreditation this year is a recognition of those efforts.

One of the major aspects of work for the Collections team was the preparation and implementation of a detailed Retrospective Documentation Plan. This plan maps out how we will tackle the process of bringing the documentation of the whole of our extensive collections up to Accreditation standard within 5 years. In total, nearly 170,000 objects have been recorded in this period. Figures are listed in the Documentation Plan page of this report.

We have linked the documentation plan to our exhibitions and display programme, so that there will be direct and apparent public benefit to this behind-the-scenes work. Good progress has been made in implementing this plan, with financial assistance from the Designation Challenge Fund for the archaeology and biology collections, the Paul Mellon Centre for Studies in British Art for the works on paper, and the Esmée Fairbairn Foundation for the W.A. Ismay collection and archive.

We completed the formal loan agreement for the Newburgh Priory Pier Glasses between The Trust and the Wombwell family. The agreement is one of three outstanding loans for artworks that have been allocated to York under the Acceptance in Lieu in situ arrangements whereby the ownership of the work passes to The Trust but the work remains in situ with the previous owners.

Other collections management improvements this year have been the creation of site specific elements for our new emergency plans, the compilation of a Documentation Procedural Manual, Making Collections Make Sense, and the beginning of a programme to create backup copies of all accession registers for the Trust.

Collection Care

Significant improvements have been made this year in storage and conservation across the collections. The Palaeolithic archaeology, medieval ceramic and metalwork collections as well as the Boynton collection of Bronze Age metalwork have all been repacked and relabelled. The storage in the Strong Room was completely re-organised, which proved to be very useful during the installation of the Constantine exhibition. The paper archaeological archive has been re-organised and stored at the Yorkshire Museum store along with the excavation archives to which it relates. The biology collections were moved to improved storage conditions at Yorkshire Museum store and a conservation audit was undertaken by a specialist Natural History conservator who also trained our staff in basic conservation measures.

Additional racking has been installed at the Social History store to accommodate the new archive received from Nestlé. The Print Room/Library at York Art Gallery has been transformed with a major re-organisation. The last of the long term loans at the gallery were returned to their owners and this has enabled a reorganisation of the York Art Gallery store.

TRUSTEES' REPORT

Research

The collections across the Trust continue to act as a resource for research and enquiries. As part of an English Heritage funded project, Stuart Harrison, a medieval architectural historian, has been reconstructing the pioneering twelfth century Archbishop Roger's choir in York Minster from the Yorkshire Museum's collection of architectural fragments. Rebecca Storm has measured over 400 skeletons from St Helen's on the Walls medieval cemetery looking at the asymmetry of the skeletons. An astronomy project with 3rd year Astrophysics students at the University of York to determine the exact location of John Goodricke's observing site at the Treasurer's House.

Portable Antiquities Scheme

The Trust is the lead partner and host for the Portable Antiquities Scheme (PAS) in North Yorkshire and Humberside. The PAS has run monthly finds ID days in Hull and York, and has recorded some 400 finds from major metal detecting rallies in our region at Long Marston and Well. Progress has been made on the cataloguing of the major archive of finds amassed by Jim Halliday, a well known metal detectorist. The finds information recorded by the PAS is publicly available on the scheme's website www.finds.org.uk.

Lifelong learning

The year 2005/6 saw the development of formal learning offered to school age children across all York Museums Trust sites, and the number of workshops taken up by schools rose by around 50 per cent. This was made possible through the Education Programme Delivery Plan which was funded through the Yorkshire Hub and the Renaissance in the Regions initiative. The learning team have worked extremely hard and have delivered a quality programme to schools.

A range of over 30 workshops and activities are now available for Key Stages one to four as well as pre-school and early years groups. The workshops spring from, and complement, the exhibitions and displays. We have developed strong links with local teachers through meet the teacher sessions, work placements and Initial Teacher Training.

July saw the production of the complete schools programme booklet for the formal learning offered at the Trust's sites. This was an important step forward and is a major element in marketing for schools. It has been delivered to every school in Yorkshire and selected schools in the north east and will be used for all enquiries. A strong outreach effort proved effective in recruiting new schools. The booklet also marked the start of charging for additional school workshop activities. This charge is vital to ensure funds for the future development and expansion of the learning provision.

We have continued to work with partners across the city of York including the National Railway Museum, Young Archaeology Club, York Theatre Royal, the City Archives, and City of York Council.

FINANCIAL REVIEW

The group had net outgoing resources for the year on the unrestricted fund of £312,413 and restricted fund of £16,058. At the year end, the group had total funds of £440,631.

The members are satisfied that the charity's assets are available and adequate to fulfil its obligations.

Investment powers and policy

The Memorandum and Articles of Association of the charity permit the trustees to invest the monies of the charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit.

Investment policy

The Trust's investments are limited to group companies and UK Banks with a credit rating of A or better.

Reserves policy

The Trustees aspire to retain two months operating costs in reserves. At 31 March 2006, the charity had free reserves, as defined as unrestricted funds not represented by fixed assets, of £306,675.

TRUSTEES' REPORT

FUTURE PLANS

The Trustees agreed in 2004 that the first major capital project for the Trust should be directed towards the St Mary's Abbey Precinct. This will involve the refurbishment of the Yorkshire Museum, Museum Gardens and the Hospitium, increased collection storage and interpretation of the gardens and its listed buildings. This is a complex project and it will be necessary to phase it. The first and second stage will be the Hospitium and Yorkshire Museum and we are working on an application to the Heritage Lottery Fund for major capital funding.

In later phases, we will extend the gardens towards York Art Gallery, (creating a new green route through the gardens to connect with Exhibition Square), the refurbishment of the gallery will include a new mezzanine floor over the main gallery and possibly an extension to create more gallery and public facilities. The St Mary's Abbey Precinct project forms the heart of the city's plan to create a Cultural Quarter which will ultimately connect with the National Railway Museum, the river, the Minster, the City Library and York Theatre Royal.

There are also plans for the development of York Castle Museum during 2007-08 including the creation of a new permanent gallery dealing with the 1960's and three new activity spaces which will allow visitors hands-on access to the Collections. Funding has been raised for these developments.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors of a charity (namely the trustees) to prepare such financial statements for each financial period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charity and of the incoming resources and application of resources for that period and comply with UK GAAP and the Companies Act 1985. 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the company's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

By order of the board of trustees

R I L Guthrie
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YORK MUSEUMS & GALLERY TRUST

We have audited the financial statements of York Museums & Gallery Trust for the year ended 31 March 2006 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated cashflow statement, notes to the consolidated cashflow statement and the related notes 1 to 22. These financial statements have been prepared under 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 so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the statement of Trustees' responsibilities, the Trustees, who are also directors of the charity for the purposes of company law are responsible for the preparation of financial statements which are required to be prepared 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 United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you on the consistency of the trustees report 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 other transactions is not disclosed.

We read the Trustees' report for the above year and consider the implications for our report if we become aware of any apparent misstatements, or material inconsistencies with the financial statements.

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 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 United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 March 2006 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- The trustees' report is consistent with the financial statements

Deloitte & Touche LLP

Chartered Accountants
and Registered Auditors
Leeds
United Kingdom

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 March 2006

	Note	Unrestricted funds £	Restricted funds £	Total 2006 £	Total 2005 £
INCOMING RESOURCES					
Activities in furtherance of the charity's objects					
Income from charitable activities	3	1,123,348	-	1,123,348	1,384,289
Activities for generating funds					
Donations		126,725	12,482	139,207	227,763
Interest receivable	4	23,431	-	23,431	20,221
Income from trading subsidiary	11	514,026	-	514,026	430,523
Net gain on disposal of fixed assets		-	-	-	93,547
Grants receivable	5	8,419	843,696	852,115	631,290
Funding provided by City of York Council	6	1,406,420	-	1,406,420	1,364,000
TOTAL INCOMING RESOURCES		<u>3,202,369</u>	<u>856,178</u>	<u>4,058,547</u>	<u>4,151,633</u>
RESOURCES EXPENDED					
Costs of generating funds					
Costs incurred by trading subsidiary	11	442,340	-	442,340	371,440
Charitable expenditure					
Curatorial		572,723	279,396	852,119	728,009
Education		144,229	171,314	315,543	159,784
Exhibitions and events		117,610	396,526	514,136	611,090
Gardens		92,189	-	92,189	100,043
Marketing		386,532	-	386,532	358,914
Premises		703,689	25,000	728,689	733,437
Visitor services		1,003,418	-	1,003,418	908,792
Governance		52,052	-	52,052	26,678
Total charitable expenditure		<u>3,072,442</u>	<u>872,236</u>	<u>3,944,678</u>	<u>3,626,747</u>
TOTAL RESOURCES EXPENDED	9	<u>3,514,782</u>	<u>872,236</u>	<u>4,387,018</u>	<u>3,998,187</u>
Net (outgoing) incoming resources before transfers		(312,413)	(16,058)	(328,471)	153,446
Transfers between funds	16	-	-	-	-
NET (OUTGOING) INCOMING RESOURCES		(312,413)	(16,058)	(328,471)	153,446
Fund balance brought forward at 1 April		734,762	34,340	769,102	615,656
Fund balances carried forward at 31 March		<u>422,349</u>	<u>18,282</u>	<u>440,631</u>	<u>769,102</u>

All incoming resources and resources expended derive from continuing activities.

All gains and losses recognised in the year are included above.

CONSOLIDATED BALANCE SHEET
31 March 2006

	Note	2006	2005
		£	£
FIXED ASSETS			
Tangible assets	10	119,787	216,030
CURRENT ASSETS			
Stocks	12	125,700	95,273
Debtors	13	582,998	802,040
Cash at bank and in hand		130,214	277,187
		<u>838,912</u>	<u>1,174,500</u>
CREDITORS: amounts falling due within one year	14	<u>(518,068)</u>	<u>(621,428)</u>
NET CURRENT ASSETS		<u>320,844</u>	<u>553,072</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>440,631</u>	<u>769,102</u>
FUNDS			
Unrestricted funds	15	422,349	734,762
Restricted funds	16	18,282	34,340
		<u>440,631</u>	<u>769,102</u>

These financial statements were approved by the board of trustees on behalf by:

and were signed on its

R I L Guthrie
 Chairman

CHARITY BALANCE SHEET
31 March 2006

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Tangible assets	10		109,740		209,312
Investments	11		1		1
			<u>109,741</u>		<u>209,313</u>
CURRENT ASSETS					
Stocks	12	2,760		8,474	
Debtors					
- Due within one year	13	678,619		882,977	
Cash at bank and in hand		85,878		209,426	
		<u>767,257</u>		<u>1,100,877</u>	
CREDITORS: amounts falling due within one year	14	<u>(436,367)</u>		<u>(541,088)</u>	
NET CURRENT ASSETS			<u>330,890</u>		<u>559,789</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>440,631</u>		<u>769,102</u>
FUNDS					
Unrestricted funds	15		422,349		734,762
Restricted funds	16		18,282		34,340
			<u>440,631</u>		<u>769,102</u>

These financial statements were approved by the board of trustees on behalf by:

and were signed on its

R I L Guthrie
 Chairman

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2006

	Note	2006 £	2005 £
Net cash outflow from operating activities	1	(155,883)	(124,387)
Returns on investments	2	23,431	20,221
Net capital expenditure – (additions)/receipts	3	(14,521)	59,269
Decrease in cash in the year	5	<u>(146,973)</u>	<u>(44,897)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

1. RECONCILIATION OF NET (OUTGOING)/INCOMING RESOURCES TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Net (outgoing)/incoming resources	(328,471)	153,446
Interest receivable	(23,431)	(20,221)
Depreciation	110,764	110,764
Surplus on sale of fixed asset	-	(93,547)
Increase in stocks	(30,427)	(23,736)
Decrease/(increase) in debtors	219,042	(397,816)
(Decrease)/increase in creditors	(103,360)	146,723
Net cash outflow from operating activities	<u>(155,883)</u>	<u>(124,387)</u>

2. RETURNS ON INVESTMENTS

	2006 £	2005 £
Interest received	<u>23,431</u>	<u>20,221</u>

3. CAPITAL EXPENDITURE (NET)

	2006 £	2005 £
Purchase of tangible fixed assets	14,521	90,731
Sales proceeds from disposal of tangible fixed assets	-	(150,000)
	<u>14,521</u>	<u>(59,269)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2006

4. RECONCILIATION OF NET CASH FLOWS TO MOVEMENT IN NET FUNDS

	2006	2005
	£	£
Net funds at 1 April (note 5)	277,187	322,084
Decrease in cash for the year	(146,973)	(44,897)
	<u>130,214</u>	<u>277,187</u>
Net funds at 31 March (note 5)	<u>130,214</u>	<u>277,187</u>

5. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April	Cash	At 31 March
	2005	flows	2006
	£	£	£
Cash at bank and in hand	<u>277,187</u>	<u>(146,973)</u>	<u>130,214</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2005)" issued in March 2005, applicable United Kingdom accounting standards and the Companies Act 1985. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, York Museums and Enterprises Limited, on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented as the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005.

Incoming resources

Income from admission fees, commercial activities and interest receivable is included in the period in which the group is entitled to receipt.

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Charitable expenditure and administration costs comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources. Fund raising costs are those incurred in seeking voluntary contributions for the Museum. Management and administration costs are those incurred in connection with the management of the Museum's assets, organisational administration and compliance with constitutional and statutory requirements.

Collection acquisitions

York Museums and Gallery Trust are the managing trustees of the collections.

However, City of York Council are the custodian trustees and so none of the collections are included in Fixed Assets.

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

Where purchased, tangible fixed assets are initially included at their cost of acquisition, including costs that are directly attributable to bringing the assets into working condition for their intended use.

Where a fixed asset is acquired in full or in part from the proceeds of a grant it is included at its full acquisition cost without netting off the grant proceeds.

Donated, functional fixed assets are included at a valuation made by the Trustees. Where the use of these assets is unrestricted they are included in a designated fund reflecting their book value.

The relevant fund is reduced over the useful economic life of the asset in line with its depreciation.

No value is shown in the accounts for assets occupied and used by the Trust under license from City of York Council.

Individual fixed assets costing £1,000 or more are capitalised.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Depreciation is charged monthly. A full month's depreciation is charged in the month of acquisition, none in the month of disposal. Depreciation is charged at the following rates:

Leasehold property	:	2% per month
Displays	:	1% - 3% per month
IT equipment	:	3% per month
Vehicles and other equipment	:	2% per month

Depreciation is not provided on assets in the course of construction until the asset is brought into use in the business.

Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price. Provision is made for obsolete, slow moving or defective items where appropriate.

Pension costs

The charity contributes to the North Yorkshire Pension Fund, a multi employer defined benefit scheme. Payments are made in accordance with instructions given by the government actuary and charged to the statement of financial activities.

Fund accounting

Funds held by the charity are either:

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.
- Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

The company is a registered charity and has no liability to corporation tax on its charitable activities.

The trading subsidiary is liable to corporation tax on its taxable profits. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover, which arises in the United Kingdom, is attributable to the company's principal activity.

3. INCOME FROM CHARITABLE ACTIVITIES

	2006	2005
	£	£
Admission fees	1,046,727	1,131,157
Miscellaneous	76,621	253,132
	<u>1,123,348</u>	<u>1,384,289</u>

4. INTEREST RECEIVABLE

	Unrestricted funds	Restricted funds	2006	2005
	£	£	£	£
Interest receivable from bank and other short term deposits	23,431	-	23,431	20,221
	<u>23,431</u>	<u>-</u>	<u>23,431</u>	<u>20,221</u>

5. GRANTS RECEIVABLE

	Unrestricted funds	Restricted funds	2006	2005
	£	£	£	£
Arts Council England	-	48,239	48,239	90,761
City of York Council	-	-	-	85,000
DCMS Wolfson	-	187,000	187,000	-
Earl Fitzwilliam Charitable Trust	-	905	905	-
Esmee Fairburn	-	70,492	70,492	19,058
Friends of York Art Gallery	-	2,890	2,890	-
Foyle Foundation	-	20,000	20,000	-
Henry Moore Foundation	-	20,000	20,000	-
Heritage Lottery Fund	-	125,000	125,000	272,700
Joseph Rowntree Foundation	-	-	-	2,500
Leeds City Council	-	-	-	4,161
Middlesex University	-	3,000	3,000	-
Museums, Libraries and Archives Council	-	98,973	98,973	77,859
Renaissance Yorkshire	-	245,865	245,865	58,121
Roman Research Trust	-	3,400	3,400	-
Sheldon Memorial Trust	-	-	-	500
The Paul Mellon Centre	-	10,000	10,000	10,000
Woodmansterne Publications	-	-	-	3,805
YMLAC	-	6,432	6,432	4,375
Yorkshire Philosophical Society	-	1,500	1,500	-
Others	8,419	-	8,419	2,450
	<u>8,419</u>	<u>843,696</u>	<u>852,115</u>	<u>631,290</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

6. FUNDING PROVIDED BY CITY OF YORK COUNCIL

	Unrestricted funds £	Restricted funds £	2006 £	2005 £
Core funding	1,406,420	-	<u>1,406,420</u>	<u>1,364,000</u>

7. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

	2006 No	2005 No
Average number of persons employed (full time equivalents):		
Curatorial	18	18
Education	6	4
Gardens	3	3
Marketing	4	4
Premises	4	4
Visitor services	29	30
Directors and administrative staff	13	13
Trading subsidiary	15	15
	<u>92</u>	<u>91</u>
Staff costs during the year		
Wages and salaries	1,879,603	1,693,108
Social security costs	130,233	117,142
Pension costs	179,420	156,989
	<u>2,189,256</u>	<u>1,967,239</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2006 £ No	2005 £ No
£70,001 - £80,000	<u>1</u>	<u>1</u>

No trustees received remuneration during either period. Two trustees received a total of £561 (2005: £416) relating to travel expenses reimbursed.

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

8. NET (OUTGOING) INCOMING RESOURCES FOR THE YEAR

	2006	2005
	£	£
Net (outgoing)incoming resources for the year is stated after charging (crediting):		
Depreciation and amortisation		
Owned assets	110,764	110,764
Net gain on disposal of fixed asset	-	(93,547)
Rentals under operating leases - land and buildings	29,250	29,250
- other	2,430	3,302
VAT repayment from HMC&E	-	(160,571)
Auditors' remuneration - audit	12,000	10,400
- non-audit services	-	4,000
	<u>110,764</u>	<u>110,764</u>

9. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs	Other	Depreciation	Total	2005
	£	£	£	£	Total
					£
Costs incurred by trading subsidiary	180,112	260,560	1,668	442,340	371,440
Charitable expenditure					
Curatorial	595,316	245,244	11,559	852,119	728,009
Education	182,561	129,673	3,309	315,543	159,784
Exhibitions and events	21,062	492,763	311	514,136	611,090
Gardens	54,640	31,315	6,234	92,189	100,043
Marketing	170,691	208,069	7,772	386,532	358,914
Premises	169,271	514,078	45,340	728,689	733,437
Visitor services	851,235	117,612	34,571	1,003,418	908,792
Management and administration	-	52,052	-	52,052	26,678
	<u>2,224,888</u>	<u>2,051,366</u>	<u>110,764</u>	<u>4,387,018</u>	<u>3,998,187</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

10. TANGIBLE FIXED ASSETS

	Leasehold Property	Vehicles and other equipment	Total
Group			
Cost	£	£	£
At 1 April 2005	142,229	252,913	395,142
Additions	-	14,521	14,521
	<hr/>	<hr/>	<hr/>
At 31 March 2006	142,229	267,434	409,663
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 April 2005	34,135	144,977	179,112
Charge for the year	34,135	76,629	110,764
	<hr/>	<hr/>	<hr/>
At 31 March 2006	68,270	221,606	289,876
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2006	73,959	45,828	119,787
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2005	108,094	107,936	216,030
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All tangible fixed assets were used for charitable purposes, except for equipment purchased within York Museums and Enterprises Limited with a net book value of £10,047 (2005 £6,718).

	Leasehold Property	Vehicles and other equipment	Total
Charity			
Cost	£	£	£
At 1 April 2005	142,229	245,953	388,182
Additions	-	9,522	9,522
	<hr/>	<hr/>	<hr/>
At 31 March 2006	142,229	255,475	397,704
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 April 2005	34,135	144,735	178,870
Charge for the year	34,135	74,959	109,094
	<hr/>	<hr/>	<hr/>
At 31 March 2006	68,270	219,694	287,964
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2006	73,959	35,781	109,740
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2005	108,094	101,218	209,312
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All tangible assets were used for charitable purposes.

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

11. INVESTMENTS HELD AS FIXED ASSETS

Charity

	2006 £	2005 £
Investment in subsidiary	1	1

The company owns 100% of the ordinary share capital of York Museums and Enterprises Limited, a company registered in England and Wales. York Museums and Enterprises Limited was incorporated on 21 June 2002 and commenced trading on 1 August 2002.

The income and expenditure of York Museums and Enterprises Limited for the year ended 31 March 2006 is summarised below:

	2006 £	2005 £
Turnover	514,026	430,523
Cost of sales	(356,741)	(336,263)
Gross profit	157,285	94,260
Administrative expenses	(93,599)	(42,677)
Profit on ordinary activities for the financial year	63,686	51,583
Interest receivable and similar income	1,630	1,394
Gift aid payment	(65,316)	(52,977)
Profit retained for the financial year	-	-

The aggregate of the assets, liabilities and funds was:

	2006 £	2005 £
Assets	205,089	180,779
Liabilities	(205,088)	(180,778)
Represented by:		
Called up share capital	1	1
Profit and loss account	-	-
	1	1

12. STOCKS

	2006 Group £	2006 Charity £	2005 Group £	2005 Charity £
Goods for resale	125,700	2,760	95,273	8,474

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

13. DEBTORS

	2006 Group £	2006 Charity £	2005 Group £	2005 Charity £
Amounts falling due within one year:				
Trade debtors	127,726	111,823	73,817	54,316
Amount owed by subsidiary	-	123,387	-	100,438
Accrued income and other debtors	400,463	388,600	674,195	674,195
Prepayments	44,880	44,880	54,028	54,028
VAT recoverable	9,929	9,929	-	-
	<u>582,998</u>	<u>678,619</u>	<u>802,040</u>	<u>882,977</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 Group £	2006 Charity £	2005 Group £	2005 Charity £
Trade creditors	404,886	340,499	383,917	324,174
Amounts owed to subsidiary	-	-	-	-
Other creditors	35,731	25,318	16,969	12,508
Other taxes and social security	2,345	-	6,251	2,839
Accruals and deferred income	75,106	70,550	214,291	201,567
	<u>518,068</u>	<u>436,367</u>	<u>621,428</u>	<u>541,088</u>

15. MOVEMENT IN UNRESTRICTED FUNDS

Unrestricted funds comprise the following:

Group	31 March 2005 £	Income £	Expenditure £	Transfers £	31 March 2006 £
General unrestricted funds	<u>734,762</u>	<u>3,202,369</u>	<u>(3,514,782)</u>	<u>-</u>	<u>422,349</u>
Charity	31 March 2005 £	Income £	Expenditure £	Transfers £	31 March 2006 £
General unrestricted funds	<u>734,762</u>	<u>3,202,369</u>	<u>(3,514,782)</u>	<u>-</u>	<u>422,349</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

16. MOVEMENT IN RESTRICTED FUNDS

Restricted funds comprise grants and donations given towards expenditure on the Trust's charitable aims.

Group and charity	31 March 2005	Income	Expenditure	Transfers	31 March 2006
	£	£	£	£	£
Restricted funds	34,340	856,178	(872,236)	-	18,282

Restricted funds as at 31 March 2006 consist of an unspent grant from The Paul Mellon Centre and the net book value of assets purchased using restricted funds.

The Paul Mellon Centre grant was received during the year to support the employment of a part-time Research Curator.

17. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

Group	Unrestricted funds	Restricted funds	Total
	£	£	£
Tangible fixed assets	115,674	4,113	119,787
Current assets	824,743	14,169	838,912
Current liabilities	(518,068)	-	(518,068)
At 31 March 2006	422,349	18,282	440,631
At 31 March 2005	734,762	34,340	769,102
Charity	Unrestricted funds	Restricted funds	Total
	£	£	£
Tangible fixed assets	105,627	4,113	109,740
Investments	1	-	1
Current assets	753,088	14,169	767,257
Current liabilities	(436,367)	-	(436,367)
At 31 March 2006	422,349	18,282	440,631
At 31 March 2005	734,762	34,340	769,102

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

18. OPERATING LEASE COMMITMENTS

Group	2006		2005	
Leases which expire	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	-	828	-	850
Between two and five years	29,250	1,602	29,250	2,048
	<u>29,250</u>	<u>2,430</u>	<u>29,250</u>	<u>2,898</u>
	<u><u>29,250</u></u>	<u><u>2,430</u></u>	<u><u>29,250</u></u>	<u><u>2,898</u></u>

Charity	2006		2005	
Leases which expire	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	-	828	-	850
Between two and five years	29,250	1,314	29,250	1,760
	<u>29,250</u>	<u>2,142</u>	<u>29,250</u>	<u>2,610</u>
	<u><u>29,250</u></u>	<u><u>2,142</u></u>	<u><u>29,250</u></u>	<u><u>2,610</u></u>

19. COMPANY STATUS

The company is limited by guarantee for an amount not exceeding £1 per member, including any member who ceased to be a member within the previous twelve months.

20. TAXATION

The charitable activities are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988.

21. PENSION SCHEME

The Charity contributes to the North Yorkshire Pension Fund. The scheme is a defined benefit scheme for the benefit of the employees. The assets of the scheme are administered by the North Yorkshire County Council in a fund independent from that of the Charity.

The Charity's contributions are affected by a surplus or deficit in the scheme but the Charity is unable to identify its share of the assets and liabilities in the scheme when they choose.

The Charity has applied the multi-employer exemption to account for the scheme as a defined contribution scheme.

The pension cost for the year was £179,420 (2005: £156,989).

NOTES TO THE ACCOUNTS

Year ended 31 March 2006

22. RELATED PARTY TRANSACTIONS

During the year, the Trust conducted the following transactions with its subsidiary, York Museums and Enterprises Limited:

The Trust levied a management charge on York Museums and Enterprises Limited amounting to £8,000 (2005: £7,500).

At 31 March 2006, York Museums and Enterprises Limited owed the Trust a total of £123,387 (2005: £100,483), comprising an intercompany account of £5,094, and an amount payable under deed of gift of £118,293 (2005: £52,977). These amounts are shown in debtors in note 13.