



**NATIONAL
HERITAGE
MEMORIAL
FUND**



National Heritage Memorial Fund

Annual Report and Accounts for the year ended 31 March 2011

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Front cover: The upper cover of the outstanding original late-7th-century binding of the St Cuthbert Gospel

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Any enquiries regarding this publication should be sent to us at:

National Heritage Memorial Fund
7 Holbein Place
London SW1W 8NR

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Foreword by Dame Jenny Abramsky

Chair of the National Heritage Memorial Fund

Last year's challenges once again showed the crucial role of the National Heritage Memorial Fund (NHMF) in helping the UK's heritage sector thrive. In a difficult financial climate, the Fund's work is now more necessary than ever before.

For example, in February 2011 the British Library was given an unprecedented opportunity to secure for the nation a small, early British manuscript that had previously only been on loan. Containing the Latin text of the Gospel of St John, this is one of the rarest and most extraordinary books in the Western world. It once belonged to the great spiritual leader St Cuthbert, with whom it was buried on the island of Lindisfarne, probably in 698. In the detail of its contents and its binding, the book reveals fascinating insights into the meeting of Anglo-Saxon and Eastern Mediterranean cultural influences in 7th-century Britain.

The St Cuthbert Gospel is a national treasure, and I am proud to report that, when its sale was proposed, NHMF moved swiftly to support the British Library in saving it for the UK. However, the decision was not an easy one; we had already committed most of our budget for the year, so funds were taken from our endowment to support this exceptional treasure. This was, I am sure you will agree, exactly the kind of situation that NHMF exists to help with.

It is a measure of Trustees' success in deploying limited resources wisely and decisively that NHMF not only made more awards than usual last year, but also supported an impressive breadth of heritage, from archives and fine art to archaeological finds, including three spectacular recent discoveries: the huge Frome hoard of Roman coins unearthed in Somerset, the Asthall hoard of Tudor coins in Oxfordshire, and a stunning group of Iron Age gold torcs in Scotland. Had NHMF not acted quickly, these unique ensembles would probably have been broken up at auction. In that case the real treasure, which will last and grow for years to come, would have been lost. This is the rich store of meaning that historic objects like these hold for people today. I am delighted, therefore, that thanks to NHMF these three inspirational hoards will go on display in museums not far from where they came to light.

I was struck by the strength of public commitment that was such a feature of the campaigns to save the hoards and other parts of our heritage last year, in which philanthropic donations and individual contributions came together so effectively with NHMF funding. This is what happened in Penzance, where Stanhope Forbes's much-loved painting of a local scene, *Inner Harbour – Abbey Slip*, is now on view in Penlee House Gallery and Museum. It was also the case with the rare, annotated reprints of articles by Alan Turing, the 'father of modern computing', whose code-breaking work during World War II at Bletchley Park (where the material will be housed) is thought to have hastened the war's end by two years.



“NHMF not only made more awards than usual last year, but also supported an impressive breadth of heritage, from archives and fine art to archaeological finds.”

NHMF also secured a world-class group of ancient Assyrian ivory objects and fragments for the British Museum; Sir Edward Heath's papers for the Bodleian Library, Oxford, which houses other major prime-ministerial archives; and Pieter Brueghel the Younger's *The Procession to Calvary* for Nostell Priory, Yorkshire, where this great painting is a star attraction.

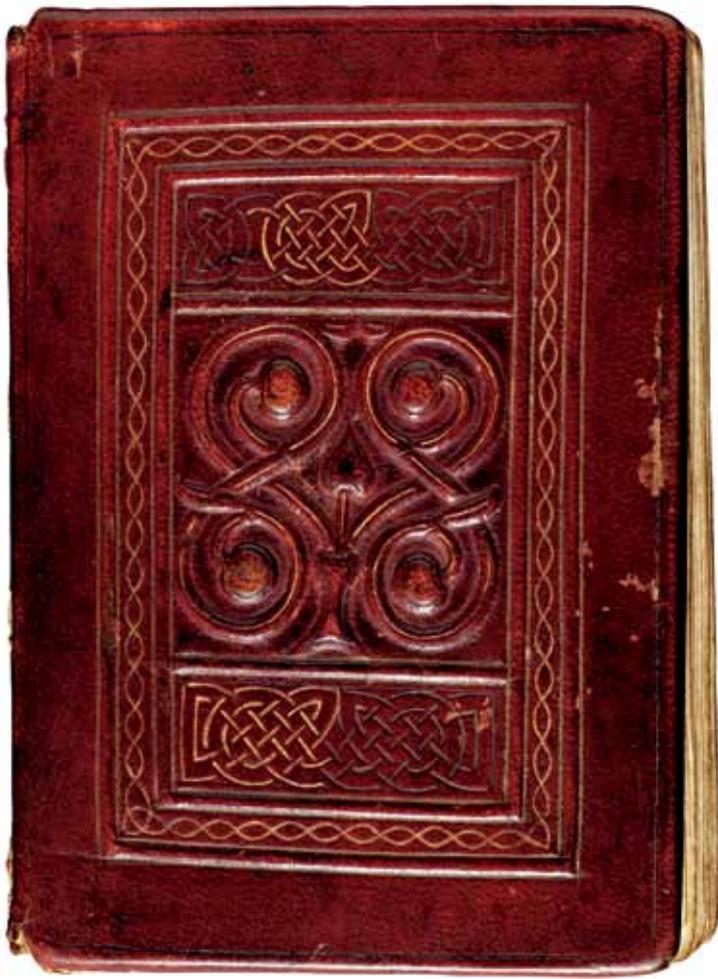
The acquisition of the Turing collection was particularly fitting in light of NHMF's founding mission to save outstanding heritage as a memorial to those who have given their lives for the UK in battle. Looking back at the Fund's achievements since it was established in 1980, I believe that, through the astonishing diversity and importance of the heritage it has saved, a lasting and living memorial has indeed come into being – a national collection. We were in no doubt of the value placed on the work of NHMF when more than 15 organisations that have benefited from our grants helped us mark our 30th anniversary in 2010 with special exhibitions and other celebrations, around the UK. We are very grateful for their acknowledgement.

I also thank the Fund's Trustees, staff and expert advisers, whose combined experience and judgement ensure that NHMF punches well above its financial weight in saving outstanding heritage. At the same time, I am concerned that we face increasingly difficult choices in future. Requests for support exceed NHMF's resources by a wide margin. With a greatly reduced budget for new awards in the coming years, we will be forced to say 'no' more often. Trustees will, I am confident, make the best possible decisions in the circumstances, and much can still be achieved. Each year will bring fresh archaeological discoveries, treasures that no one dreamt we would be in danger of losing, and campaigns to save our heritage, to which thousands of people contribute and to which NHMF can give that vital final boost of funding that brings success.



Dame Jenny Abramsky
Chair of NHMF

“We were in no doubt of the value placed on the work of NHMF when more than 15 organisations helped us mark our 30th anniversary in 2010 with special exhibitions and other celebrations.”



This page: The upper cover of the St Cuthbert Gospel's finely tooled binding, which fuses Anglo-Saxon interlaced knotwork with Coptic features in the raised, central, foliate motif. The decorated leatherwork is in outstandingly good condition and preserves evidence of the original pigments used

Opposite page (clockwise from top left): Folios 1r, 11r, 84r and 59v. The gospel was written at Wearmouth-Jarrow in a small, beautiful hand, by a local scribe using Italian models. Just visible at the top of folio 1r is an erased, late-12th-century inscription recording that the book had been found in the coffin of St Cuthbert in the year of his translation at Durham Cathedral, 1104

St Cuthbert Gospel

British Library

£4,500,000

This small, handwritten copy of the Gospel of St John is the oldest Western book preserved entirely intact, and one of the earliest surviving manuscripts to be created in Britain.

Shortly after it was made, it was buried with the body of Cuthbert, one of Britain's foremost saints, at Lindisfarne, Northumberland, apparently in 698. It was carried in Cuthbert's coffin as the monks of Lindisfarne fled from Viking raids and travelled the North East in the 9th and 10th centuries. The book was discovered when the coffin was opened to translate Cuthbert's body to his shrine at Durham Cathedral in 1104.

The gospel is an outstanding survival of late-7th-century workmanship, reflecting the varied legacy of the Mediterranean world of Late Antiquity and Early Christianity. It is a personal book not originally intended for use by a religious community, adorned with a beautiful binding but not illuminated. The Latin Vulgate text of the Gospel of St John, the most personal of the four Gospels, reflects a Neapolitan textual tradition. Like other contemporary

manuscripts produced in the twin monasteries of Wearmouth-Jarrow, the script had Italian models but was the work of a local scribe.

The excellent condition of the gospel's unique original binding sets it apart as one of the most important books in the world. The tooled, red leather binding has a Coptic sewing structure different from that subsequently adopted in Western Europe, and the upper cover reflects a fusion of Coptic and Anglo-Saxon influences in its design. The structure and decoration of the gospel together provide one of Britain's strongest connections with these Eastern Mediterranean traditions.

The book is recorded as having been in private hands by the early 17th century. Passing through a succession of owners, it was eventually donated in 1769 to the English community of the Society of Jesus based in Liège. The volume was subsequently kept at the Jesuit college of Stonyhurst, Lancashire.

The gospel has been on loan to the British Library since 1979 and frequently exhibited in the library's galleries alongside other manuscripts, including the Lindisfarne Gospels and Codex Alexandrinus. The NHMF award has helped the British Library secure half the funding needed to purchase this remarkable manuscript from the Society of Jesus and begin a fundraising campaign to ensure the book is saved for the nation.

IN PRINCIPIO ERAT UERBUM
ET UERBUM ERAT APUD Deum
ET Deus ERAT UERBUM
HOC ERAT IN PRINCIPIO APUD Deum
OMNIA PER IPSUM FACTA SUNT
ET SINE IPso FACTUM EST NIHIL
QUOD FACTUM EST IN IPso UT AERAL
ET UT AERAT LUX HOmINUM
ET LUX IN TENEBRIS LUCET
ET TENEBRAE EAm NON CONPRE
HENDERUNT

FUIT HOMO MISSUS AD Deum
CUI NoMEn ERAT IOHANNES
HIC UENIT IN TESTIMONIUM
UT TESTIMONIUM PERHIBERET
DE LUMINE
UT OMNES CREDERENT PER ILLUM
NON ERAT ILLE LUX
SED UT TESTIMONIUM PERHIBERET

ET NON UENIT AD LUCEM
UT NON ARGUANTUR OPERA EIus
QUI AUTEM FACIT UERITATEM
UENIT AD LUCEM UT MANIFES
TENTUR EIus OPERA
QUIA IN Deu SUNT FACTA

PROPTER HAEC UENIT Iesus ET DISCIPULI
Eius IN IUDAEAm TERRAS
ET ILLIC MORABATUR CUM EIs
ET BAPTIZABAT
E RAT AUTEM ET IOHANNES
BAPTIZANS IN AENON
IUXTA SALIm
QUIA AQUIAE MULTAE ERANT ILLIC
ET ADUENIEBANT ET BAPTIZABANTur
NON DUm ENIM MISSUS FUERAT
IN CARCEREM IOHANNES
FACTA EST ERGO QUESTIO EX DISCI
PULIS IOHANNIS CUM IUDAEIS

UITA AETerNA EST
QUIAE ERGO Ego LOQUOR SICUT DIXIT
Mibi Pater SIC LOQUOR

ANTE DIEM AUTEM PasCHae
SCIENTS Iesus QUIA UENIT
Eius HORA UT TRANSEAT
EX HOC MunDO AD PatREM

CUM DILEXISSET SUOS
QUI ERANT IN MunDO

IN FINEM DILEXIT EOS

ET CENA FACTA CUM DIABOLUS
IAM MISISSET IN CORDE
UT TRADERET EUM IUDAS
SciOTis SciOTis

SCIENTS QUIA OMNIA DEDIT
PatERem IN MANUS

ET QUIA AD Deum EXIIT ET AD Deum UENIT

SURGIT A CENA ET PONIT UESTI
MenTA SUA
ET CUM ACCEPISSET LinTEm

ET IN HORTO MONUMENTUM
NOUUM IN QUO NON DUm
QUIS QUAM POSITUS ERAT
IBI ERGO PROPTER PasCHae
IUDAEORUM QUIA IUXTA ERAT
MONUMENTUM POSUERUNT Iesus

QUia AUTEM SabBatius Maria
MagDalEnEnE UENIT MAnE
CUM ADHUC TENEBRAE ESSENT
AD MONUMENTUM

ET VIDET LAPIDEM SubLatum
AmonUenTO

CUCURRIT ERGO ET UENIT
AD SIMONEM PETRUM

ET AD ALIUM DISCIPULUM
QUEM AMABAT Iesus

ET DICIT EIs TULERANT Deum
DE MONUMENTO

ET NoSCIMUS UBI POSUERUNT Em
EXIIT ERGO PETRUS ET ILLE ALIUS

Frome hoard

Somerset County Council

£319,026

2010 was a bumper year for treasure. As the largest group of British Roman coins ever found in a single container, and the second largest overall, this hoard caused considerable excitement across the UK when it was uncovered by a metal detectorist on farmland near Frome, Somerset, last April.

Literary and epigraphic evidence from Roman Britain in the second half of the 3rd century is limited, and coinage is one of the few existing primary sources for this era. Dating between 253 and 293 AD, the 52,503 coins in the hoard cover the issues of 26 different Roman emperors. The study of these coins will enable some of the definitive texts about Roman coinage, used all over the world, to be comprehensively updated, as well as adding to our general knowledge of the period.

Over 760 of the rarest coins date back to the reign of Marcus Aurelius Mauseus Valerius Carausius. Known as Britain's Pirate Emperor, Carausius was a soldier of humble origin who rose to become a general in Gaul. In 286 AD, he led a revolt against the Roman Empire, declaring himself Emperor of Britain and Northern Gaul. This is the largest group of his coins found anywhere, and it is hoped that they will enable us to find out more about this colourful, but largely unknown, British ruler.

The hoard – the only one of this size to be preserved in one location – was acquired for the Museum of Somerset in Taunton. Following conservation, the collection will become a star exhibit on permanent display at the museum, when it reopens in the summer of 2011 after major renovation supported by the Heritage Lottery Fund, NHMF's sister organisation.





Opposite page: The hoard's container – fragments from the broken earthenware pot were removed to expose the coins within and help excavation

This page (from top): A group of coins, including five silver denarii, of rebel emperor Carausius (286–293 AD)

The obverse and reverse of a coin from the reign of Tacitus (275–276 AD) struck at Siscia (Croatia) – made of copper alloy, with traces of a silver wash



The Procession to Calvary by Pieter Brueghel the Younger (1564/1565–1636)

National Trust

£1,100,000

Characteristically for its author, the painting is filled with incident – so much so, that it takes a little time to find its chief protagonist. Christ is stooped under the weight of the Cross, bottom centre, and the two Marys grieve on the right under a dying tree, in a visual premonition of the fate awaiting Christ at the top of the hill. Dozens of ordinary people and soldiers crowd the canvas, which shows the biblical events in a contemporary Flemish setting. The procession is unstoppable and final, snaking inexorably to the crucifixion site and drawing in the eye of the viewer.

Completed in 1602, the second of his five dated versions of *The Procession to Calvary* is seen as one of Pieter Brueghel the Younger's finest pieces. The artist's work has often been overshadowed by that of his father, Pieter Brueghel the Elder, a revolutionary figure in Flemish painting. In addition, the reputation of Brueghel the Younger has suffered at times due to his seeking to fulfil the demand for copies of his father's works. But *The Procession to Calvary* shows this intriguing, uneven artist at the pinnacle of his career, matching both the manner and the breadth of Brueghel the Elder.

The painting is the star attraction of the major picture collection at Nostell Priory, near Wakefield, and has hung there for over 200 years. Along with a Rembrandt portrait at Penrhyn, it is said to be the most important painting hanging in a National Trust property but not owned by the Trust. In September 2010, The Art Fund and the National Trust launched a joint fundraising appeal to save *The Procession to Calvary* – it was offered for sale by its owner, with the risk of being lost from public view. NHMF stepped in to fill a fundraising gap of over £1 million and make up the £2.7 million necessary to buy the painting for the nation.







Zodiac settle by William Burges (1827–1881)

Cecil Higgins Art Gallery and Bedford Museum

£430,000

Burges was one of the most flamboyant architects of the 19th century and a leading light in the Gothic Revival movement. His skills extended beyond architecture to interior design and the design of furniture, metalwork, ceramics, stained glass and jewellery. He is particularly remembered for his painted furniture, based on his study of medieval precedents and conceived as part of elaborate decorative and iconographic interior-design schemes.

This settle (1869–70) is an idiosyncratic example of Burges's skill for reinterpreting medieval forms and decoration in his designs for painted furniture, combining the form of an Italian Renaissance day-bed with a castellated canopy inspired by the English Gothic. It is made from painted, stencilled and gilded wood intricately and exuberantly decorated with rock crystal and painted slips of vellum. The central panel, painted by Burges's

collaborator Henry Stacey Marks, features the sun on a throne, surrounded by the dancing signs of the zodiac who all "vie in footing it feately", in Marks's words; other panels show the planets as musicians and female figures.

Designed by Burges for his own use, the settle's ultimate destination was Tower House, the Gothic residence Burges built for himself in Holland Park, London. Burges's intention was to fill his home with medieval-inspired furniture that "would be covered in paintings, both ornaments and subjects; it not only did its duty as furniture but spoke and told a story". The zodiac settle formed part of the scheme for the drawing room, which was decorated on the theme of love and from which Burges intended to remove all chairs. The settle was an experiment in form and design that was never repeated in any of his later furniture commissions.

Funding from NHMF and The Art Fund helped the Cecil Higgins Art Gallery and Bedford Museum purchase the settle after an export stop was issued. The Art Gallery and Museum are home of the most significant collection of painted furniture designed by William Burges for his own use, and the zodiac settle will be a central feature of their new William Burges gallery, due to open in late 2012.

Venta Icenorum

Norfolk Archaeological Trust

£374,000

Venta Icenorum was the Roman *civitas* capital of what today is northern East Anglia, and a stronghold of the Iceni, the tribe of warrior queen Boudica.

Situated near the village of Caistor St Edmund in Norfolk, the town straddled both sides of the River Tas. Along with Silchester in Hampshire and Wroxeter in Shropshire, the site is one of just three Roman regional centres in Britain that have not been built over, and is a Scheduled Ancient Monument.

An extraordinary greenfield survival, Venta Icenorum presents a rare opportunity to study the Roman period and to make archaeology more accessible to the public. As such, a large proportion of the site – 120 acres on the east bank of the Tas – was already owned by the Norfolk Archaeological Trust (NAT) and run as a freely accessible archaeological park.

Farmland known as Dunston Field, on the river's west bank, is a key part of the ancient town complex. Rich in finds ranging from Iron Age coins through to a Roman road and Anglo-Saxon metalwork, the site is a unique resource for understanding the changes that occurred in the urban centres of Britain and Europe in the post-Roman period.

An NHMF grant has been awarded to NAT to make possible the acquisition of up to 60 acres of Dunston Field. This would enable the Trust to conserve the land, which has been heavily ploughed, subsoiled and metal-detected, and protect it as part of an enlarged archaeology park with the Roman town and the Tas at its centre.



Aerial photo of Venta Icenorum, showing the lines of the Roman streets and the River Tas. Dunston Field can be seen at the top of the image

Broadlands archive

University of Southampton

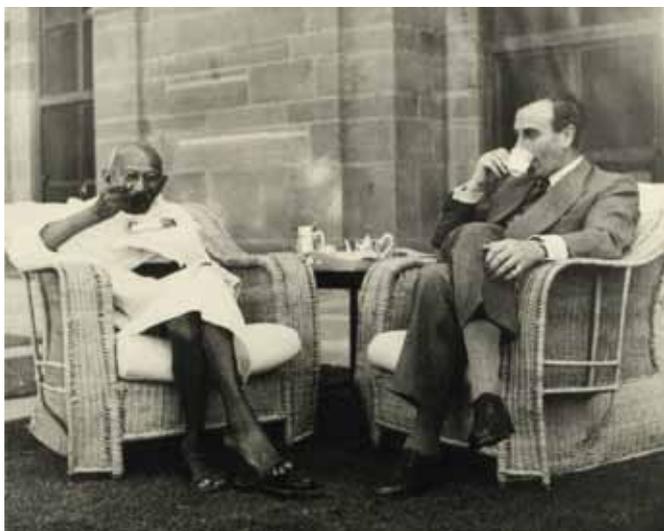
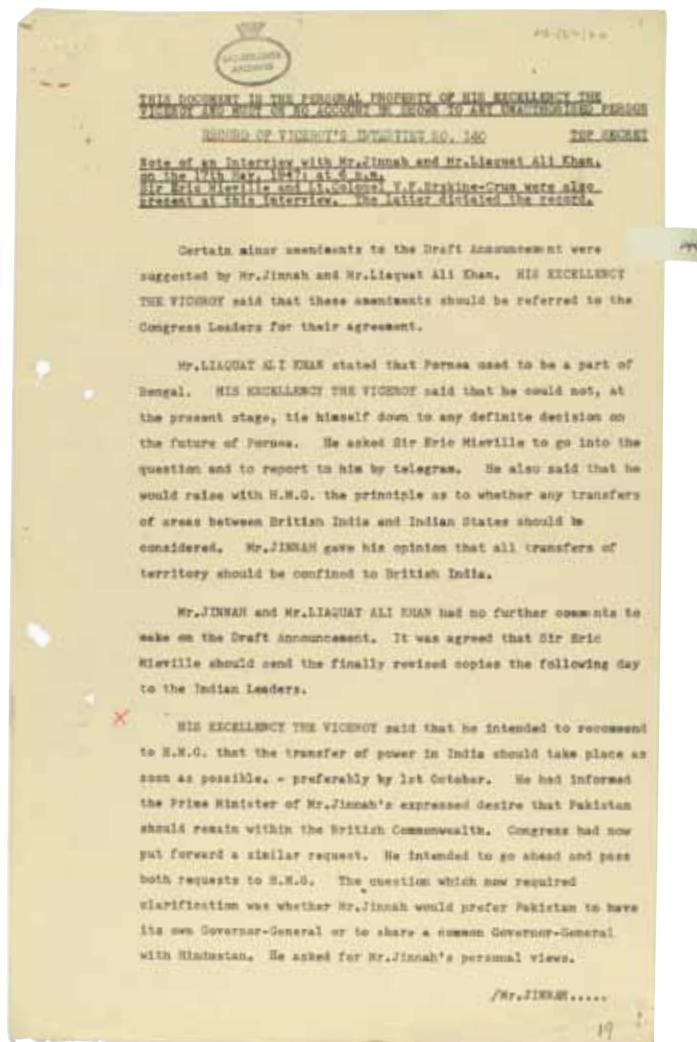
£1,993,760

This archive, named after the Broadlands estate in Hampshire, spans a period from the 16th century to the present. Through marriage and inheritance, it includes not only the papers of the Mountbatten and Battenberg, but also the Temple (Palmerston), Ashley and Cassel families. One of the most significant archives in private ownership, the

collection contains papers of the Victorian Prime Minister and Foreign Secretary Lord Palmerston, social reformer the 7th Earl of Shaftesbury, and the last Viceroy of India, Earl Mountbatten of Burma.

The 4,500 boxes of official papers, personal correspondence, diaries and photographs offer unprecedented insights into major political, diplomatic, social and economic events that shaped Britain in the 19th and 20th centuries.

As the last Viceroy and the first Governor-General of the newly independent India, Lord Mountbatten played a unique part in the negotiations that saw British withdrawal from India and the subsequent

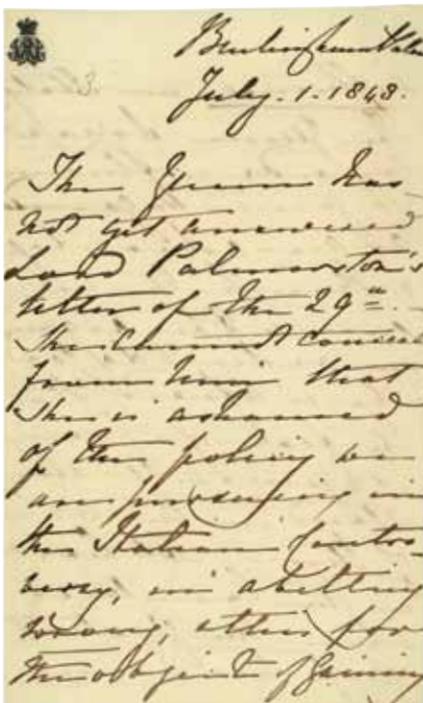
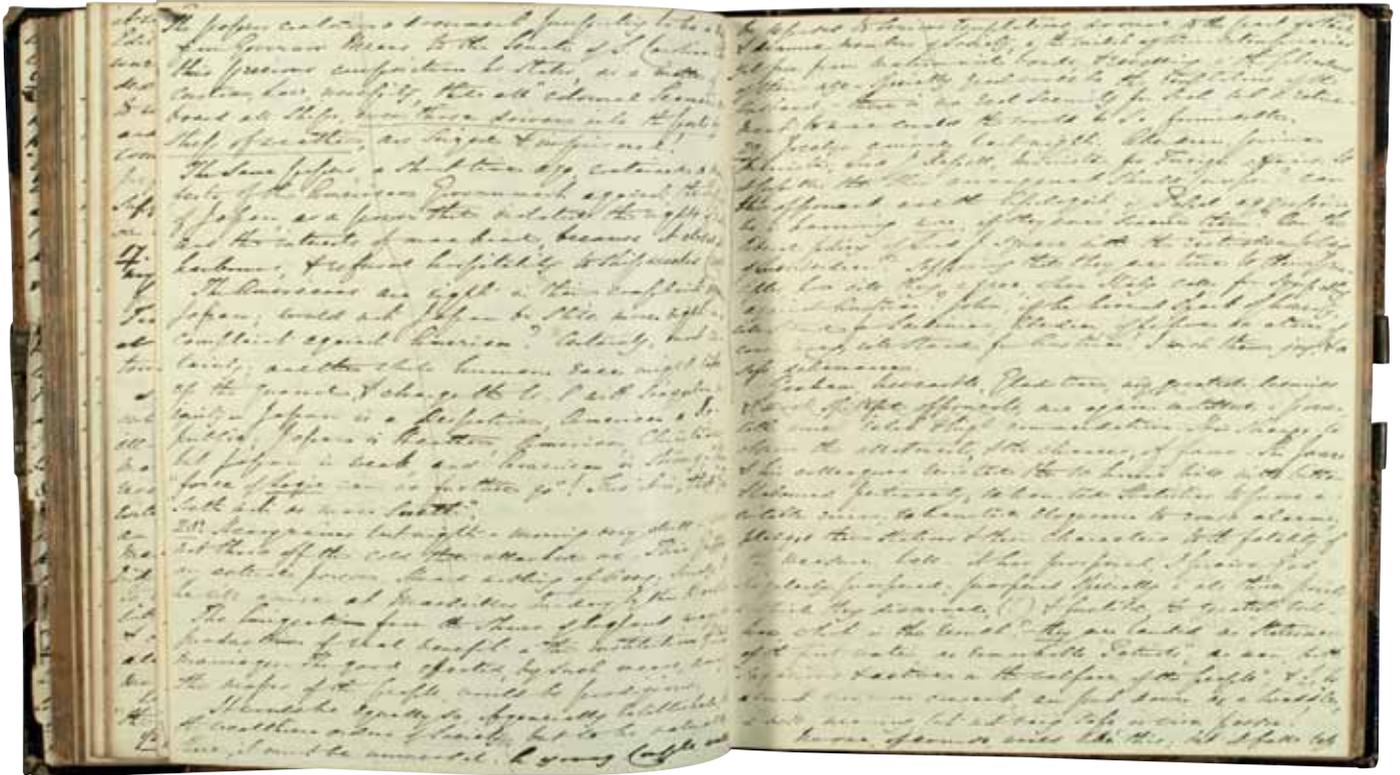


partition of the subcontinent. His papers and correspondence provide an insider's view of this complex process, and include a note handwritten by Mahatma Gandhi – who had undertaken a vow of silence – during a crucial meeting with the Viceroy.

The archive also features 1,200 letters from Queen Victoria to Lord Palmerston – who was successively Foreign Secretary, Home Secretary and Prime Minister between 1830 and 1865 – revealing their strained working relationship. And the diaries of Anthony Ashley Cooper, 7th Earl of Shaftesbury, provide a remarkable insight into the mind of the social reformer. Affectionately known as the 'poor

man's earl', Lord Shaftesbury championed the cause of the working class, most famously securing legislation for the protection of child chimney sweeps and shorter working hours for children in factories.

The archive has been on loan to the University of Southampton's Hartley Library since 1989 and is stored in purpose-built facilities. The NHMF grant completed the university's fundraising campaign, which reached its target of £2.85million in just seven months.



Opposite page (clockwise from top left): Lord Palmerston as an elder statesman at Broadlands, an albumen print probably from the 1850s

Broadlands House, 1880s, from the south

Notes of the Viceroy's interview with Mohamed Ali Jinnah (President, All India Muslim League) and Liaquat Ali Khan, on the draft announcement about the transfer of power in India

Gandhi's first ever meal eaten at Viceroy's House, 1 April 1947



This page (clockwise from top):

Diary of Anthony Ashley Cooper, 7th Earl of Shaftesbury. The entry for 29 December 1852 regrettably describes the recent rise to power of Graham, Newcastle and Gladstone, who had opposed Shaftesbury's welfare reforms – including the Ten Hours Bill, which had been passed earlier that year, limiting the number of hours to be worked by children

A crowd waits to buy wood at the saw mill, Home Farm, Broadlands, during the 1921 coal strike

A letter from Queen Victoria to Lord Palmerston, her Foreign Secretary, 1 July 1848 – in this year of revolution and unrest across Europe, the Queen declares she is ashamed of British policy being pursued in Italy



Clockwise from top: Two ribbon-style torcs; a torc showing Mediterranean influence; fragments of a torc produced in France using a folded-sheet construction



Iron Age gold hoard

National Museums Scotland

£154,000

Uncovered at Blair Drummond, Stirling, these four Iron Age gold torcs embody an amazing series of firsts – an incredible discovery for a first-time metal detectorist; the first example of the 'folded sheet' style of torc to be found in the UK; and the first evidence of a Mediterranean influence on Scottish Iron Age culture.

The neck ornaments, three of which are complete, date back to 300–100 BC. As symbols of status, wealth and connections, they would have been among the most precious of artefacts.

Two of the torcs show variations on the ribbon style – one strip of metal twisted into a helix – most commonly found in Scotland and Ireland. For many years, torcs of this style were assumed to have been made during the Bronze Age, specifically in the period c.1500–1000 BC. The new discovery proves this assumption wrong – the style originates in the Iron Age.

The third complete torc is more elaborate and thought to be unique in Britain. The body of the torc is made of thin wires braided together, and the terminals are decorated with filigree and granulation – small 'beads' of gold. Although the form is typical of a torc from north-west Europe, the technique used is Hellenistic – extraordinary proof that Scottish Iron Age tribes, previously believed to have existed largely as isolated units, were exchanging skills and ideas with the peoples of mainland Europe.

The fragments of the fourth torc serve as confirmation of a cultural relationship between Scotland and continental Europe during the Iron Age. The style – a folded-sheet construction with rows of 'mushroom'-lobe decoration – belongs to south-west France and has never before been found in Britain.

The £462,000 needed to secure these exceptionally beautiful pieces for the nation was raised with grants of £154,000 from NHMF, £100,000 from The Art Fund and £85,000 from the Scottish Government. The hoard is currently in a temporary exhibition, but will eventually go on permanent public display at the National Museum of Scotland's 'Early people' gallery.



Main image: A Jan Griffier (1645/52–1718) mezzotint, c.1684, after renowned painter Francis Barlow's (c.1626–1704) depiction of a rhinoceros attacking an elephant; Barlow would have been inspired by the arrival of a rhinoceros in London in 1684

Above: Time clips the wings of Love in this mezzotint by James McArdell (1729–1765), based on a composition by Anthony van Dyck (1599–1641)

Above right: An 1802 print by John Raphael Smith (1751–1812), after Joseph Wright of Derby's (1734–1797) portrait of Mary Bassano as Maria from Laurence Sterne's *A Sentimental Journey Through France and Italy*. This was a popular and influential novel that helped to establish travel writing as a dominant genre

Right: *The Pantheon in Oxford Street, 1772*, by William Humphrey (1742–c.1814), was made after a satirical design thought to have been composed by Edward Edwards (1738–1806). Fashionably dressed men and women are gathered around a table with trays of coffee and buns, flirting, while a little girl plays hobby-horse with a sword and a whip. From the Northumberland Album



Lennox-Boyd mezzotint collection

British Museum

£438,013

Assembled over 40 years, the entire collection of the Hon. Christopher Lennox-Boyd comprises more than 40,000 British mezzotints of the period between the 1680s and World War I. A selection of 7,250 of the rarest prints has now been acquired by the British Museum.

Mezzotints (from the Italian *mezzo-tinto*, or half-tone) were produced by roughening copper plates with thousands of miniature dots so that a high-quality design rich in tonality could emerge. This was the first tonal method of printing, widely used in England from the mid-18th century to reproduce paintings. British prints quickly became hugely popular, taking



*pieces of Nature, the Elephant, and the Rhinoceros, drawn after the life, lately brought over from the east
in England, the manner how they fight being mortall Enemies one to another. both of them of prodigious
strength, though it is their nature not to be easily moved to anger.*

J. Griffin fecit.

P. Tempest del.

the European markets by storm in the late 1760s and 1770s, and the Lennox-Boyd collection is evidence of the place of print-making among the country's greatest exports at the time. In contrast, British paintings from the period were barely known abroad.

The selection of prints in this acquisition includes examples by almost every artist who practised in mezzotint in Britain. It comprises extremely rare 17th-century mezzotints, 'drolls' recording semi-popular British culture and visual iconography, 18th- and 19th-century portrait prints, and the Northumberland Album – an intact collection of

satires on fashion and other topical subjects purchased by the Duchess of Northumberland in the 1770s. As such, the prints give invaluable insight into previously unexplored parts of British art, history and society – what British people saw, made and used. Some prints are a record of paintings that have been lost, while others give visual form to aspects of British life that are rarely seen in art.

The British Museum is set to fully catalogue the works, very few of which have ever been described in modern sources. They will then be made available to the public and scholarly community online and through publications, loans and exhibitions.

Asthall hoard of Tudor gold coins

Ashmolean Museum

£64,000

Discovered during building work in the village of Asthall, Oxfordshire, the hoard consists of 210 English angel and half-angel gold coins. The coins, which are thought to have been buried around 1526, span the period from the second reign of Henry VI (1470–1471), through to the first coinage of Henry VIII (1526). They include rare coins from the short reign of Richard III, and half-angels from the rule of the first of the Tudors, Henry VII.

The treasure is the only one of such magnitude to be discovered since the late 19th century. It is also noteworthy for being made up of just one type of coin. Prominent in 15th-century Europe – especially France – the angel was introduced in England in 1465, by Edward IV.

It had a value of six shillings and sixpence, roughly equivalent to £145 by today's standards. The half-angel, with a value of three shillings and threepence, was introduced in 1472.

This gold coin was named after the design on its obverse, of the archangel and military saint Michael slaying Satan in the form of a dragon; the legend bears the name of the king. The reverse shows a ship with heraldic arms and badges of the monarch; the mast is flanked by the king's initial and a rose, and superimposed with a cross.

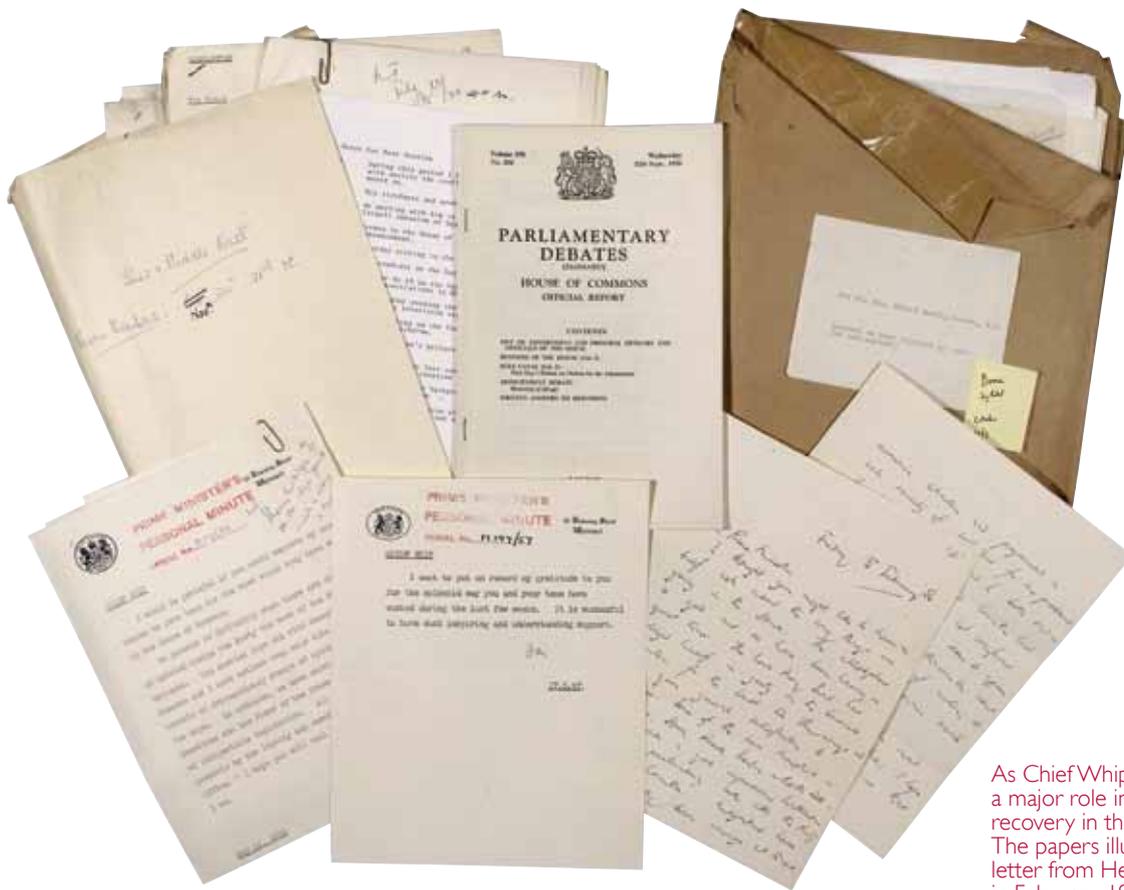
Aside from being a unit of currency, the angel was also famed for its qualities as a powerful charm against scrofula, or 'the King's Evil'. A less elevated influence was as an inspiration for pub names – the most famous of these is the hostelry in Islington, London, which eventually gave its name to a whole area.

Despite the number of angels originally issued, the Asthall hoard is the only collection of its kind to be preserved as a whole. We don't know who buried it or why they never returned to recover their substantial fortune, and we may never know for sure. However, having secured the treasure with the aid of NHMF funding, the Ashmolean Museum, aside from displaying and keeping the hoard in the county in which it was found, will now be working to bring to light some of its history.



Left: Obverse and reverse of an angel from the reign of Richard III (1483–1485)

Above: Obverse and reverse of a half-angel from the first coinage of Henry VIII (1509–1547)



As Chief Whip, Edward Heath played a major role in the Conservative Party's recovery in the aftermath of the Suez crisis. The papers illustrated include a handwritten letter from Heath to Prime Minister Eden in February 1956; a file of correspondence from supporters and opponents of the Suez venture; and two Prime Ministerial personal minutes from Eden's successor, Harold Macmillan, written in 1957 and 1958

Sir Edward Heath papers

Bodleian Library

£400,000

Comprising almost 1,000 boxes, this diverse collection includes personal papers from Edward Heath's school days and his studies at Oxford University, as well as documents from his time as Prime Minister and leader of the shadow government.

Born in 1916, Heath was brought up in a lower-middle-class family in Broadstairs, Kent, where he won a place at a local grammar school. Later he received an Organ Scholarship to Balliol College, Oxford, and in 1937 became President of the Oxford University Conservative Association. Heath's visits to Germany in 1937 – where he witnessed Nazi rallies at Nuremberg – and Spain at the time of the civil war are among the formative experiences the archive documents with papers and photographs. The Suez crisis of 1956 is documented as well, through letters, correspondence and copies of parliamentary debates. Plans, speeches, press briefings and transcripts from the 1970 general-election campaign Edward Heath won as leader of the Conservative Party are also included here.

Evidence of his conviction to bring Britain into the European community – Heath's crowning glory as Prime Minister – is abundant too. The archive documents everything from Heath's first public speech on Europe, in 1939, and his correspondence and speeches in the 1950s and 1960s as he established his political agenda on Europe, through to his notes of secret talks with President Pompidou and papers leading up to the key vote in the House of Commons in 1973.

With help from NHMF, Oxford University's Bodleian Library was able to purchase the archive from the Sir Edward Heath Charitable Foundation, which had offered the papers for sale in order to support its charitable purposes. The library already holds the Conservative Party papers, the papers of other major Conservative statesmen such as Disraeli and Macmillan, as well as documents from Liberal and Labour Prime Ministers. Taken together, these and other holdings of political papers at the Bodleian provide a useful context for the study and interpretation of the major events in which Heath himself was involved.

Inner Harbour – Abbey Slip
by Stanhope Forbes (1857–1947)
Penlee House Gallery and Museum

£80,000

Known as ‘the father of the Newlyn School’ – the Cornish artist colony that originated in the 1880s and provided British art’s response to French Impressionism and Realism – Stanhope Forbes was one of the most prominent artists of his era. Born in Dublin in 1857, he studied at the Lambeth School of Art in London, and later in France, where he first met ‘en plein air’ painters – artists who worked ‘in the open air’. Along with the Barbizon School and impressionists of France, the Newlyn School became a major proponent of painting in natural light.

Inner Harbour – Abbey Slip is possibly the finest example of Forbes’s late style, which evolved following the deaths of his wife Elizabeth in 1912 and son Alec in World War I. Although Penzance is only one and a half miles from Newlyn, views of the town are rare among Newlyn School works. Painted in 1921 at the bottom of Abbey Slip in Penzance, this iconic view of the Cornish town is almost unchanged today. The work combines meticulous recording of the built environment with highly accomplished painterly technique in capturing the play of light on the water. Beloved by locals and tourists alike, this view has been a top-selling greetings card for over 25 years.

The painting has remained in the Penzance area since it was created, and has been exhibited many times at the local Penlee House Gallery and Museum, as well as at the Royal Academy (1922) and the Barbican (1985) in London.

Unable to bid for the painting at an auction in April 2010, Penlee House nevertheless succeeded in purchasing it with help from NHMF, thus ensuring it wasn’t sold abroad. *Abbey Slip* now joins the most significant collection of Newlyn paintings, and will be displayed less than half a mile from where it was painted, alongside another iconic Forbes piece – *On Paul Hill* – saved with NHMF help in 2006.





Stanhope A. Forbes
1881

THE
JOURNAL
OF
SYMBOLIC LOGIC

THE USE OF DOTS AS BRACKETS IN CHURCH'S SYSTEM

BY
A. M. TURING

REPRINTED FROM VOLUME 7, NUMBER 4, DECEMBER, 1942
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Made in the United States of America

is provable for $1 \leq r \leq \alpha$. It is clearly provable for $r=1$: suppose it to be provable for a given r . We can prove

$$(y_0)(\exists x_0) Db(x_0, y_0)$$

and

$$(y_0)(\exists x_0) Db(fx_0, fy_0),$$

from which we obtain

$$\mathcal{C}_r(y_0) \supset (\exists x_0) \{ (Db(x_0, y_0) \cdot \mathcal{C}_r(y_0)) \vee (Db(fx_0, fy_0) \cdot \mathcal{U}_{r+1}(y_0)) \}$$

and

$$\mathcal{U}_{r+1}(y_0) \supset (\exists x_0) \{ (Db(x_0, y_0) \cdot \mathcal{C}_r(y_0)) \vee (Db(fx_0, fy_0) \cdot \mathcal{U}_{r+1}(y_0)) \}.$$

These together with (8.1) yield

$$(\exists y_0) \mathcal{C}_r(y_0) \vee (\exists y_0) \mathcal{U}_{r+1}(y_0) \supset (\exists x_0) \mathcal{C}_{\alpha, \mathcal{U}_{r+1}}(x_0),$$

which is sufficient to prove (8.6) for $r+1$. Now, since (8.5) is provable in C , $(\exists x_0) \mathcal{C}_\alpha(x_0)$ must also be provable, and, since C is valid, this means that $\mathcal{C}_\alpha[f^{(m)}0]$ must be provable for some natural number m . From (8.1) and the definition of $\mathcal{C}_\alpha(x_0)$ we see that this implies that $\mathcal{U}_1[f^{(m)}0]$ is provable for some natural numbers n and r , $1 \leq r \leq \alpha$.

To any system C of H we can assign a primitive recursive relation $P_C(m, n)$ with the intuitive meaning " m is the G.R. of a proof of the formula whose G.R. is n ". We call the corresponding recursion formula $\text{Proof}_C(x_0, y_0)$ (i.e. $\text{Proof}_C[f^{(m)}0, f^{(n)}0]$ is provable when $P_C(m, n)$ is true, and its negation is provable otherwise). We can now explain what is the relation of a system C to its predecessor C' . The set of axioms which we adjoin to P to obtain C consists of those adjoined in obtaining C' , together with all formulae of the form

$$(\exists x_0) \text{Proof}_C(x_0, f^{(m)}0) \supset \delta, \quad (8.7)$$

where m is the G.R. of δ .

We want to show that a contradiction can be obtained by assuming C' to be invalid but C to be valid. Let us suppose that a set of formulae of the form (8.4) is provable in C' . Let $\mathcal{U}_1, \mathcal{U}_2, \dots, \mathcal{U}_n$ be those axioms of C of the form (8.7) which are used in the proof of $(\exists x_0) \mathcal{C}_\alpha(x_0)$. We may suppose that none of them is provable in C' . Then by the deduction theorem we see that

$$(\mathcal{U}_1, \mathcal{U}_2, \dots, \mathcal{U}_n) \supset (\exists x_0) \mathcal{C}_\alpha(x_0) \quad (8.8)$$

Seems to be a mistake
NO. NOT PROVED!

ON COMPUTABLE NUMBERS, WITH AN APPLICATION TO THE ENTSCHEIDUNGSPROBLEM

By A. M. TURING.

[Received 29 May, 1936.—Revised 12 November, 1936.]

[Extracted from the *Proceedings of the London Mathematical Society*, Ser. 2, Vol. 42, 1937.]

The "computable" numbers may be described briefly as the real numbers whose expressions as a decimal are calculable by finite means. Although the subject of this paper is ostensibly the computable numbers, it is almost equally easy to define and investigate computable functions of an integral variable or a real or computable variable, computable predicates, and so forth. The fundamental problems involved are, however, the same in each case, and I have chosen the computable numbers for explicit treatment as involving the least cumbersome technique. I hope shortly to give an account of the relations of the computable numbers, functions, and so forth to one another. This will include a development of the theory of functions of a real variable expressed in terms of computable numbers. According to my definition, a number is computable if its decimal can be written down by a machine.

In §§ 9, 10 I give some arguments with the intention of showing that the computable numbers include all numbers which could naturally be regarded as computable. In particular, I show that certain large classes of numbers are computable. They include, for instance, the real parts of all algebraic numbers, the real parts of the zeros of the Bessel functions, the numbers π, e , etc. The computable numbers do not, however, include all definable numbers, and an example is given of a definable number which is not computable.

Although the class of computable numbers is so great, and in many ways similar to the class of real numbers, it is nevertheless enumerable. In § 8 I examine certain arguments which would seem to prove the contrary. By the correct application of one of these arguments, conclusions are reached which are superficially similar to those of Gödel¹. These results

¹ Gödel, "Über formal unentscheidbare Sätze der Principia Mathematica und verwandter Systeme, I", *Monatsh. Math. Phys.*, 38 (1931), 173-198.

have valuable applications. In particular, it is shown (§ 11) that the Hilbertian Entscheidungsproblem can have no solution.

In a recent paper Alonzo Church² has introduced an idea of "effective calculability", which is equivalent to my "computability", but is very differently defined. Church also reaches similar conclusions about the Entscheidungsproblem³. The proof of equivalence between "computability" and "effective calculability" is outlined in an appendix to the present paper.

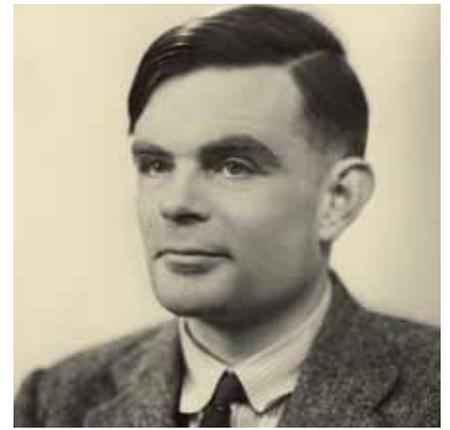
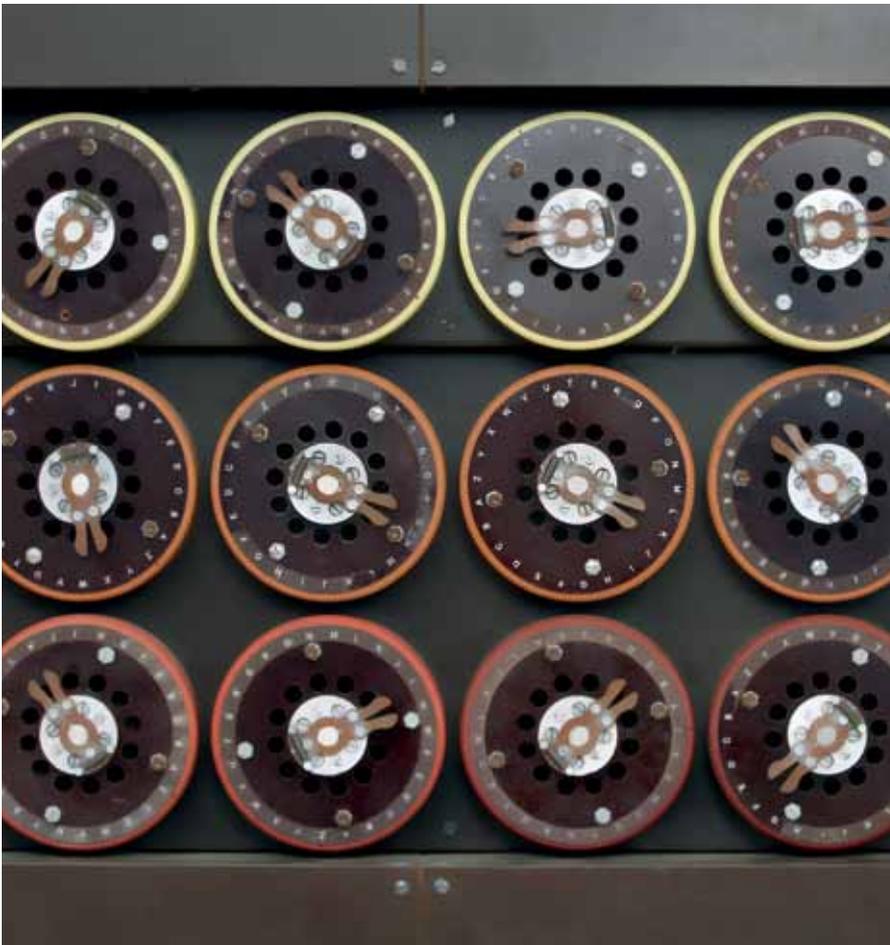
1. Computing machines.

We have said that the computable numbers are those whose decimals are calculable by finite means. This requires rather more explicit definition. No real attempt will be made to justify the definitions given until we reach § 9. For the present I shall only say that the justification lies in the fact that the human memory is necessarily limited.

We may compare a man in the process of computing a real number to a machine which is only capable of a finite number of conditions q_1, q_2, \dots, q_n which will be called " n -configurations". The machine is supplied with a "tape" (the analogue of paper) running through it, and divided into sections (called "squares") each capable of bearing a "symbol". At any moment there is just one square, say the r -th, bearing the symbol $\mathcal{C}(r)$ which is "in the machine". We may call this square the "scanned square". The symbol on the scanned square may be called the "scanned symbol". The "scanned symbol" is the only one of which the machine is, so to speak, "directly aware". However, by altering its n -configuration the machine can effectively remember some of the symbols which it has "seen" (scanned) previously. The possible behaviour of the machine at any moment is determined by the n -configuration q_r and the scanned symbol $\mathcal{C}(r)$. This pair $q_r, \mathcal{C}(r)$ will be called the "configuration"; thus the configuration determines the possible behaviour of the machine. In some of the configurations in which the scanned square is blank (i.e. bears no symbol) the machine writes down a new symbol on the scanned square; in other configurations it erases the scanned symbol. The machine may also change the square which is being scanned, but only by shifting it one place to right or left. In addition to any of these operations the n -configuration may be changed. Some of the symbols written down

² Alonzo Church, "An unsolvable problem of elementary number theory", *American J. of Math.*, 58 (1936), 345-352.
³ Alonzo Church, "A note on the Entscheidungsproblem", *J. of Symbolic Logic*, 1 (1936), 40-41.

PTC



Opposite page (clockwise from top left):
 'The use of dots as brackets in Church's system.' Offprint from *Journal of Symbolic Logic*, vol. 7, 1942. Written in Turing's scarce leisure time while working on the bombe, this paper developed a method of using groups of dots instead of brackets to make formulae easier to read

'Systems of logic based on ordinals.' Offprint from *Proceedings of the London Mathematical Society*, series 2, vol. 45, 1939. Turing's PhD thesis

'On computable numbers, with an application to the Entscheidungsproblem.' Offprint from *Proceedings of the London Mathematical Society*, series 2, vol. 42, 1936–37. Turing's most important paper; and the birthplace of the modern computer

This page: The bombe's decoding drums; Alan Turing

Turing-Newman collaboration collection

Bletchley Park Trust

£213,437

Mathematician, logician, cryptanalyst, computer scientist – Alan Turing was all of these. Perhaps best known as the brilliant World War II code-breaker who triumphed over the German Navy's Enigma encoding machine, he has, increasingly, also come to be recognised as the de facto father of modern computer science. The secrecy surrounding Turing's war work remained in place until the mid-1970s and meant that, even though he was awarded an OBE in 1945, the enormous impact of both his war work and contribution to computer science has only been acknowledged relatively recently.

Combining the work started by Polish cryptanalysts with his own theories and insight, in 1939 Turing created 'the bombe' – an electromagnetic device that could determine the settings used to encode information on Enigma machines. The breaking of Enigma is said to have hastened the end of the war by two years, saving countless lives.

A man of immense and unstoppable talent and energy, Turing returned his attention to the concept of computation after the war. By 1946 he had

completed the first detailed design of a stored-program computer, which executed its first program in 1950. As deputy director of the University of Manchester's computing laboratory, he worked on the essential concepts of artificial intelligence. The Turing test – which establishes whether a remote correspondent is a human or a machine – is still in use today.

Turing took his own life in 1954. He had been prosecuted for his homosexuality and subsequently barred from working for GCHQ. In 2009 Prime Minister Gordon Brown made a public apology on behalf of the British Government for the way Turing was treated.

Owned originally by Turing's mentor, Dr Max Newman, this unique collection of Turing's annotated offprints – separate reprints of articles that previously appeared as part of larger publications – contains 15 of the 18 articles he published during his lifetime and encapsulates his life's work. As well as paying tribute to this brilliant scientist and war hero by helping to purchase these offprints for the nation, NHMF is contributing towards the conservation and display of the documents so that they can be suitably preserved and housed at Bletchley Park.

Nimrud ivories

British Museum

£150,000

From a frieze of incised lotus-flower decoration and a plaque showing a winged scarab beetle, to carved furniture fittings and statues in Egyptian pose, these ivories form the finest and most numerous collection of carved ivory objects anywhere in the world.

They were discovered between 1949 and 1963 at Fort Shalmaneser, a palace and storehouse at Nimrud – one of the Assyrian empire's capitals and a site in modern-day Iraq. Celebrated archaeologist Sir Max Mallowan led the excavation by the British School of Archaeology in Iraq – now the British Institute for the Study of Iraq (BISI) – which is deemed the most important British archaeological venture ever to be undertaken in the Middle East. His wife, Agatha Christie, was herself a member of the excavation team, famously sacrificing her face cream to help preserve the ivories, fortunately to no ill effect.

This page: Carved ivory plaque from Nimrud showing a youth wearing necklaces and a short skirt with an Egyptian crown. 8th–7th century BC. Phoenician style

Opposite page (clockwise from top): Ivory horse blinker ornament with carved decoration showing a winged human-headed lion wearing an elaborate collar. 8th–7th century BC. Phoenician style

Carved ivory plaque from Nimrud, showing a winged human figure wearing an Egyptian wig, with a large lotus flower above. 8th–7th century BC. Phoenician style

Ivory furniture decoration from Nimrud carved in low relief with a rearing winged griffin facing left. One paw rests on a papyrus or lotus head, the other is raised. 8th–7th century BC. Phoenician style

The pieces form a unique record of the decorative arts of the early first millennium BC. All date from the 9th to the 7th century BC and range from 10cm to 30cm in width. They would have formed elements of elaborate vessels, furniture and horse trappings, and many would have been covered with gold foil and inlaid with coloured stones. Many pieces were made in Egypt, Phoenicia (modern Lebanon) and Syria, and taken to Nimrud as tribute and booty. As such, the ivories have great potential to reveal how past civilizations lived, and to tell a unique story about the way material culture was used and traded.

At the time of excavation, in line with contemporary practice, the finds were divided between the host country and the expedition, with the finest pieces remaining in Baghdad. This acquisition of some 1,000 substantial pieces ensures that the overwhelming majority of the ivories still owned by BISI will be passed to the British Museum. A small number of choice display pieces remains in the possession of the institute, and it is hoped that these pieces can be returned to Iraq in the future.





Report of the Trustees and Accounting Officer

Management commentary

Background information

The National Heritage Memorial Fund (NHMF or 'the Fund') is vested in and administered by a body corporate known as the Trustees of NHMF, consisting of a Chair and not more than 14 other members appointed by the Prime Minister. The Fund was set up on 1 April 1980 by the National Heritage Act 1980 ('the 1980 Act') in succession to the National Land Fund as a memorial to those who have given their lives for the United Kingdom. The powers of the Trustees and their responsibilities were extended by the provisions of the National Lottery etc. Act 1993 ('the 1993 Act'), the National Heritage Act 1997 ('the 1997 Act') and the National Lottery Act 1998.

Under the 1993 Act, Trustees became responsible for the distribution of that proportion of National Lottery proceeds allocated to the heritage. Trustees of NHMF have to prepare separate accounts for the receipt and allocation of grant-in-aid and for their operation as a distributor of National Lottery money. Trustees have chosen to refer to the funds as NHMF for sums allocated under the provisions of the 1980 Act and the Heritage Lottery Fund (HLF) for receipts under the provisions of the 1993 Act.

Principal activities

Under sections 3 and 3a of the 1980 Act, Trustees may make grants and loans out of NHMF for the purpose of acquiring, maintaining or preserving:

- i) any land, building or structure which in the opinion of the Trustees is of outstanding scenic, historic, aesthetic, architectural, archaeological or scientific interest;
- ii) any object which in their opinion is of outstanding historic, artistic or scientific interest;
- iii) 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.

Section 4 of the 1980 Act (as amended) extends the powers of Trustees to improving the display of items of outstanding interest to the national heritage by providing financial assistance to construct, convert or improve any building in order to provide facilities designed to promote the public's enjoyment or advance the public's knowledge.

Under the 1980 Act (as amended) and the 1997 Act, Trustees are now also able to assist projects directed to increasing public understanding and

enjoyment of the heritage and to interpreting and recording important aspects of the nation's history, natural history and landscape. Trustees use these extended powers primarily in connection with HLF. Trustees believe that NHMF has a vital role as the central bulwark in the nation's defence of items of outstanding importance which are at risk. Trustees will continue to use the resources provided by Government, as well as resources generated by its endowment fund, to offer financial assistance as a fund of last resort towards the acquisition, preservation and maintenance of heritage which is threatened by destruction or loss.

Financial instruments

International Financial Reporting Standard 7 'Financial Instruments: Disclosures' ('IFRS 7') requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk for NHMF than is typical of the listed companies to which IFRS 7 mainly applies. NHMF does not have powers to borrow, but can invest grant-in-aid-derived funds. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the organisation.

Liquidity risk

NHMF received very little income in 2010–11. This was for two reasons:

- i) our grant-in-aid was only £1;
- ii) the change in investment manager resulted in a change of investment type. The endowment fund is now invested in the Schroder Investment Management Limited ('SIM') Charity Multi-Asset Fund, which does not generate income, merely capital growth. This is only a technical change; in previous years, all income generated by the endowment fund was re-invested.

NHMF had large cash balances brought forward from the previous financial year and used this money to fund grant payments and administration costs. In addition, as the underlying investments in the Multi-Asset Fund are widely traded, Trustees are able to liquidate funds on a daily basis – indeed £6million was drawn down from the endowment fund towards the end of the year to fund grant payments in 2011–12. Therefore, Trustees are satisfied that they have sufficient liquid resources, in the form of their cash balances (worth £6.7million at the date of the Statement of Financial Position) and the endowment fund (worth £29.3million

at the date of the Statement of Financial Position) to cover all outstanding grant awards of £6.7million and administrative liabilities of £44,000. The endowment is mostly invested in unit trusts which are readily marketable – the prices are quoted daily in the Financial Times. NHMF monitors its cash balances on a daily basis and keeps in regular contact with grantees to ascertain their likely cash drawdown requirements. NHMF's largest outstanding grant has payment dates set out in the contract. The Trustees consider that the Fund is not exposed to significant liquidity risks.

Market and interest rate risk

Cash balances, which are used to pay grant commitments and operating costs, are held in a variety of bank accounts, some fixed rate and one variable rate. The variable rate account carried an interest rate of 0.35% in the year and was used to make grant payments and fund our administration. Larger sums of money were held in short-term fixed rate accounts, paying between 1.67% and 1.8%, and used to fund the variable rate account when required. The sharp decline in market interest rates that occurred during 2008–09 has had an impact on returns, but as there is little room for rates to fall further, the risk is small. The year-end cash balances, held by the Fund in the bank and via their endowment fund investment managers, were £6.7million. Other financial assets and NHMF's financial liabilities carried nil rates of interest.

Schroder & Co. Limited ('Schroders') managed NHMF's endowment and invested it in a wide range of assets, from marketable shares to cash. Schroders took over from JP Morgan Asset Management (London) Limited during the first quarter of the year. At the year end, the market value of the endowment, excluding its cash element, was £29.3million. Returns are dependent upon global stock markets and performance of companies included within the portfolio. In the year, the return on the endowment was 4%. The Trustees kept the performance of investments under review through their Finance and Resources Committee and its investment panel, which includes three independent members with extensive experience in the City of London.

As the balance of cash and investments within the endowment fund significantly exceed the current value of existing liabilities, and because NHMF has been informed of the level of its grant-in-aid over the next four years, no detailed sensitivity analysis has been carried out. Should the value of its endowment fund significantly decline in the long term, Trustees would seek an increase in their grant-in-aid whilst

reducing their future grant-award budgets. Should this request be turned down by the Secretary of State, Trustees will review their long-term grant-award strategy.

	2010–11 £'000	2009–10 £'000
Cash balances		
– sterling at floating interest rates	106	14,616
– sterling at a mixture of fixed and floating rates	0	739
– sterling at fixed rates	6,626	0
	6,732	15,355

Credit risk

NHMF's receivables comprise prepayments mostly on property leases. It is not, therefore, exposed to significant credit risk.

Foreign currency risks

The endowment fund is invested in the SIM Charity Multi-Asset Fund, which is denominated in sterling. The Multi-Asset Fund invests in a large number of unit trusts, many of which include investment in assets denominated in other currencies. It is not possible to be precise about the proportion of the investments denominated in foreign currencies, but it is around 25%. The Multi-Asset Fund mitigates its exposure to foreign exchange risks by investing in a global spread of equities, bonds and commodities and, therefore, currencies. The Trustees' investment panel monitors the investment of our endowment fund, including the exposure to foreign currencies within the Multi-Asset Fund. All other assets of NHMF are denominated in sterling.

Financial assets by category

	2010–11 £'000	2009–10 £'000
Assets per the Statement of Financial Position		
Non-current assets	29,320	31,179
Cash and cash equivalents	6,732	15,355
Trade and other receivables	34	2
	36,086	46,536

Financial liabilities by category

	2010–11 £'000	2009–10 £'000
Liabilities per the Statement of Financial Position		
– other financial liabilities		
• grant commitments	6,667	8,518
• operating payables	1	5
• other payables	2	4
• accruals	41	40
	6,711	8,567

Report of the Trustees and Accounting Officer

Fair values

Set out below is a comparison, by category, of book values and fair values of NHMF's financial assets and liabilities as at 31 March 2011.

Financial assets at 31 March 2011

	Book value £'000	Fair value £'000
Cash ¹	6,732	6,732
Investments ²	26,929	29,310
Receivables ³	34	34
	33,695	36,076

Financial assets at 31 March 2010

	Book value £'000	Fair value £'000
Cash	15,355	15,355
Investments	24,926	31,171
Receivables	2	2
	40,283	46,528

Financial liabilities at 31 March 2011

	Book value £'000	Fair value £'000
Grant commitments ⁴	6,667	6,667
Operating payables ⁵	1	1
Other payables ⁵	2	2
Accruals ⁵	41	41
	6,711	6,711

Financial liabilities at 31 March 2010

	Book value £'000	Fair value £'000
Grant commitments	8,518	8,518
Operating payables	5	5
Other payables	4	4
Accruals	40	40
	8,567	8,567

Basis of fair valuation:

1. The figure here is the value of short-term money market investments and deposits with commercial banks. It is expected that book value equals fair value.
2. Investments are made in readily marketable securities and are valued at mid-market at close of business on the date of the Statement of Financial Position. Where relevant, the closing exchange rate between the base currency and sterling is taken at the date of the Statement of Financial Position. Book value reflects the price actually paid in sterling at the date of completion of the transaction.
3. No provision for bad debt is deemed necessary. None of the debts are long term and so no discounting factor has been applied.
4. No discount factor has been applied.
5. All payables are due within normal contractual terms, usually 14–30 days, and so no difference exists between book value and fair value.

Maturity of financial liabilities

	2010–11 £'000	2009–10 £'000
In less than one year	6,711	5,235
In more than one year, but less than two	0	3,332
In two to five years	0	0
In more than five years	0	0
	6,711	8,567

Future developments

Grant-in-aid in 2011–12 will remain at £1. However, the Government's Comprehensive Spending Review announced in October 2010 has promised NHMF £20million over the next four years and Trustees have agreed to use the endowment fund to allow a grant award budget of £5million for 2011–12. The endowment fund will be replenished using some of our grant-in-aid in 2013–14 should investment returns not be sufficient to make up for the utilisation in 2011–12.

Trustees consider that an annual grant-in-aid of £10million represents the bare minimum to allow NHMF to meet its statutory duties. Thus, a medium term level of grant-in-aid of £5million per annum will inevitably mean that some items of our heritage could be lost. Demand for funding remains strong and we will be making the case for a return to £10million per annum.

Employee consultation

The nature of the operations of the Fund means that grant-application-processing staff work closely with Trustees. Staff are involved in project assessment and monitoring, as well as applicant visits with Trustees. Many members of staff attend meetings of Trustees, which enables them to be aware of thinking about the development of the Fund and its operations. Additionally, senior management ensures – through summaries of Management Board meetings in the monthly core brief, face-to-face meetings and a high level of personal accessibility – that matters of concern to staff can be readily addressed. It is essential that all staff are given the opportunity to contribute to the development of the Fund as well as achieving their own potential through regular consultation and discussion. To this end, a Staff Council is in existence. Comprising representatives from each department, it discusses matters of interest to staff with representatives from management. It meets nine times a year.

Equal opportunities

As an employer, NHMF abides by equal opportunities legislation. The Fund does not discriminate against staff or eligible applicants for job vacancies on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religious belief, disability, age or sexual orientation. Every possible step is taken to ensure that staff are treated equally and fairly, and that decisions on recruitment, selection, training, promotion and career management are based solely on objective job-related criteria. NHMF does not tolerate any form of discrimination, harassment or victimisation. The Fund welcomes job applications from people with disabilities, and currently around 4% (2009–10: 4%) of our workforce is made up of people with declared disabilities. All staff are required to co-operate in making this policy work effectively.

Payables

NHMF adheres to the Government-wide standard on bill-paying and the CBI Better Payment Practice Code, which is to settle all valid bills within 30 days. In 2010–11, the average age of invoices paid was eight working days (2009–10: 8 days). Over 96% of invoices were paid within 30 calendar days (2009–10: 95%).

Another way of measuring our commitment to paying suppliers is the creditor days ratio – the ratio of trade payables at the end of the year to the total value of purchases in the year expressed in terms of days. At 31 March 2011, the figure was 29 days (2009–10: 41 days).

Pension liabilities

The Fund makes contributions to the pension schemes of staff. Other than making these payments, the Fund has no pension liabilities. Further information is available in the Notes to the Accounts.

Register of interests

As a matter of policy and procedure, the Trustees declare any direct interests in grant applications and commercial relationships with NHMF and exclude themselves from the relevant grant appraisal, discussion and decision processes within NHMF. In their contacts with grant applicants, Trustees seek to avoid levels of involvement or influence that would be incompatible with their responsibilities as a Trustee of NHMF. There are corresponding arrangements for staff to report interests and avoid possible conflicts of interest. The Register of Trustees' Interests is available for public inspection by contacting the Secretary to the Board, 7 Holbein Place, London SW1W 8NR.

Appointment of auditors

The 1980 Act provides for the annual accounts of NHMF to be audited by the Comptroller and Auditor General. The 1993 Act extends this to the Lottery activities of Trustees.

Key stakeholders

The key stakeholder of NHMF is DCMS.

Events after the reporting period

There were no events that occurred after 31 March 2011, up until the date the Accounting Officer signed these accounts, that need to be brought to the attention of the reader. The Accounting Officer authorised the accounts for issue on 8 July 2011, which was the date the accounts were certified by the Comptroller and Auditor General.

Key performance indicators

Trustees recognise that NHMF should strive for high performance in its activities. To this end, there are three performance indicators in their funding agreement (for the period 2008–09 to 2010–11) with DCMS. These indicators cover the most significant aspects of customer service – the speed of processing a grant application; the speed of processing a grant payment request; and the speed of publicising decisions on our website.

	Target	2010–11	2009–10	2008–09
Application processing times (months)				
– urgent applications	3	1.1	1.1	0.8
– non-urgent applications	6	1.7	3.4	2.7
Publicising decisions (working days)				
– post decisions on website	14	10	10	10
Paying grants (working days)				
– after payment request	15	3	3	4

The above indicators and targets will continue into 2011–12.

Personal data

NHMF has had no incidents where personal data was inadvertently disclosed to a third party and has made no report to the Information Commissioner's office. NHMF will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvements of its systems.

Sickness absence

In 2010–11, 2,199 days were lost due to 354 sickness episodes (2009–10: 1,940 days in 412 episodes), which represents a very modest 2.56% of all working days (2009–10: 2.16%).

Environmental policies and sustainability reporting

The Treasury will require all public sector bodies to produce sustainability reports for financial years from 2011–12. However, the Treasury wishes 2010–11 to be a 'dry run' year in order to set a benchmark position from which our performance can be measured. Therefore, from 1 April 2010, NHMF has recorded its carbon footprint in terms of business travel undertaken, waste generated and energy consumption. However, we will be able to improve over time on the accuracy of recording NHMF's carbon footprint, and the first attempt cannot therefore be taken as a reliable baseline.

Trustees see little point in allocating sustainability reporting between their grant-in-aid activities and their Lottery distribution activities. Consequently, the information below covers all the activities of NHMF.

Overview covering performance in the year and future plans

This is the first year of collecting the information and there is inevitably scope for improving the accuracy of the data; for example, none of our landlords presently provides figures for kilowatt hours of gas or electricity used, nor do they bill quickly enough to provide 2010–11 figures.

During 2010–11, we replaced the boilers for the heating and the chillers for the air conditioning at our main office in London. The new equipment is more energy-efficient, and we expect energy usage to fall.

In 2011–12, a number of leases of our regional offices will come to an end. When seeking new leases, we will ensure that the energy efficiency of the building is taken into account.

Tables of financial and non-financial information

Greenhouse-gas emissions

	2010–11
Carbon dioxide equivalent generated (tonnes)	
Direct energy emissions	145
Indirect energy emissions	337
Business travel	112
Energy consumed (kwh)	
Direct energy emissions	712,243
Indirect energy emissions	618,242
Expenditure (£'000)	
Direct energy emissions	28
Indirect energy emissions	64
Business travel	266

Waste minimisation and management

	2010–11
Total standard waste arising (tonnes)	20
– of which percentage was recycled	75%
Total building waste arising (tonnes)	22
– of which percentage was recycled	55%
Expenditure (£'000)	
Councils	8
Paper-shredding companies	13
Building companies	6

NHMF does not generate any hazardous waste. Further analysis of what happened to the waste we generated is not possible. All non-recycled waste is collected by councils local to the offices in which we operate. We do not know what they do with that waste.

Water consumption

	2010–11
Total consumption (cubic metres)	14,716
Cost (£'000)	19

NHMF is not covered by the targets set by the Office of Government Commerce in its *Sustainable Operations on the Government Estate*. Therefore, we have not produced a report on biodiversity action planning or sustainable procurement.

Data sources

Direct energy emissions

This relates to gas used in boilers operated by NHMF and emissions given off through our use of air conditioning. Information about gas consumption in kilowatt hours is derived from invoices from our suppliers for those offices with separate meters. In other offices, the landlord charges us for the cost of gas consumed. This information is not yet available for most offices for 2010–11 and so we have used 2009–10 figures for those offices. In addition, these landlords do not provide information about the number of kilowatt hours consumed; we have estimated these based upon the cost recharged to us by the landlord. For future years, we will request that landlords provide readings of our gas consumption as well as the cost. Kilowatt hours are converted to carbon dioxide equivalent tonnes using a conversion factor supplied by the Department for Environment, Food and Rural Affairs (DEFRA) – Annex 1 of *2010 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting* (<http://archive.defra.gov.uk/environment/business/reporting/pdf/101006-guidelines-ghg-conversion-factors.xls>), Table 1c 'Gross Calorific Value Basis'.

The carbon dioxide equivalent for emissions from our air conditioning chillers was calculated using the

formula set out in Annex 8 to the *2009 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting* (<http://archive.defra.gov.uk/environment/business/reporting/pdf/20090928-guidelines-ghg-conversion-factors.pdf>).

Indirect energy emissions

This relates to electricity generated by other organisations and sold to us. Information about consumption in kilowatt hours is derived from invoices from our suppliers for those offices with separate meters. In other offices, the landlord charges us for the cost of electricity. This information is not yet available for most offices for 2010–11 and so we have used 2009–10 figures for the offices without 2010–11 data. In addition, these landlords do not provide information about the number of kilowatt hours consumed; we have estimated these based upon the cost recharged to us by the landlord. For future years, we will request that landlords provide readings of our electricity consumption as well as the cost. Kilowatt hours are converted to carbon dioxide equivalent tonnes using a conversion factor supplied by DEFRA – Annex 3 of *2010 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting* (see page 30 for website address), Grid Rolling Average Table Year 2008 (the latest year available at the time these accounts were prepared).

Business travel

Most of our travel is by rail, and our main ticket supplier provides us with details of the carbon dioxide equivalent emissions for all journeys undertaken. Similarly, our main car-hire supplier provides us with data on these emissions. Staff are required to update department spreadsheets with information about all other journeys. Department heads are tasked to ensure that their staff record all their travel. The information gathered is converted to tonnes of carbon dioxide equivalent using tables of conversion factors supplied by DEFRA – Annex 6 of *2010 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting* (see page 30 for website address).

Waste generated

Waste in tonnes was derived from certain offices that bought scales with which to weigh all the waste they generated. From that data we calculated the amount of waste generated per person and applied that to staff at other offices. The same methodology was used to calculate the proportion of waste recycled. For future years, we will consider ways to measure accurately waste produced by all offices, although that would involve converting the volume held by waste receptors to weight, which is

inherently unreliable because items of waste are not uniformly compacted in waste receptors, nor are they the same weight.

Obviously, most of our waste is removed by councils. However, only Kensington & Chelsea Council invoice us separately. This is the expenditure disclosed in the table on page 30. The cost of waste removed by building companies when they carry out refurbishment work is derived from their invoices.

Water consumption

This information is derived from the supplier's invoices for our head office in London. For the other offices we occupy, we rely upon information provided by the landlord. This information is not yet available for 2010–11 and so we have used 2009–10 figures. In addition, these landlords do not provide information about the number of cubic metres consumed; we have estimated these based upon the cost recharged to us by the landlord. For future years, we will request that landlords provide readings of our water consumption as well as the cost.

Chair and Trustees of NHMF

Chair

Dame Jenny Abramsky²

Trustees

Kim Evans²

Yinnon Ezra¹

Kathy Gee

Doug Hulyer¹

Tristram Hunt *to 6 April 2010*

Dan Clayton Jones

Hilary Lade²

Brian Lang *to 20 March 2011*

Alison McLean¹

Matthew Saunders *to 15 March 2011*

Ronnie Spence¹

Virginia Tandy

Richard Wilkin²

Christopher Woodward

Chief Executive

Carole Souter²

¹ Member of Audit Committee

² Member of Finance and Resources Committee (which also covers remuneration)

Dame Jenny Abramsky
Chair

Carole Souter
Chief Executive

7 July 2011

Financial review

In its 30th-anniversary year, NHMF survived the review of public bodies. Trustees were pleased that DCMS ministers recognised that merging NHMF with English Heritage would have resulted in higher costs and a worse service to the heritage of the UK.

Given the very specific nature of the Fund and the scarce resources, we manage the pipeline and discourage applications which clearly do not meet the core standards of outstanding importance to the national heritage and risk. We also bring pre-applications and live applications to an expert NHMF panel who advise on priority and make recommendations to the Board of Trustees. We feed back views on priority to applicants, who may or may not decide to pursue a full application to be considered by the Trustees.

In 2010–11, we received 17 varied applications, all of which were considered by the Trustees. Fifteen of these applications were supported with grant awards totalling £12,716,236, and two bids were rejected.

One of the projects supported could not secure all the funding required before the deferral on an export licence expired, and another project was outbid at auction. This demonstrates a recurring issue with items for sale at auction, where prices regularly exceed the estimates set. In this case the final hammer price far exceeded both the auction-house estimate and the estimate informed by valuation advice on which the NHMF grant-offer was based.

NHMF was asked to support two items which were temporarily stopped from export out of the UK following advice from the Reviewing Committee for the Export of Works of Art – *The Shearers* by Samuel Palmer and a settle made by the architect and designer William Burges for his own use. Unfortunately, despite the Ashmolean Museum raising nearly half of the painting's asking price, *The Shearers* could not be secured for the nation. However, Cecil Higgins Art Gallery and Bedford Museum did succeed in acquiring Burges's exuberantly decorated zodiac settle, which will complement their existing collection of Burges furniture. The grants awarded to these export-stopped items demonstrate NHMF's continuing key role in underpinning other Government mechanisms for securing cultural property at risk of loss to the nation.

A highlight of the year was the acquisition of the St Cuthbert Gospel by the British Library. An award of £4.5million helped the library secure the gospel, which is the earliest surviving intact Western book, dating from the late 7th century. It is of great historical and cultural importance through its close connection with St Cuthbert.

We supported the acquisition of two significant archives – the archive of Sir Edward Heath and the Broadlands archive of the Temple (Palmerston), Ashley, Cassel and Mountbatten families. The Heath archive, comprising Sir Edward's personal papers, was acquired by the Bodleian Library. The papers record the former Prime Minister's formative experiences, including his visits to Germany in the late 1930s and his travels as an observer to the Spanish Civil War in 1938. Southampton University acquired the Broadlands archive, which is one of the most important political/family archives to come up for sale in recent years. Papers in the archive span the 16th century to the present, illuminating key periods of British history, including Lord Palmerston's role as Foreign Secretary and Prime Minister at a time of Britain's expanding imperial power, and the detailed record of Earl Mountbatten's role in negotiations for India's independence.

We also helped to purchase three finds declared as Treasure. The Ashmolean Museum acquired a hoard of 210 English gold coins from the Tudor period, found in Asthall, Oxfordshire. The coins are English angels and half-angels, and date from the reign of Henry VI through to the first coinage of Henry VIII. The hoard is special for being made up of one type of coin only and is now the sole hoard of that type to be completely publically owned. In February the Board supported the acquisition of two further hoards, from Frome in Somerset and Blair Drummond, Stirling. The Frome hoard is the second largest ever to be found in the UK. The find comprised over 50,000 Roman coins covering 26 different emperors. National Museums Scotland acquired the Blair Drummond hoard of four Iron Age torcs. The torcs date from between 300 and 100 BC, and are the most significant gold Iron Age objects to be found in Scotland.

NHMF awarded two more grants this year for archaeological acquisitions. In February, the Norfolk Archaeological Trust was given £374,000 to enable them to buy farmland that forms part of the Roman town Venta Icenorum at Caistor St Edmund. The site, recently designated as a Scheduled Ancient Monument, is a rare greenfield survival of a Roman *civitas* capital.

A full list of all the grants awarded is as follows:

Acquisition	Applicant	Awarded
Broadlands archive	University of Southampton	£1,993,760
Lennox-Boyd mezzotints	British Museum	£438,013
<i>The Shearers</i> *	Ashmolean Museum	£1,500,000
Nimrud ivories	British Museum	£150,000
Sir Edward Heath papers	Bodleian Library	£400,000
<i>Abbey Slip</i> by Stanhope Forbes	Penlee House Gallery and Museum	£80,000
Roman parade helmet**	Tullie House Museum	£1,000,000
Zodiac settle	Cecil Higgins Art Gallery and Bedford Museum	£430,000
Asthall hoard of Tudor gold coins	Ashmolean Museum	£64,000
<i>The Procession to Calvary</i> by Brueghel the Younger	National Trust	£1,100,000
Venta Icenorum	Norfolk Archaeological Trust	£374,000
Frome hoard	Somerset County Council	£319,026
Turing-Newman collaboration collection	Bletchley Park Trust	£213,437
Iron Age gold hoard	National Museums Scotland	£154,000
St Cuthbert Gospel	British Library	£4,500,000
Total awards		£12,716,236

* Unable to raise total of asking price and complete the acquisition; grant not claimed

** Outbid at auction; grant not claimed

The second grant went to the British Museum to acquire a collection of carved ivories excavated at Nimrud, in modern-day Iraq. The excavations were led by Sir Max Mallowan, one of the UK's most celebrated archaeologists and husband to Agatha Christie, who was herself part of the excavation team. The collection consists of some 1,000 ivory pieces produced by artists working in Egypt, Phoenicia, Syria and around Nimrud between the 9th and 7th centuries BC. The British Museum intends to feature the ivories in relevant temporary exhibitions and as part of a rotating display in the permanent galleries.

The Fund supported three art acquisitions this year. The British Museum acquired 7,250 prints from the Lennox-Boyd collection of British mezzotints – this selection includes examples by almost every artist who practised in mezzotint. As a form of art produced primarily for the general public, our Trustees were very pleased to support the British Museum in securing important works from this exceptional collection. Penlee House Gallery and Museum in Penzance acquired the painting *Inner Harbour – Abbey Slip* by Stanhope Forbes. The work has remained in Penzance since it was completed and was chosen to appear in the landmark 'Painting in Newlyn' exhibition at the Barbican in 1985, as being most characteristic of Forbes's later work.

The final art acquisition of the year was *The Procession to Calvary* (1602) by Pieter Brueghel the Younger. This painting was acquired through our grant of £1.1 million and a very successful three-month fundraising campaign by the National Trust. The acquisition ensures that the painting remains a highlight of the collection at Nostell Priory, where it has been for 200 years.

The Board was delighted to make an award to Bletchley Park Trust to acquire the offprint articles of Alan Turing. Turing is best known as the father of modern computer science and for his work at Bletchley, developing the Turing-Welchman Bombe and breaking the Enigma code during World War II. The collection, believed to be the largest and most complete of its type in existence, belonged to Turing's mentor and subsequent collaborator, Max Newman, and contains 15 of Turing's 18 published articles. Historians of World War II are unanimous in their view that the intelligence gathered from Enigma hastened the end of the European war by at least two years. As NHMF was set up in the memory of those who have given their lives for this country, this acquisition was a fitting tribute.

NHMF maintains an endowment fund which fell in value by £1.9 million in the year, from £31.2 million to £29.3 million. Whilst there were improvements in world equity prices during the year, Trustees

withdrew a net £4.1 million from the fund. The underlying performance of the endowment fund was a return of 4%. At the start of the year, following a re-tendering exercise, Trustees appointed new investment managers, Schroders. The endowment fund assets were sold and re-invested in the SIM Charity Multi-Asset Fund, which itself invests in around 50 separate funds – mostly unit and investment trusts. Approximately 45% of these funds are managed by SIM and the rest by other organisations. The sale of investments triggered by the change in investment managers not surprisingly crystallised the excess of market value over book cost in the endowment fund. The result of this was a large profit on sale of over £5.1 million. The Multi-Asset Fund does not pay out income as it re-invests income earned through its investments. Consequently, there was a sharp drop in the level of reported income of NHMF from investments – down from £929,000 to £205,000. This does not cause NHMF any problem as, in the past, we always re-invested investment income back into the endowment fund.

Cash balances moved significantly in the year. At the start of the year, NHMF had a lot of cash which was mostly due to DCMS paying £10 million in grant-in-aid in the last week of the previous financial year, but was also due to Trustees putting aside some funds to help replenish the endowment. The high level of grant payments in the year, almost £12 million, meant that the balance fell significantly to £6.7 million. As market interest rates remain very low, Trustees sought alternative short-term investments for their cash balances. Their new investment managers, Schroders, were able to provide access to fixed rate bank accounts paying significantly more in interest. At the year end, funds were deposited with Scottish Widows UK plc and Nationwide International. As a consequence, bank interest earned rose from £19,000 to £103,000.

Grant awards in the year were over £12.7 million compared with £4 million in the previous year. The relatively low level of awards in 2009–10 had allowed Trustees to pump £3 million into the endowment fund and bring it back in parity with its target level (further information is in the notes to the accounts). Towards the year end, however, Trustees withdrew £6 million for the endowment fund in order to pay for the final stage payment for Titian's *Diana and Actaeon* (£3.3 million in early April 2011), other outstanding grant commitments and also awards they expect to make in 2011–12. Therefore, the value of the endowment fund was below its target level at the year end. Trustees intend to replenish the endowment fund out of

a later year's grant-in-aid should investment returns not clear the deficit. Outstanding grant commitments fell from £8.5 million to £6.7 million. Despite the level of new commitments exceeding the level of grant payments, the balance fell because there were almost £2.6 million of de-commitments. These were caused by a number of grantees not requiring all the funds awarded by Trustees.

Administration costs fell from £155,000 to £120,000. The main cause of this fall is the change in investment manager. When appointing Schroders we negotiated a fee that was lower than the standard management fee charged within its Multi-Asset Fund. Consequently, rather than paying a quarterly management fee, we receive a small sum of money each quarter which we re-invest into the Multi-Asset Fund.

The Trustees incurred significant levels of capital expenditure in the year when undertaking a major refurbishment of NHMF's offices at 7 Holbein Place, London. This was the first refurbishment since the Fund moved into the premises in 1997. In addition, the opportunity was taken to replace the heating boilers and the air conditioning chillers as well as preparation of the first floor for sub-letting. Most of the cost of this work is reflected in the accounts of the NHMF's Lottery distribution activities. In March 2011, the Committee on Climate Change (CCC) signed an undertaking to move into most of the first floor of Holbein Place and their builders moved in on 28 March. Rent is being charged to CCC from May 2011.

Donations were received from two sources during 2010–11. The Trustees wish to express their thanks to the widow of the late Paul Ivory, and to the late David Woolcombe.

The accounts have been prepared on a going concern basis as required by the Secretary of State's accounts direction. This is because assets significantly exceeded liabilities at the date of the Statement of Financial Position and because Trustees have set a grant award budget for 2011–12 that is not expected to alter that position.

Remuneration report

Remuneration of the Chair and Trustees

All Trustees were entitled to receive an annual salary for the time spent on the activities of NHMF. In addition, NHMF reimbursed travel expenses of certain Trustees from their homes to their office of employment in London, Edinburgh, Cardiff or Belfast. The Fund met the tax liability on these expenses.

The remuneration of those Trustees that received payment, including reimbursement of taxable expenses and the tax thereon, falls into the bands in the table on the right. Two Trustees, Yinnon Ezra and Virginia Tandy, waived their rights to a salary.

All Trustees have three-year appointments, potentially renewable for a second term. They are appointed by the Prime Minister. They are not members of the pension scheme utilised by NHMF. No contributions were made by the Fund to a pension scheme on the Trustees' behalf. All Trustees' remuneration was allocated between NHMF and its Lottery distribution activities on the basis of 1%: 99%. The total remuneration of Trustees in 2010–11 was £182,721 (2009–10: £195,541). The pay and contracts of Trustees are discussed and set by DCMS. Their contracts do not contain any bonus clauses. There were no benefits in kind or non-cash elements paid to Trustees or directors.

Remuneration of employees (Audited information)

The remuneration of directors was as follows:

	Salary 2010–11 £'000	Salary 2009–10 £'000	Bonus 2010–11 £'000	Bonus 2009–10 £'000	Real increase in pension and lump sum £'000	Total accrued pension at age 60 and lump sum £'000	Cash Equivalent Transfer Value (CETV) at 31/3/11 £'000	CETV at 31/3/10 £'000**	Real increase in CETV funded by NHMF £'000
Carole Souter Chief Executive	130–135	130–135	0–5#	0–5#	0–2.5 plus 0–2.5 lump sum	50–55 plus 155–160 lump sum	973	890	12
Robert Bewley Director of Operations	90–95	90–95	5–10	0–5	0–2.5 plus 0–2.5 lump sum	30–35 plus 90–95 lump sum	583	527	10
Judith Cligman Director of Strategy and Business Development	90–95	90–95	0–5	0–5	0–2.5 plus 0–2.5 lump sum	30–35 plus 90–95 lump sum	516	467	9
Steve Willis Director of Finance and Corporate Services	100–105	100–105	5–10	5–10	0 plus 0 lump sum	50–55 plus 155–160 lump sum	1,134	1,058	-4

** These figures are different to those quoted in last year's accounts. This is due to the actuarial factors being adjusted in 2010, which was due to changes in demographic assumptions and the move from the Retail Prices Index to the Consumer Price Index.

Carole Souter waived her right to a director's bonus in both 2009–10 and 2010–11.

Audited information

	2010–11 £'000*	2009–10 £'000*
Dame Jenny Abramsky <i>Chair</i>	40–45	40–45
Mike Emmerich <i>until 28 July 2009</i>	0	5–10
Kim Evans	5–10	5–10
Yinnon Ezra	0–5	0–5
Kathy Gee	5–10	10–15
Doug Hulyer	10–15	10–15
Tristram Hunt <i>until 6 April 2010</i>	0	5–10
Dan Clayton Jones	20–25	20–25
Hilary Lade	10–15	5–10
Brian Lang <i>until 20 March 2011</i>	20–25	20–25
Alison McLean	5–10	10–15
Matthew Saunders <i>until 15 March 2011</i>	5–10	5–10
Ronnie Spence	20–25	20–25
Virginia Tandy <i>from 1 September 2009</i>	0–5	0–5
Richard Wilkin	5–10	10–15
Christopher Woodward	5–10	5–10

* Significant changes in reported remuneration including taxable expenses are due to Trustees not being employed for a full year in either 2009–10 or 2010–11

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60. The pension age is 60 for members of classic, premium and classic plus and 65 for members of Nuvos.

Bonuses payable to senior management are being disclosed separately for the first time. This is in line with Employer Pensions Notice 296 issued by the Cabinet Office in March 2011.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It uses common market valuation factors for the start and end of the period.

All senior employees had permanent contracts of employment and were ordinary members of the Principal Civil Service Pension Scheme (PCSPS). Their costs were allocated between HLF and NHMF on the basis of 99%: 1% (2009–10: 99%: 1%). The remuneration of senior managers is performance-

related. The sum is based on performance against individual objectives and on overall contribution to corporate strategy and goals. Individual objectives for the Chief Executive are set by the Chair of the Trustees, and the Chief Executive in turn agrees personal objectives with the function directors. Objectives reflect the strategic and operational goals of the Fund and the contribution expected of each individual senior manager to achieving the goals. The Fund has a performance management system, and performance is reviewed in line with this. Performance is reviewed annually in March/April and rated on a scale of four different levels of achievement. There is a bonus scheme for the directors which takes into account the Finance and Resources Committee's (membership of the committee is disclosed on page 31) view of the individual's contribution towards the wider success of the organisation, with particular reference to their management of their own department and their impact on other areas; the individual's impact on Trustees and their effectiveness; and any exceptional contribution or achievement during the year which was not reflected in the key objectives for the year. This policy is expected to continue in future years. Senior management are appointed on open-ended contracts with notice periods of no more than six months. In the event of considering termination payments, the Fund would adhere fully to the rules of the Civil Service Compensation Scheme and any associated guidance from Treasury or DCMS.

Exit packages

Under the terms of Employer Pensions Notice 296 issued by the Cabinet Office in March 2011, NHMF is required to publish details of all exit packages agreed in the financial year under review. Falling under the definition of exit packages are compulsory and voluntary redundancies, early retirement, compensation for loss of office, ex-gratia payments etc. There was none in 2010–11 (2009–10: 3).

Audited information

	2010–11 Number	2009–10 Number
£0–£5,000	0	3

In 2009–10, two people retired on ill-health grounds. They received no additional payments from NHMF.

Carole Souter
Chief Executive

7 July 2011

Statement of Trustees' and Chief Executive's responsibilities

Under section 7(2) of the 1980 Act, Trustees of NHMF are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Fund's state of affairs at the year end, and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, Trustees of NHMF are required to comply with the requirements of the Government Financial Reporting Manual (FREM) and in particular to:

- i) 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;
- ii) make judgements and estimates on a reasonable basis;
- iii) state whether applicable accounting standards, as set out in the FREM, have been followed, and disclose and explain any material departures in the financial statements; and
- iv) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Fund will continue in operation.

The Accounting Officer of DCMS has appointed the senior full-time official, the Chief Executive, 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 the Accounting Officer is answerable, for the safeguarding of the Fund's assets and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by the Treasury and published in *Managing Public Money*.

So far as the Accounting Officer is aware, there is no relevant audit information of which our auditors are unaware. The Accounting Officer has taken all steps that she ought to have taken to make herself aware of any relevant audit information and to establish that our auditors are aware of that information.

Dame Jenny Abramsky
Chair

Carole Souter
Chief Executive

7 July 2011

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NHMF's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

I work closely with the Trustees of NHMF, who share a responsibility to:

- i) give leadership and strategic direction;
- ii) define control mechanisms to safeguard public resources;
- iii) supervise the overall management of NHMF's activities; and
- iv) report on the stewardship of public funds.

This responsibility is enacted through regular meetings of Trustees with senior management to set policy for NHMF and make decisions in line with policy. In addition, sub-committees of Trustees, particularly the Finance and Resources Committee and the Audit Committee, oversee the activities of management and provide support. All policy-setting and grant-decision-making is informed by the risk-management culture of NHMF. In particular, the Audit Committee regularly discusses the risk reports produced by management and questions management about the methods by which it mitigates risk.

The annual operating plan of NHMF – the business plan – is discussed with our sponsor department, DCMS. DCMS has also set Policy and Financial Directions with which we have to comply in our Lottery activities (the Welsh Assembly has also issued some policy directions with regard to our activities in Wales). We also operate in line with an agreed Management Statement and Financial Memorandum based upon a template devised by the Treasury. This includes regular meetings with senior officers of DCMS and with fellow Lottery distributors.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to 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 NHMF's policies, aims and objectives, to evaluate the

likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NHMF for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The changes to NHMF's working practices brought about by the adoption of its third strategic plan for its Lottery activities were thoroughly reviewed by management before implementation in 2008–09 and 2009–10. I also required the internal auditors to check that management's proposals would achieve our objectives, and to carry out a follow-up review of grant giving. I was satisfied with the results of the internal audit reports, which demonstrated that we had successfully brought about significant changes to our grant assessment and monitoring systems, both manual and electronic, for our Lottery distribution activities. No changes of any significance have been made to our systems in 2010–11 and no problems have emerged that lead me to believe that the internal control system is not operating effectively.

Capacity to handle risk

The Management Board, comprising the most senior managers of NHMF, takes the lead on all aspects of risk management. It appoints risk owners and charges them with the creation and application of strategies to mitigate the risk under their control. I chair each meeting of the Management Board, which meets weekly.

The Audit Committee, which comprises four Trustees, regularly discusses the risk-management process and reports back to the main body of Trustees on the management of risk. I and my senior management attend all the Committee meetings. Furthermore, both internal and external auditors review the risk-management processes as part of their work and can provide the benefit of their experience of other organisations' risk-management activities.

The risk register is circulated to all middle management prior to their production of annual team plans. They are expected to consider explicitly the content of the register in their plans and bring to the attention of senior management any emerging risks. The plans are discussed and approved by senior management. Middle management also meet as a group with senior management in Managers' Fora. The agenda of these meetings regularly includes planning and risk, and allows staff from various departments to share their views on good practice.

The risk and control framework

The Management Board devised a risk-management statement that sets out the principles of risk management. It then details how NHMF identifies, monitors and controls risks and opportunities, and sets out the Fund's appetite for risk. It also assigns specific responsibilities to individuals and groups in ensuring that NHMF's risk management achieves its risk policies. The statement is approved by the Audit Committee and is reviewed annually.

On an annual basis, risks are categorised by considering the likelihood of occurrence, should no risk-mitigation activity occur; and the impact, should the risk happen. The risks where the potential impact is deemed high form the NHMF risk register. The Management Board then assigns to senior managers (the 'risk owners') the task of putting procedures in place to monitor and, where possible, mitigate the risk.

The risk register forms part of the annual business plan of the Board of Trustees, having been previously endorsed by the Audit Committee. The Management Board reviews the effectiveness of their work on a quarterly basis. The Audit Committee also reviews effectiveness at each meeting and questions the activities of risk owners. Policy papers put to the Board of Trustees for decision all contain a discussion of the risks associated with taking the possible courses of action. The Board also regularly discusses each one of the risks on the risk register with the risk owner.

NHMF has an information risk policy to be followed by all staff – new staff read it as part of their induction. The policy, which is reviewed on an annual basis, requires all data to be held securely. NHMF is compliant with the Security Policy Framework and with the mandatory measures of the Data Handling Review.

In 2010–11, NHMF considered the following to be the most significant areas of risk:

- i) that our income declines unexpectedly;
- ii) imposition of an arbitrary cap on running costs;
- iii) legislative change impacting on aims and operations of the organisation;
- iv) failure of awarded grants to meet our strategic objectives;
- v) demand for awards, pre-application advice and monitoring exceeding our operational capacity (added to the register in 2011);
- vi) failure of our strategy to keep pace with the needs of the heritage and changes in the external environment, and therefore lack of support for the strategy from our stakeholders;
- vii) failure to set and follow efficient procedures, thereby giving rise to the risk of inefficiency, fraud or of making decisions open to challenge;
- viii) failure to recruit and retain appropriately skilled staff;
- ix) lack of adequate acknowledgement of the NHMF/HLF contribution by grantees;
- x) that support and influence lessen as a result of low awareness and understanding of our contribution by stakeholders and the Lottery-playing public;
- xi) risk of increased media and opinion-former scrutiny of our funding decisions in current economic conditions, with potential for adverse response (added to the register in 2011); and
- xii) growing demand in a worsening economic climate putting pressure on the NHMF endowment fund and/or loss of heritage resulting in negative publicity and reduction of stakeholder confidence (added to the register in 2011).

The first three risks above, on income decline, a cap on running costs and legislative change, have been removed from the risk register for 2011 as I consider that the risks are no longer relevant. Decisions of the new Government have resulted in an increase to the income of the NHMF's Lottery distribution activities; a cap on operating and administrative costs has been applied; and NHMF survived the review of public bodies. I will continue to monitor the situation and will return the risk to the register if it re-emerges.

The risk-management strategy details the Fund's appetite for risk: 'Well-thought-through risk-taking and innovation to achieve NHMF objectives should be encouraged. This means that a 100% risk-avoidance culture is not the most effective use of our resources.' I believe that the Fund demonstrates innovation in its choice of grant awards and it does not resort to simply making risk-free decisions.

Whilst the Management Board and the Audit Committee take the lead on setting the risk framework, staff at middle management are fully embedded in the system. As mentioned above, the Managers' Forum has regular discussion of the risk environment in which NHMF operates and how the Fund should respond. All middle managers are appraised on an annual basis of the way in which

Report of the Trustees and Accounting Officer

they anticipate, identify and manage both risks and opportunities.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and senior management within NHMF who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. As a result of their work during the year, the internal auditors have produced an annual certificate of assurance with regard to the adequacy of the systems and the operation of internal controls within NHMF. In addition, I have seen the management letter prepared by the external auditors following their audit of the accounts for the year ended 31 March 2011. There have been no significant control weaknesses identified. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Trustees and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the internal control system is in place.

The annual internal audit plan is created on a risk basis; the auditors are provided with a copy of the draft risk register when preparing their plan. The Audit Committee reviews and approves the internal audit plan. I have ensured that there is sufficient flexibility in the plan to allow for changes to be made during the year to reflect any significant changes in the risk environment or the emergence of new risks.

The Audit Committee prepares a report of its activity to the Board of Trustees on an annual basis. The Board also has another sub-committee – the Finance and Resources Committee – which, among its tasks, reviews the administrative activities of NHMF, including its management accounts and budgets.

All reports of the internal auditors are discussed by the Audit Committee with senior members of staff in attendance, including those whose departments are reported upon by the auditors – this gives members of the committee the opportunity to discuss, in detail, the findings, recommendations and proposed management actions. Heads of departments that have failings identified by the internal auditors are required to devise corrective action and set a completion date for that action in consultation with the internal auditors. I receive

regular reports from the auditors notifying me of the progress my department heads have achieved in clearing up points raised by both internal and external auditors in previous years. Neither the internal nor external auditors have reported any significant findings that lead me to doubt the adequacy of our systems.

I chair meetings of the Management Board, which are attended by all senior management. The Management Board oversees all activities of the Fund, and the meetings provide the opportunity for me and my colleagues to review and challenge these activities.

The budget holders – in effect the senior management of NHMF – sign annual memoranda of representation to me, detailing their responsibilities and confirming that they have carried out these responsibilities in the financial year being reported upon. The budget holders receive similar memoranda from their cost-centre managers – in effect the middle management of NHMF. I place reliance on these assertions made by my management, and ensure that all are reviewed prior to my signing this Statement on Internal Control.

As a result of the above, I believe that the Fund's framework provides me with the level of assurance that I require. There is nothing of which I am aware that leads me to believe that our systems for detecting and responding to inefficiency, for preventing conflicts of interest, for preventing and detecting fraud, and for minimising losses of grant-in-aid and Lottery grant are not adequate.

Carole Souter
Chief Executive

7 July 2011

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

I certify that I have audited the financial statements of the National Heritage Memorial Fund for the year ended 31 March 2011 under the National Heritage Act 1980. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Trustees, Chief Executive/Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Chief Executive's Responsibilities, the Trustees and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1980. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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. This includes an assessment of: whether the accounting policies are appropriate to the National Heritage Memorial Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Heritage Memorial Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- i) the financial statements give a true and fair view of the state of the National Heritage Memorial Fund's affairs as at 31 March 2011 and of its Comprehensive Net Expenditure for the year then ended; and
- ii) the financial statements have been properly prepared in accordance with the National Heritage Act 1980 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- i) the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Heritage Act 1980; and
- ii) the information given in the Management Commentary and Financial Review 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:

- i) adequate accounting records have not been kept; or
- ii) the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- iii) I have not received all of the information and explanations I require for my audit; or
- iv) the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas CE Morse

Comptroller and Auditor General

8 July 2011

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Notes	£'000	2010-11 £'000	2009-10 £'000
Sundry operating income	4		60	24
New awards made in the year	16	(12,716)		(4,010)
De-committed awards	16	2,584		80
			(10,132)	(3,930)
Staff costs	5	(45)		(48)
Depreciation	12	(1)		(1)
Other operating charges	7	(74)		(106)
			(120)	(155)
Operating expenditure			(10,252)	(4,085)
Operating deficit			(10,192)	(4,061)
Income from investments	8	205		929
Profit/(loss) on the sale of investments	9	5,154		(4)
Interest receivable	10	103		19
Non-operating income			5,462	944
Comprehensive net expenditure transferred to the accumulated fund			(4,730)	(3,117)
Other comprehensive income				
Net (loss)/gain on revaluation of available for sale financial assets	13		(3,864)	6,245
Total comprehensive (expenditure)/income for the year ended 31 March 2011			(8,594)	3,128

The Statement of Comprehensive Net Expenditure excludes the Lottery activities of NHMF, which are separately reported in the accounts of HLF. All figures shown relate to continuing activities. The notes on pages 45 to 53 form part of the accounts. The figures for 2009-10 have been amended to remove reference to the notional cost of capital, which we no longer have to disclose. Note 2 has further details.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	Fair value reserve £'000	Income and expenditure account £'000
Balance at 31 March 2009	(1,454)	14,841
Changes in equity in 2009-10		
Net gain on revaluation of investments	7,699	
Retained deficit		(3,117)
Grant-in-aid from DCMS		20,000
Balance at 31 March 2010	6,245	31,724
Changes in equity in 2010-11		
Net loss on revaluation of investments	(3,864)	
Retained deficit		(4,730)
Grant-in-aid from DCMS		0
Balance at 31 March 2011	2,381	26,994

The fair value reserve relates to the difference between book cost and market value of the investments in the endowment fund (see note 11). The difference between book and market value of property, plant and equipment (see note 10) is not material.

Statement of Financial Position

as at 31 March 2011

	Notes	31 March 2011 £'000	31 March 2010 £'000
Non-current assets			
Property, plant and equipment	12	10	8
Long term financial assets available for sale	13	29,310	31,171
		29,320	31,179
Current assets			
Trade and other receivables	14	34	2
Cash and cash equivalents	11	6,703	14,616
Cash held in the endowment fund	13	29	739
		6,766	15,357
Total assets		36,086	46,536
Current liabilities			
Administrative liabilities	15	(44)	(49)
Grant commitments due within one year	16	(6,667)	(5,186)
Non-current assets plus net current assets		29,375	41,301
Non-current liabilities			
Grant commitments due after one year	16	0	(3,332)
Assets less liabilities		29,375	37,969
Taxpayers' equity			
Fair value reserve	20	2,381	6,245
Income and expenditure account		26,994	31,724
		29,375	37,969

This statement excludes balances relating to the Lottery activities of the NHMF, which are separately disclosed in the accounts of HLF. The notes on pages 45 to 53 form part of the accounts.

Dame Jenny Abramsky
Chair

Carole Souter
Chief Executive

7 July 2011

Statement of Cash Flows

for the year ended 31 March 2011

	Notes	2010-11 £'000	2009-10 £'000
Operating activities			
Cash from sundry operating income	4	60	24
Cash paid to and on behalf of employees		(45)	(48)
Interest received		86	21
Cash paid to suppliers		(94)	(91)
Cash paid to grant recipients	16	(11,983)	(5,760)
Net cash outflow from operating activities	18a	(11,976)	(5,854)
Investing activities			
Capital expenditure and financial investment	18b	3,092	(1,562)
Endowment fund net cash receipts		261	941
Net cash inflow/(outflow) from returns on investments		3,353	(621)
Cash flows before financing	18c	(8,623)	(6,475)
Financing activities			
Grant-in-aid	18c	0	20,000
(Decrease)/increase in cash and cash equivalents		(8,623)	13,525

Reconciliation of Net Cash Flows to Movement in Net Funds

for the year ended 31 March 2011

	2010-11 £'000	2009-10 £'000
(Decrease)/increase in operating cash in the period	(8,623)	13,525
Cash used to increase liquid resources	0	0
Changes in cash and cash equivalents	(8,623)	13,525
Cash and cash equivalents at start of year	15,355	1,830
Cash and cash equivalents at end of year	6,732	15,355

The notes on pages 45 to 53 form part of the accounts.

Notes to the Accounts

for the year ended 31 March 2011

I. Statement of accounting policies

There are no standards and interpretations in issue, but not yet adopted, that the Trustees anticipate will have a material effect on the reported income and net assets of NHMF or its Lottery distribution activities.

a) Accounting convention

These accounts are drawn up in a form directed by the Secretary of State and approved by the Treasury. They are prepared under the modified historic cost convention. Without limiting the information given, the accounts meet the accounting and disclosure requirements contained in the Companies Act 2006 and the FREM, so far as those requirements are appropriate, and accounts direction issued by the Secretary of State for Culture, Olympics, Media and Sport in October 2002. The accounting policies contained in the FREM apply IFRS as adapted or interpreted for the public sector context. The National Lottery accounts direction issued by the Secretary of State specifically excludes the preparation of consolidated accounts. Copies of the Lottery distribution and grant-in-aid accounts directions may be obtained from the Secretary to the Board, 7 Holbein Place, London SW1W 8NR.

Where the FREM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NHMF for the purpose of giving a true and fair view has been selected. The particular policies adopted by NHMF are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

b) Government grants

Government grants are treated as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest. This is done by making an adjustment to the accumulated income and expenditure account. No allocation is made between grants for revenue and capital purposes.

c) Non-current assets

Non-current assets are defined as those items purchased for the long-term use of NHMF and its Lottery distribution activities and where the total cost is above £2,000. Depreciation is provided on a straight-line basis on all non-current assets, including those held under finance leases, at rates calculated to write off the cost or valuation of each asset over its expected useful life.

These lives are as follows:

Short-leasehold property	– the life of the lease
Office equipment	– 4–10 years
Office fittings	– 4–10 years
Grant-assessment and other software	– up to 5 years

No internally generated costs are capitalised.

d) Investments

Non-current financial assets – our investments – are included in the accounts at market value. Realised gains and losses are included in the Statement of Comprehensive Net Expenditure and are calculated as the difference between sales proceeds and historic cost. Unrealised gains and losses on fixed asset investments are reflected in the fair value reserve and statement of changes in taxpayers' equity.

e) Taxation

No provision is made for general taxation as NHMF is statutorily exempt. NHMF is unable to recover Value Added Tax (VAT) charged to it, and the VAT-inclusive cost is included under the relevant expenditure descriptions.

f) Pension

The regular cost of providing benefits is charged to the Statement of Comprehensive Net Expenditure over the service lives of the members of the scheme on the basis of a constant percentage of pensionable pay. Staff are members of the PCSPS and the percentage of pensionable pay is notified by the Cabinet Office prior to the start of each financial year.

g) Leases

The annual rentals on operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease. Where leases take the substance of finance leases, and are material, they will be treated as finance leases. Items under finance leases are capitalised at their estimated cost excluding any interest charged by the lessor. Interest payments due under the terms of the lease agreement are charged to the Statement of Comprehensive Net Expenditure at the date of each payment made under the lease.

h) Grant awards

Positive decisions by Trustees are recognised in the Statement of Comprehensive Net Expenditure at the time of award. De-commitments occur when an award or part award is not taken up by a grantee.

i) Segmental reporting and allocation of costs

International Financial Reporting Standard 8 requires information to be provided on segmental reporting where this is relevant to the activities of the organisation. Where relevant, senior management would identify separate streams of activity and assign administrative costs to them pro-rata based upon the level of grant awarded, unless there was a significant difference in the manner in which applications were processed, in which case ad hoc methods would be utilised. However, other than accounting separately for its Lottery distribution activities, which NHMF is required to do under its Lottery accounts direction, Trustees do not believe that their grant-in-aid or their Lottery distribution activities can be divided into separate segments.

NHMF incurs indirect costs which are shared between activities funded by grant-in-aid and activities funded by the National Lottery. NHMF is required to apportion these indirect costs in accordance with *Managing Public Money*, issued by the Treasury. This cost apportionment seeks to reflect the specific proportion of time and expenses committed to each fund. At the end of the financial year, the proportion of joint costs apportioned to HLF was 99%.

2. Change in accounting policy

The Treasury has changed its policy on the disclosure of a notional cost of capital. In previous years, a cost of capital was calculated based upon the average level of assets utilised by NHMF over the year. Recently, the cost of capital was calculated at 3.5% and was designed to indicate the likely cost that an equivalent private sector company would have to pay for access to a similar amount of funding that we have received from DCMS.

The Treasury has now decided that there is no need for us to disclose a cost of capital charge on the Statement of Comprehensive Net Expenditure. No funds were actually paid over to the Treasury and so, whilst there has been a change of accounting policy, there is no impact on our reported figures this year or in prior years. The notional cost of capital charge would have been £1,179,000 in 2010–11 and was £899,000 in 2009–10.

3. Grant-in-aid

	2010–11 £'000	2009–10 £'000
Grant from DCMS	0	20,000

4. Sundry operating income

This comprises:

	2010–11 £'000	2009–10 £'000
Repayments of grant	0	4
Donations and bequests	1	20
Receipts from investment managers	59	0
	60	24

Receipts from investment managers represent amounts paid to us by Schroders. It represents the difference between the fee negotiated under our contract with them and the underlying fee charged within the investment vehicle in which they invest – the SIM Multi-Asset Fund. The Multi-Asset Fund charges a higher fee rate than that agreed under the contract and so we receive a payment each quarter. The underlying fee charged within the Multi-Asset Fund is acquired by SIM deducting the amount from the cash balances held within that Fund each quarter thus impacting upon the value of the individual units of the Multi-Asset Fund. Thus the cost to NHMF of using Schroders is reflected within the value of its units. The Multi-Asset Fund invests in a number of unit and investment trusts, all of which will also have management fees built into them.

5. Staff costs and numbers

	2010–11 £'000	2009–10 £'000
Salaries	35	37
Employer's NI payments	3	3
Payments to pension scheme	6	7
Temporary staff costs	1	1
	45	48

Additional costs of £9,527,000 have been charged to HLF and are reflected in the accounts of that Fund.

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

	2010–11 Number	2009–10 Number
Grant applications	2	2
Finance and administration	0	0
Strategy and business development	0	0
Communications	0	0
	2	2

The above figures are disclosed as full-time equivalents. Additionally, an average of 220 permanent staff were employed on HLF activities.

6. Pensions

Pension benefits are provided through the Civil Service pension arrangements – the PCSPS. Since 30 July 2007, new staff without any previous membership of PCSPS are able to join Nuvos, which is an index-linked defined benefit pension scheme. This currently has a 3.5% member-contribution rate and will provide a defined benefit pension with a pension age of 65.

Staff who joined NHMF before 30 July 2007, or who have qualifying previous PCSPS membership on joining since that date, remain in one of three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). The schemes are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and Nuvos are increased annually in line with pensions-increase legislation.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and Nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic and benefits for service after that date worked out as in premium. In Nuvos, a member builds up a pension based on pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions-increase legislation. In all cases members may opt to commute pension for a lump sum up to the limits set by the Finance Act 2004.

Members who joined NHMF from October 2002 could have opted for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution known as a Partnership Pension Account. The partnership pension account is a stakeholder pension arrangement with an employer contribution. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a

stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to PCSPS to cover the cost of centrally provided lump sum risk benefit cover (death in service and ill-health retirement). There are currently seven members of staff with a partnership pension account. No member of staff retired early on health grounds during 2010–11.

Although the schemes are defined benefit schemes, liability for payment of future benefits is a charge to the PCSPS. Departments, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. For 2010–11, employer's contributions of £6,466 (2009–10: £6,857) were paid to the PCSPS at the rates set out in the table below. Employer contributions are to be reviewed every four years following a full scheme valuation by the scheme actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Further details about the Civil Service pension arrangements can be found at the website: <http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx>

The employer's payments were calculated on the basis of salary banding, as follows:

Salary in 2010–11	% in 2010–11
£21,000 and under	16.7%
£21,001–£43,000	18.8%
£43,001–£74,000	21.8%
£74,001 and above	24.3%

7. Operating deficit

The operating deficit is stated after charging the following:

	2010-11 £'000	2009-10 £'000
Auditor's remuneration	10	10
Payments under operating leases		
– leasehold premises	6	7
– hire of plant and machinery	0	0

Additional costs of £7,398,000 have been allocated to NHMF's Lottery distribution accounts. As disclosed in note 1 to these accounts, NHMF is required to apportion its costs to its Lottery distribution activities. At the end of the financial year, the proportion of joint costs apportioned was 99%.

An analysis of other operating charges, including the above items, is as follows:

	2010-11 £'000	2009-10 £'000
Accommodation	11	12
Postage and telephone	1	2
Office supplies, print and stationery	4	3
Travel, subsistence and hospitality	1	1
Professional fees		
– grant-related	9	3
– non-grant-related	19	57
Communications	24	22
Sundry expenses	5	6
	74	106

8. Income from investments

	2010-11 £'000	2009-10 £'000
Long-term financial assets available for sale	205	929

Income has fallen significantly following the switch of investment manager from JP Morgan to Schroders. JP Morgan mainly invested the endowment fund directly in unit trusts which paid regular dividends to NHMF. On the other hand, Schroders has invested the endowment fund in units in one fund which invests in a wide range of assets. Whilst those underlying assets pay dividends, the main Schroders fund does not pay dividends as its raison d'être is capital growth. Note 13 has further information.

9. Profit/(loss) on the sale of investments

	2010-11 £'000	2009-10 £'000
Long-term financial assets available for sale	5,154	(4)

The transfer of investment manager from JP Morgan to Schroders was undertaken by selling the investments managed by JP Morgan and transferring the cash to Schroders. This happened in the first quarter of the year. Consequently, there was a much higher level of investment sales than is normal, resulting in much larger gains than normal.

10. Interest receivable

	2010-11 £'000	2009-10 £'000
Bank interest receivable		
– Barclay's Bank	9	19
– Schroder & Co. Limited	94	0
	103	19

11. Cash and cash equivalents

	2010-11 £'000	2009-10 £'000
Instant access		
– Barclay's Bank	77	14,616
– endowment fund	29	739
– Schroder & Co. Limited	1,595	0
Seven-day notice		
– Schroder & Co. Limited	5,031	0
	6,732	15,355

Schroder & Co. Limited places the money on deposit with other financial institutions. At present, NHMF funds are with Scottish Widows plc (seven-day notice) and with Nationwide Corporate International (Isle of Man) (instant access).

12. Property, plant and equipment

	Short-leasehold property		IT and other equipment		Office fittings		Total	
	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000
Cost at start of year	2	7	13	8	1	1	16	16
Additions	1	2	2	5	0	0	3	7
Disposals	(0)	(7)	(1)	(0)	0	(0)	(1)	(7)
At end of year	3	2	14	13	1	1	18	16
Depreciation at start of year	0	7	7	6	1	1	8	14
Charge for the year	0	0	1	1	0	0	1	1
Adjustment on disposal	(0)	(7)	(1)	(0)	0	(0)	(1)	(7)
At end of year	0	0	7	7	1	1	8	8
Net book value								
At start of year	2	0	6	2	0	0	8	2
At end of year	3	2	7	6	0	0	10	8

The Trustees have considered the current cost values of property, plant and equipment. A review of the current cost values at 31 March 2011 revealed no material difference to historic cost values. Therefore, no adjustment has been made to reflect current cost values of property, plant and equipment. The value of property, plant and equipment represents a proportionate split of the assets used by both NHMF's grant-in-aid and its Lottery distribution activities. This split is currently 99% Lottery and 1% grant-in-aid.

Finance leases

Some of the property, plant and equipment was held under finance leases, as shown in the table below. The figures are included in the above table.

IT and other equipment:

	2010-11 £'000	2009-10 £'000
Cost at start of year	1	0
Additions	0	1
Disposals	0	0
At end of year	1	1
Depreciation at start of year	0	0
Charge for the year	0	0
Adjustment on disposal	0	0
At end of year	0	0
Net book value		
At start of year	1	0
At end of year	1	1
Obligations under these finance leases are:		
	2010-11 £'000	2009-10 £'000
Amounts for leases expiring		
– in one year	0	0
– in years two to five	1	1
	1	1

13. Long-term financial assets available for sale

NHMF was set up as successor to the National Land Fund. The Trustees believed that, of the initial grant-in-aid that established NHMF, the sum of £10million should be regarded as the residue of the National Land Fund and is known as the endowment fund. They decided to invest it with the aim to maintain its capital value in real terms when compared to the Retail Prices Index. Beyond that, the investment aim is to achieve sufficient growth in real terms to enable NHMF to meet its obligations. To this end, investment in readily marketable financial assets can be made outside the UK. A table below summarises the global investment spread. The surplus value of the endowment fund (ie the excess over the current value of the initial £10million) can be drawn down to fund NHMF's grant-giving. On occasions, Trustees have drawn down funds that take the value of the endowment fund below its target value. Trustees do this reluctantly and only when faced with the possibility of losing a significant part of the UK's heritage. In these circumstances, Trustees monitor the shortfall and use future grant-in-aid to replenish the endowment fund if capital growth does not exceed the increase in the Retail Prices Index.

Notes to the Accounts
for the year ended 31 March 2011

At 31 March 2011, the original £10million investment would be worth £34.5million taking into account indexation – the actual market value is £29.3million including cash held within the endowment.

The endowment fund comprises the following:

	Market value 2010–11 £'000	Book cost 2010–11 £'000
Long-term financial assets	29,310	26,929
Cash	29	29
	29,339	26,958

The proportion of this fund held in cash is disclosed in these accounts as a current asset – as part of the cash balances.

At the start of the year, these investments were managed, on behalf of NHMF, by JP Morgan Asset Management (London) Limited. In the early part of the year, the investments were liquidated and the cash transferred to Schroders. The endowment fund is now invested in the SIM Charity Multi-Asset Fund. The Multi-Asset Fund invests in a range of around 50 unit and investment trusts across many asset types and geographic markets. Units in the Multi-Asset Fund are sold to raise funds for grant payments and administrative expenses. This is the reason that the assets are described as 'available for sale'. Trustees have no plans to liquidate the entire endowment fund. The Trustees are not required to adopt the Trustee Investment Act 1961 when considering investment policy.

	2010–11 £'000	2009–10 £'000
Cost and net book value		
At start of year	24,926	23,387
Additions	33,716	1,826
Disposals	(31,657)	(275)
Accrued income	(56)	(12)
At end of year	26,929	24,926

	2010–11 £'000	2009–10 £'000
Net book value		
Listed on the London Stock Exchange	0	0
Unlisted investments	26,929	24,926
	26,929	24,926

	2010–11 £'000	2009–10 £'000
Cost	26,929	24,926
Market value	29,310	31,171
Unrealised gain	2,381	6,245

There is no liability to taxation on gains realised by NHMF.

An analysis of investments (at book cost), at the year end, was:

	2010–11 %	2009–10 %
Bonds	5	12
UK equity	45	55
Europe equity (excluding UK)	4	7
North America equity	4	17
Japan and Far East equity	6	4
Emerging market equity	4	1
Global equity funds	3	0
Property	7	4
Absolute return/hedge	17	0
Private equity	1	0
Commodities	4	0
	100	100

Following the change in investment manager we have revised the format of this analysis when compared with the accounts of 2009–10.

14. Trade and other receivables – all due within one year

	2010–11 £'000	2009–10 £'000
Prepayments and accrued income	34	2

No bad debt provision has been created as none of the above items is considered irrecoverable.

15. Payables: amounts falling due within one year

	2010–11 £'000	2009–10 £'000
Operating payables	1	5
Other payables including taxation and social security	2	4
Accruals and deferred income	41	40
	44	49

None of the liabilities of NHMF was secured. Of the above amounts for operating and other payables, £2,000 was payable to central government bodies (2009–10: £13,000).

16. Grant commitments

	2010–11 £'000	2009–10 £'000
At start of year	8,518	10,348
Grants paid in the year	(11,983)	(5,760)
Commitments created in the year	12,716	4,010
De-commitments	(2,584)	(80)
At end of year	6,667	8,518

The balance at the year end represents amounts due in the following periods:

	2010-11 £'000	2009-10 £'000
In one year	6,667	5,186
In two to five years	0	3,332
	6,667	8,518

Amounts due in more than one year represented in 2009-10 the final payment to the National Gallery and National Galleries of Scotland to purchase Titian's *Diana and Actaeon*. This payment was made in April 2011.

Commitments at the year end represent amounts owing by sector, as follows:

	2010-11 £'000	2009-10 £'000
Balances owing to		
– central government	3,645	6,882
– local authorities	319	1,285
– other bodies	2,703	351
	6,667	8,518

17. Commitments

The total outstanding commitments under operating leases are as follows:

	2010-11 £'000	2009-10 £'000
Short-leasehold property		
– expiring in one year	0	0
– expiring in years two to five	0	0
– expiring thereafter	96	98
	96	98

In addition, operating lease commitments of £11,418,000 (2009-10: £12,296,000) have been charged to HLF and are disclosed in the accounts of that Fund. This sum is split £11,412,000 on short-leasehold property and £6,000 on other operating leases.

On 23 March 2011, the Committee on Climate Change ('CCC') signed an undertaking for most of the first floor of NHMF's offices, at 7 Holbein Place, London. On 24 May 2011, CCC signed an underlease. This underlease is for approximately 13 years and will result in rental payments to NHMF totalling £1.7million – almost all of which will be re-assigned to NHMF's Lottery distribution activities. CCC will also utilise, under licence, a car parking space at an annual charge of £4,250 – again, most of this will be to the benefit of NHMF's Lottery distribution activities. The expected receipts from CCC have not been deducted from the commitments disclosed in the above table.

International Accounting Standard 17 requires property leases to be split between their land and buildings elements. No split has been made in the above figures for short-leasehold property as the amount of land under the leases is negligible.

NHMF has no capital commitments contracted for, or capital commitments approved but not contracted for.

18. Notes to the Statement of Cash Flows

a) Reconciliation of operating deficit to net cash outflow from operating activities

	2010-11 £'000	2009-10 £'000
Operating deficit	(10,192)	(4,061)
Interest receivable	103	19
Add back non-cash items		
– depreciation	1	1
– movement in provisions	0	0
– decrease in grant commitment reserve	(1,851)	(1,830)
(Increase)/decrease in receivables (excluding capital and investments)	(32)	10
(Decrease)/increase in non-capital payables	(5)	7
Net cash outflow from operating activities	(11,976)	(5,854)

b) Capital expenditure and financial investment

	2010-11 £'000	2009-10 £'000
Payments to acquire		
– property, plant and equipment	(3)	(7)
– intangible fixed assets	(0)	(0)
– long-term financial assets available for sale	(33,716)	(1,826)
Receipts from sales of		
– property, plant and equipment	0	0
– long-term financial assets available for sale	36,811	271
	3,092	(1,562)

c) Analysis of changes in net funds

	At 1 April 2010 £'000	Operating cash flows £'000	Grant-in-aid £'000	At 31 March 2011 £'000
Cash at bank	15,355	(8,623)	0	6,732

19. Related-party transactions

NHMF is a non-departmental public body sponsored by DCMS. DCMS is regarded as a related party. During the year, NHMF (including its Lottery distribution activities) has had various material transactions, other than grant awards, with an entity for which DCMS is regarded as the sponsor department, being the Big Lottery Fund. There have also been material transactions with the National Assembly of Wales as we use Cadw to provide expert advice and monitoring on some Lottery transactions. Further details of these transactions and balances can be found in the accounts of the Lottery distribution activities of NHMF.

On 23 March 2011, the Committee on Climate Change ('CCC') signed an undertaking for most of the first floor of NHMF's offices, at 7 Holbein Place, London. CCC is a non-departmental public body which is jointly-sponsored by the Department of Energy and Climate Change, DEFRA, the Scottish Government, the Welsh Assembly Government and the Northern Ireland Executive. On 24 May 2011, CCC signed an underlease. This underlease is for approximately 13 years and will result in rental payments to NHMF totalling £1.7million. In addition, there will be contributions to service charges of around £62,000 per annum at 2010–11 price levels. At 31 March 2011, there was £0 owed for service charges. CCC will also utilise, under licence, a car parking space at an annual charge of £4,250.

Trustees of NHMF and expert panellists had interests in bodies to which NHMF made grants. Trustees and expert panellists are required to declare their connection at the start of each meeting and absent themselves from any part of that meeting where that grant application is discussed. They take no part in the decision as to whether a grant is awarded or any subsequent decision made about the grant. There are strict rules on the circumstances in which Trustees and panellists can accept paid work from a grantee. Therefore, Trustees are satisfied that in no case did the individuals have an influence on the decision-making process.

There were no other commercial transactions in which Trustees or staff had a material interest or influence.

Related-party transactions will have occurred in 2010–11, in the form of grant payments, that related to awards made in previous years. Related-party transactions for awards made in previous years will have been disclosed in the accounts of those years.

Two Trustees had an interest in awards which the Fund made. Yinnon Ezra is Director of Culture at Hampshire County Council which provided partnership funding to the University of Southampton. The university received a grant of £1,993,760 for the purchase of the Broadlands archive. Hilary Lade was in discussion with the Ashmolean Museum in Oxford about becoming a member of their Board of Visitors at the time an award of £64,000 was made for the Asthall hoard of coins.

Details of interests in Lottery grants are set out in the accounts of the Lottery distribution activities of NHMF.

Members of NHMF's expert panel had interests in a number of awards made during the year. The panel advises Trustees on the heritage merits of grant applications.

Noel Annesley is honorary chairman of Christie's and they acted for the vendor in four awards made this year:

- i) Bodleian Library, Oxford, purchase of the Edward Heath papers (£400,000);
- ii) National Trust, Wakefield, purchase of Brueghel's *The Procession to Calvary* (£1,100,000);
- iii) Bletchley Park Trust, Milton Keynes, purchase of Turing-Newman collaboration (£213,437);
- iv) British Library, London, purchase of Cuthbert Gospel (£4,500,000).

Richard Ovenden is the keeper of special collections at the Bodleian Library, Oxford, which received a grant of £400,000 for the Edward Heath papers.

Sir John Guinness is a member of the development committee of the British Library in London. The library received a grant of £4,500,000 for the acquisition of the Cuthbert Gospel.

20. Fair value reserve

	2010–11 £'000	2009–10 £'000
At start of year	6,245	(1,454)
Movement in the year	(3,864)	7,699
At end of year	2,381	6,245

The reserve relates to the difference between book cost and market value of long-term financial assets available for sale (see note 13). The difference between book and market value of property, plant and equipment (see note 12) is not material.

21. Financial instruments

Full disclosure under IFRS 7, 'Financial Instruments: Disclosures', is in the Management commentary.

22. Statement of losses

NHMF made no losses during the year (2009–10: £0).

Chair, Trustees and Management

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¹ Member of Audit Committee

² Member of Finance and Resources Committee
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NHMF investment panel

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Richard Killingbeck

Sir Laurie Magnus

NHMF expert panel

Noel Annesley

Sir John Guinness

Richard Ovenden

Rosalind Savill

Giles Waterfield

NHMF team

Head of NHMF

Fiona Talbott

fionat@hlf.org.uk

020 7591 6008

Senior Grants Officers

Suzanne Baker

suzanneb@hlf.org.uk

020 7591 6068

Vanessa Wells

vanessaw@hlf.org.uk

020 7591 6115

National Heritage Memorial Fund

7 Holbein Place

London

SW1W 8NR

Telephone

020 7591 6000

Facsimile

020 7591 6001

Textphone

020 7591 6255

Website

www.nhmf.org.uk

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