

# 42

HERITAGE ASSETS

FINANCIAL REPORTING  
EXPOSURE DRAFT



ACCOUNTING  
STANDARDS  
BOARD

For the convenience of respondents in compiling their responses, the text of the questions in the Invitation to Comment (see pages 6 and 7) can be downloaded (in Word format) from the relevant project page on the ASB Website ([www.frc.org.uk/asb](http://www.frc.org.uk/asb)).

*For ease of handling, we prefer comments to be sent by email (in Word format) to*

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*Comments should be despatched to be received no later than 10 October 2008. All replies will be regarded as on the public record, unless confidentiality is requested by the commentator.*

# 42

HERITAGE ASSETS



ACCOUNTING  
STANDARDS  
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FINANCIAL REPORTING  
EXPOSURE DRAFT

*[Draft] Financial Reporting Standard • Heritage Assets is set out on pages 8 to 14.*

*The Statement of Standard Accounting Practice, which comprises the paragraphs set in bold type, should be read in the context of the objective, as stated in paragraph 1, the definitions and scope set out in paragraphs 2 and 3 and also the Foreword to Accounting Standards and the Statement of Principles for Financial Reporting currently in issue.*

*The explanatory paragraphs contained in the [draft] FRS shall be regarded as part of the Statement of Standard Accounting Practice insofar as they assist in interpreting that statement.*

*Appendix I ‘The Development of the Exposure Draft’ reviews considerations and arguments that were thought significant by members of the Board in reaching their conclusions on the [draft] FRS.*

*The draft is issued by the Accounting Standards Board for comment. It should be noted that the draft may be modified in the light of comment received before being issued in final form.*

## **C O N T E N T S**

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# **[ DRAFT ] FINANCIAL REPORTING STANDARD: HERITAGE ASSETS**

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## **PREFACE**

- 1 The Accounting Standards Board ('ASB') is publishing this exposure draft to set out proposals for a new Financial Reporting Standard on Heritage Assets. This has been developed following consultation on the Discussion Paper 'Heritage Assets: Can accounting do better?', which was published in January 2006, and Financial Reporting Exposure Draft (FRED) 40 'Accounting for heritage assets', which was published in December 2006.
- 2 'Heritage assets' are assets which have historic, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture. The term includes landscape and coastline, historic buildings and archaeological sites as well as collections held by museums and galleries.
- 3 Many of the proposals in the Discussion Paper and FRED 40 were widely welcomed by respondents. In particular, there was strong support for the proposed enhanced disclosures. These are retained in this exposure draft.
- 4 Respondents to FRED 40 were, however, concerned about the proposal to require separate consideration of each collection, which would be difficult to implement. The Board noted these concerns and was also concerned the approach could result in few heritage assets being recognised: almost certainly fewer than are being recognised under current practice, which is based on FRS 15 'Tangible fixed assets'. There were also concerns about whether auditors would be able to audit

practicability and, where a valuation approach is adopted, form a view on the valuations being reported.

- 5 The Board remains of the view that heritage assets are assets and that the best financial reporting is secured when they are reported as such in the balance sheet. The Board also considers that it is better to report some assets in the balance sheet rather than none, even if this results in only part of an entity's collection of heritage assets being capitalised. As a result, and having considered a number of alternative approaches, the Board is not persuaded that there is a better accounting solution for heritage assets than the current FRS 15 based approach.
- 6 The main features of this exposure draft are as follows.
  - (i) Enhanced disclosures should apply to all entities that hold heritage assets, regardless of whether these assets are reported in the balance sheet. These disclosures will provide more information about an entity's total holding of heritage assets and the entity's stewardship of these assets.
  - (ii) The enhanced disclosures should make clear the accounting policies adopted for an entity's holding of heritage assets and the extent to which these assets are recognised in the balance sheet. The disclosures should provide readers with an understanding of the asset values being reported as well as the entity's policies for managing its total holding of heritage assets.
  - (iii) The accounting in respect of the recognition and measurement of heritage assets should follow the requirements of FRS 15 'Tangible fixed assets', as supplemented by the requirements of the proposed standard.

- (iv) The Board acknowledges that most entities will continue to report recently acquired heritage assets at historic cost. It does however believe there are significant benefits in reporting heritage assets at valuation; hence the proposals allow entities to use internal valuations without the need for a full valuation every five years.
- 7 The considerations and arguments that were significant in framing the proposals in this exposure draft are reviewed in Appendix 1. Appendix 2 sets out illustrative disclosures.

*Regulatory impact*

- 8 The Board sought views in the Discussion Paper and FRED 40 about the benefits and costs of applying its proposals for heritage assets. It noted the concerns expressed by a number of respondents that, where a valuation approach was adopted, the costs could be significant. The Board does, however, continue to believe there are significant benefits in reporting heritage assets in the balance sheet.
- 9 The costs of introducing the proposed new requirements will largely fall on preparers, although it is not envisaged that, in the majority of cases, this will be burdensome. This is because the proposed requirements will permit the current practice of reporting recent acquisitions at cost (or, in the case of donations, at current value).
- 10 Where an entity decides to report some or all of its heritage assets at value, it will do so having considered the benefits and costs of obtaining valuations. For this reason, the Board does not consider there should be disproportionate cost for those entities deciding to report heritage assets at valuation.

- 11 In addition, the proposals in FRED 40 and this exposure draft include new disclosure requirements, and there will be some cost in complying with them. However, the information should be readily available; hence any new cost will be confined to presenting and publishing the information.
- 12 In light of the above, it appears to the ASB that the cost of the proposed new requirements will not be disproportionate to their benefits. The ASB would, however, be interested to hear from respondents who disagree with this analysis (see question 4 below).

*Future Developments*

- 13 The ASB will continue to monitor how entities are accounting for heritage assets and may revise the requirements in the light of developments in reporting practice and the outcome of work being taken forward internationally, in particular the International Public Sector Accounting Standards Board's project on heritage assets.

*Invitation to comment*

The ASB is requesting comments by 10 October 2008. Comments would be welcomed on any aspect of the exposure draft. Respondents' views are especially sought on the matters set out below. It would be helpful if respondents supported their comments with reasons and, where applicable, preferred alternatives.

- 1 This exposure draft proposes enhanced disclosures for heritage assets. Do you agree with the proposed disclosures and are there any additional disclosures that you consider would provide useful information?
- 2 The objective of the proposals is to improve the financial reporting of heritage assets. Do you agree that it is difficult to improve upon the current FRS 15 based

accounting and that heritage assets should be reported in the balance sheet where information on cost or valuation is available?

- 3 The exposure draft notes that impairment reviews will often not be relevant for heritage assets. Do you agree that impairment reviews should be required only where there is evidence that the value of an asset may have declined due to physical deterioration or damage? If not, in what circumstances should an impairment review be required?
- 4 As explained in paragraphs 8 to 12 above, the Board believes that the costs of implementing the proposals should not be disproportionate. Do you agree? If not, why not? It would be helpful if any significant costs that would arise on implementation of the proposals (including any not identified above) could be identified and quantified.

# **[ DRAFT ] FINANCIAL REPORTING STANDARD .**

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## **OBJECTIVE**

- 1 The objective of this [draft] **FRS** is to ensure that:
  - (i) enhanced disclosures apply to all heritage assets, regardless of whether they are reported in the balance sheet; and
  - (ii) where information is available on cost or value, heritage assets are reported in the balance sheet.

## **DEFINITIONS**

- 2 **THE FOLLOWING DEFINITION SHALL APPLY IN THIS [DRAFT] FRS**

### **HERITAGE ASSET**

An asset with historic, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

### *Scope*

- 3 **All heritage assets should be accounted for in accordance with the requirements of this standard.**
- 4 Assets of historical interest should be treated as heritage assets only where they are held by the entity because of their historical characteristics. For example, buildings that are used primarily to provide office accommodation or teaching facilities should not be treated as heritage assets, but should be accounted for as

operational assets in accordance with the requirements of FRS 15 “Tangible fixed assets”.

- 5 Reporting entities applying the Financial Reporting Standard for Smaller Entities (FRSSE) currently applicable are exempt from this FRS.

*Disclosures*

- 6 **The disclosures required by paragraphs 7 to 14 are required for all heritage assets regardless of whether they are reported in the balance sheet.**
- 7 **An entity’s financial statements should contain an indication of the nature and scale of heritage assets held by the entity.**
- 8 **The financial statements should set out the entity’s policy for the acquisition, preservation, management and disposal of heritage assets, including the extent to which access to the assets is permitted, or a cross-reference to a document that sets out this information.**
- 9 **The accounting policies adopted for an entity’s holding of heritage assets should be stated, including details of the assets that are reported in the balance sheet and the measurement bases used. For heritage assets that are not reported in the balance sheet, the reasons why should be explained.**
- 10 **Where an entity is not reporting all of its heritage assets in the balance sheet, the notes to the financial statements should provide users with a clear understanding of the significance and nature of those assets that are not being reported in the balance sheet. This should help ensure the amounts reported in the balance sheet are**

meaningful, particularly in the context of the entity's total holding of heritage assets.

- 11 Where heritage assets are reported in the balance sheet, the following should be disclosed:
  - (i) the carrying amount of heritage assets at the beginning of the financial period and at the balance sheet date, including an analysis between those assets that are reported at cost and those that are reported at valuation; and
  - (ii) where assets are reported at valuation, sufficient information to assist in an understanding of the valuations being reported and their significance. This should include:
    - (a) the date of the valuation;
    - (b) the methods used to produce the valuation;
    - (c) whether the valuation was carried out by external valuers and, where this is the case, the valuer's name and professional qualification, if any; and
    - (d) any significant limitations on the valuation.
- 12 An example of a limitation to be disclosed under (d) would be where an asset has a particular provenance, the effect of which is not fully captured by valuation.
- 13 Information that is available to the entity and is helpful in assessing the value of those heritage assets that are not reported in the entity's balance sheet should be disclosed.

- 14 The financial statements should contain a summary of transactions relating to heritage assets disclosing, for the accounting period and each of the previous four accounting periods:**
- (a) the cost of acquisitions of heritage assets;**
  - (b) the value of heritage assets acquired by donation;**
  - (c) the proceeds from disposal of heritage assets; and**
  - (d) any impairment recognised in the period.**

**This summary should show separately transactions in assets that are reported in the balance sheet and those that are not.**

**Where it is not practicable to obtain a valuation of heritage assets acquired by donation, the reasons why should be stated. Disclosures should also be provided on the nature and extent of significant donations of heritage assets.**

- 15 The information required by paragraph 14 may be supplemented by disclosure of other information, for example the sources of funding for acquisition of heritage assets, or expenditure on major restoration costs, but this is not required by this standard.**
- 16 The disclosures required by paragraphs 7 to 14 may be presented in aggregate for groups or classes of heritage assets provided this aggregation does not obscure significant information. Separate disclosures should be provided for those assets reported at cost and those reported at valuation. Amounts in respect of assets that are not reported in the balance sheet**

**should not be aggregated with amounts for assets that are recognised at cost or valuation.**

*Recognition and measurement*

- 17 An entity should report heritage assets as tangible fixed assets and recognise and measure these assets in accordance with FRS 15 ‘Tangible fixed assets’, subject to the requirements set out in paragraphs 18 to 23 below.**
- 18 Where information is available on the cost or value of heritage assets:**
- (i) these assets should be reported at cost or valuation in the balance sheet, and presented separately from other tangible fixed assets; and**
  - (ii) other than impairment losses recognised in accordance with paragraph 22, changes in the valuation should be recognised in the statement of total recognised gains and losses.**
- 19 Where assets have previously been capitalised or are recently purchased, information on their cost or value will be available. Where this information is not available, and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets will not be recognised in the balance sheet and the disclosures required by paragraphs 9 and 10 should be made.
- 20 Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are reported at valuation, the carrying amount should

be reviewed with sufficient frequency to ensure the valuations remain current.

*Depreciation and Impairment*

- 21 **Depreciation need not be provided on heritage assets which have indefinite lives.**
- 22 **A heritage asset should be reviewed for impairment where it has suffered physical deterioration or breakage, in which case the carrying amount should be adjusted in accordance with the recognition and measurement requirements of FRS 11 'Impairment of fixed assets and goodwill' . Any impairment recognised should be charged to the profit and loss account.**

*Donations*

- 23 **The receipt of donations of heritage assets should be reported in the profit and loss account at current value at the date they are received. A current value should be obtainable in all but exceptional cases.**

*Date from which effective and transitional arrangements*

- 24 **This standard should be applied in respect of accounting periods ending on or after [*date to be inserted after exposure*]. Earlier application is encouraged.**
- 25 **The information required by paragraph 14 need not be given for any accounting period earlier than the period immediately before the period in which this standard is first applied where it is not practicable to do so and a statement to the effect that it is not practicable is made.**

**AMENDMENT TO FRS 11 ‘IMPAIRMENT OF FIXED ASSETS AND GOODWILL’**

26 Paragraph 5 of FRS 11 is amended by adding the following sub-paragraph:

- (e) heritage assets to the extent specified in FRS • ‘Heritage assets’**

**AMENDMENTS TO FRS 15 ‘TANGIBLE FIXED ASSETS’**

27 The scope section of FRS 15 is amended by inserting the following additional paragraph:

- 4A The recognition and measurement requirements in paragraphs 6 to 99 of this standard apply to heritage assets subject to the requirements set out in paragraphs 17 to 23 of FRS • ‘Heritage assets’. The disclosure requirements in paragraphs 100 to 108 of this standard do not apply to heritage assets.**

28 Paragraph 17 of FRS 15 is amended by inserting the following additional text:

- 17 Where these gifts and donations are heritage assets, entities should report these assets in accordance with FRS • ‘Heritage assets’.**

29 Paragraph 18 of FRS 15 is amended by inserting the following additional text:

- 18 The requirements for heritage assets are addressed in FRS • ‘Heritage assets’.

30 Paragraph 89 of FRS 15 is amended by inserting “**and heritage assets**” after “non-depreciable land”.

## **APPENDIX 1: THE DEVELOPMENT OF THE EXPOSURE DRAFT**

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- 1 This Appendix explains why the Board is issuing this exposure draft on heritage assets and explains the main differences from the proposals in FRED 40 'Heritage assets' (December 2006) which it replaces.
- 2 The responses to FRED 40, and to the earlier Discussion Paper 'Heritage Assets: Can accounting do better?' (January 2006) show there is strong support for the Board's project on heritage assets. There is, however, a wide range of views on how to improve the financial reporting of heritage assets, ranging from those who would not capitalise any heritage assets to those who would argue that all heritage assets should be valued.
- 3 The Board acknowledges that heritage assets present some very difficult and challenging issues but, having considered various possible approaches, has concluded that there is no better accounting solution than the current FRS 15 based requirements. In the Board's view, the main improvement secured by the project in terms of financial reporting will be the proposed enhanced disclosures.
- 4 The main changes from FRED 40 are that:
  - the need to consider the accounting approach at the level of an individual collection has been removed; and
  - the requirements for the recognition and measurement of heritage assets are now based on FRS 15 'Tangible fixed assets'.

- 5 The proposed approach will result in the reporting of at least some of an entity's heritage assets in the balance sheet. In the Board's view, this is preferable to not reporting any assets in the balance sheet, even where the outcome, as under the current FRS 15 based approach, results only in the reporting of recently acquired assets at cost.
- 6 The following paragraphs summarise the considerations and arguments that were significant in the development of the proposals in this exposure draft.

*Heritage assets are assets*

- 7 The proposals in this exposure draft are based on the principle that, conceptually, heritage assets are assets for financial reporting purposes. This view is consistent with that expressed in FRS 15 (Appendix IV, paragraph 8), the Discussion Paper and FRED 40.
- 8 Some respondents to the Discussion Paper and FRED 40 questioned whether there was any purpose in reporting the value of heritage assets. Although many museums and galleries do not see their principal objectives in financial terms, they nonetheless use and command economic resources and it is the purpose of the financial statements to provide an account of these resources and how they have changed. Reporting the cost or value of heritage assets provides an important context in which other elements of financial performance may be assessed.

*Partial capitalisation*

- 9 The main criticism of the current FRS 15 based approach is that it results in entities reporting amounts in their balance sheet that may appear significant but bear little or no relationship to the value of an entity's total holding of heritage assets. The Board acknowledges these concerns but feels there are

benefits in terms of reporting those assets in the balance sheet where historic cost or current value information is available. The proposals in this exposure draft will also secure recognition in the balance sheet of some heritage assets that would not be recognised under the approaches proposed in the Discussion Paper and FRED 40.

- 10 The enhanced disclosures prescribed by the exposure draft will make clear the extent to which heritage assets are reported in the balance sheet and mitigate the disadvantages of an entity reporting only part of their total holding of heritage assets in the balance sheet.

### *Valuation*

- 11 To encourage entities to report heritage assets in their balance sheets; the proposals in this exposure draft include the option available in FRS 15 to report assets at either cost or valuation. The Board would encourage entities to adopt a valuation approach where at all possible on the grounds that it should provide more relevant and useful information.
- 12 The Board acknowledges that it may not always be possible to obtain current valuations but, to encourage entities to adopt a valuation approach, paragraph 20 of the proposed standard relaxes some of the valuation requirements of FRS 15. For example, the proposals do not require any specific measurement basis to be used where heritage assets are carried at a valuation, although it remains important that valuations provide useful and relevant information.

### *Reliability or practicability*

- 13 The Discussion Paper and FRED 40 proposed an approach that required the valuation of heritage assets where it is **practicable** to obtain valuations, which, when supplemented with appropriate disclosures, provide useful and

*relevant information sufficient to assist in an assessment of the value of heritage assets held by the entity at the balance sheet date.*

- 14 In continuing to propose an approach that requires the valuation of heritage assets, where practicable, FRED 40 asked whether respondents would prefer an approach that requires valuation only where the valuation is sufficiently reliable. There was some support for an approach that emphasises reliability, particularly from those who felt that an approach based on practicability could raise difficult issues for auditors.
- 15 The Board acknowledges that an approach that requires valuation, where practicable, raises issues for auditors, but it was keen to introduce a high level, principle-based standard and felt the issues raised should not be that dissimilar from other balance sheet issues, for example, surrounding the reporting of intangibles. The Board also favoured practicability because it avoids the need for measurement objectives and detailed rules on valuation.
- 16 The Board noted a number of respondents to FRED 40 raised concerns that practicability could make it difficult for auditors to audit the accounting policy decisions made by preparers. Respondents also commented that, where a valuation approach is adopted, particularly where valuations have been generated internally, the audit opinion may need to include a limitation of scope.
- 17 The Board has re-considered its approach and decided not to proceed with practicability but instead revert to an FRS 15 based approach that maintains the current accounting requirements. This change also reflects the Board's concern that entities might use practicability as a means of not reporting any heritage assets on their balance sheets.

*Reporting acquisitions and disposals of heritage assets*

- 18 Unlike the Discussion Paper and FRED 40, this exposure draft does not prohibit the reporting of acquisitions and disposals in the profit and loss account, or an equivalent statement. The proposals in the Discussion Paper and FRED 40 were considered necessary to avoid acquisitions of heritage assets, where a non-recognition approach was being adopted, being reported as expenses. The proposals were also intended to avoid any distortion of the profit and loss account by prohibiting the reporting of disposal proceeds as gains.
- 19 The Board does not consider the proposals in this exposure draft require the separate reporting of acquisitions and disposals in the primary statements. This is because, other than donations where a current value cannot be obtained (something that should only happen in exceptional cases), acquisitions should now be reported as assets. Disposals of items that are not reported as assets are likely to be rare, thus a special accounting treatment is unwarranted. As a result, all disposals should be reported in the profit and loss account or equivalent statement.
- 20 The proposals in this exposure draft do require enhanced disclosures, including a five year summary of transactions in heritage assets. Where there are significant proceeds from disposals of heritage assets that have not been capitalised, the exposure draft provides scope for the separate reporting of these transactions, where doing so will provide useful and relevant information for users.

*Depreciation and impairment*

- 21 The Discussion Paper and FRED 40 both proposed a valuation approach, where practicable. Depreciation and impairment therefore seemed to be unnecessary

refinements because any changes in value should be reflected in the regular revaluation of heritage assets. This exposure draft requires some assets to be reported at cost; hence it is necessary to consider depreciation and impairment.

- 22 The Board does not expect entities to charge depreciation on heritage assets that have indefinite lives. For other assets, depreciation will be required in accordance with FRS 15 ‘Tangible fixed assets’.
- 23 Not all of the indications of impairment identified in FRS 11 ‘Impairment of fixed assets and goodwill’ are relevant to heritage assets, for example, a fall in market prices is not relevant to the main purpose for which the asset is being held and maintained, i.e. for its contribution to knowledge and culture. For this reason, it is proposed that impairment reviews will only be required where an asset has suffered physical deterioration or breakage. It is also proposed that the requirement in FRS 15, paragraph 89, for annual impairment reviews for long-lived assets should not apply to heritage assets.

### *Donations*

- 24 The proposals for donations of heritage assets are the same as set out in FRED 40. These require that heritage assets should be recognised in the profit and loss account, or equivalent statement, at the current value of the assets at the date they are received. In the Board’s view, it should only be impracticable to obtain a current value in exceptional cases.
- 25 This approach is consistent with FRS 15 “Tangible fixed assets” (paragraph 18) which recognises that it may not always be practicable to obtain a current valuation for donated heritage assets. Where this is the case, paragraph 14 of this exposure draft retains the

FRED 40 requirement for disclosure in the notes to the accounts of why a current value cannot be obtained.

*Disclosures*

- 26 The Board notes the importance of enhanced disclosures and the strong support that its proposals have received from respondents to the Discussion Paper and FRED 40. The majority of respondents who commented said that the proposed disclosures are both appropriate and necessary for the proper discharge of an entity's accountability for its heritage assets.
- 27 In the Board's view, the enhanced disclosures remain the most important benefit of this project in terms of the improved financial reporting of heritage assets. The proposed enhanced disclosures, as set out in FRED 40, are therefore retained in this exposure draft. An important aim of the disclosures is to provide relevant and useful information on an entity's overall holding of heritage assets and not just those that are reported as assets in the balance sheet.
- 28 Whilst some respondents to FRED 40 raised concerns about the need for a five year summary of transactions relating to heritage assets, the majority supported this proposal and it has been retained.

*Scope and definition*

- 29 The proposals in this exposure draft will apply to all heritage assets that are held and maintained principally for their contribution to knowledge and culture. This is a change from FRED 40 which applied only to entities that hold heritage assets 'to contribute to a principal objective of the entity of promoting knowledge and culture'. Corporate art is excluded from the scope of the proposed standard and should be accounted for in accordance with FRS 15 'Tangible fixed assets'.

- 30 Historic assets used by the entity itself, for example historic buildings used for teaching by education establishments, should also be accounted for under the existing requirements for fixed assets. This is consistent with the proposals in the Discussion Paper and FRED 40.

*Costs of implementing the proposals*

- 31 Paragraphs 8 to 12 of the Preface explain the Board's view that the proposals in this exposure draft, and those put forward in the Discussion Paper and FRED 40; should produce benefits in terms of securing the more informative financial reporting of heritage assets.
- 32 The Board acknowledges the concerns raised by respondents to FRED 40 that the requirements for valuation could impose additional costs, particularly on preparers. The proposals in this exposure draft permit entities to choose between carrying heritage assets at cost or valuation and, for this reason, the Board does not consider the requirements should be burdensome.
- 33 The Board's view is that entities will only adopt a valuation approach where they consider the benefits of doing so exceed the costs; hence the proposals should not impose disproportionate cost. The Board also accepts that, in the majority of cases, entities will continue their current practice of capitalising recent acquisitions at cost and therefore should not incur additional cost.

## **APPENDIX 2: ILLUSTRATIVE EXAMPLES OF DISCLOSURES**

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*The following examples illustrate disclosures that might be made to comply with the requirements set out in paragraphs 7 to 14 of the draft standard. To keep the illustrations simple, comparative information is not given, although this would normally be required.*

### ***Example 1—The Vintage Car Museum***

The Museum holds a collection of vintage cars and a collection of motoring ephemera for the purpose of fostering and promoting a public interest in the history of vintage cars. The vintage car collection is capitalised at market value and was acquired through donations and purchases. The collection of motoring ephemera includes manuals, brochures and advertising material.

The Trustees have concluded that whilst there are benefits in adopting a valuation approach for the collection of vintage cars, valuations for items in the collection of ephemera could only be obtained at disproportionate cost.

The ephemera collection, which has been assembled over many years and does not include items of any significant value, is therefore not capitalised.

**Note 1 Accounting policies****Tangible fixed assets and depreciation****Heritage assets**

The museum's collection of vintage and classic cars is reported in the Balance Sheet at market value. Valuations are made by professional valuers (Parker, Glass and Co). Approximately one-third of the collection is valued each year on a rolling basis. Gains and losses on revaluation are recognised in the Statement of Total Recognised Gains and Losses.

It is the Museum's policy to maintain its collection of cars in full working order and maintenance costs are charged to the Income and Expenditure Account when incurred. The cars are deemed to have indeterminate lives and the Trustees do not therefore consider it appropriate to charge depreciation.

Subject to the approval of the Trustees, the Museum may dispose of items from the collection, although this will only happen in exceptional circumstances, for example when the item cannot be properly displayed or the disposal proceeds can be used to purchase a better example.

In addition, the Museum holds a collection of motoring ephemera which is not recognised in the Balance Sheet as cost information is not readily available and the Trustees believe the benefits of obtaining valuations for these items would not justify the cost. Nearly all items in the collection are thought to have a financial value of less than £50 and, as far as the Trustees are aware, no individual item is worth more than £1,000. The vast majority of the items in the collection were acquired over twenty years ago.

The Museum's management policy in respect of its heritage assets is summarised in Note 8. Further information available from the March 2006 publication "Bringing Vintage Cars to Life" which is available from the Museum's website.

**Note 7(a) Tangible fixed assets – heritage assets**

	Vintage cars £000
<u>Valuation</u>	
1 April 2005	6,700
Additions	200
Disposals	(50)
<u>Revaluation</u>	<u>335</u>
<u>31 March 2006</u>	<u>7,185</u>

The above represents valuations made in the following financial years:

2005/06	3,000
2004/05	2,185
2003/04	<u>2,000</u>
	<u>7,185</u>

The vintage car collection includes the S4 Bentley Sport driven to victory by John Duff and Frank Clement in the 1924 Le Mans race. This vehicle has been included in the accounts at a valuation made in 2004-05 of £150,000 reflecting cars of a similar model and vintage. However, the Museum's professional valuers have advised that the car would probably realise significantly more than this if it were to be sold on the open market.

Additions in 2005-06 comprise:

£200,000 purchase of a private collection of 1950s Jaguar sports cars

Disposals in 2005-06 comprise:

£50,000 sale of Lotus Elite and Triumph TR2.

**Note 7(b) Five year financial summary of heritage asset transactions:**

	2005-06	2004-05	2003-04	2002-03	2001-02
<u>Additions:</u>	£000	£000	£000	£000	£000
Purchases	200	130	100	160	50
Donations	-	25	20	-	-
<b>Total additions</b>	<b>200</b>	<b>155</b>	<b>120</b>	<b>160</b>	<b>50</b>
<u>Disposals</u>	50	-	30	50	-

The above information relates only to transactions in cars.

There were very few transactions in ephemera during the periods and these were acquisitions by donation. In the trustees view, the value of these donations is not material and obtaining a current valuation would involve disproportionate cost. The Museum wishes to acknowledge in particular the donation of 85 workshop manuals in 2005-06 from the estate of the late Toad of Toad Hall.

**Note 8 Heritage assets management policy**

The Museum maintains a collection of 250 vintage and classic cars which reflect the history of the British sports car from 1900-1960. Approximately 240 of these are on display to the public, while the remainder are held in the Museum's maintenance depot undergoing or awaiting repair.

Acquisitions are made by purchase or donation. The Museum occasionally disposes of objects from the collection in order to fund new acquisitions where the Trustees determine this does not detract from the integrity of the collection.

The Museum also holds a collection of motoring ephemera associated with the history of the British sports car. The collection comprises some 2,000 objects including manuals,

brochures and advertising material. This collection of ephemera was originally purchased in the early 1970's, although a few items have been acquired since mostly through direct donation and occasionally by purchase. The Museum draws upon this collection for displays in the public rooms and arranges for private inspection by prior arrangement.

***Example 2— The Bassetshire Museum***

The Museum's collections relate to the natural and man-made history of Bassetshire. There are three distinct collections: artefacts, fossils and paintings of local interest. The vast majority of the objects held were acquired in the late nineteenth century.

In the opinion of the Trustees, reliable information on cost or valuation is not available for the Museum's collections of fossils and artefacts. This is owing to the lack of information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held. These collections are therefore not reported as assets in the balance sheet, other than recent purchases which are reported at cost.

The Trustees have obtained valuations for the collection of local paintings which is regularly being updated through acquisitions either by purchase or donation. The Trustees have also approved the sale of certain paintings.

The following disclosures would be provided in the notes to the financial statements.

**Note 1 Accounting policies****Tangible fixed assets and depreciation****Heritage assets**

The Museum has three collections of heritage assets which are held in support of the Museum's primary objective of increasing knowledge, understanding and appreciation of the Barsetshire landscape. The collections are accounted for as follows:

***Paintings***

The collection of paintings, which also includes sketches and photographs, is reported in the Balance Sheet at market value. Individual items in the collection are periodically revalued by an external valuer with any surplus or deficit on revaluation being reported in the Statement of Total Recognised Gains and Losses. The paintings are deemed to have indeterminate lives and a high residual value; hence the Trustees do not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Purchases are initially recorded at cost and donations are recorded at current value ascertained by the Museum's curators with reference, where possible, to commercial markets using recent transaction information from auctions.

***Artefacts and fossils***

The Trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the collections of artefacts and fossils. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The Museum does not therefore recognise these assets on its Balance Sheet, other than recent acquisitions which are reported at cost, where the

object is purchased, or at the Museum's curator's best estimate of market value where the object is donated.

***Preservation costs***

Expenditure which, in the Trustees' view, is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the Income and Expenditure account when it is incurred.

Further information on the collections is given in Notes 7, 8 and 9 to the accounts.

**Note 7 Tangible fixed assets – heritage assets**

	Paintings at valuation £000	Artefacts and fossils at cost £000	Total £000
1 April 2005	28,900	1,250	30,150
Additions	400	150	550
Disposals	(80)	-	(80)
Revaluation	2,600	-	2,600
<b>31 March 2006</b>	<b>30,820</b>	<b>1,400</b>	<b>32,220</b>

The Museum's external valuer (Turner, Constable and Co) carried out a full valuation of the collection of paintings as at 31 March 2006. The valuations were based on commercial markets, including recent transaction information from auctions where similar types of paintings are regularly being purchased. During the year, a painting that was valued in last year's accounts at £175,000 suffered damage. The revaluation surplus is net of the write down of this painting to its new value of £25,000.

A particularly significant exhibit within the collection is the portrait of the Lady Elinor May, Countess of Basset by William Maclean ca 1750. The portrait is unusual as Maclean is more widely known for his landscapes of the Scottish Highlands. The painting has been valued by an external valuer at £2.5 million. Expert opinion is divided as to the artistic merit of the portrait. A Maclean landscape was recently sold at auction for £3 million.

The values reported for the collections of artefacts and fossils are transaction costs for recent purchases or the Museum curator's best estimate of a current valuation for recent donations.

Additions in 2005-06 comprise:

- £200,000 purchase of a collection of 20 watercolours of Bassetshire landscapes by a local artist.
- £150,000 purchase at auction of a private collection of oil paintings from the estate of a local family.
- £50,000 donation of various paintings of local interest whose public display will, in the opinion of the Trustees, support the Museum's objective.
- £150,000 donation of fossils and artefacts received from the Dorsetshire Museum. The Trustees of the Dorsetshire Museum approved the donation because the objects were unlikely to be displayed at their Museum and it was becoming increasingly difficult to maintain them in good condition.

Disposals in 2005-06 comprise:

- £80,000 disposal of piece of contemporary art that was donated to the Museum by a local artist in 2004-05. The disposal, which is to a private gallery that specialises in contemporary art, was approved by both the artist and the Trustees. The proceeds were used to fund additions to the collection of paintings in 2005-06.

**Note 8 Five year financial summary of heritage asset transactions:**

	2005-06	2004-05	2003-04	2002-03	2001-02
<u>Purchases:</u>	£000	£000	£000	£000	£000
Paintings	350	70	100	160	50
Artefacts	150	5	65	10	20
and Fossils					
<u>Donations</u>					
Paintings	50	20	20	-	-
Total additions	550	95	185	170	70
<u>Disposals</u>					
Paintings	80	20	-	-	10

**Note 9 Further information on the Museum's collections of heritage assets**

**Paintings**

The collection consists of 3,000 paintings, sketches and photographs from the last 150 years illustrating the changing landscape and local populace. The collection has been significantly enhanced in 2005-06 by the acquisition of a collection of watercolours from a local artist and a collection of oil paintings from the estate of a local family. The watercolours comprise modern Bassetshire landscapes with the oil paintings depicting more traditional Bassetshire landscapes from the late 19<sup>th</sup> and early 20<sup>th</sup> centuries.

The Museum occasionally makes available on loan items from the collection to other regional museums and also accepts paintings and other items on loan. At any time approximately 50 per cent of the collections are on display. The remaining items are held in storage but access is permitted to scholars and others for research purposes.

## **Artefacts and fossils**

The Museum's collections of artefacts and fossils have been developed over 120 years and are used for reference, research and education. The Museum occasionally makes available on loan objects to other regional museums and also accepts objects on loan. The Trustees are indebted to the Dorsetshire Museum for the permanent transfer to the Museum of a collection of fossils and artefacts.

At any time approximately 20 per cent of the items in the collections are on display. The remaining items are held in storage but access is permitted to scholars for research purposes.

### *Artefacts*

The collection consists of 5,000 miscellaneous, man-made objects including flints, pottery and coins from the period 3000 BC to 1900 AD and reflects the activity of man in the local area over this period. The collection has been developed over many years from digs and field surveys undertaken by the county archaeologists.

### *Fossils*

The collection consists of 2,000 specimens from the Cretaceous to the Pleistocene period (145 million to 2 million years ago) and includes fossil fish remains such as shark and ray teeth, marine molluscs and sponges and disarticulated remains of fossil dinosaurs and mammals. It records the development of fauna from the local area. The collection was principally created from a bequest from Octavius Bayley, Victorian philanthropist and fossil enthusiast.

## **Heritage assets of particular importance**

As explained in note 7, the Museum holds one painting which, in the opinion of the Trustees is of particular significance, and has been valued by an external valuer at £2.5 million. The overall value of the collection, as reported in note 7, at 31 March 2006 is £30.8 million.

The Museum also holds certain items which the Trustees regard as particularly important to the collections of artefacts and fossils and are likely to have a significant monetary value in comparison with other items in these collections. Of particular importance are artefacts from the tomb of Baron Percy de Basset ca 1100–1160 comprising chain mail armour, a long shield and a sword. These objects are in poor condition but are of great rarity. They were acquired by the Museum in the late nineteenth century and, in the Trustees opinion, it is not possible to provide a reliable estimate of their value.

### **Preservation and management**

The Museum has a rolling programme of major restoration developed from a comprehensive review of the condition of the Museum's collections that was carried out in 2000–01. The review was commissioned by the Trustees following a major flood in the basement areas where items not on public display are stored.

The total cost of the restoration programme is £250,000 which is being partly funded by a £100,000 grant from the Heritage Preservation Fund. At the end of 2005–06, the programme is around 80 per cent complete and the Trustees expect the programme to be completed in 2006–07. The costs of the programme have been charged to the Income and Expenditure Account.

Each of the collections is managed by a Curator who reports to the Director of Collections. The Curators manage the collections in accordance with policies that are approved by the Trustees. Further information is provided in the Museum's separate publication "The Management and Preservation of the Bassetshire Museum's Collections", which is available on the Museum's website. As is explained in that publication, assets in the collection are only disposed of where, in the opinion of the Trustees, an item does not contribute to the interest and diversity of the Museum's collection.

***Example 3—The Ancient Monument Museum***

The Museum maintains four Neolithic burial mounds and, although it periodically undertakes restoration work, none has been undertaken recently. In the Trustees' opinion, conventional valuation approaches lack sufficient reliability, and any valuation is likely to involve costs that are likely to be onerous. For this reason the burial mounds, which were gifted to the Museum at nil cost, are not recognised as assets in the Museum's Balance Sheet. Other than routine maintenance works, there have been no transactions in heritage assets for many years.

The following disclosures are provided in the financial statements.

**Note 1 Accounting policies****Heritage assets**

The Museum maintains four neolithic burial mounds in support of the Museum's objective to protect these historic monuments for the benefit of future generations. The Trustees consider that owing to the incomparable nature of the burial mounds, conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the Museum and users of the accounts. As a result, no value is reported for these assets in the Museum's Balance Sheet.

***Expenditure on major restoration***

The cost of associated major repairs is reported in the Income and Expenditure Account in the year it is incurred.

Further information is given in Note 8 to the accounts.

**Note 8 Heritage Assets not recognised in the balance sheet**

The Museum maintains four neolithic burial mounds which were acquired during the 19<sup>th</sup> century as a gift from the former landowner at no cost to the Museum. No related artefacts are held.

There have been no acquisitions or disposals of heritage assets during the last five years.

The Museum aims to maintain the condition of the earthworks in a steady state of repair. Detailed surveys are undertaken at least every five years. The last survey was carried out during 2001-02 following a landslip. As a result, some underpinning work was undertaken. The cost of these works was not capitalised in the Balance Sheet. No major restoration costs were incurred during 2005-06.

Public access to the burial mounds is permitted at weekends and public holidays between March and October and, by prior arrangement, at other times.

***Example 4— The Stoneworks Museum of Industrial Heritage***

The Museum charts the impact of the Industrial Revolution on the county of Slateshire which became famous for stonecutting and the manufacture of tiles. The Museum has two main parts; the Stoneworks Site, which includes the old quarry and stonecutting factory; and Stoneworth House, which was the country residence of the family which founded the Stoneworks Site. The majority of exhibits were acquired in the late nineteenth and early twentieth centuries.

In the opinion of the Trustees, most of the items of machinery and equipment that are exhibited in the quarry and factory on the Stoneworks Site cannot be valued

because conventional valuation approaches lack sufficient reliability. The Trustees are also of the opinion that the costs of obtaining valuations for these items would be disproportionate in terms of the benefits derived by the Museum and users of the accounts. Valuations are, however, provided for the majority of items exhibited in Stoneworth House, including the House itself.

The following disclosures would be provided in the notes to the financial statements.

## **Note 1 Accounting policies**

### **Tangible fixed assets and depreciation**

#### **Heritage assets**

The Museum holds heritage assets relating to the Stoneworks Site, founded by the Stoneworth family that has made the Slateshire area famous for stonecutting and the manufacture of tiles. The Museum also includes Stoneworth House, the country estate of the Stoneworth family, which includes collections of paintings, furniture and other household and business items. In addition to donations from the Stoneworth estate, the Museum also houses exhibits donated by other local families and businesses, as well as exhibits that have been acquired from other museums or purchased at auction.

These items are held in support of the Museum's primary objective of increasing knowledge, understanding and appreciation of the industrial heritage of the Slateshire area. The Museum's exhibits are accounted for as follows:

#### ***Stoneworks Site***

A valuation is provided for the land that is used for the factory and for other parts of the Site that do not form part of the quarry. This is because, subject to appropriate planning consents, the land may have an alternative commercial use.

The valuation was updated in March 2006 by a local firm of estate agents with the increase in valuation charged to the Statement of Total Recognised Gains and Losses. The estate agents that valued the land also confirmed that sufficiently reliable valuations could not be obtained either for the factory building, which is now largely derelict, or for the quarry which is a heritage site and has no existing or alternative use.

The Trustees consider that obtaining valuations for the vast majority of the machinery and equipment that is exhibited in the quarry and factory would involve disproportionate cost. This is because of the diverse nature of the assets held and the lack of comparable market values. Other than a few items that have been acquired recently, for example, purchased at auction or bequeathed, or where there may be an active market, the Museum does not recognise these assets on its Balance Sheet.

Valuations are, however, available for a small number of exhibits, including the two most significant items on display, a steam-driven stone cutter at the quarry site and a steam locomotive that ran between the quarry and the Stoneworks factory and the county town of Tilemouth. The Museum has also been able to value some recent donations that are reported at values indicative of prices for similar items achieved at auction. There are also some donations from the estate of the late Lord Gravelstone, who also owned a quarry and stonecutting company in the late nineteenth century, that are reported at values provided by executors administering the estate.

The Trustees will occasionally approve the disposal of items of machinery and equipment, for example when an item is of doubtful provenance or is unsuitable for public display. Where items that are not recognised as fixed assets are disposed of, the proceeds are reported in the Income and Expenditure Account. Disposal proceeds are also disclosed separately in the notes to the accounts.

Recent purchases are recorded at cost with the Museum's curator's making a best estimate of current value for reporting donations.

### ***Stoneworth House***

Stoneworth House was built in 1846 and remained the home of the Stoneworth family until 1910. It is a Grade II listed building and forms an integral part of the Museum. It is reported in the Balance Sheet as a tangible fixed asset.

The House and all of the paintings and furniture within it are stated at valuation with subsequent restoration work on the House stated at cost. Certain other household items, such as tapestries, statues and children's toys, are also included at valuation but, for the majority of household items, valuation could not be obtained at reasonable cost. This is because of the size and diversity of the collection.

The assets that are not valued include a collection of around 25,000 documents representing the business records of the Stoneworth company.

Where valuations are reported, Stoneworth House and items from the collections of paintings and furniture are periodically revalued by an external valuer. Other items that can be valued, for example the late Lord Stoneworth's 1910 Model T Ford motor car, are valued by the Museum's curator. Any surplus or deficit on revaluation is charged to the Statement of Total Recognised Gains and Losses.

Acquisitions are normally made by purchase or donation. Purchases are initially recorded at cost and donations are recorded at current value ascertained by the Museum's curator with reference, where possible, to commercial markets using recent transaction information from auctions.

The Trustees have approved the sale of certain paintings and items of furniture to fund the restoration and maintenance

work that is considered necessary to preserve the Stoneworks Site, maintain exhibits on display and keep the Museum open for the public.

The disposal proceeds from items that are not classified as fixed assets, are included in the Income and Expenditure Account and are separately disclosed in the notes to the accounts.

### ***Preservation costs***

Expenditure which, in the Trustees' view, is required to preserve or prevent further deterioration of individual items, including preservation work on Stoneworth House, is recognised in the Income and Expenditure Account when it is incurred.

Further information on the exhibits held by the Museum is given in Notes 7, 8 and 9 to the accounts.

### **Note 7 Tangible fixed assets – heritage assets**

	Stoneworth House		Stoneworks Site	Total	
	House	Exhibits	Land		
	£000	£000	£000	£000	
<u>Cost or valuation</u>					
1 April 2005	6,386	2,448	750	421	<b>10,005</b>
Additions	120	-	-	95	<b>215</b>
Disposals	-	(860)	-	-	<b>(860)</b>
Revaluation	-	1,120	50	-	<b>1,170</b>
<b>31 March 2006</b>	<b>6,506</b>	<b>2,668</b>	<b>800</b>	<b>516</b>	<b>10,530</b>
Valuation	6,366	2,668	800	471	10,345
Cost	140	-	-	45	185
Total	6,506	2,668	800	516	10,530

The Museum's external valuer (Granite, Marble and Co) carried out a full valuation of Stoneworth House at 31 March 2004. In the Trustees opinion, the only material change in the valuation since this date results from the subsequent restoration work that has been carried out on the outhouses and paddocks. This expenditure, which allows these premises to display more of the Museum's exhibits, has been capitalised. The next full external valuation of Stoneworth House is scheduled for 31 March 2007.

Granite, Marble and Co also carried out valuations of paintings and furniture in Stoneworth House, as at 31 March 2006 and of other exhibits relevant to the House where valuation is practicable. The valuations were based on commercial markets, including recent transaction information from auctions where comparable items are regularly being purchased.

The land valuation for the Stoneworks Site is provided by a local estate agent and was updated at 31 March 2006.

There are only a few items on display in the quarry and factory where it is practicable to obtain valuations. These items, including the steam-driven stone cutter at the quarry and the steam locomotive, have been valued by the Museum's curator

The collection of paintings includes six works by the local artist Alexander Pebble (1836–1902). These paintings are valued at significantly higher amounts than other paintings held by the Museum, reflecting the popularity of paintings depicting the Industrial Revolution, including those by Pebble. The revaluation of the six Pebble paintings exhibited at Stoneworth House results in an increase of £1,120,000 which has been taken to the Statement of Total Recognised Gains and Losses.

The disposal proceeds of £860,000 relate to the sale of Pebble's highly acclaimed 1873 landscape of the Stoneworks Site. The painting's carrying amount in the balance sheet was

£500,000 and the £360,000 surplus is separately reported in the Income and Expenditure Account.

Additions in 2005-06 comprise:

- £120,000 restoration of outhouses and paddocks at Stoneworth House;
- £45,000 purchase at auction of a steam-driven stone cutter similar to the one that would have been used at the Stoneworks Quarry in the mid nineteenth century;
- £50,000 donation of various items of machinery and equipment from the estate of the late Lord Gravelstone. The public display of these items will, in the opinion of the Trustees, support the Museum's objective.

Disposals in 2005-06 comprise:

- £860,000 disposal of the Pebble painting of Stoneworth House. The disposal, which is to a gallery that specialises in local art, was approved by the Trustees. The proceeds are being used to fund further restoration work on Stoneworth House.

**Note 8 Five year financial summary of heritage asset transactions:**

	2005-06	2004-05	2003-04	2002-03	2001-02
<u>Purchases:</u>	£000	£000	£000	£000	£000
Stoneworth House	120	20	-	40	30
Other Exhibits	45	25	65	10	20
Donations	50	30	20	10	15
Total additions	215	75	85	60	65
Disposals	860	25	15	5	20

## **Note 9 Further information on the Museum's heritage assets**

### **The Museum's heritage**

The Museum provides an excellent example of how the Industrial Revolution transformed a small, family run business into a successful large company employing hundreds of people locally and selling its products throughout the United Kingdom. The story of the Stonehouse family and the Stoneworks Site forms an important part of the industrial heritage of the Slateshire area.

A full inventory is maintained of all items held, including valuations where these can be obtained and provide a meaningful insight into the value of the asset.

### **Stoneworks Site**

The factory and quarry are classified as heritage sites and retain many features from when the Stoneworks Site was operational during the period 1830 to 1910. The machinery and equipment on display cover the early years, when the stone was quarried by hand with horses used for transport, through to the late nineteenth century when a steam-driven stone cutter was used to cut stone from the quarry which was then transported by a steam locomotive to the factory for shaping and polishing. The equipment used to process and polish the quarried stone, including that used to manufacture the world renowned Stoneworks tiles, is also on display in the factory.

All of the Museum's machinery and equipment relevant to the Stoneworks Site is on public display.

### **Stoneworth House**

The Stoneworth family built their family residence in 1876 following a particularly successful period for their Stoneworks company. The House is an excellent example of a mid

Victorian family residence with furnishings and other items exhibited throughout the house that demonstrate the increasingly extravagant lifestyle of the Stonehouse family, their pursuit of leisure and the need to employ a large number of domestic staff.

At any one time, around 70 per cent of exhibits are on display in Stoneworth House. The remaining exhibits are not displayed, either because of preservation work or because of the Museum's policy of rotating some of the items on display. When not on display, items are stored in rooms that are not open to the public, although access is permitted to historians and others for research purposes.

#### *Paintings*

The collection, which was assembled by the Stoneworth family in the period 1850 to 1895, consists of 215 paintings by a number of artists, including Alexander Pebble. All of these paintings are recognised as fixed assets at a total value of £1.9 million as at 31 March 2006.

#### *Furniture and other exhibits*

The collection of furniture consists of around 1,200 items, ranging from chairs, tables, beds and cabinets. Valuations are available for around 800 of these items which are reported in the Balance Sheet at a total value of £600,000. Whilst valuations are available for the majority of the items of furniture, very few valuations are available for the other exhibits displayed in the House. There are around 2,600 other exhibits, such as clothes, kitchen and gardening equipment, children's toys and chandeliers. The items that are valued, including a model T Ford motor car, are reported at a total value of £168,000 as at 31 March 2006.

### **Heritage assets of particular importance**

As explained in note 7, the Museum holds a number of paintings by the well known local artist, Alexander Pebble. In the opinion of the external valuer the six remaining Pebble paintings held by the Museum have a total value of £1.65 million, and have given rise to a £1.12 million revaluation gain that is reported in these financial statements. No other individual painting or item of furniture has a value in excess of £10,000.

Although the majority of other exhibits on display at the Museum are of low financial value, there are three items which, in the opinion of the Trustees, are of particular importance and have a significant market value which is reported in the Museum's Balance Sheet. These items are:

- A steam-driven stone cutter which was purchased in 1881 for 68 guineas and has an estimated current market value of £95,000.
- A steam locomotive which was purchased in 1884 for 145 guineas and has an estimated current market value of £180,000.
- A Ford motor car which was purchased in 1910 for \$750 and has an estimated current market value of £65,000.

### **Preservation and management**

The Museum has a rolling programme of major restoration developed from a comprehensive review of the condition of the Stoneworks Site, Stoneworth House and all the Museum's exhibits that was carried out in 2002-03. The review was commissioned by the Trustees following major storm damage to the factory which in turn resulted in some damage to exhibits on display.

The total cost of the restoration programme is £950,000 which is being partly funded by a £100,000 grant from Slateshire County Council and proceeds from the sale of exhibits. The sale of the Alexander Pebble painting means that the restoration programme is now fully funded and is scheduled to start in 2006-07.

The Museum's exhibits are managed by a Curator who reports to the Museum Director. The Curator manages the exhibits in accordance with policies that are approved by the Trustees.

Further information is provided in the Museum's separate publication "The Management and Preservation of the Stoneworks Museum of Industrial Heritage", which is available on the Museum's website. As is explained in that publication, assets are only disposed of where, in the opinion of the Trustees, an item does not contribute to the interest and diversity of the Museum's collection or, in exceptional circumstances, where the disposal will provide the Museum with funding that, in the opinion of the Trustees, is considered essential to the Museum being able to fulfil its charitable objects in the future.



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