

**THE NATURAL HISTORY MUSEUM
COCKAYNE FUND**

Registered Charity No. 313550

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2006

**The Natural History Museum
Cockayne Fund
Trustees' Annual Report
For the year ended 31st March 2006**

Legal and administrative details

Charity name and number

The Cockayne Trust

Registered charity no. 313550

Principal address

The Natural History Museum, Cromwell Road, London SW7 5BD.

Trustees

The Director of the Natural History Museum

The Director of Finance of the Natural History Museum

The Keeper of Entomology of the Natural History Museum

Dr. Michael Dixon

Neil Greenwood

Dr. Quentin Wheeler

Bankers:

National Westminster Bank, 186 Brompton Road, London SW3 1HH.

Legal advisors:

Farrer and Co., 66 Lincoln's Inn Fields, London WC2A 3LH

Investment advisors

Collins Stewart, 8th Floor, 88 Wood Street, London EC2V 7QR

Auditors:

Kingston Smith LLP, Chartered Accountants, Devonshire House, 60 Goswell Road, London EC1M 7AD.

**The Natural History Museum
Cockayne Fund
Trustees' Annual Report
For the year ended 31st March 2006**

Background and status

The Trustees of the Natural History Museum hold a collection of British lepidoptera (known as the Rothschild - Cockayne - Kettlewell collection) which consisted, in part, of a collection donated by Edward Alfred Cockayne. On 27th May 1951 a trust deed was executed, establishing the Cockayne Trust, whereby Cockayne, by means of cash investments and other donated assets, would make financial provision for the purpose of improving and promoting the collection.

The Cockayne Trust is a registered charity administered by The Natural History Museum which is itself an exempt charity under the Charities Act 1993 and has been granted full charitable status for tax purposes by the Inland Revenue.

Objectives

The original trust deed specified that the funds should be applied to the promotion, encouragement and study of entomology, and making improvements to and furnishing information about the collection (i.e. purchasing specimens and reproducing illustrations). However should the collection cease to exist or it become inappropriate to apply income as specified in the original deed, it is permissible for the income to be applied more generally to the promotion and improvement of British lepidoptera.

A variation to the trust deed was made on 17th July 1990 which allowed income to be applied to the Cockayne Research Fellowship. Such research awards are limited to a maximum of £1,000 per year and may be renewable annually for a maximum of three years.

Management and governance

The trust deed provides for 3 trustees who occupy specified (or equivalent) positions at the Natural History Museum – namely the Museum Director, the Director of Finance and the Keeper of Entomology. The Trustees meet at least on an annual basis to receive a report on activity, to review the financial position, and the reserves and investments policies. The Trustees did not meet during 2005-06 but did meet on 11th May 2006.

Income arising from the Trust's investments is passed by the Trustees to a Committee to cover the costs of managing the fund and to fulfil the terms of the deed. The Committee consists of:

The Director of the Natural History Museum

The Keeper of Entomology of the Natural History Museum

An appointee of the Trustees of the Natural History Museum but not a Museum employee

A Representative of The Royal Entomological Society

A Representative of The British Entomological & Natural History Society

The Committee normally meets once year to receive reports on the collection, to review activity, to make future plans and to note the financial position. The Committee last met on 31 March 2004.

Activities during the year

Since the first part of the Cockayne collection website, which covered British and Irish butterflies, was launched in 2004, work has continued in imaging the British and Irish macrolepidoptera (3,840 images). This exercise was completed during 2005-06 and launch on the website which is to be updated is awaited.

One research report supported by the Cockayne Research Fellowship was received, and there were no further applications for fellowship funding.

During the year the British Lepidoptera collection of which the Cockayne collection forms a significant part, was moved from South Kensington to the Natural History Museum's premises at Wandsworth while Darwin Centre Phase 2 is constructed. In addition the collection was supplemented by the acquisition of the late J. M. Chalmers-Hunt collection of British Lepidoptera which consists of 10,000 specimens of mainly microlepidoptera.

**The Natural History Museum
Cockayne Fund
Trustees' Annual Report (cont.)
For the year ended 31st March 2006**

Future plans

Following the launch of the next phase of the website which should take place during 2006-07 it is intended that digitisation of the microlepidoptera will commence.

Financial review

During the year the Trust received income amounting to £4.6k (2005 - £4.5k) and incurred expenditure of £15.7k (2005 - £16.3k) predominantly on salaries. At 31st March 2006 the value of the unrestricted reserve amounted to £28.7k (2005 - £39.8k) and the value of the permanent endowment investments amounted to £124.5k (2005 - £104k).

Reserves policy

The reserves policy which was endorsed by the Trustees on May 11th 2006 is to maintain a contingency of at least £8k. All other funds should be applied in accordance with the objectives of the fund, and in particular it is anticipated that the reserves and income will be applied to developing further phases of the website.

Investment policy

The investment policy which was approved by the Trustees on May 11th 2006 is to achieve a balance between income and growth with moderate to low risk.

The Trust employs specialist advisors to manage the investments. This will be reviewed during 2006-07.

Trustees Responsibilities

Charity law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the trust and of its income and expenditure for the year.

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 a going concern basis unless it is inappropriate to assume that the trust 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 trust and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1st May 2006, Kingston Smith transferred their business to Kingston Smith LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The charity's consent has been given to treating the appointment of Kingston Smith as extending to Kingston Smith LLP under the Charities Act 1993. Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the Charities Act 1993 it is proposed that they be re-appointed auditors for the ensuing year.



On behalf of the Trustees

Date: 30 June 2006

The Natural History Museum Cockayne Fund
Trustees' Responsibilities and Report of the Auditors
Statement of Trustees' Responsibilities
Independent Report of the Auditors to the Trustees of
The Natural History Museum Cockayne Fund

We have audited the financial statements of the Cockayne Fund for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 43 of the Charities Act 1993. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's trustees those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Trustees and Auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law in respect of trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Annual 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31st March 2006 and of its incoming resources and application of resources, including the income and expenditure of the charity for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 11th July 2006

Kingston Smith LLP
Kingston Smith LLP
Chartered Accountants
and Registered Auditors

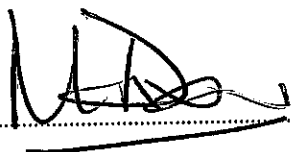
The Natural History Museum
Cockayne Fund
Statement of Financial Activities
For the year ended 31st March 2006

	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total 2006 £	Total 2005 £
Incoming Resources					
Investment income	2	4,590	-	4,590	4,553
Resources Expended					
Costs of generating funds		1,015	-	1,015	892
Charitable Expenditure					
Grants payable	3	14,691	-	14,691	15,204
Governance costs	4	59	-	59	195
Total Resources Expended		<u>15,765</u>	<u>-</u>	<u>15,765</u>	<u>16,291</u>
Net Incoming Resources		(11,175)	-	(11,175)	(11,738)
Unrealised gains on investment assets		-	20,474	20,474	10,284
Net Movement in Funds		(11,175)	20,474	9,299	(1,454)
Fund balances brought forward at 1st April 2005		<u>39,841</u>	<u>104,016</u>	<u>143,857</u>	<u>145,311</u>
Fund Balances carried forward at 31st March 2006		<u><u>28,666</u></u>	<u><u>124,490</u></u>	<u><u>153,156</u></u>	<u><u>143,857</u></u>

The notes on pages 7 and 8 form part of these financial statements.

**The Natural History Museum
Cockayne Fund
Balance Sheet at 31st March 2006**

	Note	2006		2005	
		£	£	£	£
Fixed Assets					
Investments - As held for direct charitable purposes	6		124,490		104,016
Current Assets					
Debtors	7	119		126	
Bank deposit accounts		26,963		37,236	
Bank current accounts		<u>1,702</u>		<u>2,655</u>	
		28,784		40,017	
Current Liabilities					
Creditors	8	<u>(118)</u>		<u>(176)</u>	
Net Current Assets			<u>28,666</u>		<u>39,841</u>
Net Assets			<u>153,156</u>		<u>143,857</u>
Funds					
Unrestricted			28,666		39,841
Permanent endowment			<u>124,490</u>		<u>104,016</u>
	9		<u>153,156</u>		<u>143,857</u>



Trustee

Date: 30 June 2006

The notes on pages 7 and 8 form part of these financial statements.

**The Natural History Museum
Cockayne Fund
Notes to the Financial Statements
For the year ended 31st March 2006**

1 Accounting Policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and to conform with the requirements of the Statement of Recommended Practice (Accounting and Reporting by Charities) issued in October 2000. Accounting policies have remained unchanged from the previous year.

Income arising and expenditure incurred during the year are accounted for on an accruals basis.

Investment income is shown inclusive of tax credits reclaimed in the year.

Investments are included at market value at the balance sheet date.

Funds

The Unrestricted Funds are funds which the Trustees are free to use in accordance with the charitable objectives.

The Permanent Endowment Fund represents assets which must be held permanently by the charity.

2 Investment Income	2006	2005
	£	£
COIF Charities Investment Fund dividends	2,320	2,181
Charinco Common Investment Fund dividends	348	348
Invesco Perpetual Exempt Fund dividends	1,126	1,011
Legal & General L & G (Barclays) Capital Trust dividends	69	75
Bank interest	727	938
	<u>4,590</u>	<u>4,553</u>

3 Charitable Grants	£
A grant for scientific equipment	263
A grant to the Natural History Museum for the reimbursement of salary costs	<u>14,428</u>
	<u>14,691</u>

4 Governance costs	2006	2005
	£	£
The major expenses within this category are as follows:		
Audit and accountancy	59	117
Other admin	-	<u>78</u>
	<u>59</u>	<u>195</u>

5 Trustees' Remuneration

The Trustees did not receive remuneration or reimbursement of expenses from the Trust.

The Natural History Museum
Cockayne Fund
Notes to the Financial Statements
For the year ended 31st March 2006 (Continued)

6 Investments	Market Value 31-Mar-05	Increase/ (decrease)	Market Value 31-Mar-06
	£	£	£
6,925 income shares in the COIF Charities Investment Fund	63,296	13,297	76,593
3,483 income shares in the Charinco Common Investment Fund	6,513	10	6,523
11,121 units in the Invesco Perpetual Exempt Fund	31,265	6,462	37,727
1,562 units in the Legal & General L & G (Barclays) Capital Trust	2,942	705	3,647
	<u>104,016</u>	<u>20,474</u>	<u>124,490</u>

7 Debtors	2006	2005
	£	£
Due from L&G Capital Trust	-	19
Due from Inland Revenue	119	107
	<u>119</u>	<u>126</u>

8 Creditors	2006	2005
	£	£
Accruals - Audit fees	118	176
	<u>118</u>	<u>176</u>

9 Funds	Balance at 1st April 2005	Incoming Resources	Resources Expended	Gain/ (Loss) on Investments	Balance at 31st March 2006
	£	£	£	£	£
Unrestricted	39,841	4,590	(15,765)	-	28,666
Permanent Endowment	104,016	-	-	20,474	124,490
	<u>143,857</u>	<u>4,590</u>	<u>(15,765)</u>	<u>20,474</u>	<u>153,156</u>

The endowment fund represents those assets that must be held permanently by the charity, principally investments. Income arising on the fund can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains/(losses) arising on the investments forms part of the fund.

10 Allocation of Assets between Funds	Unrestricted	Permanent Endowment	Total
	£	£	£
Investments	-	124,490	124,490
Current assets	28,784	-	28,784
Current liabilities	(118)	-	(118)
	<u>28,666</u>	<u>124,490</u>	<u>153,156</u>