

THE HOLBURNE
MUSEUM OF ART · BATH

REPORT AND ACCOUNTS 2006

Chairman of the Board: **David W. Posnett**

Director: **Dr Alexander Sturgis**

Treasurer: **Anthony M Wilkinson C.A.**

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Introduction

The Trustees submit their annual report and accounts for the year ended 31 December 2006. In preparing this report the Trustees have complied with the Charities Act 1993, the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) ('SORP'), applicable accounting standards, and the constitution of the Trust.

Reference and administration information

The Holburne Museum of Art ("The Museum") is the museum of the University of Bath, and is an independent institution with registered charitable status, established by Deed of Trust in 1883. The sole Trustee, by whom the Trust is administered, is the Holburne Museum Trust Company ("The Company"), a company limited by guarantee.

The directors of The Company (known as "The Trustees") at the date of this report, who are appointed by the members of The Company, and of the senior management, are detailed on pages 29 & 30. The names of directors of The Company who acted during the course of the year but are no longer directors at the date of this report are also shown on page 30. Relevant registration information is shown below:

- | | | |
|-------------------------------------|----------------------------|----------------|
| • The Holburne Museum | Registered Charity Number: | 310288 |
| • The Holburne Museum Trust Company | Company Number: | 4104120 |
| • Museums and Galleries Commission | Registered Museum Number: | 930 |

The address of the principal offices and premises of The Museum, and of the registered office of The Company, is at Great Pulteney Street, Bath BA2 4DB

The names and addresses of The Museum's professional advisers and bankers are shown on page 31.

Structure, governance and management

- Organisational structure

The Museum is an independent registered charitable trust of which The Company is the sole trustee.

- Governance

The charity is governed by the board of directors of The Company, known as "The Trustees" who are appointed by the members of The Company.

Bath and North East Somerset Council has the right to appoint up to two Trustees. Further Trustees are appointed by the members of The Company, but the total number of Trustees may not exceed 20.

New Trustees are required to sign a "Declaration of Eligibility to Act" and a "Declaration of Interests" in order to comply with the conflicts of interest policy.

- Management

The Trustees, who meet formally four times each year, are responsible for setting strategies and

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for the year ended 31 December 2006 (cont.)

policies and for ensuring that these are implemented. They are particularly responsible for:

- Appointment of the Director
- Approval of the annual budget
- Approval of the Trustees' report and audited financial statements

To assist with the day to day operational control of the Museum's affairs, the Trustees delegate business functions defined in its terms of reference to the *Executive Committee of Trustees* which meets monthly. The Executive Committee comprises those Trustees identified on pages 30 & 31 together with the Director, although its meetings are open to any Trustee to attend.

The primary functions of the Executive Committee are to:

- exercise supervisory controls over the operation of the Museum,
- assist the Director in formulating policy and with significant operational decisions
- review quarterly management accounts against budget and
- hold the Director accountable for variances.

- **Risk management**

The Trustees have examined the major risks to which the Museum is exposed and have developed a Risk Register which identifies the major risks to which the Museum and the Trustees are exposed. This register is maintained by the Treasurer and reviewed by the Executive Committee of the Trustees every six months. This brings the risks to the attention of the Trustees and enables them to establish strategies for dealing with them. This register covers risk in the areas of:

- Governance and management
- Operations
- Finance
- Staff
- Redevelopment
- External factors
- Environmental factors
- Compliance

While this procedure cannot provide absolute assurance, the Trustees believe that the steps taken will enable the Museum to achieve its objectives.

Objectives and activities

- **Objectives**

The objects for which the Museum was established as set out in the founder's originating trust deed, are:

- The provision and maintenance of a museum in the city of Bath for the exhibition to the public of a collection of specimens of the fine and applied arts.
- The extension, enhancement, conservation, storage and maintenance of the arts collection.
- Promotion of education in arts and allied subjects, and of the appreciation of art.

REVIEW OF 2006

Achievements and performance

The Trustees are pleased to report that overall progress was made, albeit more slowly than intended on the development project, in achieving the objectives that they had set for 2006.

The key activities for 2006 intended to assist in the delivery of the Museum's objectives were:

- Utilising the development grant and our own matching funding, to work up the major development scheme to enable the Stage 2 application to be made to The Heritage Lottery Fund as early as possible in 2006.
- Step up the major fundraising campaign to ensure availability of the funding necessary, both for the development project and to increase significantly the value of the endowment fund
- Stage ambitious exhibitions and education programmes to appeal to and engage an ever broadening audience
- Continue the ongoing programme of conservation and restoration of works in the permanent collection
- Continue the programme to research and document the entire permanent collection

• Development project

Almost inevitably, progress with this essential project has proved to be far slower than planned owing to the regulatory and planning requirements affecting works to a grade 1 listed building in such a sensitive location in Bath. However, real progress was made, and the Trust's detailed planning application was submitted to the local authority in May 2007, and the final Stage 2 application to the HLF will be submitted in mid-July 2007. The current project programme, assuming all necessary consents are obtained in a reasonable timescale, provides for construction work to commence on site in mid-2008, with the new facilities opening to the public in mid-2010. These dates are some six to nine months behind the schedule envisaged in the 2005 Annual Report.

Activity on the fundraising campaign necessarily moves in parallel with development of the plans, but significant progress was made during the year that is yielding tangible results in 2007. At the date of this report, donations received and pledges made to the Endowment Fund and to the Development programme total in excess of £4 million.

• Highlights - exhibitions

Six exhibitions were mounted by the Museum in a varied programme that continued to widen the appeal of the Museum and bring in new audiences.

At the beginning of the year *Painting the West Country House* was opened by HRH the Duchess of Cornwall, the freezing weather unfortunately grounding the HRH Prince of Wales's helicopter and preventing him from joining her. Summer featured a family exhibition curated by Quentin Blake, and an HLF-funded exhibition on *Brunel in Bath*, both of which brought many people to the Museum for the first time. The year ended with *Euan Uglow; a personal choice by Craigie Aitchison* one artist's tribute to his friend and contemporary, an exhibition that was accompanied by what has become the Museum's best-ever selling catalogue. Further detail regarding the full exhibition programme is shown later in this report.

Overall, 32,000 people visited the Museum in 2006 and 5,735 adults and children participated in learning activities. Admission fees amounted to £43,500.

- **Highlights - education**

The inauguration of the Holburne's Higher Education Strategy Board ("HESB") signalled a new stage in the Museum's relationship with the Universities of the region. The Holburne is the Museum of the University of Bath and the Strategy Board, which has representatives from The University of Bath, Bath Spa University, The University of the West of England and Bristol University, is designed to advise the Board of Trustees on how the Museum can best fulfil its role as a Museum within the Higher Education sector. The establishment of the HESB was accompanied by a near doubling of the Holburne's three-year grant of core funding from the AHRC to £73,500 p.a. with effect from July 2006.

The Museum's website has been redesigned and - through the MUSE project with our university partners and our e-learning collaborations with our partners in the Museum Network (The Wallace Collection, The Bowes Museum, Compton Verney and Waddesdon Manor) - more of our collection is accessible on-line than ever before. The improved content of the website has been reflected in its use by 128,000 visitors to the site.

The Museum continues to benefit from the generous support of its Patrons, Friends and supporters. ; Membership of the successful and vigorous Patrons' Group rose by almost a third to top one hundred members for the first time, and their subscriptions amounted to almost £30,000. The Friends of the Holburne Museum, over one thousand strong, contributed £16,000 to the Museum, as well as helping with the acquisition of Jacob Spornberg's delightful watercolour of *The Canal in Sydney Gardens* of 1807.

THE COLLECTION

The Museum welcomed Matthew Winterbottom as the new curator of Decorative Art. Matthew joined the Museum from the Royal Collection where he had worked since 1999 as Assistant Curator of Works of Art.

- **Acquisitions:**

Charles Davies, *The Great Western Railway through Sydney Gardens*, hand-coloured steel engraving, 1844

(2006.1) Acquired as a gift for the exhibition 'Brunel in Bath'

Jason Walker, *Michael Eavis*, oil on canvas, 2005

(2006.2) Commissioned from the artist, winner of the 2004 Holburne Contemporary Portrait Prize.

Jacob Spornberg (1768-1840), *The Canal in Sydney Gardens*, watercolour, 1807
(2006.3) acquired with donations from the Friends of the Holburne Museum and a Patron of the Museum.

- **Conservation**

Three Dutch works were conserved for the Exhibition "Treasures of the Golden Age" This work was partly funded by a gift from Bath Evening Decorative and Fine Arts Society

Hendrik Martensz. Sorgh (1609/111670)

"Courtship", 1661, Oil on Panel, 31 x 26 cm A54

Circle of Roelandt Savery (1576-1639)

Landscape with Adam naming the beasts, Oil on copper, 11.4 x 18 cm A178

Landscape with Creatures going into the Ark, Oil on copper, 11.4 x 18.1 cm A191

These three small paintings are among the best of the Dutch cabinet paintings for which the Holburne is well known. All three are from the original collection of Sir Thomas William

Holburne. Over the years their quality had become obscured by discoloured gallery varnish and yellowed staining. The independent conservator Helen White surface cleaned and revarnished the paintings. In the case of the small works on copper she also removed some old retouchings, uncovering a female figure on A191 that had been almost entirely painted out. The cleaning also enabled us to re-identify the subjects: previously, the two scenes had been catalogued as *Animals Entering the Ark* and *Animals Leaving the Ark*. It has now become clear that the subject of A178 is in fact Adam with the Creator in the Garden of Eden, naming a lively group of animals and birds.

The conservator was also able to examine the copper plates on which these two scenes were painted, and discovered a maker's stamp which showed that the plates were made in Antwerp in the late 16th early 17th century.

Pembroke Table: F198, a Pembroke Table from the estate of Ernest Cook, was re-polished following water damage.

• Loans in

The Holburne's collection continues to be enhanced by a number of long-term loans to the collection, most notably the great Bath period Gainsborough portraits of the Byam Family and of Robert Craggs Nugent. Loans coming to the collection over the year were:

Jacob Spornberg (fl.1768 after 1840)

Two Etruscan profiles: An Unknown Gentleman and a Lady, probably Anne Anstey
Painted Glass, 1793

On loan from a Patron of the Holburne Museum

Thomas Gainsborough (1727-1788)

A Son & Daughter of Benjamin Bathurst
Oil on canvas, 1759-60

On loan from a Private Collection, Courtesy of Anthony Mould Ltd.

• Loans to exhibitions

To York Art Gallery for exhibition *The Art of Conversation*, 7 October 2006 to 14 January 2007:

A368 *The Rev. Robert Carter Thelwall and his Family*, oil on panel 1776 by George Stubbs

• Documentation

Volunteers have almost completed the transfer of manual records on the reserve collections to database. They have also been gradually photographing every object in the collection. During the year four volunteers have worked with the curators for about half a day a week each, on digital photography, data entry, and filing photographs and paper records. 7,500 objects now have basic records on the database; about three-quarters of the objects also have photographs.

• National Inventory Research Project

Italian & French Paintings During 2005-6 Amina Wright, Curator of Fine Art, catalogued 36 Italian and French paintings from the collection with a grant from the Pilgrim Trust. The research has helped us to identify priorities for conservation and display in the future. The project concluded with a presentation to the NIRP's seminar at Birkbeck College. The Holburne's contribution to the project was used as a case-study in an article in *Museum Practice* (Winter 2006: Laura Gascoigne, *Working Knowledge: Research*, p.55).

Remaining continental paintings: A further forty or so continental works were catalogued by one of the NIRP's own freelance researchers, Dr Susan Steer, who visited the Holburne for one or two days each week from May to July 2006. Her research has been particularly useful in establishing the

sources of William Holburne's collection in Bath. It has also clarified some provenances and attributions, particularly among the earlier Renaissance works.

EXHIBITIONS

The following exhibitions were held during the year:

- **Painting the West Country House and Garden**, 31 January to 17 April 2006
Paintings and drawings of local country houses from the seventeenth century to the present day. Exhibition conceived by John Harris and curated by Jeannie Chapel.
Accompanied by a gallery guide
Sponsored by AXA Art Insurance

- **Treasures of the Golden Age**, 31 January to 26 March 2006
Highlights from the Holburne's collection of seventeenth-century Dutch paintings, furniture, silver and ceramics, re-presented in the Haskell Gallery.

- **Brunel in Bath**, 09 April to 02 July 2006
A free exhibition to celebrate Isambard Kingdom Brunel's 200th birthday and the arrival of the Great Western Railway in Bath.
Special advisor Professor R Angus Buchanan, researched by ****, curated by Daniel Brown. Accompanied by the publication "Brunel in Bath", written by Professor R Angus Buchanan.
Supported by The Heritage Lottery Fund through Brunel 200, an initiative of Bristol Cultural Development Partnership on behalf of Culture South West Arts Council England South West, Bristol City Council and Business West.

- **Frabjous Beasts**, 18 July to 10 September 2006
Ten present day children's book illustrators and their monstrous creations, chosen by Quentin Blake.
Accompanied by an illustrated gallery guide with an introductory text by Ghislaine Kenyon. The exhibition will travel to four UK exhibition venues in 2007.

- **The Holburne Dukes Portrait Prize 2006**, 19 September to 10 December 2006
The third of the Holburne's contemporary portrait prize exhibitions.
The portrait of Michael Eavis painted by Jason Walker, the winner of the 2004 prize, was shown in the exhibition for the first time. The 2006 winner, Vincent Brown with a portrait of his parents, was chosen by a panel of judges: Peter Blake, Bel Mooney and Rachel Campbell Johnston.
Sponsored by Dukes Hotel and supported by Savills.

- **Euan Uglow: a personal choice by Craigie Aitchison**, 14 October 2006 to 28 January 2007
A unique exhibition presenting one artist's tribute to another. Selected by Uglow's friend and fellow painter, Aitchison chose paintings with personal associations and others he loves and admires.

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Curated by Andrew Lambirth and accompanied by a fully illustrated catalogue with an essay by Andrew Lambirth.

Exhibition supported by Sir Paul and Lady Smith, Hazlitt Holland-Hibbert and patrons of the Holburne Museum.

Exhibition catalogue supported by Browse & Darby

LEARNING AND EVENTS

2006 has been a transforming year for learning at the Museum. Nearly 10,000 people have participated in our learning programmes, lectures and events over the year, more than ever before, and we now have a team of freelance teachers who, after training, began to deliver workshops for us in January. We have provided access to learning for audiences right across the spectrum from toddlers to mature adults, through our formal programmes and *Art for All*, our family learning programme. In addition the establishment of the Higher Education Strategy Board promises to transform the way in which we serve the HE sector.

We were very sorry to lose Emma Dunn, Education Coordinator, in September, who moved on to the Geffrye Museum. Emma has since been replaced by Emma Finch.

• Schools Programme

Primary Schools from six local authorities chose a wider range of workshops from the new publicity leaflets sent out in the spring: new workshops included one with great future potential, developed through the exhibition *Brunel in Bath. Bath and Mr. Brunel* was offered half price, as part of the exhibition and used the Great Western Railway in the Sydney Gardens for the first time. Queen Charlotte from the *Vive la France!* Workshop attended the Bath Children's Georgian Ball on 5th July, showcased later at the museum by a two-week display of children's work from six B&NES primary schools.

Secondary Schools took up all the free Wallace workshops in *Sensing Sculpture* [spring] and *Naked Bodies* [autumn], making us strong new links in a sector difficult to engage. Somervale School, Midsomer Norton, made a splendid animation inspired by the *Frabjous Beasts* exhibition in July for National Children's Art Day, assisted by funds donated by Mrs Rosalie Challis, and interviewed museum staff for their own radio station. Work experience continues to build valuable links with schools and give the museum much needed extra help.

o Schools with Special Needs

Our service was transformed halfway through the year with a donation from the Elizabeth and Gordon Bloor Foundation of £1000 to fund free workshops. These multisensory creative sessions included *Bath and Mr. Brunel* and *Tudor Splendour* (featured on Threeways School's website). This continues in 2007.

o Outreach

The freelance team delivered sessions in schools, tailored to the National Curriculum and using museum objects, images and audio-visual material to introduce the collections and related themes.

Vive la France! Included a number of whole school assemblies funded by the Wallace network, and *Going Greek* continued its popularity.

- **Further Education**

The City of Bath College brought three groups with different interests - Photography (Shooting Buildings in June), Leisure and Tourism (Marketing Museums in July) and Textiles (Middle Gallery visit in November).

- **Higher Education**

The year saw the establishment and first meetings of the Holburne's HESB. Its terms of reference are:

- To recommend to the Holburne Trustees and the University of Bath Executive a strategy and plan for the Museum in relation to HE activities
- To indicate to Trustees and the University the resources required to deliver the agreed strategy for the Museum
- To receive from the Trustees an annual report and outcome of agreed strategy for the Museum
- To maintain an overview of the Museum's activities, ensuring that its mission and strategies are appropriately aligned with the institutional goals of the University of Bath, as well as supporting, where possible, academic strategies at the other Higher Education Institutions within its membership
- To advise the Holburne on its operation as a Museum within the Higher Education sector, so that it can make real contributions to, and benefit from, teaching and research at the four Higher Education Institutions within its membership

- **Muse**

A grant from the AHRC special projects fund has allowed the creation of a new online learning resource in collaboration with four local universities. The site is built on a database of around 150 items from the Holburne's collections, selected to illustrate two themes: *The History of the Holburne Collection* and *Art and Culture in Georgian Bath*. The two themes were chosen in discussion with tutors on related courses at the University of Bristol (Department of Art History), University of the West of England (School of History), and Bath Spa University (School of Historical and Cultural Studies) as being best suited to the needs of their students. The fourth partner university is the University of Bath, whose Computer Services Department has been creating the searchable database and website. The interactive site is now part of the Holburne Museum's main website, hosted by the University of Bath, www.bath.ac.uk/holburne/muse.

The grant allowed the Holburne's curators to employ a part-time assistant to input data, assist with cataloguing, arrange photography and co-ordinate the project. The project has also allowed the curators to research and catalogue in depth some of the most important items in the collection, many of which have also been photographed.

In the long term, we intend the database on which Muse is based to be extended to contain the whole collection, so that every item will gradually become available on line. Muse thus serves as a pilot for a complete on-line collection.

Other collaborations with our HE partners included:

Symposium: *the Future of the Country House and Estate*: in March the Holburne hosted this high-profile day conference organised by the University of Bath's Department of Architecture and Civil Engineering in conjunction with the Holburne's exhibition *Painting the West Country House and Garden*. It was accompanied by an exhibition in the museum basement on recent Country House architecture.

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Brunel in Bath exhibition. The exhibition was prepared in consultation with Angus Buchanan, the University of Bath's Emeritus Professor of the History of Technology, who also wrote the book that accompanied the exhibition.

The University of Bath's Institute of Contemporary Interdisciplinary Arts continues to use the museum as a venue for various activities, including its regular 'Student Platform' recitals.

The Department of Historical and Critical Studies, Bath School of Art & Design, Bath Spa has launched a module for nineteen second year BA students on Museum and Gallery Studies. The module has been devised in response to student interest in exhibition organisation.

For the 2005-6 academic year, the module consisted of seven taught sessions, two of them at the Holburne, and the installation of an exhibition devised by the students, organised in the basement galleries of the Holburne. Two seminars were given at the Holburne by museum staff. The students were assessed on their exhibition, and Holburne staff were on hand to advise them. The exhibition, entitled *Possession*, explored the various meanings of possession and possessions, inspired by the collection and possessions of Sir William Holburne.

Post graduate certificate of education students from Bath Spa University College came for a discussion of early years education.

Dayschools continued in collaboration with the History of Art Department at the University of Bristol.

University of Bath GULP lectures were given and chaired by the Head of Education for the Lifelong Learning Department.

• **Special Projects**

Sculpture in the Trees in July involved a group from the Bath Drugs and Homeless Initiative in working with one of the freelance team, sculptor Julieanne Worrall Hood, on animal sculptures, funded by the Home Offices Respect initiative. They are now on display in the garden and the Lodge.

The Magic Meadow was a family activity in collaboration with Bath Spa University College's 'The Meadow' project, funded by the Arts Council, an installation by the artist which sent a meadow on a narrow boat from Bath to London over three weeks.

• **Family programme - Art for All**

Art for All workshops in the Gardener's Lodge for children from toddlers to teenagers use creative art activities to encourage children to engage with works of art and explore new materials and techniques. They included the monthly *Art Club* (7-11 year olds), *Inspiration Days* free at half term, *Hats off to Mr. Brunel!* at half term (part of Bath Fringe Festival) and the month-long summer holiday programmes based on the *Frabjous Beasts* exhibition, kicked off by a creative workshop with Quentin Blake himself.

• **Events and Lectures**

The Museum continued its lively and varied programme of lunchtime and evening lectures and concerts. Thirty six lectures were given over the year by a distinguished group of speakers including John Harris, Victoria Glendinning, James Fenton, Gavin Turk, Professor Richard Gregory, Mark Fisher and Penelope Hobhouse.

Events included

- o *Nicole & Martin*, a Swiss performance company, brought the magic of the theatre and the thrill of the circus to the Museum Garden with their spellbinding performances of Hansel & Gretel

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and The Fisherman and His Wife in their beautiful domed white tent. They delighted audiences of all ages (527 in total) with their unique story-telling style which included music, singing, dancing and eye-popping acrobatics.

o *Cinema under the Stars*

For the third successful year the Holburne worked with the Bath Film Festival to screen moon-lit movies in the Museum Garden. A watery theme was followed in the choice of films, the first, *Riding Giants*, an extraordinary documentary about surfing and the second film screened was the wonderful and old favourite *Singin' in the Rain*. Sadly the weather picked up on the theme and the heavens opened for both performances. Stoical audience members remained in spite of the downpour and 365 people in total enjoyed the films.

- o *Drawn to be Wild* on the August Bank Holiday, a highly successful free 'fun day' including a workshop with the leading illustrator Axel Scheffler.
- o *The Lantern Procession* to the Christmas Market in December, preceded by a week of very successful drop-in workshops making lanterns and including activity sessions with Bathwick St Mary Primary School and the Link School for teenagers displaying emotionally disturbed behaviour.
- o *Family trails and quizzes* throughout the year helped engage young visitors through the collection and temporary exhibitions.

PARTNERSHIPS

Bath & North East Somerset Council continues its strong support with funding, and we now work with several departments.

- o Arts Development collaborated on our first InSET day in May (19th) and on the 5x5x5 early years project, for which we became a cultural centre linked with artist Karen Wallis and Moorland Infant School, participating in the plenary Seminar and showcasing the project at the Holburne for two weeks in July.
- o APEX in the Educational Psychology Department draw on us regularly for workshops for gifted and talented children and we also contributed to a summer school this year.
- o The Heritage Education Forum provided two collaborations - a library display for Museums Week in May and a week of free events for Open Week at autumn half term. The Head of Education also delivered a training session to Forum members and other Bath Museum educators on role-play in museum education.
- o The Head of Children's Services brought a visiting group from Oxford to the Lodge to launch and discuss the Children's Champion institution developed by Bath.

The Wallace Collection National-Regional Museum Network continues to channel funding from the Strategic Commissioning Fund and to support us in all sorts of ways, together with our 3 other partner museums.

- o School workshops are funded so that they can be offered free, piloted here from workshops developed by partner museums. This year's Sensing Sculpture and Naked Bodies (life-drawing) for KS4 were both very popular.
- o Architecture Week was marked by Shooting Buildings, a free photographic workshop for KS3/4, which bought us 10 digital cameras and kit (now in frequent use) and strengthened our links with local secondary schools.
- o www.museumnetworkuk.org has taught us much about setting up websites with its three portals (Portraits, Landscape, Myths and Legends). It also provides web access to unseen works from the Holburne collections, and was launched successfully in London and then Bath in October.

Financial review

- Responsibility for the accounts and financial statements

The Charities Act 1993 requires The Trustees to prepare financial statements for each financial year that provide a true and fair view of the state of affairs and of the charity's financial activities during the year and of its financial position at the end of the year. In preparing the financial statements The Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate that the museum will continue operating.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position at any time and which ensure that the financial statements comply with the applicable rules and regulations. They are also responsible for safeguarding the assets of the charity and for their proper application under charity law, hence also for taking reasonable steps for the prevention and detection of fraud and other irregularities.

- Basis of accounting

In order to enhance transparency and openness The Trustees decided to adopt, earlier than required by the regulations, the new SORP which was issued in revised form in March 2005 (for mandatory adoption in respect of accounting periods beginning on or after 1 April 2005).

The opportunity has also been taken to review all the charity's key accounting policies to ensure that they continue to be in accordance with the requirements of the new SORP and of best accounting practice. Whilst these steps have resulted in enhanced disclosures in the financial statements it has not been necessary to make significant amendments to any key accounting policies.

- Review of the year

The financial outcome of the year's activities as shown by the Statement of Financial Activities was a net reduction in overall resources of £141,376 after crediting investment gains of £80,364. This reduction is almost entirely attributable to the net expenditure in the year of £206,835 on the Development project. The charity expended a total of £93,337 (2005: £58,960) on generating funds representing 10.5% (2005: 9.6%) of total incoming resources. The total of £481,892 (2005: £463,087) expended on charitable activities represents a 4% increase on the 2005 amount. These amounts represent 88% and 107% respectively of the total incoming resources excluding Development fund items.

The scale of the deficit (before transfers) on the General fund, at £174,982 (2005: £152,211), whilst capable of being funded by transfers from the Endowment fund in the short term, continues to be a cause of concern to The Trustees. The major development scheme and associated fundraising programme to which the Trustees are committed is designed to ensure that, after completion, the charity's investment income will cover operating deficits with sufficient margin to ensure that the capital in the charity's endowment fund is protected from further significant and continual erosion.

The Trustees are committed to strengthen the balance sheet by all available means. Despite the reduction in funds during 2006, the balance sheet remained in a satisfactory state at the year end, containing sufficient resources to enable the Trustees to pursue their short term policy of developing the sound financial base to ensure the long term stability and viability of the trust for the future.

- Details of funds

The Trustees maintain their accounts in the following four separate funds.

- o **The Endowment fund**, is a designated but unrestricted fund which the Trustees intend to keep intact, and to grow in value as far as possible, in order to provide finance for the subsidies essential to the ongoing activities of the Museum. The majority of the non-premises assets of this fund are invested under the management of a professional fund manager, in accordance with the Trustees' investment policy.
- o **The Development fund**, is a restricted fund operated solely for funds donated and grants raised for the purpose of financing the Trustees' major development scheme (which for these purposes includes the Gardener's Lodge development). The cash balances of this fund are maintained on separate accounts with the Trust's bankers.
- o **The Specific Purposes fund**, also a restricted fund, is an amalgam of the many donations to the charity over the years made with a specific purpose or intent expressed at the time of gift. All these transactions, both receipts and the use of the funding, are separately recorded and accounted for in the Trust's records. While the major part of the free cash of these funds is maintained in a separate account (the 'Sponsored Walk' account) with the Trust's bankers, a relatively small amount is accounted for as part of the Trust's general cash balances.
- o **The General fund**, is the fund through which all the Trust's day to day operating transactions (other than those that relate solely to one or more of the other funds) are recorded. This fund operates routinely in deficit, and is subject to regular subsidy from the Endowment fund and, in the short term, from the Sponsored Walk specific fund for education activities. A key strategy inherent in the Trustees' major development scheme is both to reduce the scale of the annual operating deficit on General fund (currently running at ca. £130K- £150K pa) and to attract sufficient additional funds into the Endowment to ensure that the investment income from that source is sufficient to fund the reduced deficits without diminishing the capital value of the Endowment fund.

- Investment policy and performance

The Trustees have placed the assets of the Endowment Fund into the hands of a third party investment manager with a medium risk/capital preservation mandate, in accordance with the powers given to the Trustees under the Trustees Investments Act 1961.

During the year under review the value of the investment portfolio declined from £775,180 to £740,818. Distributions to the General Fund of £140,000 and receipt of a donation of £25,000 account for net withdrawals in the year of £115,000, whilst the market value of the portfolio increased by £80,364. The increase in market value represented a gain in excess of 10% for the year.

- Reserves Policy

The Trustees are concerned to maintain a level of reserves which will provide sufficient working capital and enable the Museum to cope with unexpected shortfalls in income, or increases in operating costs. Work is in hand on the preparation of a comprehensive medium term Development Plan, the objective of which is to enable the Endowment Fund to be increased to a level from which the income thus generated will cover the core operating costs of the Museum.

It is the policy of the charity to maintain a level of unrestricted reserves, which are the free reserves of the Charity, at a level that is sufficient to cover the running costs of the Charity for at least six months.

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- **Plans for future periods**

Looking forward to 2007 and beyond, the clear priority for the Trustees remains the delivery of the Holburne's major development project and the attendant increase of the Endowment in order to place the charity on a secure financial footing so that it can properly and confidently pursue strategies to deliver its charitable objectives.

It is intended that detailed designs, applications and business plans will be completed and submitted to the Heritage Lottery Fund by July 2007. A condition of the HLF grant is that all matching funds for the project be in place before work commences. Assuming all targets are achieved, it is intended that the Museum will close to the public in March 2008 and that construction work will commence on site in the summer. The refurbished and extended Museum will reopen to the public in mid-2010.

A full programme of exhibitions is planned until the Museum closes to the public. During closure the Museum will remain active as we continue our fundraising appeal, work towards the new displays and interpretation of the collection, develop the exhibition programme for 2010 and beyond, administer the loan of objects and travelling exhibitions during closure and continue to run and develop our education service from the Gardeners Lodge.


Auditors

Moore Stephens have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting

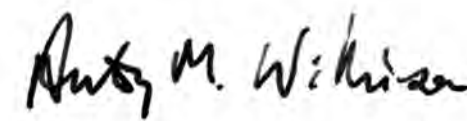
Thanks

The Trustees would like to convey their sincere thanks to all the volunteers and staff who have provided their support to the Museum, without which it could not continue to honour and deliver its response to the charitable objectives laid down for it by its founder in 1882.

This report was approved by The Trustees on 13 July 2007 and signed on their behalf by:



David W Posnett
Chairman



Anthony M Wilkinson CA
Treasurer

THE HOLBURN MUSEUM OF ART
REPORT OF THE INDEPENDENT AUDITORS
for the year ended 31 December 2006

Independent Auditors' Report to the Trustee of The Holburne Museum of Art

We have audited the financial statements of The Holburne Museum of Art for the year ended 31 December 2006 set out on pages 16 to 28. These financial statements have been prepared in accordance with the accounting policies set out therein

This report is made solely to the charity's Trustee, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustee those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and auditors

The responsibilities of the Trustee for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report if, in our opinion, the Trustee's Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from disagreement with accounting treatments

As detailed in Note 15 no actuarial assessment of the position of the defined benefit pension scheme in which the Museum's employees participate has been sought. Consequently the financial statements do not provide for the Museum's share of any surplus or deficit at the year-end date and the Statement of Financial Activities only reflects the Museum's contributions paid to the scheme, which may not accurately reflect all costs as determined by Financial Reporting Standard 17.

As detailed in Note 5 the Trustee has decided to exclude from the financial statements the heritage asset donated during the preceding year, on the grounds that inclusion of just one asset from the Museum's collection is inconsistent and misleading. Consequently the financial statements do not recognise this asset, as is required by Financial Reporting Standard 15.

THE HOLBURN MUSEUM OF ART
REPORT OF THE INDEPENDENT AUDITORS

for the year ended 31 December 2006

Except for any adjustments that may have been required had an appropriate actuarial assessment been sought, and the appropriate adjustment for the omission of the heritage asset from the financial statements, 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 charity's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

30 Gay Street
Bath BA1 2PA

Moore Stephens
Registered Auditors
Chartered Accountants

A handwritten signature in black ink, appearing to be 'R J', with a long horizontal line extending to the right.

24 July 2007

(a) Accounting convention

The annual report and accounts have been prepared in compliance with the Charities Act 1993, in accordance with the 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) ('SORP') and with applicable accounting standards. Where applicable, comparative results have been restated to comply with SORP 2005 but these restatements have had no effect on the fund balances brought forward at the start of the year.

(b) Revenue recognition

Donations, grants, sponsorship and legacies are credited to income only when it has become reasonably certain that they will be received and the amount can be measured with sufficient reliability.

Revenue grants and donations are shown in the Statement of Financial Activities in the year to which they relate and when the conditions for receipt have been satisfied. Where the grant has to be matched to a different period the deferred element is deducted from incoming resources and carried forward to the relevant period as deferred income.

Donated works of art are taken into income, and are added to the cost of acquisitions or capitalised, as appropriate, at valuations agreed by the Museum's curators to be a realistic estimate of the open market value of the items concerned.

No monetary value is attributed to the substantial amount of time and effort contributed by the trustees and many volunteers essential to the Museum's activities and who have not been paid for their assistance.

(c) Incoming resources

Voluntary income includes all gifts, donations and related gift aid, grants which provide core funding and patrons' subscriptions.

Activities for generating funds are the trading and other fundraising activities primarily to generate incoming resources to undertake charitable activities

Incoming resources from charitable activities includes any incoming resources received that are a payment for goods and/or services provided for the benefit of the charity's beneficiaries. 'Charitable activities' for the purposes Museum's financial statements are :

- Exhibitions and display
- Education
- Events (lectures and concerts etc), room hire and lettings.

(d) Resources expended

Expenditure is recognised when incurred, and is reported gross of related income on the following bases:

- *Costs of generating funds* comprises the costs associated with attracting voluntary income and the costs of other income generation, eg the costs associated with management of the investment portfolio
- *Charitable expenditure* comprises direct expenditure including staff costs attributable to its activities. Where costs cannot be directly attributed, they are allocated to activities on a basis consistent with the use of resources as described below.
- *Governance costs* are costs incurred in the governance of the Trust's assets in order to comply with constitutional and statutory requirements.

THE HOLBURNE MUSEUM OF ART
ACCOUNTING POLICIES
for the year ended 31 December 2006 (cont.)

- *Support costs* include the central functions and are allocated to activity cost categories on a basis consistent with the use of the resources, eg allocating staff costs according to time spent and other costs according to usage.

(e) Restricted and unrestricted income funds

Unrestricted income funds are expendable at the discretion of the Trustees in furtherance of the objects of the Museum. The Trustees have designated the Endowment Investment Fund as a separate unrestricted fund from the General Fund for the future development and maintenance of the Museum's buildings and collection.

The Museum receives grants and donations for purposes specified by the donors and funds are expended in accordance with donors' wishes. Such funds are disclosed in the accounts under one of the headings Specific Purposes Funds or Development Funds.

(f) Investments

Dividends and interest from investments are credited to income on receipt.

Investments are shown in the Balance Sheet at their mid-market price as quoted on the London Stock Exchange. Gains and losses on the revaluation and realisation of investments are debited or credited to the Endowment Fund and taken or charged to income in the Statement of Financial Activities.

(g) Taxation

No provision for taxation, deferred or otherwise, has been provided in these accounts as the Museum is a registered charity and is therefore exempt from taxation (other than Value Added Tax) under Section 505 of the Income and Corporation Taxes Act, 1988. Gift aid tax is reclaimable on certain donations, and where applicable, has been included in income.

(h) Fixed assets

Freehold land and buildings are shown in the balance sheet at valuation.

No depreciation is provided on the Museum's building as, in the opinion of the Trustees, the building has a residual value at least equal to its valuation. Expenditure on leasehold property is capitalised. Provisions for amortisation of such costs are made equally over the life of the lease, and are charged as an expense to the appropriate fund.

Expenditure on fixed assets is capitalised where material (defined as in excess of £1,000 for any single item). Where capitalised, assets are stated at cost, and are depreciated over 5 years, unless otherwise stated. Other (not material) fixed asset expenditure is charged to general income or specific grants as appropriate. Where expenditure on material fixed assets is funded by specific grant or donation; depreciation thereon is charged to the Specific Purposes Fund.

The value of the Museum's collection has not been capitalised as the majority of the collection is the legacy of the Holburne family. Significant costs would be involved in valuing the collection that, in the opinion of the Trustees, would not provide sufficient additional benefit to users of the accounts in assessing the Trustees stewardship of the assets to justify the expense.

THE HOLBURNE MUSEUM OF ART
ACCOUNTING POLICIES
for the year ended 31 December 2006 (cont.)

(i) Stock

Stock in the Museum shop is included in the financial statements at the lower of its original cost and net realisable value.

(j) Liabilities

Liabilities are recognised in full in the financial statements as soon as the obligation arises.

(k) Pension costs

The Museum's employees are eligible to participate in the Local Government Pension Scheme (The Avon Pension Fund, administered by Bath & North East Somerset Council) The employer's annual contributions payable are charged to the operations as staff costs as applicable

(l) Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are included in expenditure on a straight-line basis over the period of the lease.

THE HOLBURNE MUSEUM OF ART
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2006

	Note	Unrestricted:		Restricted			Total 2006	Total 2005 (Restated)
		General Funds	Designated Endowment Funds	Specific Purposes (Revenue)	Specific Purposes (Capital)	Develop- ment Fund		
		£	£	£	£	£	£	
Incoming resources								
From generated funds								
Voluntary income	1a	131,051	176,054	14,043	-	335,876	657,024	330,789
Activities for generating funds	1b	42,817	-	-	-	-	42,817	46,167
Investment income	1c	1,783	27,218	1,753	-	3,789	34,543	41,071
From charitable activities	1d	125,752	-	28,474	-	-	154,226	193,617
Total incoming resources		301,403	203,272	44,270	-	339,665	888,610	611,644
Resources expended								
Costs of generating funds	2a	38,603	3,664	-	-	51,070	93,337	58,960
On charitable activities	2b	393,733	-	76,606	7,195	4,358	481,892	463,087
Governance costs	2c	18,702	-	-	-	-	18,702	19,784
Major Development Project	2d	25,347	-	-	-	491,072	516,419	59,556
		476,385	3,664	76,606	7,195	546,500	1,110,350	601,387
Net incoming/ (outgoing) resources before transfers		(174,982)	199,608	(32,336)	(7,195)	(206,835)	(221,740)	10,257
Transfers between funds		160,740	(250,755)	-	-	90,015	-	-
Net incoming resources after transfers		(14,242)	(51,147)	(32,336)	(7,195)	(116,820)	(221,740)	10,257
Gains on investment assets	7	-	80,364	-	-	-	80,364	112,743
Net movement in funds		(14,242)	29,217	(32,336)	(7,195)	(116,820)	(141,376)	123,000
Fund balances brought forward		37,598	1,266,062	65,435	47,618	193,183	1,609,896	1,486,896
Fund balances carried forward		23,356	1,295,279	33,099	40,423	76,363	1,468,520	1,609,896
				Note 14	Note 11	Note 12	Note 13	

The above results relate wholly to continuing activities; there were no other recognised gains or losses in the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

THE HOLBURNE MUSEUM OF ART
BALANCE SHEET
as at 31 December 2006

	Note	Unrestricted:		Restricted			Total 2006 £	Total 2005 (Restated) £
		General Funds £	Designated Endowment Funds £	Specific Purposes (Revenue) £	Specific Purposes (Capital) £	Develop- ment Fund £		
Fixed Assets								
Heritage assets	5	-	-	-	-	-	-	-
Tangible fixed assets: The Museum	6a	-	550,000	-	-	-	550,000	550,000
Tangible fixed assets: Others	6b	3,327	-	-	26,145	76,363	105,835	110,859
Investments	7	-	740,818	-	-	-	740,818	775,180
		3,327	1,290,818	-	26,145	76,363	1,396,653	1,436,039
Current Assets								
Bookshop stock		9,762	-	-	-	-	9,762	3,224
Debtors	8	71,750	-	-	-	15,800	87,550	79,996
Intra-fund balances		125,146	(165,901)	12,943	14,278	13,534	-	-
Other assets - posters at valuation	9	-	151,054	-	-	-	151,054	-
Balance held by UoB		-	19,308	-	-	-	19,308	19,524
Bank balances and cash in hand		12,542	-	20,156	-	95,545	128,243	226,805
		219,200	4,461	33,099	14,278	124,879	395,917	329,549
Creditors: Amounts falling due within one year	10	(199,171)	-	-	-	(124,879)	(324,050)	(155,693)
Net Current Assets		20,029	4,461	33,099	14,278	-	71,867	173,857
Total Assets less Current Liabilities		23,356	1,295,279	33,099	40,423	76,363	1,468,520	1,609,896
Restricted Reserves:								
Specific Purposes Fund: Revenue	11	-	-	33,099	-	-	33,099	65,435
Specific Purposes Fund: Capital	12	-	-	-	40,423	-	40,423	47,618
Development Fund	13	-	-	-	-	76,363	76,363	193,183
		-	-	33,099	40,423	76,363	149,885	306,236
Unrestricted Reserves:								
Designated Reserves:								
Revaluation Reserve	14	-	550,000	-	-	-	550,000	550,000
Endowment Fund	14	-	745,279	-	-	-	745,279	716,062
		-	-	33,099	40,423	76,363	149,885	306,236
		-	1,295,279	-	-	-	1,295,279	1,266,062
General Fund		23,356	-	-	-	-	23,356	37,598
		23,356	1,295,279	-	-	-	1,318,635	1,303,660
		23,356	1,295,279	33,099	40,423	76,363	1,468,520	1,609,896

Approved by the Trustees on 13 July 2007 and signed on their behalf by:

Chairman

Trustee

The accompanying accounting policies and notes form an integral part of these financial statements.

THE HOLBURN MUSEUM OF ART
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

1. INCOMING FUNDS

	Unrestricted:		Restricted			Total 2006	Total 2005 (Restated)
	General Funds	Designated Endowment Funds	Specific Purposes (Revenue)	Specific Purposes (Capital)	Develop- ment Fund		
	£	£	£	£	£	£	
1a. VOLUNTARY INCOME							
Grants:							
Arts & Humanities Research							
Council (via University of Bath)	51,543		5,843	-	-	57,386	39,571
Heritage Lottery Fund	-	-	-	-	320,216	320,216	
Donations:							
Donated assets - Posters (Note 9)		151,054	-	-	-	151,054	-
Other donations	33,820	25,000	8,200	-	15,660	82,680	208,746
Patrons' subscriptions	29,688	-	-	-	-	29,688	35,101
Friends of the Holburne Museum	16,000	-	-	-	-	16,000	19,619
For costs of Gardener's Lodge	-	-	-	-	-	-	27,752
	131,051	176,054	14,043	-	335,876	657,024	330,789
1b. ACTIVITIES FOR GENERATING FUNDS							
Bookshop sales	39,017	-	-	-	-	39,017	42,467
Rent receivable - The Teahouse	3,800	-	-	-	-	3,800	3,700
	42,817	-	-	-	-	42,817	46,167
1c. INVESTMENT INCOME							
Dividends	-	20,388	-	-	-	20,388	26,011
Interest on cash deposits	1,783	6,830	1,753	-	3,789	14,155	15,060
	1,783	27,218	1,753	-	3,789	34,543	41,071
1d. FROM CHARITABLE ACTIVITIES							
Museum activities							
Admission fees	43,361	-	-	-	-	43,361	46,617
Sponsorship, grants and donations	54,831	-	-	-	-	54,831	77,053
Room hire & lettings	16,453	-	-	-	-	16,453	10,945
	114,645	-	-	-	-	114,645	134,615
Education							
Grants	-	-	12,375	-	-	12,375	28,300
Donations	-	-	16,099	-	-	16,099	14,500
Lectures, concerts, workshops etc	11,107	-	-	-	-	11,107	16,202
	11,107	-	28,474	-	-	39,581	59,002
	125,752	-	28,474	-	-	154,226	193,617
TOTAL INCOMING RESOURCES	301,403	203,272	44,270	-	339,665	888,610	611,644

THE HOLBURN MUSEUM OF ART
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

2. RESOURCES EXPENDED

	Unrestricted:		Restricted			Total 2006 £	Total 2005 (Restated) £
	General Funds £	Designated Endowment Funds £	Specific Purposes (Revenue) £	Specific Purposes (Capital) £	Develop- ment Fund £		
2a. COSTS OF GENERATING FUNDS							
Patrons' costs							
Salaries	-	-	-	-	-	-	7,346
Other costs	1,366	-	-	-	-	1,366	1,783
	1,366	-	-	-	-	1,366	9,129
Trading activities - bookshop							
Costs of goods sold	25,757	-	-	-	-	25,757	33,480
Salaries	10,678	-	-	-	-	10,678	9,481
Other costs	802	-	-	-	-	802	2,552
	37,237	-	-	-	-	37,237	45,513
Major Development Project							
Salaries	-	-	-	-	36,645	36,645	-
Other costs	-	-	-	-	14,425	14,425	-
	-	-	-	-	51,070	51,070	-
Investment management fees	-	3,664	-	-	-	3,664	4,318
	38,603	3,664	-	-	51,070	93,337	58,960
2b. ON CHARITABLE ACTIVITIES							
Museum activities							
Staff costs	176,261	-	-	-	-	176,261	117,070
Direct costs	78,949	-	18,132	-	-	97,081	88,303
Depreciation charges	-	-	-	-	4,358	4,358	4,358
Apportioned management costs	101,387	-	-	-	-	101,387	156,164
	356,597	-	18,132	-	4,358	379,087	365,895
Education							
Staff costs	40,833	-	-	-	-	40,833	40,533
Direct costs	22,627	-	-	-	-	22,627	15,545
Apportioned management costs	33,796	-	-	-	-	33,796	34,100
Depreciation charges	(1,646)	-	-	7,195	-	5,549	7,014
Funded from Restricted Funds	(58,474)	-	58,474	-	-	-	-
	37,136	-	58,474	7,195	-	102,805	97,192
	393,733	-	76,606	7,195	4,358	481,892	463,087
2c. GOVERNANCE COSTS							
External audit and accountancy	4,850	-	-	-	-	4,850	4,500
Legal and professional fees	1,305	-	-	-	-	1,305	-
Apportioned management costs	8,449	-	-	-	-	8,449	10,976
Trustees' expenses	4,098	-	-	-	-	4,098	4,308
	18,702	-	-	-	-	18,702	19,784
2d. MAJOR DEVELOPMENT PROJECT							
Staff costs	-	-	-	-	70,590	70,590	28,029
Direct costs - professional fees	-	-	-	-	416,461	416,461	-
Direct cost - others	-	-	-	-	4,021	4,021	31,527
Apportioned management costs	25,347	-	-	-	-	25,347	-
	25,347	-	-	-	491,072	516,419	59,556
TOTAL RESOURCES EXPENDED	476,385	3,664	76,606	7,195	546,500	1,110,350	601,387

THE HOLBURN MUSEUM OF ART
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

2. RESOURCES EXPENDED
(continued)

Auditors remuneration comprises

Fees paid for audit services

Fees paid for other services

Total 2006 £	Total 2005 £
3,250	2,600
1,600	1,900
4,850	4,500

Apportionment of management costs

Museum activities

Education

Governance costs

Major Development

Salaries £	Property Costs £	Other Admin Costs £	Total 2006 £	Total 2005 £
39,052	17,951	44,384	101,387	156,164
13,017	5,984	14,795	33,796	34,100
3,254	1,496	3,699	8,449	10,976
9,763	4,488	11,096	25,347	-
65,086	29,919	73,974	168,979	201,240

Support costs have been allocated on a basis consistent with the use of resources, in accordance with accounting policy (d)

3. PAYROLL COSTS

The average number of employees, including part-time staff, calculated on a full-time equivalent basis, was:

Curatorial

Education

Exhibitions

Attendants

Administration & finance

Development

Fundraising

Shop

2006	2005
3.0	2.3
1.7	2.0
0.7	-
3.0	3.0
3.8	3.2
1.0	0.5
1.0	-
1.0	1.0
15.2	12.0

Total remuneration costs comprise :

Gross wages and salaries

Employer's National Insurance

Employer's pension contributions

2006 £	2005 £
363,532	239,133
24,509	15,736
22,737	14,682
410,778	269,551

No employee earned more than £60,000 in 2006 or in 2005.

4. TRUSTEES

No remuneration is payable to the sole trustee of the Museum, or to any of the directors of that company. Expenses totalling £4,098 (2005: £4,308) were reimbursed to a director of the company for expenses incurred on travel and entertaining in the course of fund-raising activities

THE HOLBURN MUSEUM OF ART
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

5. HERITAGE ASSETS

In September 2005 HM Government's Department of Culture, Media and Science transferred to the Museum title to an English japanned cabinet on carved silver stand with an agreed valuation for the purpose of transfer of £250,000. The allocation was made under the terms of The Museums Libraries and Archives Council's 'Acceptance in Lieu' scheme.

The cabinet was originally included in the charity's closing balance sheet at 31 December 2005 at this valuation. However the Trustee has reconsidered this treatment, in view of the general accounting policy of not attaching any monetary value to the Museum's collection, and believes that, in the interests of consistency, this item should be excluded from the accounts, and the balances brought forward have therefore been restated. The Trustee acknowledges that this treatment is not consistent with the provisions of the SORP 'Accounting and Reporting by Charities' or with Financial Reporting Standard 15 'Tangible Fixed Assets'

In accordance with the Trustee's accounting policy no monetary value for the Museum's remaining collection, which has been acquired over a considerable number of years, has been established for inclusion in the financial statements.

6a. TANGIBLE FIXED ASSETS - MUSEUM BUILDING

The freehold of the Museum buildings and grounds is held by the Trustee.

The Museum building and grounds were professionally valued at £550,000 in 1994. The Trustee believes that the current value of the property is in excess of this figure, but does not consider it to be an appropriate use of funds to have a further valuation carried out. The Trustee does not believe there to be any point in providing for any depreciation in respect of the property.

In 2005 the building was insured for £7.5M, based on a professional valuation prepared for the University of Bath.

6b. TANGIBLE FIXED ASSETS - OTHER FIXED ASSETS

		Leasehold premises: Gardeners Lodge £	Fittings, office & security equipment £	Total £
Cost	Balance brought forward	87,163	51,194	138,357
	Additions	(2,084)	6,966	4,882
	Balance carried forward	85,079	58,160	143,239
Depreciation	Balance brought forward	4,358	23,140	27,498
	Additions	4,358	5,548	9,906
	Balance carried forward	8,716	28,688	37,404
Net book value	At end of the year	76,363	29,472	105,835
	At start of the year	82,805	28,054	110,859

The Gardener's Lodge - The cost shown above represents the cost of the premium paid in 2005 to Bath & North East Somerset Council for the grant by them of a 20 year rent-free lease on these premises in Sydney Gardens, together with the cost of small subsequent improvements. The lease commenced on 20 November 2004, and its costs are being amortised by equal annual instalments over the life of the lease, charged against the Development Fund.

THE HOLBURN MUSEUM OF ART
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006 (cont.)

7. INVESTMENT ASSETS

a) Analysis of movements in the portfolio

		2006 £	2005 £
Amounts invested in the year: legacy and donation received	Note 14	25,000	-
Amount withdrawn in the year: transfer to General Fund	Note 14	(140,000)	(77,174)
Reinvested income and management charges (net)		274	-
Net realised and unrealised gains	Note 14	80,364	112,743
Net movement in portfolio in the year		(34,362)	35,569
Market value brought forward		775,180	739,611
Market value carried forward		740,818	775,180

b) Analysis of investments by location

Investments in the UK	740,818	746,986
Investments outside the UK	-	28,194
	740,818	775,180

c) Analysis of investments by category

Equities	506,362	366,792
Fixed interest securities	113,046	127,081
Investment and Unit Trusts	54,569	265,673
Cash balances	66,841	15,634
	740,818	775,180

No individual investment amounted to more than 5% in value of the total portfolio (2005 nil)

8. DEBTORS

	General	Development	2006 £	2005 £
Trade receivables	12,132	-	12,132	3,545
Prepaid expenses	14,089	-	14,089	14,597
Accrued income and other sundry debtors	43,042	15,800	58,842	47,089
VAT recoverable	2,487	-	2,487	-
Taxation recoverable	-	-	-	14,766
	71,750	15,800	87,550	79,996

9. OTHER ASSETS - POSTERS AT VALUATION

During the year a collection of posters was donated to the Museum, intended by the donor that they should be sold for the Museum's benefit. The collection was sold at auction after the year end in May 2007 realising net proceeds of £151,054. This value has been included in these accounts as an addition to the Endowment Fund.

10. CREDITORS

	General	Development	2006 £	2005 £
Trade creditors:				
University of Bath	86,628	-	86,628	23,868
Others	28,172	87,379	115,551	45,622
Accrued expenses	80,493	37,500	117,993	73,779
Deferred income	3,625	-	3,625	8,350
Other creditors	253	-	253	336
VAT	-	-	-	3,738
	199,171	124,879	324,050	155,693

Deferred income represents incoming resources received in one accounting period that relates to a future period.

THE HOLBURN MUSEUM OF ART
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006 (cont.)

11. SPECIFIC PURPOSES FUND - REVENUE FUNDS

Movements in the year on funds granted or donated for specific purposes are shown below

	Income for the year £	Utilised in year £	Net Movement £	Opening Balance £	Closing Balance £
Education activities					
2003 Sponsored Walk donors	1,753	(30,000)	(28,247)	47,359	19,112
Bath & NE Somerset Council	12,375	(12,375)	-	-	-
Roper Rhodes Ltd	5,000	(5,000)	-	-	-
The Stephen Clark 1957 Trust	2,000	(2,000)	-	-	-
Other Grants	9,099	(9,099)	-	-	-
	30,227	(58,474)	(28,247)	47,359	19,112
Other activities					
Various donors			Railings fund	-	3,872
Various donors			Conservation	-	(2,045)
Roper Rhodes Ltd			Marketing	-	(6,000)
Arts & Humanities Research Council	5,843	(8,343)	"Muse" project	(2,500)	2,500
Various donors	8,200	(1,744)	Unspecified	6,456	1,028
	14,043	(18,132)		18,076	13,987
Total revenue funds	44,270	(76,606)	(32,336)	65,435	33,099

12. SPECIFIC PURPOSES FUND - CAPITAL FUNDS

Movements in the year on funds granted or donated for specific purposes are shown below

	Donated in year £	Utilised in year £	Asset Purchase £	Net Movement £	Opening Balance £	Closing Balance £
Capital expenditure - matched by assets						
The Worshipful Co. of Leathersellers Charitable Trust	-	(3,997)	-	(3,997)	12,495	8,498
The Mercers' Company Charitable Trust	-	(1,527)	-	(1,527)	6,647	5,120
Friends of the Holburne Museum	-	(898)	-	(898)	4,738	3,840
The Ernest Cook Trust	-	(773)	-	(773)	3,865	3,092
Security cameras	-	-	5,595	5,595	-	5,595
	-	(7,195)	5,595	(1,600)	27,745	26,145
Capital expenditure - held as cash						
Insurance recovery - to fund security cameras	-	-	(5,595)	(5,595)	9,704	4,109
The Ernest Cook Trust - Equipment for Lodge	-	-	-	-	10,169	10,169
	-	-	(5,595)	(5,595)	19,873	14,278
Total capital funds	-	(7,195)	-	(7,195)	47,618	40,423

THE HOLBURN MUSEUM OF ART
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006 (cont.)

13. DEVELOPMENT FUND

	Major Development Project	Gardener's Lodge	2006 £	2005 £
Donations: Friends of the Holburne Museum	10,000		10,000	
Donations: Others	5,660	-	5,660	177,781
Grants: Heritage Lottery Fund	320,216	-	320,216	-
Interest	3,789		3,789	1,275
Costs incurred	(542,142)	-	(542,142)	(59,556)
Amortisation of lease premium	-	(4,358)	(4,358)	(4,358)
Net incoming / (outgoing) resources before transfers	(202,477)	(4,358)	(206,835)	115,142
Transfers from General Fund	90,015	-	90,015	-
Net movement in funds	(112,462)	(4,358)	(116,820)	115,142
Fund balances brought forward	112,462	80,721	193,183	78,041
Fund balances carried forward	-	76,363	76,363	193,183

14. DESIGNATED ENDOWMENT FUND

Detailed movements in the fund during the year were:

	2006 £	2005 £
Donations: Posters gifted for resale (Note 9)	151,054	-
Legacy - Monica Catling dec'd, via The Friends of The Holburne	20,000	-
The Stephen Clark 1957 Charitable Trust	5,000	5,000
	176,054	5,000
Income - dividends and interest	27,218	34,082
Investment managers' fees	(3,664)	(4,318)
Exhibition costs paid from Endowment Fund	-	(6,423)
Net incoming resources before transfers	199,608	28,341
Transfers to other Funds - detailed below	(250,755)	(177,008)
Net outgoing resources after transfers	(51,147)	(148,667)
Gains on investments - realised and unrealised	80,364	112,743
Net decrease in funds	29,217	(35,924)
Fund balances brought forward	1,266,062	1,301,986
Fund balances carried forward	1,295,279	1,266,062

Designated Funds comprise:

Revaluation Fund - equal to value of property	550,000	550,000
Endowment Fund	745,279	716,062
	1,295,279	1,266,062

Transfers to other Funds comprises:

General Fund Amounts withdrawn from investment portfolio	140,000	
Endowment Fund income paid into General Fund	20,740	
Total - to cover annual operating deficit	160,740	192,008
Development Fund - shortfall on major development project	90,015	-
Specific Funds - Education	-	(15,000)
	250,755	177,008

THE HOLBURN MUSEUM OF ART
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006 (cont.)

15. PENSION SCHEME

The Museum participates in a multi employer defined benefit scheme. The assets of the scheme are held in the Avon Pension Fund administered by Bath & North East Somerset Council. At 31 March 2007 there were 69,446 members in the full scheme (2005: 67,406).

At the date of this report 12 Museum employees are members (2005: 14) and there is one deferred member. - at present there are no members who are pensioners. The charge for the defined benefits scheme was £22,737 (2005 £14,682).

The scheme deficit applying to the Holburne Museum of Art at the date of the last full actuarial valuation, 31 March 2004, was £32,000. The deficit applicable to the Holburne Museum as at 31 December 2006, estimated by the scheme administrator, is approximately £30,000 (2005 - estimated £40,000)

The share of the deficit attributable to the Museum will be eliminated over a period of 20 years from 1 April 2005 by way of increases in employer contributions to the following amounts:

From 1 April 2006	7.5% of salary
From 1 April 2007	7.7% of salary

No increase will be made to employee contributions, which remain at 6% of salary.

The museum is unable to identify its share of the underlying assets and liabilities of the fund on a reasonable and consistent basis without the assistance of the scheme's actuaries. The trustees do not consider that a funding report on the share of the overall scheme deficit at 31 December 2006 attributable to the Museum (estimated at £30,000) is a worthwhile or reasonable exercise, or that the professional costs that such an exercise would involve can be justified.

Financial Reporting Standard 17 requires provision for pension scheme deficits to be made in financial statements ending after 1 January 2005. For the reasons set out in the paragraph above, no such provision has been made in these financial statements.

THE HOLBURNE MUSEUM OF ART OFFICERS AND MANAGEMENT

A. The Board of Directors of The Holburne Museum Trust Company ("The Trustees")

David Posnett <i>Chairman</i>	Note	Former Chairman, The Leger Galleries. London Former Chairman, The Society of London Art Dealers
Michael King <i>Vice-Chairman</i>	1	Solicitor Partner, Stone King (Bath and London) Former Chairman, The Charity Law Association
Anthony Wilkinson CA <i>Hon. Treasurer</i>	1	Chartered Accountant Former partner, Coopers & Lybrand, Hong Kong
Malcolm Baldwin <i>Chairman, Executive Committee</i>	1	Chairman, Mondo Foods Limited Chairman, Design Central Limited
Edward Bayntun-Coward		Antiquarian bookdealer & owner of George Bayntun, Bath Chairman of the Bath Preservation Trust & Chairman of their Executive & Architecture Committees
Lady Beck		Director, The Soho Book Company
Sidney Blackmore	1	Chairman, The Friends of The Holburne Museum Authority on life of William Beckford
Michael Briggs		Former Chairman, Bath Preservation Trust
Stephen Green		Managing Director, Future Heritage
Ian Hay Davison CBE		Former Senior Partner, Arthur Andersen Former CEO of Lloyds Former Chairman of Sadler's Wells
Niall Hobhouse	1	Trustee Development Trust, National Museums, Liverpool Governor, London School of Economics Chairman, The Cities Programme, LSE Trustee of the Campaign for Museums
Caryl Hubbard CBE		Trustee of Pallant House Gallery, Chichester Formerly Trustee of the National Gallery, Tate, and Dulwich Picture Gallery Advisor to the Ashmolean Museum Formerly Vice-Chairman of the Contemporary Art Fund
Alastair Laing		Advisor (paintings & sculptures), The National Trust
Cllr. Marian McNeir	2	Former Mayor of Bath. Former Chairman, B&NES District Council Member of University of Bath Council
James Miller		Fine Art consultant Presenter of 'Hidden Treasure Houses' for Channel 5 & author of the book accompanying the series

THE HOLBURNE MUSEUM OF ART
OFFICERS AND MANAGEMENT
(cont.)

Brian Roper	Chairman, Roper Rhodes Ltd
Rosalind Savill CBE, FSA	Director, the Wallace Collection, London
Elodie Stanley	Consultant: N C Morris & Co Member, Solicitors' Disciplinary Tribunal Director: of Stanley Foundation Limited

B. Directors who served during the year, but are no longer directors at the date of this report

Diana Berry <i>Resigned 21 July 2006</i>	Former Chairman, Sotheby's Institute of Art
Robert James <i>Resigned 15 May 2006</i>	Surveyor
Cllr. Sir Elgar Jenkins OBE <i>Resigned 3 May 2007</i>	2 Executive Member for Transport, B&NES District Council
David Mlinaric <i>Resigned 27 November 2006</i>	Interior Designer

Notes

1. Member of the Executive Committee
2. Nominee of Bath and North East Somerset Council
3. Nominee, The Friends of The Holburne Museum

C. Senior management

Dr Alexander Sturgis	Director
Amina Wright	Curator of Fine Art
Matthew Winterbottom	Curator of Applied Art
Cleo Witt	Education Officer
David Taylor FCA	Finance Officer

THE HOLBURNE MUSEUM OF ART
ADVISERS AND BANKERS

Solicitors

Thring Townsend
Midland Bridge
Bath BA1 2HQ

Withy King
James Street West
Green Park
Bath BA1 2BT

Auditors

Moore Stephens
Chartered Accountants & Registered Auditors
30 Gay Street, Bath BA1 2PA

Investment managers and advisers

Gerrard Investment Management Limited
40-42 Queen Square
Bristol BS1 4QP

Insurance brokers

Marsh Limited
1 Victoria Street
Bristol BS1 6AA

Aon Limited
40 Torphichen Street
Edinburgh EH3 8JB

Bankers

CafBank Ltd
PO Box 289
West Malling, Kent, ME19 4TA