

**THE STORY MUSEUM**  
**ACCOUNTS FOR THE PERIOD ENDED**  
**31 AUGUST 2010**

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Company number: 4780380  
Charity number: 1107809

**THE STORY MUSEUM**  
**TRUSTEES' REPORT**

**Legal and Administration Information**

The full name of the company is The Story Museum.

The company number is 4780380. The registered charity number is 1107809.

The trustees that served during the period were as follows:

Dr Will Bowen (appointed 10 December 2009)  
Mr David Fickling  
Ms Maureen Freed  
Ms Pamela Hartigan  
Mr Edward Knighton  
Mr John Lange  
Mrs Susan Robinson (appointed 2 July 2009)  
Mr David Wood

The office address of the charity is 42 Pembroke Street, Oxford, OX1 1BP.

The registered address is The Story Museum, Laytons, 50 Victoria Embankment, London, EC4Y 0LS.

The company's auditors are Critchleys LLP, Greyfriars Court, Paradise Square, Oxford, OX1 1BE.

The company's solicitors are Laytons, 50 Victoria Embankment, London, EC4Y 0LS.

The company's bankers are Barclays Bank plc of Cornmarket Street, Oxford, OX1 3HS.

**Structure, Governance and Management**

The charity is governed by its Memorandum and Articles of Association.

The procedures for the appointment of Trustees are set out in the Articles of Association. At each AGM, one third of the trustees shall retire from office but are eligible for reappointment.

**Objects and Activities for the Public Benefit**

The objects of The Story Museum are to advance the education of the public in relation to children's literature and the history of the City of Oxford, in particular by:

- a) establishing and maintaining a museum dedicated to these subjects;
- b) conserving, interpreting and developing collections and heritage assets relevant to children's literature and the City of Oxford;
- c) providing learning opportunities for and promoting literacy and creativity among children, young people and families.

The Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

**THE STORY MUSEUM**  
**TRUSTEES' REPORT (CONTINUED)**

**Introduction from the Acting Chairman**

This Report covers a very exciting chapter in the rapidly developing story of The Story Museum. The idea, the dream, the vision are becoming the reality, the concrete, the visible. We now have a building, a splendidly special building in an ideal location. The Story Museum has well and truly arrived, thanks to the belief, the dynamism and determination of Kim Pickin, Tish Francis and their dedicated team. We, the Trustees, salute their success so far, and commit ourselves to supporting them wholeheartedly in the even more adventurous chapters ahead.

These are difficult times for fundraising. Our Patrons Philip Pullman and Michael Morpurgo have recently spoken passionately against the proposed cuts to libraries and to children's arts. But we are determined to secure a sustainable future for the unique project that is The Story Museum, which we are proudly confident will be a vital, life-enhancing, imagination-triggering institution for adults and children, now and for generations to come.

David Wood OBE, Acting Chairman

**Summary**

This was a momentous year for The Story Museum, in fact a momentous 15 months following the Board of Trustees decision to change the company's financial year end from 31<sup>st</sup> May to 31<sup>st</sup> August.

The Story Museum's 'virtual' activity continued apace: our outreach team engaged with 30 Oxfordshire Story schools, running workshops, inset days, training days, networking days and many individual advice sessions with teachers. We completed a Transformation Fund pilot project for parents and children in Blackbird Leys and co-ordinated two successful Oxford-wide Alice's Days, working with some 30 partners across the city: these activities reached an estimated total of 30,000 children and adults.

Thanks to an unsolicited and unexpectedly generous gift received in December 2008 we started this financial year with a strengthened team which stepped up the search for a development site. As central Oxford's Rochester House/Old GPO site emerged as a clear front runner, a serendipitous sequence of opportunities combined with a remarkable act of philanthropy to grant the Story Museum its wish and enable the charity to secure a 132-year lease on a site which is ideally located at the heart of the medieval city, has unique character, and provides a generous and adaptable space.

Turnover in the year increased significantly largely due to this one-off donation of £2.19 million. Excluding that one-off sum, resources expended increased overall by 60%: on the capital project by approximately 50%, on outreach by 40% and on family work by 60%. It was all the more noteworthy then that, working from an assembly of home offices and kitchen tables, our resourceful team rode this period's demands and challenges with characteristic professionalism, enthusiasm and humour. As the financial year ended, their efforts were rewarded as we were finally able to come together under one roof in offices created within a small area of the new premises.

As anticipated, the building brought with it great benefits and greater challenges. The support and confidence of long-term collaborators and donors was refreshed and there is no doubt that, underpinned by the outreach programme, the capital project becoming a reality gathered, and continues to gather, a widening constituency of support as well as a growing body of volunteers and professional partners.

**THE STORY MUSEUM**  
**TRUSTEES' REPORT (CONTINUED)**

**Summary (continued)**

Despite the acquisition of a valuable capital asset, the Story Museum's revenues continued and will continue to depend on charitable, individual and public contributions until the building is open and generating its own income. With heightened risk, increased overheads and the need for longer-term business planning and grant bids, budgeting and financial management systems and controls have been strengthened with the result that in this year of considerable change expenditure has been well controlled against the fluctuating tides of income.

We review our achievements and performance in more detail with reference to our three main stated charitable activities.

**Establishing and maintaining a museum dedicated to children's literature and the history of the City of Oxford**

As we intensified our search for a suitable site, the Story Museum heard, in late June 2010, that the Carlyle Group had truncated its proposed development between Queen Street and St Aldate's in central Oxford. On enquiry we learnt that the surplus portion – Rochester House and Old GPO at the rear of 102-104 St Aldate's, empty and deteriorating for over a decade – was available. After taking professional advice, with the backing of our donor and after much negotiation and freeholder Merton College's consent, the company accepted our bid to acquire the 132-year lease and develop the site for the museum. Negotiations started in earnest at the end of July and we achieved contract completion at a final cost of £2,190,000 on 4th November.

News of the purchase drew cheers from all quarters: some 500 congratulatory e-mails and messages, press features and endorsements. An *Oxford Times* leader with the banner "Imagination" declared: *"You have to admire the ambition of those behind plans for a £14m museum dedicated to the art of storytelling. Still more admirable is the fact that this project is up and running with the acquisition of a significant building in the heart of Oxford."*

With the next challenge being to get the pigeons out of, and the team into, the building, we secured a £99,000 Grants for the Arts capital grant from Arts Council England/National Lottery and targeted foundation and individual donations to cover the cost of the work. Twenty volunteers helped to clear the premises whilst several photographers came forward, eager to capture the space in its 'before' state.

Wootton-based surveyors Frankham Consultants were appointed to supervise a schedule of works which included urgent repairs to the GPO building roof and box gutters, remedial works to some of the unoccupied areas and the repair and installation of new services, interior and exterior decoration of the Rochester House ground floor rooms to create 4 offices, a kitchen, an accessible and other toilets. Rodells of St Albans won the competitive tender and building contract and, after some delays, completed at the end of August 2010. Additional works commissioned and contracted by the Story Museum included an art installation – a shop window for 'Rochester Story Supplies' for Oxford's fictional community - from artist, author and illustrator Ted Dewan, completed in January 2011.

The interest in the building has been considerable: Oxfordshire's Lord Lieutenant, Tim Stevenson, several Oxfordshire Deputy Lieutenants and County Councillors joined us on June 21st for a Midsummer's Eve tour and performance – our first storytelling presented by Chris Smith – in a space originally designed in the 1920s to accommodate Oxford's first automated telephone exchange. The idea of the Story Exchange was born. We toured 650 people around the building during Oxford Open Doors weekend in September and opened up a visitors' book to capture the names, comments and ideas and of the many who've visited since.

## THE STORY MUSEUM

### TRUSTEES' REPORT (CONTINUED)

#### **Establishing and maintaining a museum dedicated to children's literature and the history of the City of Oxford (continued)**

Not all our trust and foundation bids on the capital front were successful due to the impact of the recession and heightened competition for funds. Unfortunately this included our first application to the Heritage Lottery Fund which we heard in January 2011 had been unsuccessful. Although disappointed we were not altogether surprised, knowing of other successful lottery projects that were rejected at their first attempt and we plan to work with our advisors to submit a revised application.

Following the Lottery decision, some activity on the design development and appointment of new staff was deferred. However, we are beginning to enjoy repeat donations and the advent of the building certainly stimulated many existing donors to give again. We are also encouraged by the Arts Council's grant and its endorsement of the project and the team.

Beyond the immediate concerns of the building purchase and works we have been engaged in the many other aspects of activity required to establish the museum; opening or continuing discussions with many partners across the arts, heritage and education sectors and with many local government colleagues including those at the Museum of Oxford, the County Museum Service and County Libraries, with whom we plan to work in partnership.

Together with the Bodleian Library and Oxford Inspires, the Story Museum played a lead role in promoting the idea of Oxford bidding to be UNESCO world Book Capital in 2014 – the year in which both The Story Museum and the Bodleian's Weston Library aim to open. This proposal has been enthusiastically taken up by the City Council and partners across the city.

#### **Conserving, interpreting and developing collections and heritage assets relevant to children's literature and the City of Oxford**

A considerable amount of work was undertaken with regard to collections and conservation in this period.

Preparing our HLF bid, and the concomitant collections and conservation requirements, led us to revisit and refresh our strategy and prospects with expert advisors including Edward Wakeling and Mark Richards of the Lewis Carroll Society, board member John Lange, Richard Ovenden and his team at the Bodleian Library and our friends at Seven Stories in Newcastle-upon-Tyne with whom we opened discussions about a shared archive collection policy and exhibition exchange.

Oxfordshire County Council confirmed that the Story Museum would have access to its collections and The Bodleian that it would look favourably at the idea of offering access to collections and conservation expertise in exchange for Story Museum input to its programme of engagement with schools and young people.

#### **Providing learning opportunities for and promoting literacy and creativity among children, young people and families**

The main focus of our outreach activity was to continue developing long term partnerships with 30 state primary schools in Oxfordshire and beyond, particularly in areas of multiple disadvantages, such as Blackbird Leys. The aim of each of these partnerships was to work with teachers, children and parents to transform the schools into 'storytelling schools' where stories and storytelling are at the heart of the curriculum. To embed this new educational approach, our outreach team, led by Chris Smith with fellow storyteller Adam Guillain and pioneering educationalist Pie Corbett, provided a mix of training, consultancy, 'inspiration days' and learning resources. These range from touring exhibitions and classroom learning materials to story CDs, reading lists and curriculum plans. We worked with 30 schools over this period; some established storytelling schools and some new to the approach.

## THE STORY MUSEUM

### TRUSTEES' REPORT (CONTINUED)

#### **Providing learning opportunities for and promoting literacy and creativity among children, young people and families (continued)**

In summer 2009 the Story Museum launched its Story Hopscotch project for school playgrounds. We also commissioned a detailed independent evaluation of our Oxfordshire Storytelling Schools from Dick Chamberlain which demonstrated significant improvements in children's motivation, confidence, spoken language and writing skills. Two primary schools within the programme, Rose Hill and Pegasus, have reported major improvements in performance over the period of the partnership and, whilst there are doubtless several contributing factors, their inspiring head teachers both attest to the central place of storytelling to their achievement.

This positive feedback was echoed in January 2010 at our Teachers' Learning Network Day hosted by Orchard Meadow Primary School at which literacy co-ordinators, teachers and head teachers shared experiences and offered pointers and needs for further developments. Further afield, Devon's primary schools embraced storytelling following our county-wide INSET day where Chris Smith trained the local authority's primary literacy coordinators to implement a storytelling schools approach across the entire county.

Our successful bid to the Department of Innovation Universities and Skills' Transformation Fund facilitated the StoryBird project in Blackbird Leys and enabled us to pilot ways of extending this learning in schools to parents and to create a range of learning resources. Through the expert evaluation by Dr Alida Gersie we gained evidence of impact and the project generated the additional legacy of 100 audio and video downloadable stories by our team and invited storytellers now available to teachers, children and visitors to our website. This was a significant step towards our objective of collecting 1001 stories.

In January 2010 the Story Museum completed its second Arts Council Grants for the Arts funded project by launching its new website: a one-stop shop for stories, ideas and resources in different zones for families, teachers and arts, heritage and education professionals.

In April 2010 the Story Museum was invited to run a Storytelling event – the first children's event, led by Adam Guillain, to take place in the 400-year-old Duke Humfrey's Library at the Bodleian.

The Story Museum co-ordinated two Alice's Day during this period – thus the increase in expenditure featured in these accounts reflects an actual reduction in resource across the two events which needs to be addressed in future years. Both Alice's Days were nonetheless extremely successful, involving numerous partner organisations and activities embracing talks, films, exhibitions, tea parties, promenade performances and Youth Theatre white rabbits. The programme and audiences have built steadily since the first Alice's Day in 2007 and this is now an eagerly anticipated feature of Oxford's annual calendar.

#### **People and governance**

Stepping up the capital campaign and the increased responsibilities, overheads and risks associated with the move into the building demanded a strengthening of the team, the Trustees and some of our financial and organisational systems.

Tish Francis (Director of TFA Limited) and former Chief Executive and Artistic Director of Oxford Playhouse joined the team in May 2009 to work alongside Kim Pickin as Co-director (Capital Project) with an initial focus on securing a building or site. In September 2009 Kim joined the payroll as Co-director (Chief Executive). Day-to-day management of the charity is delegated to Kim, Tish and the team.

In July 2009 we welcomed Susan Robinson, a long-time supporter, friend and fundraising advisor of the project onto the Board of Trustees. Susan Robinson took the chair of the Fund-raising Sub-committee, attended regular meetings with the team and hosted another memorable fund- and friend-raising "Storyday" at her home.

**THE STORY MUSEUM**  
**TRUSTEES' REPORT (CONTINUED)**

**People and governance (continued)**

Will Bowen, a leading theatre consultant and designer and architectural advisor, joined the Board of Trustees in December 2010. Co-founder of The Almeida Theatre and theatre consultant on the new Royal Shakespeare Theatre in Stratford, Will has been a long term friend and advisor to the Story Museum and brings a wealth of creative and practical experience to the capital project. Will Bowen volunteered to join the Building Sub-committee which will also include external advisors and the team.

All new Board members are made familiar with the workings of the charity, its finances and the nature of the commitment prior to election. This is achieved through detailed briefings with the Co-directors and background information and presentations prepared by the team.

Prior to the purchase of the building and to satisfy both the Board and the lease donor about the scheme's suitability, we sought independent valuation advice from property consultants Kemp & Kemp and the Story Museum business plan was revisited with museum consultant Stuart Davison and refreshed to reflect the site's capacity, location and development potential.

In spring 2010 we enlisted the help of heritage consultant Julia Holberry to prepare for our application to Heritage Lottery Fund and were grateful for additional input from interpretation consultants Tim Gardom Associates and project manager Andy Bramwell (then at MACE). In June 2010 Simon Courtenay-Taylor helped review our organisational structure in anticipation of the planned growth.

The Story Museum trustees continued to demonstrate great commitment to the project despite the increased demands on their time arising out of the building purchase and associated due diligence. Pending our appointment of a permanent Chair, David Wood was elected Acting-Chair. Maureen Freed and Edward Knighton were elected to a new Finance Sub-committee and the management team instituted monthly management accounts to be discussed with this sub-committee in advance of the Board meetings.

Board members agreed to increase the frequency of their meetings from every quarter to every two months. In addition, following the building purchase in November 2010, they set aside time to work with the Co-directors and team on visioning the capital project.

There was a review of Board skills and experience and it was agreed that in the forthcoming year two new members should be appointed with the possibility of co-opting additional individuals should we need further expertise.

By the end of this financial year, volunteering had begun to establish its position and value within the organisation. From professional support to the well-wishers who gathered to clear the building of debris, volunteers will become a key element of the Story Museum.

The application and reporting processes of the publicly-funded projects placed considerable demands on members of the team who rose to the challenge with characteristic professionalism.

Conscious of the additional responsibilities and risks associated with the buildings and capital project the team and trustees strengthened, and continue to strengthen, our systems for managing risk. Chief among these are a process of periodically reviewing the risks, both internal and external, facing the project and identifying ways to mitigate them.

## THE STORY MUSEUM

### TRUSTEES' REPORT (CONTINUED)

#### **People and governance (continued)**

As well as preparing a target budget the finance team prepared 'worse' and 'worst' case fallback budgets in the event of reduced funding, with the largest economies relating to postponing phases of the capital project. Board meetings now take place six times a year, cash flow and income/expenditure forecasts are reviewed monthly and tight control maintained over costs.

We are now actively developing a formal reserves policy that ensures that adequate provision is made for overheads, repairs and maintenance, and essential personnel in the event of an unexpected drop in income.

#### **Finances and fundraising**

The Story Museum continues to rely on funds from charitable sources - individuals, foundations and trusts - and is particularly grateful to those who renewed support in the year. We also secured two major grants from public sources (DIUS Transformation Fund and Arts Council England/National Lottery) for our outreach work in Blackbird Leys and the creation of our new offices in Rochester House respectively: both projects met their financial reporting requirements and completed on budget.

The Story Museum generated fees from its schools programme to cover direct delivery costs of artists and outreach team. Meanwhile the costs of outreach research, learning resources, administration and management were met by the Story Museum's fundraising.

The figures in this year's accounts include the £2,191,000 donation – a single and unrepeatable act of generosity – to enable the purchase the 132-year leasehold on Rochester House/Old GPO Building. Our anonymous donor also extended a loan, since repaid, to cover the VAT element of the purchase cost pending confirmation of the Story Museum's full VAT status which arrived in October 2010.

Other acts of individual generosity are too many to list here but we particularly acknowledge the invaluable *pro bono* contribution made by Andrew Ryan, of the Trevor Osborne Group, to the leasehold negotiations and project management of the initial works. Also we owe special thanks to Ginny Battcock who galvanised a volunteer workforce into clean up action ahead of the office building works in spring 2010: for this and much more we owe her immense gratitude.

Fundraising and donor cultivation events included an event at Cherwell Boat House co-hosted with Farrow and Ball and a storyday hosted by Susan Robinson and led by Chris Smith and Adam Guillain.

#### **Looking forwards from Autumn 2010**

The next financial year presents new challenges and opportunities. Whilst we prepare for the capital campaign ahead the neglected state of the buildings will demand monitoring and minor works to minimise weather damage and further deterioration. Now established in our ground floor offices, we also plan to upgrade and make useable one of the future gallery spaces for small-scale public and fundraising events, workshops, meetings and consultations on the capital project.

The capital project and fundraising will necessarily demand increased resources and attention whilst additional resources will be needed to sustain the ground-breaking work being done by our outreach team in the more disadvantaged areas of Oxford. In view of this gear change, we will need to build capacity at all levels from volunteers to specialist advisors and the Board of Trustees. Having adopted new financial and accounting systems, we aim to seek longer-term funding to underpin the organisation's development and a three-year plan towards our projected opening.

**THE STORY MUSEUM**  
**TRUSTEES' REPORT (CONTINUED)**

**Looking forwards from Autumn 2010 (continued)**

Our outreach programme will maintain the strong links with Oxfordshire primary schools with attention now being given to Early Years settings on the one hand and Key Stage 3 students in secondary schools. There will be a Story Museum Teacher's Conference in February 2011 and we envisage future events at which we can share our experience and practice with colleagues, practitioners and educationalists from across the UK. With sustainability an abiding concern we plan to expand our pool of storytellers in schools and community settings through training initiatives designed with the existing team.

The priority for the capital project during 2010-11 will be to appoint a design team and raise the funds needed to pay the costs of developing the design to the planning stage. This will require a concerted push on the capital appeal with funding proposals to public as well as private, corporate and individual bodies.

Given the economic climate, The Story Museum will consider the option of a phased development as not only a pragmatic course of action but a desirable one, giving us the opportunity to test ideas and installations with prospective users whilst opening up some areas of the building to public use at the earliest opportunity.

We will continue to welcome visitors to the site – for our own tours as well as those connected to the Oxford Open Doors event during September. Alice's Day will be mounted once again in collaboration with colleagues across the city and discussions are underway for a larger celebration in 2012 for the 150<sup>th</sup> anniversary of Carroll's first telling of the story that became *Alice's Adventures in Wonderland*.

Partnerships will continue to be developed with the Bodleian Library and the University Museums as well as the Museum of Oxford and colleagues further afield such as Seven Stories.

This has been a remarkable year in which the achievements are a testament to the support and good will the vision for the Story Museum has inspired. Particular thanks must go to The Cave Foundation, The Kathleen Hannay Memorial Charity, The Staples Foundation, the Arts Council England National/National Lottery Grants for the Arts and our anonymous benefactors without whom this chapter would not have opened.

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Annual Report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing those financial statements, the Trustees are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE STORY MUSEUM**  
**TRUSTEES' REPORT (CONTINUED)**

**Statement of Trustees' Responsibilities (continued)**

So far as the Trustees are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and

Each Trustee has taken all steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Trustees on 24 March 2011.

.....  
W Bowen (Trustee)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STORY MUSEUM**

We have audited the accounts of The Story Museum for the period ended 31 August 2010 which comprise the statement of Financial Activities, the Balance Sheet and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the charity's accounts give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006.

We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's accounts are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if disclosures of trustees' remuneration specified by law are not made.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in Note 1 to the accounts.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STORY MUSEUM (CONTINUED)****Opinion**

In our opinion:

- the accounts give a true and fair view of the state of the charity's affairs as at 31 August 2010 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the accounts have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Report is consistent with the accounts.

Robert Kirtland (Senior Statutory Auditor)  
for and on behalf of Critchleys LLP, Statutory Auditor

Oxford

27 April 2011

## THE STORY MUSEUM

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE PERIOD ENDED 31 AUGUST 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
<b>Incoming resources</b>					
Incoming resources from generated funds:					
Voluntary income		266,087	2,340,606	2,606,693	305,029
Interest receivable		89	-	89	553
Incoming resources from charitable activities	2	<u>31,983</u>	<u>-</u>	<u>31,983</u>	<u>65,149</u>
<b>Total incoming resources</b>		<u>298,159</u>	<u>2,340,606</u>	<u>2,638,765</u>	<u>370,731</u>
<b>Resources expended</b>					
Costs of generating funds:					
Costs of generating voluntary income	3	65,809	-	65,809	28,540
Charitable activities:					
Development of children's literature museum	4	140,392	121,217	261,609	89,818
Outreach	4	28,962	90,129	119,091	92,104
Family events	4	<u>9,359</u>	<u>7,476</u>	<u>16,835</u>	<u>7,296</u>
		178,713	218,822	397,535	189,218
Governance costs	6	<u>1,100</u>	<u>-</u>	<u>1,100</u>	<u>1,265</u>
<b>Total resources expended</b>		<u>245,622</u>	<u>218,822</u>	<u>464,444</u>	<u>219,023</u>
Net incoming resources before transfers		52,537	2,121,784	2,174,321	151,708
Gross transfers between funds	11	<u>(2,709)</u>	<u>2,709</u>	<u>-</u>	<u>-</u>
Net incoming resources		49,828	2,124,493	2,174,321	151,708
Fund balances brought forward		<u>158,448</u>	<u>22,174</u>	<u>180,622</u>	<u>28,914</u>
Fund balances carried forward		<u>208,276</u>	<u>2,146,667</u>	<u>2,354,943</u>	<u>180,622</u>

The notes on pages 14 to 17 form part of these accounts.

**THE STORY MUSEUM**

**BALANCE SHEET  
AS AT 31 AUGUST 2010**

	Note	<b>2010</b> £	<b>2009</b> £
<b>FIXED ASSETS</b>			
Tangible assets	8	2,194,712	1,942
<b>CURRENT ASSETS</b>			
Debtors	9	388,672	22,675
Cash at bank and in hand		<u>129,623</u>	<u>179,172</u>
		518,295	201,847
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	<u>(358,064)</u>	<u>(23,167)</u>
<b>NET CURRENT ASSETS</b>		<u>160,231</u>	<u>178,680</u>
<b>NET ASSETS</b>		<u>2,354,943</u>	<u>180,622</u>
 <b>FUNDS</b>			
Restricted	11	2,146,667	22,174
Unrestricted		<u>208,276</u>	<u>158,448</u>
		<u>2,354,943</u>	<u>180,622</u>

The notes on pages 14 to 17 form part of these accounts.

These accounts were approved and authorised for issue by the trustees on 24 March 2011.

..... W Bowen (Trustee)

**THE STORY MUSEUM**

**NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED 31 AUGUST 2010**

**1 ACCOUNTING POLICIES**

In common with many other charities of our size and nature we use our auditors to assist with the preparation of the accounts.

**a) Basis of accounting**

The accounts have been prepared under the historical cost convention. The accounts have been prepared in accordance with all applicable accounting standards.

**b) Presentation of the accounts**

The accounts have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (Revised 2005) and the Companies Act.

**c) Incoming resources**

Voluntary income is included when received. Other incoming resources are included in the SOFA on an accruals basis.

**d) Resources expended**

All expenditure is accounted for on an accruals basis and includes irrecoverable VAT. Direct costs are allocated to the particular activity. All other costs that cannot be immediately allocated to a specific activity (including salaries and office costs) are allocated across the activities using the Trustees' estimate of the percentage of costs incurred on each activity.

**e) Tangible fixed assets**

Tangible fixed assets are capitalised and depreciated over their useful life as follows:

Equipment - 33% straight line.

Long leasehold buildings – will be depreciated over their useful economic life once the buildings are brought into use as a Museum.

The amount paid for the long lease on the building has been capitalized as fixed assets. Other costs relating to the building (including remedial works and minor refurbishment) carried out in the period have been expensed. The Trustees feel this is the most appropriate policy as the works so far have not added significantly to the value of the property and the project to design and develop the museum is in its preliminary stage

**f) Fund accounting**

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the accounts. Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objects of the charity.

**2 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	<b>2010</b>	<b>2009</b>
	£	£
Outreach	29,328	63,768
Family events	2,055	556
Other	<u>600</u>	<u>825</u>
	<u><b>31,983</b></u>	<u><b>65,149</b></u>

**THE STORY MUSEUM**

**NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED 31 AUGUST 2010 (CONTINUED)**

<b>3</b>	<b>COSTS OF GENERATING VOLUNTARY INCOME</b>		<b>2010</b> £	<b>2009</b> £	
	Fundraising services		14,194	7,516	
	Salaries		28,083	21,024	
	Professional costs		<u>23,532</u>	<u>-</u>	
			<u>65,809</u>	<u>28,540</u>	
<b>4</b>	<b>CHARITABLE ACTIVITIES</b>	<b>Activities undertaken directly</b> £	<b>Support costs (note 5)</b> £	<b>Total 2010</b> £	<b>Total 2009</b> £
	Development of children's literature museum	121,217	140,392	261,609	89,818
	Outreach	81,653	37,438	119,091	92,104
	Family events	<u>7,476</u>	<u>9,359</u>	<u>16,835</u>	<u>7,296</u>
		<u>210,346</u>	<u>187,189</u>	<u>397,535</u>	<u>189,218</u>
<b>5</b>	<b>SUPPORT COSTS</b>		<b>2010</b> £	<b>2009</b> £	
	Salaries		50,911	28,038	
	Depreciation		1,537	540	
	Office, marketing and professional costs		<u>134,741</u>	<u>91,180</u>	
			<u>187,189</u>	<u>119,758</u>	
	Support costs are allocated to the three activities in the ratio 75:20:5 (2009: 75:20:5) across the three charitable activities.				
<b>6</b>	<b>GOVERNANCE COSTS</b>		<b>2010</b> £	<b>2009</b> £	
	Auditor's remuneration		<u>1,100</u>	<u>1,265</u>	
	No Trustee received any remuneration or reimbursement of expenses during either period (2009: £nil).				
<b>7</b>	<b>STAFF COSTS</b>		<b>2010</b> £	<b>2009</b> £	
	Salaries		72,365	45,136	
	National Insurance		<u>6,629</u>	<u>3,926</u>	
			<u>78,994</u>	<u>49,062</u>	

The average number of employees was 3 (2009: 2). No employees' emoluments exceeded £60,000 in the period.

**THE STORY MUSEUM**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2010 (CONTINUED)**

<b>8 TANGIBLE ASSETS</b>	Long leasehold Property £	Equipment £	Total £
<b>Cost</b>			
At 1 June 2009	-	8,816	8,816
Additions	<u>2,190,000</u>	<u>4,307</u>	<u>2,194,307</u>
At 31 August 2010	<u>2,190,000</u>	<u>13,123</u>	<u>2,203,123</u>
<b>Depreciation</b>			
At 1 June 2009	-	6,874	6,874
Charge for period	<u>-</u>	<u>1,537</u>	<u>1,537</u>
At 31 August 2010	<u>-</u>	<u>8,411</u>	<u>8,411</u>
<b>Net Book Value</b>			
At 31 August 2010	<u>2,190,000</u>	<u>4,712</u>	<u>2,194,712</u>
At 31 May 2009	<u>-</u>	<u>1,942</u>	<u>1,942</u>

The lease on the property is held until 2141.

<b>9 DEBTORS</b>	<b>2010</b> £	<b>2009</b> £
Trade debtors	2,213	5,906
Prepayments	-	509
Gift aid	29,870	16,260
VAT debtor	<u>356,589</u>	<u>-</u>
	<u>388,672</u>	<u>22,675</u>
<b>10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE PERIOD</b>	<b>2010</b> £	<b>2009</b> £
Trade creditors	21,108	18,848
Accruals	4,101	2,915
Other creditors	-	1,404
Deferred income (see below)	4,355	-
Loans	<u>328,500</u>	<u>-</u>
	<u>358,064</u>	<u>23,167</u>
<b>Deferred income</b>		
Incoming resources deferred in the current year	<u>4,355</u>	<u>-</u>
Deferred income carried forward	<u>4,355</u>	<u>-</u>

Deferred income relates to Outreach Project income received in advance.

**THE STORY MUSEUM**

**NOTES TO THE ACCOUNTS  
FOR THE PERIOD ENDED 31 AUGUST 2010 (CONTINUED)**

<b>11 RESTRICTED FUNDS</b>	<b>At 1 June 2009</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>At 31 August 2010</b>
	£	£	£	£	£
Outreach	17,926	75,093	(90,129)	-	2,890
Family events	(752)	5,519	(7,476)	2,709	-
Capital Project (initial purchase)	-	2,190,000	-	-	2,190,000
Capital Project (other funding)	-	69,994	(121,217)	-	(51,223)
Architecture model project	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
	<u>22,174</u>	<u>2,340,606</u>	<u>(218,822)</u>	<u>2,709</u>	<u>2,146,667</u>

These all represent voluntary income provided for a specific purpose with the closing balance being the unexpended amount at the year end.

The £2,190,000 balance on the Capital Project (initial purchase) fund represents a donation to fund the cost of Rochester House which was purchased during the period. The donation is potentially repayable to the donor in 2016 (see note 14).

The deficit on the Capital Project (other funding) fund will be covered by guaranteed funding in the year to August 2011.

<b>12 ANALYSIS OF NET ASSETS BY FUND</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
	£	£	£
Fixed assets	4,712	2,190,000	2,194,712
Net current assets	<u>203,564</u>	<u>(43,333)</u>	<u>160,231</u>
	<u>208,276</u>	<u>2,146,667</u>	<u>2,354,943</u>

**13 SUBSIDIARY UNDERTAKING**

The charity owns 100% of the Story Museum Trading Limited, a company incorporated in England & Wales. This company has been dormant since incorporation and has no reserves.

**14 CONTINGENT LIABILITIES**

During the period the company received a donation of £2,190,000 to fund the purchase of the underlease of the Rochester House site, for the purpose of establishing it as a permanent home for The Story Museum in Oxford.

If the site is not open to the public as a permanent home for The Story Museum on a regular basis by September 2016, the charity may be called upon to repay the £2,190,000 donation or the total amount of the sale value of the site whichever is the lesser, at the donor's discretion.