

SIR JOHN SOANE'S MUSEUM

Registered Charity No. 313609

THE ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR 1 APRIL 2017 TO 31 MARCH 2018

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Sir John Soane's Museum is a Non-Departmental Public Body (NDPB) whose sponsor is the Department for Digital, Culture, Media and Sport



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HISTORY, AIMS AND OBJECTIVES OF THE MUSEUM

History of the Museum

The architect Sir John Soane's house at No.13 Lincoln's Inn Fields has been a public museum since the early 19th century.

Soane demolished and rebuilt three houses on the north side of Lincoln's Inn Fields, beginning with No.12 between 1792 and 1794, moving on to No.13, re-built in two phases in 1807-09 and 1812, and concluding with No.14, rebuilt in 1823-24. Throughout the period he also made continuous alterations, adding more objects to his arrangements and seeking always to enhance the poetic effects and picturesque qualities of the architectural setting.

On his appointment as Professor of Architecture at the Royal Academy in 1806 Soane 'began to arrange the Books, casts and models in order that the students might have the benefit of easy access to them' and proposed opening his house for the use of the Royal Academy students the day before and the day after each of his lectures. By 1827, when John Britton published the first description of the Museum, Soane's collection was being referred to as an 'Academy of Architecture'.

In **1833** Soane negotiated an **Act of Parliament (3rd Gul.IV, Cap.iv)** to settle and preserve the house and collection for the benefit of 'amateurs and students' in architecture, painting and sculpture. On his death in **1837** the Act came into force, vesting the Museum in a board of Trustees who were to continue to uphold Soane's own aims and objectives (see below). A crucial part of their brief was to maintain the fabric of the Museum, keeping it 'as nearly as circumstances will admit' in the state in which it was left at the time of Soane's death in 1837 and to allow free access for students and the public to 'consult, inspect and benefit' from the collections.

The **1833 Act** was superseded in 1969 by **The Charities (Sir John Soane's Museum) Order (1969 No.468)**, revised in **1996, 2003, 2011 and 2012**.

Aims and Objectives of the Museum

The aims of the Trustees today embody Soane's general aims as defined in the 1833 Act and in the 1969 Order which superseded it.

The principal aim of the Trustees is to maintain the integrity of Soane's vision for the Museum while extending this, where appropriate, so that the Museum can play an increasing role in educational and recreational life in this country and beyond.

The Trustees' main objectives are as follows:

1. To maintain and improve the conservation and maintenance of our Grade I listed buildings and works of art so that they will be accessible to present and future generations.

Soane's 1833 Act stipulated that his house and museum (No.13 Lincoln's Inn Fields) should be kept 'as nearly as circumstances will admit' as it was in 1837. The Trustees' strategy is to maintain the historic fabric of the three Soane houses, Nos 12, 13 and 14 Lincoln's Inn Fields, and, when possible, to restore objects and interiors to their Soane arrangement and appearance.

2. To allow the public free access to the Museum.

3. To encourage the public to appreciate and explore all aspects of the Museum and its manifold collections, and of Sir John Soane, his life and works, whether as visitors or at a distance.
4. To inspire curiosity and creativity by means of an imaginative programme of events so that the Soane remains a 'living' museum.
5. To provide opportunities for education in its broadest sense in all aspects of architecture and the history of art, doing honour to Soane's intention to develop his House and Museum as 'an Academy for the Study of Architecture'.
6. To ensure that the Museum's staff, administration and finances are effectively managed.

With these objectives in mind and after reviewing the activities set out in this Annual Report, the Trustees have outlined a three-year future programme for the Museum in a Corporate Plan covering the period 2017-18 to 2019-20. We are also mindful of additional priorities set out by our sponsoring body, DCMS, and believe that our objectives and their priorities are compatible.

Public Benefit

In compliance with the duty set out in section 4 of the Charities Act 2011, the Trustees have considered the Charity Commission's General Guidance on Public Benefit when reviewing aims and objectives and in planning future activities. In particular, the Trustees consider how planned objectives will contribute to the aims and objectives they have set.

The benefits provided by the Museum are freely available to the public. All the Trustees of the Museum give their time and expertise free.

Relationship between the Charity and Related Parties

Sir John Soane's Museum is an executive Non-Departmental Public Body (NDPB) whose parent body is the Department for Digital, Culture, Media and Sport (DCMS). DCMS is regarded as a related party. The Museum's trading subsidiary, Soane Museum Enterprises Limited, the independent charitable company Sir John Soane's Museum Trust and the independent organisation based and registered in the USA, Sir John Soane's Museum Foundation, are regarded as related parties as well. Details of related party transactions are contained in note 22 to the Accounts.

REVIEW OF THE YEAR

DIRECTOR'S OVERVIEW

With *Opening Up the Soane* (OUTS) and the *Catalyst: Endowment* campaign behind us, Sir John Soane's Museum pivoted this year towards a more outward-looking engagement with the public. The remarkable achievements of the past few years were rewarded by our nomination as one of the five finalists in the Art Fund's Museum of the Year contest, and the ensuing publicity contributed towards a boost in visitor numbers that continues to this day. Visitor numbers for the year ending in March were 130,700, up 7.6% over the previous year. We also managed successfully a change in our opening days to include Sundays and Bank Holiday Mondays for the first time, thus answering a demand for greater access to the Museum over the weekends.

The Trustees commissioned an independent review of governance in anticipation of the DCMS's Corporate Governance self-assessment audit, and this task was admirably supervised by our Deputy Director. As a result, a Trustees' Governance Committee was established to implement the recommendations of the Governance Review, including the revision of the code of conduct and role Descriptions for the Chairman, individual Trustees, and the Lead Non-Executive Director. In addition, the Trustees have now developed a new protocol for the appointment of future trustees in order to have as diverse a group of applicants as possible.

Over the course of the past year, the Museum marked a number of notable events. These included the inaugural Soane Medal and Lecture, awarded to a distinguished architect, teacher, or critic who has made a major contribution to the culture of architecture. The first such lecture was given by the Medal recipient Rafael Moneo to an enthusiastic audience of over 400 at the Royal Institution. *Drawn from Life*, an exhibition of new sculpture by Marc Quinn, drew upon his response to the Soane Collection, garnering notable press coverage. It also brought in a younger, more diverse audience. We continued rebuilding our Learning Department, targeting age groups under-represented in our schools' profile, and we welcomed 2,764 pupils, who either came to the Museum or enjoyed its outreach activities elsewhere. This number was virtually double that of the previous year. Our Families and Informal Learning programmes witnessed a three-fold increase through workshops and family drop-ins. To their credit, our colleagues in Education achieved these results with very limited resources.

Thanks to major grants from the Foyle Foundation and the John R Murray Charitable Trust, we have been able to continue the process of cataloguing our collection of over 30,000 drawings and digitising John Soane's Archive. At the same time, our digital asset management system (DAMS) has come on stream, and all of these initiatives will render our collections more accessible for scholarly purposes.

Development has also seen a completely new team, and their strategic approach to fundraising is already bearing fruit with a variety of new pledges, including a commitment to underwrite the position of Director. We are grateful to the Deborah Loeb Brice Foundation for its generous support of my position. By the same token, Soane Museum Enterprises has seen a new infusion of talent. Our online shop was revamped with a resulting increase in revenue of 28%, year on year. The Museum Shop also raised profits by a gratifying 14%.

Following the completion of OUTS, Catalyst: Endowment and the DCMS-funded Capital Works, we are at present less subject to major exceptional financial outflows and inflows. Through careful cost controlling and continuing revenue initiatives, our finances are currently more stable on an ongoing basis. Our Key Performance Indicators are robustly positive, and we look forward to the future with

confidence. In the coming year, we shall focus on targeted departmental goals and relieving pressures on our core budget. Among our aims are the complete renovation of the South Drawing Room and the Drawing Office as well as funding for our ambitious programmes in exhibitions and education. Looking further ahead, however, there still remain significant challenges in the financing of some future projects which may not be deferrable, as well as uncertainties regarding the government's new Comprehensive Spending Review scheduled for the spring of 2020.

Finally, I must thank the Chairman, Guy Elliott, and all the Trustees for their advice and support over the past year. The achievements recorded here are very much to the credit of my talented and dedicated colleagues.

Bruce Boucher, Deborah Loeb Brice Director

THE BUILDINGS

Following the successful completion during 2016-17 of the major seven-year restoration programme *Opening up the Soane* (OUTS), this year was one of consolidation in respect of the buildings.

Julian Harrap Architects were commissioned to set up a programme of quinquennial reviews of all three Grade I listed buildings, beginning with No.14 Lincoln's Inn Fields, restored in 2009.

The conservation heating system installed at the end of the previous financial year required careful monitoring by the House Manager and Conservation Team and additional work was carried out to ensure that all elements were working as efficiently as possible.

In January 2018, five stained glass panels were reinstated in the west loggia window of the South Drawing Room, following conservation by Chapel Studios.

THE COLLECTIONS

'Works of Art' denotes the paintings and other objects on display in the Museum. 'Research Library and Archive' covers Soane's collection of drawings and books and his business and personal papers.

WORKS OF ART

Acquisitions

'Pasteeshio', a sculpture created by Adam Nathaniel Furman for his exhibition *Adam Nathaniel Furman: The Roman Singularity* (see p.14), was donated to the Museum in December 2017 and is now on display in the Research Library.

Conservation and reinstatement

The major project undertaken by the Conservation Department during the year was the conservation of the frame of the Lawrence portrait of Sir John Soane, funded by the Finnis Scott Foundation. Thanks to the generosity of Patron Philip Athill, who paid for a temporary frame, the portrait remained on display in the Dining Room while the work was carried out. The portrait was rehung in its conserved frame in April 2018.

Three plaster casts were conserved and reinstated in their original locations in the Front Hall of No.13 where they had last been displayed over 100 years ago.

Sir Joshua Reynolds's *The Snake in the Grass; or Love Unloosing the Zone of Beauty* was taken to the Courtauld Institute for a day in December 2017 to undergo X-ray and technical analysis to facilitate comparative research with two other versions of the picture at Tate and the Hermitage Museum, St Petersburg.

Cataloguing

Work continued to improve and add records to the Collections database. In particular, all the entries for the antique and neo-classical gems were checked and the entries from the printed catalogues of the stained glass and furniture were put online.

THE RESEARCH LIBRARY AND ARCHIVE

Acquisitions

In October 2017 the Museum was pleased to receive from Philip K Howard, via Sir John Soane's Museum US Foundation, the gift of two Soane Office drawings for the Court of Chancery, one of the Law Courts at the Palace of Westminster, designed by Soane 1822-26.

Cataloguing of the Drawings Collection

We received the sad news of the death of Jill Lever on 22 November 2017. Following her retirement as Curator of the RIBA Drawings Collection, Jill had worked for the Museum as a drawings cataloguer and mentor of trainee drawings cataloguers in a part-time, freelance capacity since April 1996. A memorial evening for over 60 ex-colleagues, family and friends was held at the Museum on 12 January 2018.

Trainee cataloguer James Jago began work to catalogue Soane's drawings for the Law Courts at Westminster at the end of July 2017 and was making good progress at the end of March 2018. This was the first part of a two-year project, 'Religion and the Law', funded by the Mercers' Company and the Pilgrim Trust.

In August 2017, James Campbell, a Cambridge academic, began work (on a voluntary basis) to catalogue Soane's drawings for the United Grand Lodge of Freemasons.

In February 2018, trainee cataloguer Anna McAlaney began a two-and-a-half year contract to catalogue a portion of the Adam drawings collection, part of a five-year project principally funded by the Foyle Foundation.

Digitisation of the Archives

Following a generous grant from the John R Murray Charitable Trust in September 2017, work began to digitise and make available online three important series from Soane's Archive – his Notebooks (pocket memorandum books), Account Journals and Office Day Books. The digitisation was almost complete at year end.

COLLECTIONS MANAGEMENT SYSTEM/DIGITAL ASSET MANAGEMENT SYSTEM

Following the successful integration of Collections Index+, the collections management system, with Asset Index+, the Museum's new digital asset management system, a museum-wide programme of

training was rolled out and work began to populate the DAMS with images previously stored in a number of locations.

LOANS

A late 17th-century measured drawing by Tomaso Belli of the Theatre of S. Giovanni e Paolo, Venice, was lent to an exhibition entitled *Opera: Passion, Power and Politics* at the Victoria and Albert Museum.

A model, three Soane drawings and an engraving by Angelo Campanella were lent to *A Life's Great Work: Sir John Soane and the 3rd Earl of Hardwicke, commissioned work at Wimpole Hall*, an exhibition at Wimpole Hall, Cambridgeshire.

Two Grand Tour sketchbooks by Nicholas Stone the Younger (d.1647) and Henry Stone (d.1653) were lent to the exhibition *The Paston Treasure: Microcosm of the Known World* at the Yale Center for British Art, New Haven, USA.

EDUCATION, LEARNING AND EXHIBITIONS

EDUCATION AND LEARNING

Learning Department Overview

2017-18 saw the Learning Department continue to expand in activity, whilst departmental structuring changes brought some extra staffing time. New schools sessions were introduced, targeting age groups which were under-represented in our schools figures. Provision for families continued to grow with a new series of family drop-ins and attention to marketing to increase numbers. The community programme was reinstated in 2017, with the introduction of a Youth Panel and a project for people living with dementia and their carers is planned for the summer of 2018.

Schools and Formal Learning

In 2017-18, 2,764 school pupils either visited the Museum or enjoyed an outreach activity at school (1,805 last year), with the three weekly slots for educational visits frequently fully booked.

Several new taught schools sessions were introduced, including the first curriculum-focused tour aimed at sixth form students (KS5) which links to the curriculum for Classical Civilisation A-level. A session on the Egyptians was also developed. This was inspired by the exhibition *Egypt Uncovered*, but will continue to be offered as part of the general schools programme. There are plans to continue to expand the range of taught sessions for primary and secondary schools in 2018-2019.

The schools outreach programme has been expanded with the addition of *Architectural Yoga*, developed and run by freelancer Chi Onuora. This session uses Yoga to teach about architectural structures, particularly those in classical and neo-classical architecture such as Soane's, with links to the history and PE curricula.

Families and Informal Learning

This programme includes:

- Free drop-in events for families
- Charged children's workshops

- The *Building Explorers* weekly after-school club
- The *Young Architects' Club* (YAC, for 7-10 year olds)
- The *New Architecture Club* (NAC, for 11-14 year olds)
- The *Architectural Drawing Course* (AD15-18, for 15-18 year olds).

631 children and young people participated in family or informal learning activities at the Museum this year (178 last year). We continue a programme of ticketed workshops every Wednesday and a family drop-in every Thursday during the school holidays. Highlights included a creative writing workshop for young people, a *Make Your Own Mummy* workshop and *Regency Square Junk Modelling*.

A full cycle of family drop-in sessions on the second Saturday of every month has now been completed. These began in April 2017 with the first of our *Lego City* drop-ins, which attracted 60 children and 45 adults over the course of the day in Lincoln's Inn Fields.

Planning was also undertaken for a special family event in April 2018, linked to the exhibition *Egypt Uncovered*. This involved ten performances of an immersive theatrical tour of the museum led by an actor in role as 'The Great Belzoni'. During rehearsal week, we invited a class of children from one of our local partnership schools, St Clement Danes, to see this performance and had very enthusiastic feedback from the children.

Building Explorers after-school club continues to deepen our engagement with our local primary schools. The club runs weekly over the academic year for children from our three closest Camden primary schools. Highlights from this year included a trip to London Bridge and the making of some impressive model Gothic-style churches by the club members.

YAC and NAC continue to be extremely popular architecture clubs running once a month over the academic year. This year the YACs are investigating the theme of Materials and the NACs are embarking on a project to re-design spaces at the Soane.

Architectural Drawing 15-18, the department's popular architecture drawing course for students, ran over six sessions from October 2017 to March 2018, led once again by architect Benedict O'Looney. Seventeen students attended the sessions, which were held in a range of locations, including Westminster Abbey, Peckham Rye station and All Saints Margaret Street.

Communities and Access

September 2017 saw the re-establishment of a Youth Panel at the Museum. The Youth Panel are currently planning an event to be held as part of The *London Festival of Architecture* in June 2018.

We have secured funding for a project working with people with dementia and their carers, which will run over the summer of 2018 at the Museum. We will be working with our longstanding community partner organisation Holborn Community Association on this project.

Public Events

The 2017-18 public events programme included a rigorous series of live architecture talks, exhibition events, Museum Lates and the 2017 Annual Lecture and inaugural Soane Award. Throughout the course of the year, the department collaborated with a variety of organisations, festivals, publications and individuals, including partnership events with Marc Quinn Studio, London Festival

of Architecture, Machine Books, the *Architectural Review*, James Taylor-Foster and The Everyday Press.

The Soane Salon talks series aimed to attract a diverse, interested and professional audience at an affordable, accessible price point. These talks series included *Style: In Defence Of (Series 2)*, in partnership with Machine Books; *Reputations*, a collaboration with the *Architectural Review*; *Architecture on Display*, with James Taylor-Foster (ArchDaily and ArkDes); and *Details*, proposed by architect Wayne Head and Arnaud Desjardin, founder of the Everyday Press. 628 people attended a total of 21 events.

The department worked as part of the Soane Lates committee to manage three Museum events, two of which supported current exhibitions with a focused content (Marc Quinn Late and the Sarcophagus Late) and another, The Memory Palace, as part of June 2017's London Festival of Architecture.

In November 2017 we launched a new signature public event that recognises architects, artists, writers and others whose work has broadened and enriched understandings of architecture and the built environment. The inaugural Soane Award and reinstated Annual Lecture was delivered by the distinguished Spanish architect Rafael Moneo. The event was held on 1 November 2017 at the Royal Institution and attracted 423 attendees.

The public programme also boasted curator-led tours, lunchtime talks and off-site events to support the current exhibitions; these included tours of *Egypt Uncovered*, Marc Quinn in conversation with Darian Learner and seven lunchtime talks (by academics, curators and artists) which discussed form and body in sculpture.

Across all events 1,979 adults took part in 47 Museum events in 2017-18. This represents a 299% increase on last year, when 495 adults took part in 23 events.

EXHIBITIONS

Two exhibitions were held in the Soane Gallery during the year. Two additional exhibitions were held in the Foyle Space and a further one in Soane's Kitchens.

Marc Quinn 'Drawn from Life'

28 March – 23 September 2017 (Soane Gallery, Foyle Space and throughout Museum)

Marc Quinn's (b. 1964) exhibition of his new work 'All About Love' was the first public exhibition of twelve new sculptures inspired by the idea of the fragment, and by his muse, a dancer. Each sculpture was subtly different, but all of them showed intertwined figures and were displayed throughout the basement, ground and first floors of the Museum. Quinn's series of new works made direct reference to classical sculpture and the disembodied body parts appeared to be ambiguously loving, fighting, holding or supporting. Simultaneously rough and elegant, contemporary and classical, the sculptures demonstrated how the language of the classical fragment can be taken to reflect the present. Shown amongst Soane's existing collection, the distinction between past and present, classical and contemporary, art and artefact was deliberately highlighted.

Samples of the pink rubber moulds used to produce the sculptures were presented in the exhibition gallery to demonstrate the process to the public. A book of essays and catalogue of the works accompanied the exhibition. The exhibition was generously funded by Christian Levett.

Egypt Uncovered, Belzoni and the tomb of Pharaoh Seti I

11 October 2017 - 15 April 2018 (Soane Gallery)

Egypt Uncovered celebrated the 200th anniversary of the re-discovery of the tomb of Pharaoh Seti I in October 1817, by Giovanni Battista Belzoni, a circus strongman turned engineer turned explorer. Belzoni was a larger than life character whose achievements Sir John Soane followed with interest. In 1824, after Belzoni's death and the British Museum's decision not to purchase the sarcophagus for the nation Soane bought it himself for £2,000, the most he had ever paid for an object in his collection. In addition to a focus on the sarcophagus itself the exhibition discussed the tomb of Pharaoh Seti I, the 'Great Belzoni', and Soane's fascination with the sarcophagus.

The exhibition included a number of loans from the Bristol Museum and Art Gallery, the Daniel Katz Gallery, Mougins Museum of Classical Art courtesy of Christian Levett, the British Museum and the Library and Museum of Freemasonry.

To coincide with the exhibition, *Sir John Soane's Greatest Treasure: the Sarcophagus of Pharaoh Seti I* was published, containing a complete analysis of the inscriptions on the sarcophagus by the eminent Egyptologist John H Taylor from the British Museum, with an essay on Soane's celebrated 'sarcophagus parties' by Helen Dorey, Deputy Director of Sir John Soane's Museum.

Soane's Ark: Building with Symbols

11 October 2017 - 21 January 2018 (Foyle Space)

This exhibition was conceived and curated by Ferdinand Saumarez Smith and marked the tercentenary of the foundation of the first Masonic Grand Lodge in London in 1717. At its centrepiece was a re-creation of Soane's 'Ark of the Masonic Covenant', a piece of ritual furniture designed by Soane in his capacity as Grand Superintendent of Works to the Freemasons and built in honour of the unification of Ancient and Modern Masonic Lodges in 1813. Saumarez Smith, under the aegis of Factum Foundation and with sponsorship from the Grand United Lodge of England, researched the original drawings of the Ark and oversaw the production of an exact replica made by master woodcarvers, Houghtons of York. The replica Ark was Commended in the 'Object in a Georgian Context' category in the Georgian Group Architectural Awards 2017.

Also on display were watercolours by J M Gandy, including one of the Freemasons' Hall designed by Soane showing the Ark *in situ* and Soane's own masonic apron and gloves.

To accompany the exhibition, Factum Foundation published a book edited by Saumarez Smith, with contributions from Douglas Burford, like Soane a former Grand Superintendent of Works at the United Grand Lodge of England, and the architectural historian, Dr James Campbell.

The Architecture Drawing Prize

21 February – 14 April 2018 (Foyle Space)

This exhibition was the culmination of the inaugural Architecture Drawing Prize, which launched in summer 2017. The prize was jointly conceived by Sir John Soane's Museum and the World Architecture Festival, and sponsored by the architects MAKE. The prize celebrates drawing's significance as a tool in capturing and communicating ideas, recognising the continuing importance of hand drawing, but also embracing the creative use of digitally produced renderings. The entries were evaluated on the basis of their technical skill, originality in approach, and ability to convey an architectural idea, whether for a conceptual or actual building project.

Over 166 entries were submitted by students, architects and designers from 26 different countries. The judging panel selected winners in three categories: hand drawn, digital, and hybrid drawings. The exhibition featured the three winning entries, plus 10 commended entries. *Memento Mori: a Peckham Hospice Care Home* by Jerome Xin Hao Ng was selected as the overall winning drawing, and was taken from the category for Hybrid images.

Adam Nathaniel Furman: The Roman Singularity

16 September – 10 December 2017 (Soane's Kitchens)

In partnership with the 15th London Design Festival Sir John Soane's Museum presented *The Roman Singularity* by architectural designer Adam Nathaniel Furman. The headline artwork was a city of 3D-printed models celebrating Rome as the pilgrimage site for the world's imagination, alongside a new site-specific work created by Furman especially for the Museum. The sculpture 'Pasteeshio', was placed in the Rear Kitchen, on one side of a window, on the other side of which, in the Monument Court at the heart of the Museum, was Soane's *Pasticcio*, creating a dialogue of forms, scales and materials between the nineteenth- and the twenty-first centuries.

TOURING EXHIBITIONS

'Visions of World Architecture'

3 March 2018 - 17 June 2018, The Tchoban Foundation, Museum for Architectural Drawing, Berlin

This temporary loan exhibition was the third collaborative project between the Museum for Architectural Drawing, Berlin, and Sir John Soane's Museum. The exhibition showcases a series of remarkable drawings produced by Sir John Soane to illustrate his lectures as Professor of Architecture at the Royal Academy of Arts, London, between 1809 and 1820. Beautifully rendered by Soane's architectural pupils spanning subjects ranging from pre-history to the latest buildings of Regency London, these coloured illustrations offer a fascinating insight into Soane's architectural thinking and his role as an educator. The exhibition was originally displayed at Sir John Soane's Museum in 2007.

The Museum gratefully acknowledges the support it receives for all exhibitions from the Government Indemnity Scheme, administered by Arts Council England.

DEVELOPMENT AND COMMUNICATIONS

The Museum recruited an entirely new Development and Communications team in 2017, with Willa Beckett joining as Director of the department, Kezia Evans as Development Manager, Camilla Ravani as Development Officer and Tom Ryley as Communications Officer.

Following the success of two large campaigns (*Opening up the Soane* and the Endowment Campaign) fundraising activity shifted to relieving core budget and ensuring departmental goals are adequately supported with the necessary funds. Examples of success in this area, and of the returns from fundraising activities included:

- £100,000 pledge from the Foyle Foundation to catalogue the Museum's Adam drawings over the next five years
- £100,000 pledge from the Deborah Loeb Brice Foundation to underwrite the Director's position
- £50,000 unrestricted donation from the Lund Trust
- £42,000 from six sources to fund various education programmes
- £35,000 from the John R Murray Charitable Trust to digitise part of Soane's archive

- £25,000 from Rolex to fund the programming around the inaugural Soane Medal and Lecture
- £20,000 from five sources to fund the 2018 Postmodernism exhibition

The Patrons' events brochure was redesigned; the Friends' magazine was discontinued and replaced with a monthly e-newsletter; the *Annual Review* was sent to a wider audience, including the Friends; and a new recruitment strategy for Patrons and Friends was introduced in the last quarter, which saw an immediate upturn in numbers. Events for the Patrons included *Liederabend* recital by winners of the Oxford Lieder Festival, a private tour of Apsley House and the Wellington Collection, and an out of hours tour of *Charles I: King and Collector* at the Royal Academy of Arts.

The exhibition *Marc Quinn: Drawn from Life* (see p.12) saw some of the most extensive press coverage the Museum has ever received. Highlights were a film commissioned by the *Financial Times*, and extensive reviews in the *Evening Standard*, *Sunday Times*, *Guardian*, *Telegraph* and *Observer*. The inaugural Soane Annual Lecture (see p.12) was also well received, and interviews with Rafael Moneo appeared in *Architects' Journal* and *RIBA Journal*, as well as *Designboom*, *Archdaily* and *World Architecture*.

In May and June 2017 the Museum ran a major press and social media campaign to support the nomination for The Art Fund Museum of the Year 2017 Award. Although the Museum did not win the award, the process was an important profile-raising exercise and became a contributing factor in the continual rise in visitor numbers.

SERVICES

VISITOR SERVICES AND VOLUNTEER TEAM

Visitors to the Museum

The total number of visitors to the Museum during the year, excluding those to private functions, was 130,700, an increase of 7.6% on last year's figure of 121,504.

There was a notable decrease in group visits with 53 groups (excluding education groups or private tours) booking in advance and 809 group visitors (150 groups last year).

Our visitor surveys show that the proportion of visitors from overseas increased during the year and now stands at 52% overall. There was, however, an increase in domestic visitors from October 2017, possibly due to the change in opening days (see below).

Change of opening days

In October 2017 the opening days of the Museum were changed from Tuesday to Saturday to Wednesday to Sunday. This was in response to the sharp increase in visitors on Saturdays. Opening on Sundays has spread the number of visitors out over two weekend days and has had a positive impact on conservation and visitor experience. It has also generated additional income and helped to diversify our audience. Bank Holiday opening was also introduced for the first time (with the exception of 25 and 26 December and 1 January). This change brought the Museum into line with other London-based national museums, and offers an additional opportunity for our local audience to visit.

Lates programme

With the change in opening days in October 2017, the candlelit Evening Openings on the first Tuesday of every month were replaced with a ticketed, charged system of monthly Friday Lates. This new programme has been much more content rich, examples including 'A Regency Christmas' and 'An Evening at Home with the Soanes' and has proved extremely popular.

Volunteer Programme

Our volunteer programme continues to grow and develop, with 56 new Volunteer Visitor Assistants joining us this year. There is also an active Back of House volunteer programme, with volunteers providing invaluable support in the Development and Communications, Education, Enterprises, Conservation and Library and Archives Departments and gaining new skills to support their own professional development. Over the year volunteers contributed a total of 8,651 hours (2016-17 7,647 hours).

COMMERCIAL ACTIVITIES

Soane Shop (including online)

The Museum has further developed its online presence with the launch in October 2017 of a revamped online shop which delivered an encouraging uplift in spend of 28% year on year. The new e-commerce platform is not only more visual and intuitive but also works across all devices and offers an improved experience for the customer. The Soane Shop had a consistently good year and ended the financial year with takings of £355,168, an impressive 14% increase on the previous year. There was also a 14p increase in spend per visitor to £2.52.

Event Booking

March 2018 saw the launch of an in-house event booking system which offers customers an enhanced experience and will save the Museum approximately £10K in booking fees per annum.

Entertaining at the Soane

The Museum was less effective this year in attracting event business than in previous years. Whilst it is difficult to determine the reasons for this and the Museum is working hard to address this trend, we are finding that we are operating with increased competition across the sector and that some organisations have been less likely to make bookings due to uncertainties caused by Brexit and fears related to terrorism. There was also some transfer of income to Tours which saw that stream's revenue ending up 20% against 2017-18 targets and up 28% year on year actuals.

Inspired by Soane: Brand Licensing

At the end of the year, after six months of contract negotiation, Soane Museum Enterprises signed up a US-based Brand Licensing agent called Spotlight who will look to raise the brand profile in the US and sign up new consumer-facing Licensees.

The agreement could not have been facilitated without the generous and ongoing *pro bono* legal support of Morrison Foerster. Thanks are also due to Urquhart-Dykes and Lord, chartered patent attorneys, who have likewise provided support *pro bono*.

FINANCE AND PERFORMANCE

Finance

Following the successful closure during 2016-17 of the Catalyst Endowment Fund appeal, the final expenditures on the OUTS Project and the completion of the Capital Works programme funded by the grant from DCMS, 2017-18 for the time being saw the last of a series of major exceptional inflows and outflows that have affected our Financial Statements for a number of years. Going forward, these are not expected to have such a significant impact on our Annual Accounts – particularly in future changes in the level of Unrestricted and Restricted Reserves.

The Consolidated Statement of Financial Activities shows that the Group incurred Net Income of £33,953 from Unrestricted Funds in 2017-18, compared with the Net Income of £761 in 2016-17. This includes £50,000 of income recognised in 2017-18 in advance of receipt, in accordance with a change in accounting treatment (SORP FRS 102), but which was not received (and will not be matched by expenditure) until 2018-19.

On a Consolidated Funds basis, taking into account both Restricted and Endowment Funds, however, there was a net decrease in Total Funds, after all expenditure, of £375,290 (2016-17: Increase of £210,807).

Total Consolidated Income fell by £1,305,730 to £2,497,917 in 2017-18. Receipts from Grants and Donations were £205,000 lower, primarily due to (i) the end of the OUTS Project, (ii) non-recurrence of the exceptional £971,000 grant from DCMS for Capital Works received in 2016-17; and (iii) lower income from Trading Activities, especially the absence of one-off filming income of £90,000 in 2016-17.

Total Expenditure was also lower by £718,084, mainly owing to the one-off donation of £1,000,000 made to the Sir John Soane's Museum Trust in 2016-17. This reduction was partially offset by the increased cost base, mainly related to staffing, which rose by £232,000, largely due to the final implementation of OUTS, and to other costs, for example of additional storage.

Most of the decrease in Consolidated Funds in 2017-18 was recorded in Restricted Funds i.e. £410,519 (2016-17: Increase of £210,319). This consists primarily of depreciation charges of £280,624 and the planned release of the balance of some Restricted Funds, for example, the Masterplan Fund and Capital Fund for Enabling Works of £102,854 to fund additional staff costs related to OUTS implementation. The relatively minor balance of £27,041 was reflected in changes in other Funds, further details of which are provided in the notes to the accounts.

The Consolidated Statement of Financial Activities shows the allocation of expenditure on raising funds and on charitable activities. The differences between the two years are mainly due to changes in the Museum's priorities and activity levels. The Museum continues to focus on operational cost efficiencies and the control of overheads.

The Balance Sheet shows that the Group's Net Assets decreased from £10,403,366 to £10,028,076. This is due primarily to an overall depreciation charge of £316,846 (including the £280,624 already referred to above), and to a decrease in Net Current Assets of £162,659 during the year. This is offset by additional capital expenditure of £102,939 on Fixed Assets.

The principal funding sources during the year were the DCMS grant-in-aid, commercial income through the trading subsidiary (SME Ltd) and grants and donations. These resources support the key objectives of the charity as mentioned elsewhere in the Annual Report and Accounts.

The main factors which are likely to affect the Museum's Income Statement (SoFA) and Balance Sheet going forward are uncertainties in respect of all income streams, including the level of grant-in-aid beyond 2019-20. There is also the significant issue of urgent and essential building repairs and maintenance and capital works to be funded largely from internal resources, in addition to which there is an estimated backlog of approximately a further £1m of planned and programmed building repairs and maintenance and capital works.

The Museum is exempt from the requirement under the FReM to provide a sustainability report as it falls below the size threshold for reporting.

Performance

The relationship between the Museum and its sponsoring body, DCMS, is set out in a spending review allocation letter. Following the 2015 Comprehensive Spending Review, the Museum's resource grant-in-aid was fixed in cash terms at its 2015-16 level of £983,000 for the period 2016-17 to 2019-20.

Subsequent to the agreement of funding terms, a Management Agreement covering the four-year period was drafted by DCMS and finalised in November 2016. Therein, the Secretary of State for Digital, Culture, Media and Sport states the priorities for the Museum are:

- to ensure that free entry to the permanent collections of the Museum will continue to be made available;
- to protect the world-class collections and front-line services of the Museum;
- to continue to pursue commercial and philanthropic approaches to generating revenue which will complement grant-in-aid funding;
- to seek innovative cost sharing solutions with other Arms-Length Bodies;
- to take a strategic approach to partnership working and to seek out opportunities to work across the UK with other museums, cultural and third sector partners, including through the loaning of items, touring of exhibitions, and sharing of expertise;
- to prioritise access to arts and culture for disadvantaged young people and communities;
- to work with DCMS to engage internationally, especially with high priority countries as indicated by Government including making use of, and contributing to, the GREAT Britain Campaign to boost tourism, education and business; and
- to give a high priority to supporting the delivery of the outcomes of the Culture White Paper which will set out the direction for arts and culture policy for this Parliament.

The Museum remains committed to these priorities and is exploring storage savings with the National Maritime Museums, Greenwich. It is also collaborating with the Design Museum and the National Gallery on symposia and other cultural programmes. The Soane Museum actively engages with other national and regional museums through the work of the National Museum Directors' Council, and we remain committed to the GREAT Britain Campaign and the Cultural White Paper.

The Museum remains committed to ensure that its world-class collections and front-line services are protected, that free entry to the Museum will continue to be available and to working in partnership with other museums in the UK.

The Museum is also focused on strengthening its long-term financial sustainability by seeking to significantly increase its non-DCMS income through its trading subsidiary, Soane Museum

Enterprises Limited, and through an Endowment Fund managed by the independent charitable company, Sir John Soane's Museum Trust.

The Museum and DCMS also continue to monitor performance against performance indicators, although DCMS no longer sets targets in relation to these performance indicators. The data from these, together with comparatives, is detailed below.

Performance indicators

	2017-18	2016-17
Total charitable giving*	£757,860	£962,614
Ratio of charitable giving to DCMS grant-in-aid*	75%	49%
Number of visits to the Museum (excluding virtual visits)	130,700	121,504
Number of unique website visits	541,502	411,809
Number of visits by children under 16	7,842	6,075
Number of overseas visits	67,964	59,536
Number of facilitated and self-directed visits to the Museum by visitors under 18 in formal education	1,953	1,406
Number of instances of visitors under 18 participating in on-site organised activities	739	178
% of visitors who would recommend a visit	95%	95%
Admissions income (gross income) **	£52,349	£72,514
Trading income (net profit)*	£183,224	£272,485
Number of UK loan venues	2	0

*See under Finance p. 17 for explanation of figures.

**One off additional income received in 2016-17. Figure for 2015-16 was £54,526.

Sickness Absence

The average staff sickness rate for 2017-18 was 4.30 days (2016-17: 3.48 days). However, this includes staff members being away on long-term sick leave, i.e. more than 5 continuous days. When these long-term cases are excluded the average staff sickness rate was 1.67 days per person (2016-17: 2.40 days).

Company Directorships and Other Significant Interests

A register of Trustees' interests is maintained and updated at least annually. A copy is available on request. No conflicts of interest have arisen in the year.

Public Expenditure System (PES) Disclosure

In 2017-18, there was no spend on consultancy and contingent labour nor any instances where tax assurance of off-payroll engagements was required to be disclosed.

Data Loss and Information Management

The Museum has suffered no protected personal data incidents during 2017-18 or prior years, and has made no reports to the Information Commissioner's Office.

Whistleblowing

The Museum upholds the core values detailed in the Code of Professional Ethics of the Museums Association, and actively promotes their implementation. In line with these commitments, the Museum encourages employees and others with serious concerns about any aspect of the Museum's work to come forward and voice those concerns, and expects its managers to encourage employees to express their views openly. This is clearly documented in the Whistleblowing section of the Staff Handbook.

Fundraising

The staff of the Development Department (the Director of Development and Communications, the Development Manager, the Development Officer and the Communications Officer) are responsible for raising unrestricted income and funds for specific projects in response to the Museum's agreed strategy. No freelance or volunteer fundraisers are employed. The Museum is registered with the Funding Regulator and pays an annual levy in support of its work. The Museum adheres to the provisions of the General Data Protection Regulation, carries out due diligence in respect of sources of funding and monitors benefit levels. The Museum maintains a central complaints log; no complaints have been received in relation to fundraising. An extensive opt-in exercise was carried out in relation to all databases prior to the introduction of the General Data Protection Regulation in May 2018.

Reserves Policy

Since 2009 the Museum has sought, subject to regular review, to establish a prudent level of unrestricted free reserves (General Fund) to meet the financial implications of risks and unforeseen events in the future.

The Trustees having considered the scale, complexity and risk profile of the Museum, have agreed that, in order to ensure its financial stability and viability, the Museum's unrestricted free reserves (General Fund) should be held at a level of at least £350,000. This represents six months of the routine annual cost of running the Museum excluding the DCMS grant-in-aid, which for 2017-18 was approximately £700,000. The Trustees will formally review this figure on an annual basis.

At the end of March 2018, unrestricted free reserves (General Fund) for the Group stood at £428,230. The Trustees regard this level to be a prudent response to the changing economic and commercial climate and potential impact on donations and self-generated income. Our current grant-in-aid agreement with DCMS covers the period to 2019-20 and the Government's expected Comprehensive Spending Review will determine the level of grant-in-aid from April 2020 onwards. The current uncertainty in these areas suggests that reserves at this level are needed to safeguard the Museum's future, as well as to guarantee operational cash-flow capability and meet unforeseen expenditure or liabilities.

At the end of March 2018, the other specific reserves i.e. unrestricted Designated Fund, Restricted Funds and Endowment Fund, stood at £2,548,864; £7,041,97 and £9,009 respectively.

Payment Terms

The Museum pays invoices in accordance with agreed terms of contract, aiming to pay all undisputed invoices within thirty days of receipt. This was achieved in 89% of cases during the year (2016-17: 84%).

Five-Year Summary

Year ended 31 March	2018	2017	2016	2015	2014
	£000	£000	£000	£000	£000
Incoming resources	2,498	3,804	3,906	2,770	3,404
Resources expended	(2,874)	(3,593)	(2,490)	(2,371)	(2,216)
Investment gains or (losses)	1	(0)	(3)	5	1
Net (decrease)/ increase in funds	(375)	211	1,413	404	1,189
	(a)	(a)	(a)	(a)	(a)
Total funds (b)	10,028	10,403	10,192	8,779	8,375

(a) after capitalisation of expenditure on No.14 Lincoln's Inn Fields

(b) figures adjusted for rounding differences

REMUNERATION REPORT

Remuneration Policy

The remuneration of all staff employed by the Trustees is reviewed annually, and any increases are awarded within public sector pay guidance.

When determining salaries under normal conditions, the Trustees take account of a number of factors including whether the proposed salaries are affordable within planned budgets, the need to retain suitably qualified and experienced staff, and the relative responsibilities of each post. This year the Museum's average pay award was 1.5%.

Compensation for loss of office

There were no 'exit packages' awarded to staff leaving during the year (2016-17: none).

Employees

Museum employees are eligible to become members of the Civil Service Pension Scheme arrangements with associated redundancy and early retirement conditions. Soane Museum Enterprises Limited employees are eligible to become members of NEST pension scheme. Further details are given in Note 21 of the Financial Statements.

As the Trustees and Director exercise the ultimate responsibility and authority for controlling the major activities of the Museum, the Trustees have determined that disclosure of emoluments and pension entitlements paid to other employees is not appropriate.

Performance assessment

When determining staff performance bonuses for 2017-18, which were provided for and accrued in the 2017-18 Accounts but paid after the end of the year, the Remuneration Committee took account of:

- the budget for non-consolidated performance-related pay agreed as part of the Museum's pay remit; and
- the performance and contribution of the individual over the period.

Policy on duration of contracts, notice periods and termination payments

The notice period for the Director is three months. The notice period for all other staff is between one to three months.

Museum employees are entitled to become members of the Civil Service Pension Scheme with associated redundancy and early retirement conditions. All other staff are entitled to payments as defined under the Employment Rights Act 1996.

The following details for the Director are subject to audit:

Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to the nearest £'000)		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Bruce Boucher	75-80	65-70	£Nil	5-10	£Nil	5,000	31	27	110-115	105-110

Bruce Boucher was appointed as Director on 16 May 2016. His FTE salary as Director was £75,000-£80,000. He received no benefits in kind and he was paid no performance-related bonus during the year.

The Director is a member of the Civil Service Pension Scheme arrangements. For Bruce Boucher, Director, the Museum paid £19,404 to the Scheme during the year.

Pension Entitlements of the Director (subject to audit)

Officials	Accrued pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value (CETV) at 31/3/18	Cash Equivalent Transfer Value (CETV) at 31/3/17	Real increase in Cash Equivalent Transfer Value (CETV)
	£'000	£'000	£'000	£'000	£'000
Bruce Boucher	0-5	0-2.5	54	26	23

Pay multiple (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The FTE banded remuneration of the highest-paid director in the Museum at the financial year end was £75,000-£80,000 (2016-17: £85,000-£90,000). This was 3.3 (2016-17: 3.7) times the median remuneration of the workforce, which was £23,712 (2016-17: £23,750).

In 2017-18, no employee (2016-17: Nil) received remuneration in excess of the highest-paid director. Total FTE remuneration bands ranged from £15,000 to £80,000 (2016-17: £15,000 to £90,000). Total remuneration includes salary, non-consolidated performance-related pay and severance payments paid in the year as well as benefits-in-kind received in the year. It does not include any accrued pay, any employer pension contributions and the cash equivalent transfer value (CETV) of pensions.

The variations between 2017-18 and 2016-17 are primarily attributable to the fact that staff performance bonuses for 2017-18 were provided for and accrued in the 2017-18 Accounts but paid after the end of the year and therefore, excluded from the 2017-18 remuneration figures. In respect of 2016-17, the staff performance bonuses were paid in 2016-17 and therefore, included in the 2016-17 remuneration figures.

TRUSTEES

The Trustees, who hold overall responsibility for the Museum, are not remunerated. Expenses paid to them are disclosed in Note 6(d) to the Financial Statements.

Guy Elliott
Chairman of Trustees

Bruce Boucher
Deborah Loeb Brice Director and Accounting Officer

Date: 9 July 2018

STATEMENT OF TRUSTEES' AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resource and Accounts Act 2000, the Secretary of State for Digital, Culture, Media and Sport with the consent of the Treasury has directed the Trustees of the Museum to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Museum and of its net resource outturn, application of resources, changes in funds and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer comply with certain requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

The Accounting Officer of the Department for Digital, Culture, Media and Sport designated the Director as Accounting Officer of Sir John Soane's Museum. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Museum's assets, are set out in 'Managing Public Money' issued by the HM Treasury.

As far as the Accounting Officer is aware there is no relevant audit information of which the Museum's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole are fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

Guy Elliott
Chairman of Trustees

Bruce Boucher
Deborah Loeb Brice Director and Accounting Officer

Date: 9 July 2018

GOVERNANCE STATEMENT

Scope of responsibility

The Board of Trustees and the Accounting Officer have responsibility for maintaining a sound system of internal control that supports the achievements, policies, aims and objectives of the Museum, whilst safeguarding the public funds and assets for which they are personally responsible in accordance with the responsibilities assigned to them in 'Managing Public Money'. The Museum has a four-year funding agreement with the DCMS, of which 2017-18 was the second year. The Museum supplies regular financial information and returns against agreed performance indicators demonstrating its contribution to the delivery of DCMS's Departmental Strategic Objectives.

2 Governance Framework

2.1 Structure

The Board of Trustees is responsible for the overall management and direction of the Museum. The Director of Sir John Soane's Museum is accountable to the Board of Trustees. The Director is the Accounting Officer and has accountability to DCMS for compliance with the Management Agreement. Bruce Boucher assumed the role of Accounting Officer on 16 May 2016.

A group of four staff reporting to the Director forms the Senior Management Team (SMT) which meets every two weeks and comprises Helen Dorey (Deputy Director), Willa Beckett (Development and Communications Director), Adam Thow (Director of Commercial and Operations) and Jayant Gohil (Finance and HR Director).

2.2 Board of Trustees

The Board of Trustees meets on a quarterly basis to review performance and consider plans and the overall strategic direction of the Museum. The Trustees appoint their own Chair, to serve for a period of five years. There are three categories of Trustees: Life, Representative and Ordinary. Representative Trustees are appointed by five learned societies/bodies (The Royal Academy of Arts; The Royal Society; The Royal Society of Arts; The Society of Antiquaries and the Court of Aldermen of the City of London) in consultation with the Museum. Life and Ordinary Trustees are appointed by the Board of Trustees following advertisements in the media and on the government-sponsored Public Appointments website in order to reach as diverse an audience as possible. Appointments are generally made for a term of five years, and may be renewed once for a further term of the same length.

New Trustees receive an Induction Pack consisting of the Museum's statutory governing document, the Code of Best Practice for Board Members of Sir John Soane's Museum, the most recent Annual Report and Accounts, the Management Agreement with DCMS and a copy of the Charity Commission's *The Essential Trustee*. An induction/training day is organised annually at which Trustees meet the staff of all the departments in the Museum and are introduced to their various activities.

The Trustees are supported by six committees, specifically:

- The Audit and Risk Committee meets on a quarterly basis and is responsible for the issues of risk control and governance. They also review the Annual Report and Accounts. In addition, they review the reports of the External Auditor (National Audit Office) and the Internal Auditor (currently The

Risk Management Business Ltd). Their annual work plans and reports and their recommendations are reviewed by the Committee. The Risk Register is regularly reviewed and updated by the Committee and recommended to the Board of Trustees for approval on an annual basis.

- The Finance Committee meets on a quarterly basis and is responsible for reviewing the Museum's financial position and budgets. They also review the finances in relation to any major capital projects. Performance and financial information provided for the Board is regularly reviewed for its effectiveness by the Committee.
- The Remuneration Committee meets at least annually and reviews the Director's and staff pay and performance and makes recommendations for pay awards to the Board of Trustees as appropriate.
- The Governance Committee meets at least annually and reviews the Museum's governance arrangements and makes recommendations to the Board of Trustees as appropriate.
- The Buildings Committee is convened whenever the Museum undertakes major capital works to the buildings at Nos 12, 13 and 14 Lincoln's Inn Fields. It did not meet during the year.
- The Exhibitions and Public Programming Committee was formed to work with the Museum's Director and senior staff to formulate the future Exhibitions and Public Programme.
- Soane Museum Enterprises Limited (SME Ltd) is a wholly-owned trading subsidiary of the Museum. The Board of Soane Museum Enterprises Limited meets on a regular basis.

Attendance at Board meetings and at the Audit and Risk, Finance and Remuneration Committees is reported to the Board on an annual basis and is considered to be important. Individual attendance of Trustees at these meetings and those of SME Ltd is listed below.

	Board	Audit & Risk	Finance	Remuneration	Governance	SME Ltd
No. of meetings held in year	4	4	4	1	1	4
Trustees						
Guy Elliott*	4	3	3	1	1	
Professor Jonathan Ashmore	4					
Molly Borthwick	2					
Sir David Chipperfield	1					
Professor David Ekserdjian**	2					
Katrin Henkel	4					
Nicola Johnson	4			1	1	
Alderman Vincent Keaveny	4	3	3	1	1	
Dr Thierry Morel**	3					
Basil Postan	4	4	4			
Orna, Lady Turner	3	4	4			4
Directors						
Elizabeth Phillips						4
Anthony Vernon						4
Bruce Boucher						4
Adam Thow						4
Helen Dorey						4
Jayant Gohil						4

* Observer only at Audit & Risk and Finance Committees

**Appointed during the year. Possible number of Board meetings which could be attended was 3.

The Board's effectiveness was reviewed during 2016-17 through an external facilitator. It was concluded that the Museum has an exceptionally experienced and talented Board that takes its stewardship of the Museum's resources very seriously. Given the changed environment in which all charities are operating, the Board is committed to ensuring the Museum's governance arrangements meet what are considered to be good practice - as enshrined in the Good Governance Code – and as a result set up a Governance Committee during the year.

3. Risk management

3.1 Overview

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they occur, and to manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance. The Board has gained assurance that the quality of the information it receives is sound through its challenge of the information presented.

3.2 Responsibility

The Accounting Officer has overall joint responsibility for the Museum's risk management framework. The Senior Management Team coordinates the management of risk across the work of the Museum, with feedback from the Internal Auditor. The Museum's Risk Register is kept up to date and is reviewed at least bi-annually by the Audit and Risk Committee. The key risks are identified by the Senior Management Team and reported to the Trustees.

The Internal Audit provider performs internal audit work to cover all key systems to provide an overall assurance report for the year. The summary of the Internal Auditor Report for 2018 is that there are no concerns to highlight to the Board of Trustees on the Museum's key controls and that substantial assurance can be provided to the Board of Trustees on the Museum's key controls for the areas reviewed during 2018.

3.3 Key risks

There were 3 key risks highlighted within the top 10 risks in the full Risk Register as detailed below:

- Terrorist incident or other external events/market forces impact the Museum's operations;
- Major fire, flood or similar incident causing significant damage to the building or collections; and
- Insufficient funds to secure long-term sustainability of the Museum and its operations and programmes.

There is an ongoing process undertaken by all staff (including the Senior Management Team) and the Trustees within the Museum for evaluating and managing these and other risks.

4. Compliance with Corporate Governance Code

The Board of Trustees has assessed its compliance with the HM Treasury's Corporate Governance Code and has concluded that this is satisfactory.

Guy Elliott
Chairman of Trustees

Bruce Boucher
Deborah Loeb Brice Director and Accounting Officer

Date: 9 July 2018

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of Sir John Soane's Museum for the year ended 31 March 2018 under the Government Resource and Accounts Act 2000. The financial statements comprise: the Consolidated and Museum Statements of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Sir John Soane's Museum's affairs as at 31 March 2018 and of its net (expenditure)/income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resource and Accounts Act 2000 and Secretary of State directions issued thereunder

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Sir John Soane's Museum and the group in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of opinion.

Responsibilities of the Trustees and Accounting Officer

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Director as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resource and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Sir John Soane's Museum's internal control.

Sir John Soane's Museum
Independent Auditor's Report

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Sir John Soane's Museum's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Trustees and Director are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report that is described in that report as having been audited has been properly prepared in accordance with Secretary of State directions made under the Government Resource and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the Sir John Soane's Museum and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which we provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the Annual Report are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or

the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse, Comptroller and Auditor General
16 July 2018

	Note	2018 Unrestricted Funds	2018 Restricted Funds	2018 Endowment Funds	2018 Total Funds	2017 Unrestricted Funds	2017 Restricted Funds	2017 Endowment Funds	2017 Total Funds
		£	£	£	£	£	£	£	£
INCOME AND ENDOWMENTS FROM									
Donations and Legacies									
Grants from Department for Digital, Culture, Media and Sport	2	1,012,000	-	-	1,012,000	1,012,000	971,000	-	1,983,000
Other donations and legacies	3a	463,616	-	-	463,616	304,485	-	-	304,485
Charitable Activities									
Visitors		48,349	-	-	48,349	72,514	-	-	72,514
Grants	3b	-	294,244	-	294,244	3,583	654,546	-	658,129
Other Trading Activities									
Room hire	23	194,724	-	-	194,724	230,780	-	-	230,780
Filming and reproduction fees		21,088	-	-	21,088	104,892	-	-	104,892
Licensing		47,693	-	-	47,693	64,086	-	-	64,086
Retail sales		362,548	-	-	362,548	306,569	-	-	306,569
Patrons - Benefits		21,311	-	-	21,311	19,416	-	-	19,416
Investments	4	446	-	-	446	2,402	-	-	2,402
Other		31,898	-	-	31,898	57,374	-	-	57,374
TOTAL		<u>2,203,673</u>	<u>294,244</u>	<u>-</u>	<u>2,497,917</u>	<u>2,178,101</u>	<u>1,625,546</u>	<u>-</u>	<u>3,803,647</u>
EXPENDITURE ON									
Raising Funds									
Development, fundraising and trading	5a	696,789	92,112	-	788,901	818,391	83,750	-	902,141
Charitable Activities									
Buildings	5b	434,246	45,390	-	479,636	407,143	42,159	-	449,302
Collections	5b	286,766	203,124	-	489,890	300,156	114,980	-	415,136
Visitor services	5b	751,919	364,137	-	1,116,056	651,650	174,338	-	825,988
Donations	5b	-	-	-	-	-	1,000,000	-	1,000,000
TOTAL	5	<u>2,169,720</u>	<u>704,763</u>	<u>-</u>	<u>2,874,483</u>	<u>2,177,340</u>	<u>1,415,227</u>	<u>-</u>	<u>3,592,567</u>
NET INCOME BEFORE GAINS AND LOSSES									
		33,953	(410,519)	-	(376,566)	761	210,319	-	211,080
Net Gain/(Loss) on Investments	9	-	-	1,276	1,276	-	-	(273)	(273)
NET (EXPENDITURE)/INCOME		33,953	(410,519)	1,276	(375,290)	761	210,319	(273)	210,807
NET MOVEMENT IN FUNDS		<u>33,953</u>	<u>(410,519)</u>	<u>1,276</u>	<u>(375,290)</u>	<u>761</u>	<u>210,319</u>	<u>(273)</u>	<u>210,807</u>
RECONCILIATION OF FUNDS:									
Total funds brought forward		<u>2,943,141</u>	<u>7,452,492</u>	<u>7,733</u>	<u>10,403,366</u>	<u>2,942,380</u>	<u>7,242,173</u>	<u>8,006</u>	<u>10,192,559</u>
Total funds carried forward	16-18	<u>2,977,094</u>	<u>7,041,973</u>	<u>9,009</u>	<u>10,028,076</u>	<u>2,943,141</u>	<u>7,452,492</u>	<u>7,733</u>	<u>10,403,366</u>

All of the Museum's activities are continuing. There were no recognised gains and losses in the year other than those reported in the Statement of Financial Activities

The notes on pages 35 to 48 form part of these financial statements.

	Note	2018 Unrestricted Funds £	2018 Restricted Funds £	2018 Endowment Funds £	2018 Total Funds £	2017 Unrestricted Funds £	2017 Restricted Funds £	2017 Endowment Funds £	2017 Total Funds £
INCOME AND ENDOWMENTS FROM:									
Donations and Legacies									
Grants from Department for Digital, Culture, Media and Sport	2	1,012,000	-	-	1,012,000	1,012,000	971,000	-	1,983,000
Other donations and legacies	3a	463,616	-	-	463,616	304,485	-	-	304,485
Charitable Activities									
Visitors		9,836	-	-	9,836	36,920	-	-	36,920
Grants	3b	-	294,244	-	294,244	3,583	654,546	-	658,129
Other Trading Activities									
Gift Aid Receivable from Subsidiary	23	183,224	-	-	183,224	272,485	-	-	272,485
Other Income Receivable from Subsidiary		55,145	-	-	55,145	55,145	-	-	55,145
Patrons - Benefits		21,311	-	-	21,311	19,416	-	-	19,416
Investments	4	446	-	-	446	2,402	-	-	2,402
Other		31,898	-	-	31,898	57,374	-	-	57,374
TOTAL		1,777,476	294,244	-	2,071,720	1,763,810	1,625,546	-	3,389,356
EXPENDITURE ON:									
Raising Funds									
Development, fundraising and trading	5a	270,592	92,112	-	362,704	404,100	83,750	-	487,850
Charitable activities									
Buildings	5b	434,246	45,390	-	479,636	407,143	42,159	-	449,302
Collections	5b	286,766	203,124	-	489,890	300,156	114,980	-	415,135
Visitor services	5b	751,919	364,137	-	1,116,056	651,650	174,338	-	825,988
Donations	5b	-	-	-	-	-	1,000,000	-	1,000,000
TOTAL	5	1,743,523	704,763	-	2,448,286	1,763,049	1,415,227	-	3,178,276
NET INCOME BEFORE GAINS AND LOSSES		33,953	(410,519)	-	(376,566)	761	210,319	-	211,080
Net Gain/(Loss) on Investments	9	-	-	1,276	1,276	-	-	(273)	(273)
NET (EXPENDITURE)/INCOME		33,953	(410,519)	1,276	(375,290)	761	210,319	(273)	210,807
NET MOVEMENT IN FUNDS		33,953	(410,519)	1,276	(375,290)	761	210,319	(273)	210,807
RECONCILIATION OF FUNDS:									
Total funds brought forward		2,943,141	7,452,492	7,733	10,403,366	2,942,380	7,242,173	8,006	10,192,559
Total funds carried forward	16-18	2,977,094	7,041,973	9,009	10,028,076	2,943,141	7,452,492	7,733	10,403,366

All of the Museum's activities are continuing. There were no recognised gains and losses in the year other than those reported in the Statement of Financial Activities

The notes on pages 35 to 48 form part of these financial statements.

Sir John Soane's Museum
Consolidated and Museum Balance Sheets as at 31 March 2018

	Note	2018 £ MUSEUM	2018 £ GROUP	2017 £ MUSEUM	2017 £ GROUP
Fixed Assets					
Intangible assets	8	200,004	200,004	269,663	269,663
Heritage assets	7b	8,680,377	8,680,377	8,751,635	8,751,635
Tangible assets	7a	636,085	636,085	709,075	709,075
Investments	9	9,009	9,009	7,733	7,733
		<u>9,525,475</u>	<u>9,525,475</u>	<u>9,738,106</u>	<u>9,738,106</u>
Current Assets					
Stock		9,720	133,327	9,720	118,087
Debtors	10	468,356	229,369	556,792	284,589
Cash at bank and in hand	11	219,669	362,116	463,883	687,765
		<u>697,745</u>	<u>724,812</u>	<u>1,030,395</u>	<u>1,090,441</u>
Liabilities					
Amounts falling due within one year	12	<u>(195,144)</u>	<u>(222,211)</u>	<u>(365,135)</u>	<u>(425,181)</u>
Net Current Assets		<u>502,601</u>	<u>502,601</u>	<u>665,260</u>	<u>665,260</u>
NET ASSETS	15	<u>10,028,076</u>	<u>10,028,076</u>	<u>10,403,366</u>	<u>10,403,366</u>
UNRESTRICTED FUNDS					
	16				
General fund		428,230	428,230	369,564	369,564
Designated fund, heritage property		2,548,864	2,548,864	2,573,577	2,573,577
Total unrestricted funds		<u>2,977,094</u>	<u>2,977,094</u>	<u>2,943,141</u>	<u>2,943,141</u>
RESTRICTED FUNDS	17	7,041,973	7,041,973	7,452,492	7,452,492
ENDOWMENT FUND	18	9,009	9,009	7,733	7,733
TOTAL FUNDS		<u>10,028,076</u>	<u>10,028,076</u>	<u>10,403,366</u>	<u>10,403,366</u>

The notes on pages 35 to 48 form part of these financial statements.

Approved by the Trustees on 9 July 2018

Guy Elliott
Chairman of Trustees

Bruce Boucher
Deborah Loeb Brice Director and Accounting Officer

	Note	2018 £	2017 £
Cash Flows From Operating Activities			
Net Cash (Expended)/Provided By Operating Activities		<u>(223,156)</u>	<u>406,979</u>
Cash Flows From Investing Activities			
Dividends, interest and rents from investments	4	446	2,402
Purchase of property, plant and equipment	7a,7b & 8	<u>(102,939)</u>	<u>(1,617,152)</u>
Net Cash Used In Investing Activities		<u>(102,493)</u>	<u>(1,614,750)</u>
Change in Cash and Cash Equivalents In the Reporting Period		<u>(325,649)</u>	<u>(1,207,771)</u>
Cash and Cash Equivalents At Beginning of the Reporting Period		687,765	1,895,536
Cash and Cash Equivalents At End of the Reporting Period		<u>362,116</u>	<u>687,765</u>

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

		2018 £	2018 £	2017 £	2017 £
Net (Expenditure)/Income For The Reporting Period (As per SOFA)			(375,290)		210,807
Adjustments For:					
(Gain)/Loss on Investments	9	(1,276)		273	
Dividends, interest and rents from investments	4	(446)		(2,402)	
Depreciation Charges - tangible and heritage assets	7	239,537		196,633	
Amortisation Charges - intangible assets	8	77,309		75,779	
(Increase)/Decrease in stock		(15,240)		14,230	
Decrease/(Increase) in debtors	10	55,220		(86,914)	
Decrease in creditors	12	<u>(202,970)</u>		<u>(1,427)</u>	
			152,134		196,172
Net Cash (Expended)/Provided By Operating Activities			<u>(223,156)</u>		<u>406,979</u>

The notes on pages 35 to 48 form part of these financial statements.

1 Accounting Policies

The following policies have been adopted consistently in dealing with all material items in the financial statements.

a) Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed investments, and in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP FRS 102). The financial statements have also been prepared in accordance with the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport, with the approval of HM Treasury, a copy of which can be obtained from the Museum.

Consolidated accounts have been prepared on a line by line basis. This includes the Museum accounts and the Museum's wholly-owned trading subsidiary, Soane Museum Enterprises Limited (SME), Registered Company Number 08171280. SME began trading on 27 January 2014. The Museum Trustees act as Trustees to all the individual funds within the Museum accounts. Two Museum Trustees own the issued share capital of SME. As the Museum is not incorporated, it cannot own any share capital. The Museum Trustees who are the owners of the share capital of SME have signed a Declaration of Trust that they will act as directed by the Museum Trustees. In addition, the Museum's Director, Deputy Director, Operations and Commercial Director and Finance & HR Director and a Museum Trustee are all directors of SME along with two independent directors.

b) Income

Grant-in-aid from the Department for Digital, Culture, Media and Sport (DCMS), unless for one-off specified purposes, is allocated to the general fund and is taken to the Statement of Financial Activities for the year to which it relates, and is recognised on receipt.

Grants and other income that is awarded subject to specific performance conditions, including scientific grants and income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met and, where appropriate, income is deferred accordingly.

No incoming resources have been included net of expense.

All other income is recognised when there is evidence of entitlement, receipt is probable and its amount can be reliably measured.

Gifts-in-kind are recognised when received and valued at the market rate that the Museum would expect to pay for similar services.

The Museum has recognised in Other Income £24,600 (at estimated market value) of donated services in 2017-18 (2016-17: £46,600). These were in the nature of legal and professional services.

c) Expenditure

All expenditure is accounted for on an accruals basis. A de-minimis limit of £500 has been applied for accruals and prepayments.

The costs of raising funds are those costs concerned with fundraising and trading, see Note 5a.

To provide more useful information to users of the financial statements, expenditure is, as required by SORP FRS 102, classified by the main charitable objects of the Museum, as discussed in the Annual Report rather than the type of expense.

Expenditure on charitable activities comprises direct expenditure including staff costs attributable to the activity. Support costs including Governance costs are costs which cannot be attributed directly to an activity and are therefore allocated to activities on a basis consistent with the use of the resources, primarily staff time, see Note 5b.

Governance costs are those incurred in the governance of the Museum and are primarily associated with constitutional and statutory requirements, see Note 5d.

d) Leases

Rentals under operating leases are charged to the Statement of Financial Activities as they arise.

e) Taxation

All of the Group's trading activity is undertaken by the Museum's trading subsidiary Soane Museum Enterprises Limited which is subject to corporation tax. Therefore, the Museum's activities which are wholly non-trading are considered to be exempt from corporation tax under Section 505, Income and Corporation Taxes Act 1988.

1 Accounting Policies (continued)**f) VAT**

The Museum is currently able to reclaim all input VAT which it incurs.

g) Fixed Assets and Depreciation/Amortisation**Heritage and Tangible fixed assets**

Tangible fixed assets, other than heritage property, are stated at cost less accumulated depreciation. The historical cost of a tangible fixed asset which has been capitalised is not considered to be materially different from its net current replacement cost. Assets are subject to revaluation under modified historic cost accounting, when material; to date the effect has not been material. Fixed assets costing more than £1,000 are capitalised, and are reviewed for impairment on a yearly basis. Depreciation is provided on heritage and tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected life as follows:

Non-operational heritage property	No depreciation as permitted by Treasury Accounting Guidelines
Freehold heritage property	100 years to residual value of £300,000
Heritage fixtures and fittings	20 years
Assets in the course of construction	No depreciation
Office and other equipment	5 years
Retail equipment	5 years
Security equipment and fixtures and fittings	8 years
Plant	20 years

A full year's depreciation is charged in the year of acquisition.

The Museum's main exhibit is the building itself and its arrangements of objects, which must be maintained as nearly as possible in their original state. The buildings at Nos 12 and 13 and the objects displayed fall within the definition of heritage property, and they are considered to be inalienable. As permitted by SORP and HM Treasury Accounting Guidelines as well as FRS 102, no valuation has been included in the accounts for those assets in respect of which appropriate and relevant information could only be available at a cost that is disproportionately large compared to the benefits to users of the accounts. The recently acquired heritage property at No. 14 is shown at its valuation at the date of transfer to the Museum, together with subsequent restoration and refurbishment costs, less accumulated depreciation. In addition, capital works including fixtures and fittings to Nos 12 and 13 buildings as part of the *Opening up the Soane* (OUTS) project have been added to the Freehold Heritage Property asset class and depreciated over 100 years and the Heritage Fixtures and Fittings asset class and depreciated over 20 years, which is consistent with the treatment of capital works to No.14.

Intangible fixed assets

Intangible fixed assets, intellectual property owned by the Museum, are capitalised at cost and depreciated over an estimated useful life of 5 years.

h) Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are dealt with in the Statement of Financial Activities. Investment income is credited to incoming resources on a receivable basis, see Note 4. The investments held by the Museum as disclosed in Note 9 are classed as an available-for-sale financial asset.

i) Stock

The stock of goods for resale is stated at the lower of cost or net realisable value.

j) Debtors and Creditors

The year end debtors and creditors are valued at amortised costs based on invoices or other reasonable estimates.

1 Accounting Policies (continued)

k) Fund Accounting

Funds are generally not held for grant-making purposes. Unrestricted funds comprise general funds and designated funds, see Note 16. General funds are available for use at the Trustees' discretion in furtherance of the general objectives of the Museum and have not been designated for other purposes. Designated funds represent unrestricted funds which have been designated by the Trustees for specific purposes in furtherance of the general objects of the Museum. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the Museum for particular purposes. The aim and use of each restricted fund is set out in Note 17. The endowment fund represents capital funds which have been donated to the Museum to be held on a permanent basis, see Note 18. Income from the fund is to be applied towards the furtherance of the Museum's objects. The permanent endowment does not contain any power to convert capital into income except by application to the Charity Commission.

l) Going Concern

These accounts have been prepared on a going concern basis. As part of the Corporate Plan, the SMT have prepared, and the Trustees have agreed, an Original Budget for 2018-19 in May 2018 showing a broadly balanced Unrestricted Funds budget, after utilising available Restricted Reserves, with no material uncertainties.

m) Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are valued at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

n) Public Benefit

In compliance with the duty set out in section 4 of the Charities Act 2011, the Trustees have considered the Charity Commission's General Guidance on Public Benefit when reviewing aims and objectives and in planning future activities. In particular, the Trustees consider how planned objectives will contribute to the aims and objectives they have set. The benefits provided by the Museum are freely available to the public. All the Trustees of the Museum give their time and expertise free.

2 Grants from the Department for Digital, Culture, Media and Sport (DCMS)	2018	2017
	£	£
Grant-in-aid - current, unrestricted income	1,012,000	1,012,000
Grant-in-aid - capital, restricted income	-	971,000
	1,012,000	1,983,000

Current Grant-in-aid was available for general running costs of the Museum including maintenance and conservation. Capital Grant-in-aid was provided towards the cost of capital works. DCMS is a related party, see Note 22.

3a Other Donations and Legacies	2018	2018	2018	2017
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Other donations and Gift Aid recoverable	463,616	-	463,616	304,485

3b Grants	2018	2018	2018	2017
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Sir John Soane's Museum Trust for OUTS project	-	-	-	52,799
Heritage Lottery Fund for OUTS project	-	-	-	106,544
Sir John Soane's Museum Foundation for OUTS project	-	-	-	309,127
Other capital grants for OUTS project	-	-	-	15,000
Grants for other projects	-	294,244	294,244	171,076
Other grants and Gift Aid recoverable	-	-	-	3,583
	-	294,244	294,244	658,129

4 Investment Income	2018	2017
	£	£
Dividends and interest receivable, all unrestricted	446	2,402

5 Resources Expended

	Group		Museum	
a) Cost of raising funds	2018	2017	2018	2017
	£	£	£	£
Direct costs, development & fundraising	21,885	56,186	21,885	56,185
Direct costs, publications	26,186	22,226	26,186	22,226
Direct costs, trading, including legal advice	80,356	111,200	24,600	46,600
Direct costs, stock for trading	136,939	132,937	-	-
Allocated staff costs (see Note 5c)	387,253	439,636	153,751	222,883
Allocated support & governance costs (see Note 5e)	136,282	139,956	136,282	139,956
	788,901	902,141	362,704	487,850

5 Resources expended (continued)

b) Charitable activities, including staff costs see Note 5c	Buildings	Collections	Visitor Services	2018 Total	2017 Total
	£	£	£	£	£
Building projects	23,915	-	-	23,915	27,004
Building maintenance	184,572	-	-	184,572	193,087
Works of art, objects & pictures	-	1,612	-	1,612	1,830
Research, library, archive, digitisation	-	56,215	-	56,215	56,368
General conservation	-	40,184	-	40,184	13,089
Visitor services	-	-	10,113	10,113	6,333
Educational activities	-	-	65,335	65,335	37,408
Exhibitions	-	-	75,252	75,252	33,199
Allocated staff costs (see Note 5c)	220,717	307,954	758,624	1,287,295	1,003,192
Allocated support & governance costs (see Note 5e)	50,432	83,925	206,732	341,089	318,916

31 March 2018	<u>479,636</u>	<u>489,890</u>	<u>1,116,056</u>	<u>2,085,582</u>	
31 March 2017	<u>449,302</u>	<u>415,136</u>	<u>825,988</u>		<u>1,690,426</u>

Donations - The Museum made gifts of £Nil during the year (2016-17: £1m) to the Catalyst Endowment Fund of Sir John Soane's Museum Trust from its Masterplan Fund and Capital Fund for Enabling Works.

c) Staff costs, see Note 6a	2018	2017
	£	£
Cost of raising funds	387,253	439,636
Buildings	220,717	180,112
Collections	307,954	267,676
Visitor services	758,624	555,404
	<u>1,674,548</u>	<u>1,442,828</u>

Staff costs which cannot be attributed directly to an activity are allocated to activities on a basis consistent with the use of the resources, primarily staff time.

d) Governance, including staff costs see Note 5c	2018	2017
	£	£
Internal audit - current year	5,950	5,950
External audit - current year (Museum only)	15,500	15,500
Other administrative expenses	1,068	8,034
	<u>22,518</u>	<u>29,484</u>

The Comptroller and Auditor General is the external auditor of the Museum's Financial Statements. The audit fee for the work was £15,500 (2016-17: £15,500); no other non-audit work was provided.

e) Allocated support & governance costs	2018	2017
	£	£
Cost of raising funds, see Note 5a	136,282	139,956
Buildings, see Note 5b	50,432	49,099
Collections, see Note 5b	83,925	76,173
Visitor services, see Note 5b	206,732	193,644
	<u>477,371</u>	<u>458,872</u>

Support and governance costs which cannot be attributed directly to an activity are allocated to activities on a basis consistent with the use of the resources, primarily staff time.

6 Employee and Trustee Information**a) Staff costs**

	2018	2017
	£	£
Salaries	1,332,941	1,172,698
Employer's national insurance	109,908	105,788
Employer's pension contributions, see Note 21	231,699	164,342
Total employment costs	<u>1,674,548</u>	<u>1,442,828</u>
Recruitment	1,400	5,929
Payroll services, training and other staff costs	13,712	29,101
Total staff costs	<u>1,689,660</u>	<u>1,477,858</u>

Total employment costs increased during the year due to extra staff employed and increased membership of the Civil Service Pension Scheme.

In addition staff costs totalling £Nil were capitalised in relation to the Capital Works Project in 2017-18 (2016-17: £38,200).

b) Staff numbers

	2018	2017
	Number	Number
The average number of persons employed (FTE), analysed by function was:		
Cost of generating funds	9.6	11.7
Buildings	6.0	5.4
Collections	7.5	6.9
Visitor services	23.5	19.7
	<u>46.6</u>	<u>43.7</u>

The average headcount, defined as the number of staff paid each month during 2017-18, was 71.9 (2016-17: 59.8). This includes casual staff members which increased by 8.6 to 24.4 (2016-17: 15.8).

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

	2018	2017
£70,001 - £80,000	1	1

This employee is accruing benefits under defined benefit schemes and received no benefits-in-kind.

In 2017-18, the Senior Management Team members received total amounts of benefits (including gross salary, bonus and employer's NIC and pension contributions) of £361,941 (2016-17: £366,802)

c) Compensation for loss of office

There were no 'exit packages' awarded to staff leaving during the year (2016-17: Nil) amounting to a total of £Nil. (2016-17: £Nil).

d) Trustees

The Trustees neither received nor waived any emoluments during the year (2016-17: £Nil). Claims for travel by Trustees amounted to £Nil (2016-17: £Nil). Expenses paid by the Museum to 3rd parties on behalf of Trustees was £Nil (2016-17: £Nil).

7a Tangible Assets

Museum and Group

	Office Equipment £	Fixtures & Fittings £	Retail Equipment £	Security Equipment £	Plant £	Total £
Cost						
At 1 April 2017	303,154	161,481	22,066	143,390	428,687	1,058,778
Additions	1,998	12,903	-	2,297	8,428	25,626
At 31 March 2018	<u>305,152</u>	<u>174,384</u>	<u>22,066</u>	<u>145,687</u>	<u>437,115</u>	<u>1,084,404</u>
Depreciation						
At 1 April 2017	94,444	80,813	12,513	90,131	71,802	349,703
Charge for the year	52,810	13,251	2,388	8,311	21,856	98,616
At 31 March 2018	<u>147,254</u>	<u>94,064</u>	<u>14,901</u>	<u>98,442</u>	<u>93,658</u>	<u>448,319</u>
Net Book Value						
At 31 March 2018	<u>157,898</u>	<u>80,320</u>	<u>7,165</u>	<u>47,245</u>	<u>343,457</u>	<u>636,085</u>
At 1 April 2017	<u>208,710</u>	<u>80,668</u>	<u>9,553</u>	<u>53,259</u>	<u>356,885</u>	<u>709,075</u>

7b Heritage Assets

Museum and Group

	Heritage Assets £	Freehold Heritage Property £	Heritage Fixtures & Fittings £	Total £
Cost				
At 1 April 2017	58,230	8,102,998	1,198,436	9,359,664
Additions	-	12,865	56,798	69,663
At 31 March 2018	<u>58,230</u>	<u>8,115,863</u>	<u>1,255,234</u>	<u>9,429,327</u>
Depreciation				
At 1 April 2017	-	381,355	226,674	608,029
Charge for the year	-	78,159	62,762	140,921
At 31 March 2018	<u>-</u>	<u>459,514</u>	<u>289,436</u>	<u>748,950</u>
Net Book Value				
At 31 March 2018	<u>58,230</u>	<u>7,656,349</u>	<u>965,798</u>	<u>8,680,377</u>
At 1 April 2017	<u>58,230</u>	<u>7,721,643</u>	<u>971,762</u>	<u>8,751,635</u>

Heritage Assets	2017-18 £	2016-17 £	2015-16 £	2014-15 £	2013-14 £
Additions	69,663	778,533	206,756	1,796,630	20,018

7b Heritage Assets (continued)

Museum and Group

Nature of the Collection

Sir John Soane's Museum, at Nos 12 and 13 Lincoln's Inn Fields, together with its contents comprise a significant collection of "tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture". The Museum's heritage assets consist of Sir John Soane's collection of objects, furniture and paintings, his library, drawings collection and business archive, an assemblage required by Act of Parliament to be kept as it was at the time of Soane's death in 1837, as an educational resource for the benefit of the public in perpetuity.

The buildings at Nos 12 and 13 are not capitalised, as a market valuation of a unique structure designed to hold Sir John's collection is not considered feasible. There is no active market for such a building.

A third property, No. 14 Lincoln's Inn Fields, was donated to the Museum on 26 March 2004 by Sir John Soane's Museum Society. At that date it was valued at £980,000 on an open market existing use basis by Drivers Jonas, Chartered Surveyors in order to comply with HM Treasury Accounting Guidelines for non-operational heritage assets. The valuation was made in accordance with Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. Since acquiring No.14, the Museum has expended £1,791,280 to restore the property. The restoration costs are capitalised in accordance with HM Treasury guidelines. The property was acquired by the Society with the support of the National Lottery through the Heritage Lottery Fund, and cannot be disposed of by the Museum without the approval of the Trustees of the National Heritage Memorial Fund. The Trustees consider it to be inappropriate to spend further funds on annual revaluation. The building entered into use during 2009 and therefore, is subject to depreciation over its estimated useful life, set at 100 years for the purposes of the accounts. In 2009 the Museum performed an impairment review by which it was established that there was no need to write down the value of the property.

The other freehold properties (Nos 12 and 13 Lincoln's Inn Fields) and collections owned by the Museum are considered to be inalienable and are integral to the objectives and purpose of the Museum. As stated in Accounting Policy Note 1g, no cost is attributed to Nos 12 and 13 Lincoln's Inn Fields or the collections as these have been in the Trustees' ownership since 1837, reliable cost information is not available, and conventional valuation techniques are not appropriate. Further details concerning these can be found in the Annual Report.

FRS 102 requires heritage assets to be reported on the Balance Sheet where information is available and to enhance disclosures relating to all heritage assets regardless of whether these were reported on the Balance Sheet. Of the heritage assets held by Sir John Soane's Museum, only the building at No. 14 Lincoln's Inn Fields; a ring that once belonged to Sir John Soane; a painting; a set of architectural drawings; and capital works including fixtures and fittings to the buildings at Nos 12 and 13 as part of the OUTS and Capital Works Projects, have been capitalised and recognised on the Balance Sheet.

Proposed Valuation

The Trustees have considered a proposal to value the collection for the purposes of capitalising its heritage assets. An attempt has been made to estimate the cost of valuation, which shows that if one knowledgeable person could be made available full-time to locate, handle and display each item for valuation, this task alone would take more than twelve years. Added to this, the cost of engaging external valuers, as the Museum does not have sufficient skills internally, is very difficult to estimate but certain to be very high. The Trustees are in no doubt that these costs are entirely disproportionate to any benefits which might be gained by users of the accounts. The Museum does not have access to funds which could be used for this purpose, nor sufficient accommodation on its premises for an influx of temporary staff and experts.

A small proportion of the items in the collection have at one time or another been loaned to other institutions. Approximate valuations of these items have been made, at some expense, for insurance purposes. These valuations are not considered accurate for the purposes of capitalisation and are also outdated.

Information about the Collection

The Museum's website includes a full list of its holdings - more than 52,000 items under fourteen categories - together with a Summary of Holdings and a Note on Provenance. The most significant items held in the collection include the original paintings of *A Rake's Progress* by Hogarth, the 3,000 year old alabaster sarcophagus of Seti I, three paintings by Canaletto including one of his finest, and three paintings by Turner. The accuracy of this listing is subject to internal audit. A long-term project is under way to complete the cataloguing of those elements of the collection which are not yet fully catalogued in detail. Further information about individual items is available from curatorial staff by appointment on request.

Acquisition and Disposal

As a closed collection, the Museum has no programme of acquisition, although some small gifts of books or drawings have been received. An exception was made to this rule in 2009 when the Trustees agreed to take advantage of a rare opportunity to purchase, with funds provided for the purpose, a valuable ring which had once belonged to Sir John Soane. This acquisition is listed on the balance sheet. Disposal of inalienable heritage assets contravenes the rules of the charity. No disposals have been made. A window on the second floor of the Museum that was removed during the course of construction works was donated to the Brooking Collection. The value of the window was not included on the Balance Sheet and it was deemed to have no residual value.

Preservation and Management

The Museum has benefited ever since 1837 from a dedicated and professional curatorial staff. This has generated a reputation as the best preserved and documented house-museum in the world. The collection is managed expressly for the benefit of members of the public while guaranteeing its preservation for future generations. Details of preservation and management activities during the year are expanded elsewhere in the Annual Report.

8 Intangible Assets

Museum and Group

Cost	£
At 1 April 2017	402,323
Additions and improvements	7,650
At 31 March 2018	<u>409,973</u>
Amortisation	
At 1 April 2017	132,660
Charge for the year	77,309
At 31 March 2018	<u>209,969</u>
Net Book Value	
At 31 March 2018	<u>200,004</u>
At 31 March 2017	<u><u>269,663</u></u>

Intangible assets represent website expenditure, audio guide tours, the Collections Management System and a database licence.

Amortisation charges are included in, and apportioned across, Expenditure on Raising Funds and Charitable Activities (excluding Donations).

9 Investments

Museum and Group	2018	2017
	£	£
Market value at 1 April	7,733	8,006
Net gain/(loss) on investment	<u>1,276</u>	<u>(273)</u>
Market value at 31 March	<u>9,009</u>	<u>7,733</u>
Historic cost at 31 March	<u><u>28,920</u></u>	<u><u>28,920</u></u>

The investment is 5,250 Man Group plc ordinary shares of 3 3/7 US Cents each and is listed on a recognised UK Stock Exchange.

10 Debtors

	2018	2018	2017	2017
	MUSEUM	GROUP	MUSEUM	GROUP
	£	£	£	£
Prepayments and accrued income	95,922	96,774	36,153	38,123
Amounts owed by Subsidiary	318,466	-	365,898	-
VAT recoverable	9,524	9,524	109,970	109,970
Other debtors, including Gift Aid recoverable	<u>44,444</u>	<u>123,071</u>	<u>44,771</u>	<u>136,496</u>
	<u>468,356</u>	<u>229,369</u>	<u>556,792</u>	<u>284,589</u>

11 Cash at bank and in hand

	2018	2018	2017	2017
	MUSEUM	GROUP	MUSEUM	GROUP
	£	£	£	£
Cash at bank	216,391	358,738	461,414	685,196
Cash in hand	<u>3,278</u>	<u>3,378</u>	<u>2,469</u>	<u>2,569</u>
	<u>219,669</u>	<u>362,116</u>	<u>463,883</u>	<u>687,765</u>

12 Creditors: amounts falling due within one year	2018 MUSEUM £	2018 GROUP £	2017 MUSEUM £	2017 GROUP £
Trade creditors	41,977	46,646	250,591	261,518
Taxation, social security and pensions	60,019	61,993	55,185	81,547
Other creditors	-	-	0	0
Amounts owed to Subsidiary	-	-	2,543	0
Accruals	84,087	90,548	48,899	48,901
Deferred income	9,061	23,024	7,917	33,215
	195,144	222,211	365,135	425,181

£33,215 of Deferred Income was released and £23,024 added during 2017-18.

Deferred Income is in respect of services paid for in 2017-18 but to be supplied in 2018-19.

The Deferred Income balance at 31 March 2018 is due within one year.

13 Provisions

Museum and Group

There were no provisions in 2017-18 (2016-17: £Nil).

14 Operating lease commitments

Museum and Group

There were no material annual operating lease commitments (2016-17: £Nil).

15 Analysis of net assets Group	Restricted Funds £	General Fund £	Designated Fund £	Endowment Fund £	Total Funds £
Represented by:					
Intangible Fixed Assets	200,004	-	-	-	200,004
Heritage Fixed Assets	6,131,513	-	2,548,864	-	8,680,377
Tangible Fixed Assets	636,085	-	-	-	636,085
Investments	-	-	-	9,009	9,009
Current Assets	74,371	650,441	-	-	724,812
Liabilities	-	(222,211)	-	-	(222,211)
Balances as at 31 March 2018	7,041,973	428,230	2,548,864	9,009	10,028,076

16 Unrestricted Funds

Group

	General Fund £	Designated Fund £	Total £
Balances at 1 April 2017	369,564	2,573,577	2,943,141
Income	2,203,673	-	2,203,673
Expenditure	(2,169,720)	-	(2,169,720)
Transfers (see below)	24,713	(24,713)	-
Balances at 31 March 2018	428,230	2,548,864	2,977,094

The Designated Fund relates to No.14 Lincoln's Inn Fields and represents the value of the property donated to the Museum in 2004 of £980,000, together with monies spent subsequently on its restoration £1,791,280 less subsequent annual depreciation of £24,713 (as represented by the annual transfer from the Designated Fund to the General Fund).

17 Restricted Funds

Museum and Group	Balances at 1.4.2017 £	Income £	Expenditure £	Transfers £	Balances at 31.3.2018 £
Acquisition Fund	42,620	-	-	-	42,620
Conservation Fund	41,747	22,802	(49,531)	-	15,018
Exhibition Fund	122,996	57,268	(99,750)	-	80,514
Library Fund	27,576	115,281	(59,494)	-	83,363
Education Fund	18,181	12,000	(18,000)	-	12,181
Masterplan Fund	102,504	-	(102,504)	-	-
Masterplan Construction Fund	6,223,528	-	(150,886)	-	6,072,642
Other Restricted Projects Fund	32,079	86,893	(94,860)	-	24,112
Capital Works (DCMS)	841,261	-	(129,738)	-	711,523
Total	7,452,492	294,244	(704,763)	-	7,041,973

Restricted fund income was expended during the year in relation to the following activities:

the Acquisition Fund relates to funds raised to acquire additions to the collection;
the Conservation Fund hold funds raised specifically for conservation purposes, including publications;
the Exhibition Fund is specifically for creating and running exhibitions;
the Library Fund was set up for library cataloguing, including the digitisation of the Adam and other drawings;
the Education Fund was set up to support and promote the Museum's education projects;
the Masterplan Fund holds funds for work on *Opening Up The Soane* (OUTS) major capital programme;
the Capital Fund for Enabling Works holds funds for work prior to the OUTS major capital programme;
the Masterplan Construction Fund relates to expenditure on the development phase of OUTS;
the Other Restricted Projects Fund relates to funds raised to support specific projects identified by the Museum; and
the Capital Works Fund relates to expenditure on capital projects funded by DCMS Capital Grant in 2016-17.

The transfer from the Masterplan Fund to the Masterplan Construction Fund relates to the OUTS costs capitalised as fixed assets during the year less the associated depreciation charges.

18 Endowment Fund

Museum and Group	Total £
Balance at 1 April 2017	7,733
Net loss on investment assets	1,276
Balance at 31 March 2018	9,009

The Endowment Fund represents donations, received for the general purposes of the Museum, which cannot be treated as income. The capital element of these donations cannot be spent but the income they generate can be spent. The income is therefore treated as unrestricted.

19 Capital Commitments

At the balance sheet date the Museum was contractually committed to the sum of £Nil for all capital projects (2017: £Nil).

20 Contingent Assets & Liabilities

There were no contingent assets at the year-end. There were no contingent liabilities at the year-end.
There were no losses or special payments during the year.

21 Pension Arrangements

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – Alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined Alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (Classic, Premium or Classic Plus) with a normal pension age of 60; and one providing benefits on a whole career basis (Nuvos) with a normal pension age of 65.

Most employees of Sir John Soane's Museum are members of these arrangements which are an unfunded multi-employer defined benefit scheme and as such Sir John Soane's Museum is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. For 2017-18, employer's contributions of £230,019 were payable to PCSPS (2016-17: £162,942) by 45 members (2016-17: 33) at one of three rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands and £1,680 to non-PCSPS schemes for non-PCSPS members (2016-17: £1,400). The PCSPS's Actuary reviews employer contributions every four years following a full scheme valuation. From 2016-17, the contributions based on salary bands are in the range of 20.0% to 24.5%. The contribution rates are set to meet the cost of the benefits accruing during each year to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

22 Related Party Transactions

Sir John Soane's Museum is an NDPB whose sponsor department is DCMS. DCMS is regarded as a related party. During the year, Sir John Soane's Museum has had material transactions with DCMS. These transactions are shown in Note 2.

An independent charitable company Sir John Soane's Museum Trust (SJSMT Trust) was set up in February 2012, of which the Director and one Trustee of the Museum (Basil Postan), are Trustees. There are three other independent Trustees in addition to the Director and one Trustee of the Museum. As the representatives of the Museum (i.e. the Director and the one Trustee) are in a minority, and as the Trust carries out its activities independently of the Museum, its financial results are not consolidated with those of the Museum. The Museum provides services and facilities for the Trust on an arm's length basis, and during the year the Trust was charged a total of £7,000 (2016-17: £10,773) for fundraising and administrative services. In 2017-18 the Museum received restricted donations of £Nil (2016-17: £52,799) from the Trust for the OUTS project and unrestricted donations of £155,000 (2016-17: £75,000) from the Trust's Catalyst Endowment Fund for general purposes. In 2017-18, the Museum made a gift of £Nil (2016-17: £1,000,000) to the Catalyst Endowment Fund of the Trust from its Masterplan Fund and Capital Fund for Enabling Works.

The Director, Deputy Director, Operations & Commercial Director, Finance & HR Director and one Trustee of the Museum serve as unremunerated Directors of the Museum's trading subsidiary, Soane Museum Enterprises Limited. The Board is chaired by the one Museum Trustee, Orna Turner.

One of the Museum Trustees (Molly Borthwick) is a director of Sir John Soane's Museum Foundation, an independent organisation based and registered in the USA. Its mission is to promote to an expanding audience a lively educational forum in the fields of art, architecture and the decorative arts within the Soanean tradition and to assist financially Sir John Soane's Museum in London. In 2017-18, the Museum received donations of £51,788 from the Foundation for various projects (2016-17: £336,268).

During the year the Group provided commercial services to Trustees and their related parties for a payment totalling £9,066 (2016-17: £5,070).

Please refer to the Remuneration Report and Note 6 for details of remuneration for key management personnel.

The Museum entered into other material related party transactions as follows:

5 Trustees (2016-17: 3) donated a total of £63,197 (2016-17: £26,546) to the Museum for various fundraising campaigns.

There were no outstanding balances held with related parties as at 31st March 2018 (As at 31.3.2017: £Nil)

23 Trading Subsidiary

The Museum's trading Subsidiary, Soane Museum Enterprises Limited (SME Ltd), became operational on 27 January 2014, carrying out the commercial operations of the Group, principally being retail, licensing and room hire. Please refer to note 1a for further information on its constitution. A summary of the results of the subsidiary are shown

	2018	2017
SME Ltd: Profit and Loss Account	£	£
Turnover	664,565	741,921
Cost of Sales	(168,639)	(164,939)
Gross Profit	495,926	576,982
Administrative Expenses	(312,702)	(304,497)
Trading Profit, Profit on Ordinary Activities before taxation and Profit on Ordinary Activities after taxation	183,224	272,485
Payable under gift aid to Museum	(183,224)	(272,485)
Retained Profits in Subsidiary	-	-
 SME Ltd: Balance Sheet		
Tangible Fixed Assets	-	-
Current Assets	345,530	428,251
Current Liabilities	(162,304)	(155,764)
Provision: Payable under gift aid to Museum	(183,224)	(272,485)
Net Assets	2	2
 Share Capital	2	2
Reserves	-	-
Total Funds	2	2
 Reconciliation to Museum SoFA to SME Ltd P&L Account		
Income included in Museum SoFA		
SME Ltd Turnover (Room Hire/Filming & Reproduction Fees/Licensing/Retails Sales)	626,053	706,327
Plus: Museum Trading Income	21,311	19,416
Other Trading Activities	647,364	725,743
 Income included in Museum SoFA		
SME Ltd Turnover (Visitors)	38,512	35,594
Plus: Museum Charitable Income	9,837	40,503
Income from Charitable Activities	48,349	76,097
 Trading costs included in Museum SoFA		
SME Ltd Cost of Sales	168,639	164,939
SME Ltd Administrative expenses	312,702	304,497
Plus: Museum Development Fundraising and Trading costs	307,560	432,705
Expenditure on Raising Funds	788,901	902,141

The gift aid payable of the Subsidiary's trading profit to the Museum, as agreed by the Directors of the Subsidiary, has been included in the Subsidiary as a Profit and Loss Account Reserve Movement in line with best accounting practice.

24 Financial Instruments

FRS 102 requires entities to provide disclosures which allow users of the accounts to evaluate the significance of financial instruments for the entity's financial position and the nature and extent of risks arising from financial instruments during the period.

The majority of financial instruments relate to contracts to buy goods and services in line with the museum's expected purchase and usage requirements and the museum is therefore exposed to little credit, liquidity or market risk.

Liquidity Risk

Over 58% of the Museum's unrestricted income is provided as Grant-in-aid from the Department for Digital, Culture, Media and Sport (DCMS). The remaining income comes from self-generated income which is more volatile. As the cash requirements of the Charity are met largely through the Grant-in-aid, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The Museum has sufficient unrestricted funds to cover its current liabilities.

Credit Risk

The Museum is not exposed to significant credit risk as its debtors, excluding amounts due from its subsidiary, consist mostly of sums due from HMRC. Its cash is held by the Museum's bankers and it has not suffered any loss in relation to cash held by bankers. Write-offs for bad debts amounted to £Nil (2017: £Nil). No trade debtor balances have been provided against in year (2017: £Nil).

Interest Rate Risk

The Museum is not exposed to significant interest rate risk as it earned less than £1,000 from dividend and interest income and does not rely on interest income.

Foreign Currency Risk

The Museum receives income in foreign currencies, especially US dollars. This is managed by using a separate US dollar bank account for receipt and then timely conversion to the GB pounds sterling bank account.

Investment Risk

The investment held (shares in a Public Listed Company) are endowed funds and therefore, cannot be sold. Expected dividends from this source are not included in the budgeting process for the Museum owing to their immateriality and therefore, a fall in dividends is not considered a risk.

25 Post-Balance Sheet Events

The financial statements were authorised for issue, on the date given on the Audit Certificate, by the Accounting Officer and the Board of Trustees.

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