



NATIONAL HERITAGE ACT 1980

Accounts of the National Heritage Memorial Fund for the year ended 31 March 1994, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 839 of 1992–93.)

Presented pursuant to Act 1980, c.17, s.7(2)

National Heritage Memorial Fund Accounts 1993–94

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Foreword

Background Information

The National Heritage Memorial Fund is vested in and administered by a body corporate known as the Trustees of the National Heritage Memorial Fund: consisting of a Chairman and not more than ten other members appointed by the Prime Minister. The Fund was set up on 1 April 1980 by the National Heritage Act 1980 in succession to the National Land Fund as a memorial to those who have died for the United Kingdom.

Under section 2 of the Act, the Secretary of State for National Heritage shall pay into the Fund in the first month of each year a sum determined before the beginning of the year and any other sums he may from time to time determine.

Under section 3 of the Act, Trustees may make grants and loans out of the Fund to eligible recipients, as described in the Act, for the purpose of assisting them to acquire, maintain or preserve, *inter alia*:

- (a) any land, building or structure which in the opinion of the Trustees is of outstanding scenic, historic, aesthetic, architectural or scientific interest;
- (b) any object which in their opinion is of outstanding historic, artistic or scientific interest;
- (c) any collection or group of objects, being a collection or group which taken as a whole is in their opinion of outstanding historic, artistic or scientific interest.

In determining whether and on what terms to make a grant or loan, Trustees have regard to the desirability of securing, improving or controlling public access to, or the display of the property.

Trustees may under section 4 of the Act apply the fund for any purpose other than grants or loans, being a purpose connected with the acquisition, maintenance or preservation of property including its acquisition, maintenance or preservation by the Trustees. They shall not however retain any property acquired by them except in such cases and for such period as the sponsoring Minister may allow.

Subject to the provisions of section 5 of the Act Trustees may accept gifts of money or other property. However they shall not accept a gift unless it is either unconditional or on conditions which enable the subject of the gift to be applied by Trustees in a manner which complies with the Act. Any property other than money shall not be retained by Trustees except in such cases and for such period as the sponsoring Minister will allow.

Any sums in the Fund directly or indirectly representing money paid into the Fund by Ministers may under section 6 of the Act be invested by Trustees with the approval of Treasury. Any other sums may be invested in accordance with the Trustee Investments Act 1961. During this year the Narrower Range Investments were managed by the National Investment and Loans Office and the Wider Range Investments by Fleming Asset Management Limited in succession to Henderson Pension Fund Management Limited.

**Trustees' and
Director's
Responsibilities**

Under Section 7(2) of the National Heritage Act 1980, the Trustees are required to prepare a statement of accounts for the financial year in the form and on the basis directed by the Secretary of State for National Heritage with the approval of Treasury. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at the year end.

The Accounting Officer of the Department of National Heritage has designated the senior full time official of the Fund, the Director, as the Accounting Officer for the Fund. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum.

**Review of
Activities**

The Fund's Annual Report is laid before Parliament by the Secretary of State for National Heritage.

In 1993-94 the National Heritage Memorial Fund spent £10,550,945 on a wide range of projects.

Trustees contributed £1,375,000 towards the acquisition of the Hoxne Hoard of which £325,000 is a loan to be repaid in 1995. The Hoard is a remarkable collection of Roman artefacts, discovered in East Anglia. It was declared Treasure Trove and the finder given an *ex-gratia* payment, as is the tradition in the type of case. Although the finder behaved in an exemplary manner, Treasure Trove does cause Trustees some disquiet. It is the responsibility of the British Museum to ensure that this type of find is secured within the national collection, but with the cost of the acquisition of the Hoard being £1,750,000, the Museum's own resources were once again shown to be woefully inadequate. Without substantial grant-aid from NHMF the Hoard would, most likely, have been dispersed.

Trustees were pleased that negotiations by the National Trust for Scotland to acquire Holmwood, a villa on the outskirts of Glasgow designed by Alexander "Greek" Thomson, were successfully concluded. NHMF will make a grant of £1,500,000 towards acquisition and endowment.

Among several grants to Wales £35,000 secured Dyfi Estuary Saltings for the Montgomeryshire Wildlife Trust but, once again, Trustees were disappointed to receive only one application from Northern Ireland. A grant of £12,537 was paid to Lisburn Museum towards the acquisition of the LIRA (Irish Linen Centre) library and collection.

Trustees ended the year with future commitments of £7.10 million, of which £5.82 million is due to be paid in 1994-95.

**Future
Developments**

The coming year will bring great changes to NHMF. Trustees are delighted that the National Lottery Act 1993 has identified the Fund as the distributor of funds raised by the National Lottery and destined for the heritage. However, Trustees do not under-estimate the challenges which they face both in preparing for their role as distributors and in attempting to meet the calls upon the Fund's resources in the months before Lottery money starts to flow.

We were pleased that the Secretary of State for National Heritage was able to make an increase in the Fund's grant from the anticipated £7.80 million to £8.66 million. However, with such large forward commitments Trustees know they will have to make difficult decisions and inevitably some important projects will not receive the support they deserve.

Trustees are committed to ensuring that the money raised by the Lottery will be seen as additional to existing government spending and to convincing the Government to continue its financial support for the National Heritage Memorial Fund.

**Chairman and
Trustees**

Chairman

Lord Rothschild

Trustees

Sir Richard Carew Pole

Lord Crathorne

Mr Lindsay Evans

Sir Nicholas Goodison

Sir Martin Jacomb

Lord MacFarlane of Bearsden

Professor Palmer Newbould

Mrs John Nutting

Mrs Catherine Porteous

Commander LMM Saunders Watson

Director

Miss Georgina Nayler

Rothschild

Chairman

Georgina Nayler

Director

29 June 1994

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements on pages 5 to 10 which have been prepared in a form directed by the Secretary of State for National Heritage and approved by the Treasury.

**Respective
Responsibilities
of the Trustees,
the Director
and Auditors**

As described on page 2 the Trustees and the Director are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

**Basis of
Opinion**

I certify that I have examined the financial statements referred to above in accordance with the National Heritage Act 1980 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant judgements made by the Trustees and the Director in the preparation of the financial statements.

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

Opinion

In my opinion the financial statements properly present the receipts and payments of the National Heritage Memorial Fund for the year ended 31 March 1994 and its balances held at that date, and have been properly prepared in accordance with section 7(2) of the National Heritage Act 1980, and with the directions made thereunder by the Secretary of State for National Heritage.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

4 July 1994

Receipts and Payments Account for the year ended 31 March 1994

	Notes	1993-94 £	1992-93 £
Operating Receipts			
HMG grants received	2	12,000,000	12,000,000
Other operating receipts	3	140,858	129,226
Total operating receipts		12,140,858	12,129,226
Operating Payments			
Grants, etc	4	10,557,945	12,297,862
Salaries	5	183,717	183,375
Other operating payments	6	489,513	508,285
Total operating payments		11,231,175	12,989,522
Excess of receipts over payments (payments over receipts) from operations		909,683	(860,296)
Interest Received on Investments		1,410,474	1,794,616
Dealings in Investments			
Excess of cost price of investments purchased over proceeds of sale	7	(5,336,532)	(2,019,239)
Profit on investments sold		3,901,265	175,527
Foreign exchange adjustment		3,233	—
		(1,432,034)	(1,843,712)
Other Net Payments	8	(4,949)	(1,194)
Excess of receipts over payments (payments over receipts) for the financial year		£883,174	(£910,586)

The notes on pages 7 to 10 form part of the accounts.

Statement of Balances as at 31 March 1994

	1993-94			1992-93		
	Bank and Cash	Investments	Loans and Property	Bank and Cash	Investments	Loans and Property
	£	£	£	£	£	£
Balance at 1 April	20,990	20,605,045	413,440	931,576	18,585,806	420,840
Excess of: receipts over payments (Payments over receipts)	883,174	5,336,532	356,252	(910,586)	2,019,239	98,704
Gifts of property (Note 10)	—	—	(38,389)	—	—	—
Loans converted to grants	—	—	(7,000)	—	—	(6,104)
Provision for loan which may not be recovered	—	—	—	—	—	(100,000)
Balance at 31 March (Note 9)	<u>£904,164</u>	<u>£25,941,577</u>	<u>£724,303</u>	<u>£20,990</u>	<u>£20,605,045</u>	<u>£413,440</u>

The notes on pages 7 to 10 form part of these accounts.

Notes to the Accounts

1 These accounts are drawn up in a form directed by the Secretary of State, and approved by Treasury.

HMG Grant Received	2		
		1993-94	1992-93
		£	£
		Grant received from Class XI, Vote 6, 1993-94	£12,000,000

Other Operating Receipts	3		
		1993-94	1992-93
		£	£
		Underwriting commission	768
		Receipts from sale of publications	193
		Rebate from the Land Fund	21,770
		Donations from the public	2,333
		Repayment of grants	80,447
		Repayment of loans	35,347
		Rate rebate	—
		£140,858	£129,226

Grants, etc.	4		
		1993-94	1992-93
		£	£
		Grants	10,173,346
		Loans	384,599
		£10,557,945	£12,297,862

The figure for grants includes the sum of £7,000 representing a loan (originally made in 1991-92) converted to a grant.

Staff Costs	5		
		1993-94	1992-93
		£	£
		Salaries	165,140
		Employers NIC payments	14,702
		Pensions paid	3,875
		£183,717	£183,375

No funding provision is made for present and future pension liabilities which will have to be met from the ordinary revenue of NHMF.

The following number of senior employees were remunerated within the following ranges:

	1993-94 No.	1992-93 No.
£30,000-£40,000	1	—
£40,000-£50,000	1	1
Director's remuneration, excluding pension contributions	£43,824	£42,570

The Director is an ordinary member of the NHMF pension scheme.

The average number of employees during the year was made up as follows:

	1993-94 No.	1992-93 No.
Directorate	4	4
Administrative and support	3	3

**Other
Operating
Payments**

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	1993-94	1992-93
	£	£
Rent and rates	170,828	178,347
Maintenance, cleaning, heating and lighting	867	4,034
Office supplies, printing and stationery	42,965	47,087
Postage and telephones	5,590	4,584
Travelling and hospitality	19,313	29,511
Professional fees:		
Grant related	80,807	138,330
Non-grant related	6,491	5,858
Investment management	81,743	95,134
Audit fee	5,700	5,400
	<u>£414,304</u>	<u>£508,285</u>
Expenses in preparation for distribution of funds from the National Lottery	75,209	—
	<u>£489,513</u>	<u>£508,285</u>

**Investment
Accounts**

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	Narrower Range	Wider Range	Total 1993-94	Total 1992-93
	£	£	£	£
Balance, at cost, at beginning of financial year	3,146,235	17,458,810	20,605,045	18,585,806
Purchases	178,502,050	21,490,282	199,992,332	114,035,120
	<u>181,648,285</u>	<u>38,949,092</u>	<u>220,597,377</u>	<u>132,620,926</u>
Realised from sales	(177,449,317)	(21,107,748)	(198,557,065)	(112,191,409)
Profit on realisation	146,225	3,755,040	3,901,265	175,528
Balance, at cost, at end of financial year	<u>£4,345,193</u>	<u>£21,596,384</u>	<u>£25,941,577</u>	<u>£20,605,045</u>
Market value at end of financial year	£4,427,800	£23,788,663	£28,216,463	£24,456,084

There is no liability to taxation on gains realised by the Fund.

Value of investments held at end of financial year

Title	1993-94		1992-93
	Book Value	Market Value	Market Value
	£	£	£
Government stock	5,095,191	5,174,729	6,944,257
Extractive industries	29,306	82,150	—
Building materials	424,103	470,380	157,750
Electronic and electrical equipment	198,562	274,795	396,275
Engineering—aerospace	—	—	161,000
Engineering	134,817	147,875	—
Engineering—vehicles	67,664	77,600	—
Other industrial materials	—	—	948,965
Brewers and distillers	—	—	869,913
Spirits, wines and ciders	188,273	227,573	—
Food manufacturing	95,515	131,690	861,550
Food retailing	210,486	176,850	541,685
Health and household products	—	—	1,021,400
Household goods	51,168	61,100	—
Leisure and hotels	—	—	330,000
Media	189,214	208,110	513,750
Retailers general (stores)	558,763	642,420	724,050
Textiles	175,902	171,323	144,750
Chemicals	65,611	83,680	622,730
Conglomerates	—	—	231,500
Electricity	160,760	256,040	584,050
Gas distribution	116,277	150,750	—
Transport	175,467	200,900	—
Telecommunications (telephone network)	362,940	497,245	1,138,135
Water	95,101	105,200	192,030
Miscellaneous	—	—	395,600
Diversified industrials	605,490	643,440	—
Pharmaceuticals	472,099	524,340	—
Tobacco	175,157	251,625	—
Distributors	108,740	103,000	—
Oil, integrated	524,224	652,880	778,100
Banks	684,161	719,695	649,335
Merchant banks	73,478	89,475	—
Insurance	174,064	168,443	413,750
Life assurance	58,841	91,200	—
Property	226,689	182,345	78,300
UK unit trusts	571,460	837,220	839,040
Overseas unit trusts (authorised)	13,872,054	14,812,390	2,785,988
Overseas bond funds (authorised)	—	—	2,132,181
	£25,941,577	£28,216,463	£24,456,084

Other Net Payments	8		1993-94	1992-93
			£	£
Receipts:				
Superannuation contributions from employees			2,344	2,412
Payments:				
Purchase of office equipment			(7,293)	(3,606)
			<u>(£4,949)</u>	<u>(£1,194)</u>
Balances at Year End	9		1993-94	1992-93
			£	£
Cash at bank			904,164	20,990
Investments at cost			25,941,577	20,605,045
Loans outstanding			779,303	430,051
Provision for doubtful recovery of loan			(100,000)	(100,000)
Heritage property held at cost			45,000	83,389
			<u>£27,570,044</u>	<u>£21,039,475</u>
Gifts	10	Transferred to the House of Commons Heritage and Works of Art Trust:		
		Speaker's State Bed	30,889	
		Portrait of William Huskisson MP	7,500	
			<u>£38,389</u>	
Commitments	11	As at 31 March 1994 Trustees had authorised offers of grants and loans totalling £7,099,058; of which £5,823,288 would be payable in the year ending 31 March 1995.		

Rothschild
Chairman

Georgina Nayler
Director

29 June 1994

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