

**THE BRITISH MUSEUM
COMPANY LIMITED**

**CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31 MARCH 2006



Company no 1079888

THE BRITISH MUSEUM COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

Company Registration Number:	1079888 An exempt charity
Registered Office:	38 Russell Square London WC1B 3QQ
Directors:	David Lindsell Professor Barrington Cunliffe Philippa Harrison Chris Herring Neil MacGregor Eric Salama Andrew Thatcher Sir John Tusa
Secretary:	Helen Watts
Bankers:	Barclays Bank plc Level 26 1 Church Place Canary Wharf London E14 5HP
Solicitors:	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Auditors:	Grant Thornton UK LLP Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

THE BRITISH MUSEUM COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

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THE BRITISH MUSEUM COMPANY LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 MARCH 2006

The directors present their report together with the audited consolidated financial statements of the company with its subsidiary British Museum Ventures Limited ("the group") for the year ended 31 March 2006.

Review of business

This company is an exempt charity. The company's activities support the aims of the British Museum as stated in the Museum's plan. These include publishing trade books, guide books and catalogues, the sale and licensing of replicas, jewellery, textiles and stationery based on the collections.

The retail business operated successfully despite the loss of tourists in the second half of the year. The publishing business made a reduced loss due to stronger inventory controls and to increased sales. At the end of the financial year the company opened an online picture library, selling images rights from the Museum's large digital image store.

At 31 March 2006 the company adopted Financial Reporting Standard 17 "Retirement Benefits". This has resulted in a pension scheme liability of £3,100,000 (2005: restated £3,360,000) being recognised. The impact of the change in this accounting policy is set out on page 6 and in note 19 to the financial statements.

The company is currently in the process of sub-letting its former offices. At the date of signing these statements the sub lease had not been finalised; the onerous lease provision in connection with these premises is shown as an exceptional item on the face of the profit and loss account.

Results and dividends

There was a loss for the year after taxation amounting to £792,000 (2005: restated £474,000).

The directors do not recommend the payment of a dividend, with payments under Gift Aid amounting to £363,000 (2005: £413,000) and a donation amounting to £nil (2005: £217,000) to be made to the Trustees of The British Museum.

Directors

The present membership of the Board of the company is set out below.

David Lindsell - Chairman (appointed 18 November 2005)

David Norgrove - Chairman (resigned 18 November 2005)

Dawn Austwick (resigned 17 November 2005)

Professor Barrington Cunliffe

Philippa Harrison

Neil MacGregor

Eric Salama

Hugh Stevenson (resigned 16 June 2006)

Andrew Thatcher

Sir John Tusa

Chris Herring (appointed 12 October 2005)

No director had any interest in the shares of the company at either 31 March 2006 or 31 March 2005.

THE BRITISH MUSEUM COMPANY LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 MARCH 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For each director:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware;
- the directors have taken steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

Helen Watts

Helen Watts
Secretary

July 6, 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE BRITISH MUSEUM COMPANY LIMITED

We have audited the consolidated financial statements of The British Museum Company Limited and its subsidiary British Museum Ventures Limited (the group), for the year ended 31 March 2006 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE BRITISH MUSEUM COMPANY LIMITED**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom General Accepted Accounting Practice of the state of affairs of the company and the group as at 31 March 2006 and of its loss for the period then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements for the year ended 31 March 2006.



**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON



2006

THE BRITISH MUSEUM COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The group has taken advantage of paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with The British Museum, whose consolidated accounts are publicly available.

The principal accounting policies of the group have remained unchanged from the previous year except that the group has adopted the full provisions of FRS 17 Retirements Benefits. The impact of the change in accounting policy is set out on page 6 of these accounts. Details of the principal accounting policies are set out below.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its active subsidiary undertaking (see note 8) drawn up to 31 March 2006.

TURNOVER

Turnover comprises trade and retail sales of books and other products and services relating to The British Museum, net of Value Added Tax.

INVESTMENTS

Investments are shown at the lower of cost and market value.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Fixtures and fittings	3 – 5 years
Shop fixtures	7 – 15 years
Computer equipment	3 years

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value, where cost includes materials, labour and attributable overheads.

FOREIGN CURRENCIES

Transactions in foreign currencies are expressed in sterling at the rates of exchange ruling on the date of conversion into sterling. Balances at the year end are translated using the closing rate at that date.

OPERATING LEASES

Payments in respect of operating lease agreements are charged to the profit and loss account on a straight line basis.

THE BRITISH MUSEUM COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

CONTRIBUTIONS TO PENSION SCHEMES

Defined Contribution Scheme

The British Museum Company Limited operates a defined contribution scheme. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

The British Museum Company Limited operates a defined benefit scheme which requires contributions to be made to a separately administered fund. During the year the group adopted the full provisions of FRS 17 Retirement Benefits. The impact of the change in accounting policy is shown below.

	2006 £'000	2005 £'000
Pension contributions paid	910	190
Current service cost	(110)	(150)
Increase in operating surplus	800	40
Decrease in finance income	(120)	(140)
Net impact	680	(100)
Gain on pension assets	690	180
Gain/(loss) on pension liabilities	-	-
Loss on change in pension assumptions	(1,110)	(50)
	260	30

Scheme assets are measured at 'fair values'. Scheme liabilities are measured on an actuarial basis using the 'projected unit' method and are discounted at appropriate high quality corporate bond rates. The net deficit is presented separately from other net liabilities on the balance sheet.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on scheme liabilities and the expected return on scheme assets are included in note 19 of the accompanying financial statements.

Actuarial gains and losses are reported in the statement of total recognised gains and losses.

THE BRITISH MUSEUM COMPANY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 2006

	Note	2006 £'000	2005 restated £'000
Turnover		9,094	9,334
Cost of sales	2	<u>(3,681)</u>	<u>(3,694)</u>
Gross profit		5,413	5,640
Selling and distribution costs	2	(2,659)	(2,795)
Administrative expenses	2	(2,181)	(2,380)
Other operating income	2	<u>80</u>	<u>306</u>
Operating profit		653	771
Finance cost		(120)	(140)
Contribution to the Trustees of The British Museum	3	(363)	(630)
Interest receivable		<u>74</u>	<u>82</u>
		244	83
Exceptional item			
Onerous lease provision and repairs to onerous lease		<u>(1,036)</u>	<u>(557)</u>
Loss for the year before and after taxation	1	<u>(792)</u>	<u>(474)</u>

All transactions arise from continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED

CONSOLIDATED BALANCE SHEET

For the year ended 31 MARCH 2006

	Note	2006 £'000	2005 restated £'000
Fixed assets			
Tangible assets	7	<u>1,467</u>	<u>1,567</u>
Current assets			
Stock	9	2,026	2,191
Debtors	10	646	518
Cash at bank and in hand		<u>1,066</u>	<u>1,904</u>
		<u>3,738</u>	<u>4,613</u>
Creditors: amounts falling due within one year	11	<u>(1,458)</u>	<u>(1,788)</u>
Net current assets		<u>2,280</u>	<u>2,825</u>
Total assets less current liabilities		<u>3,747</u>	<u>4,392</u>
Provision for liabilities and charges	12	(1,010)	(183)
Pension liability	19	<u>(3,100)</u>	<u>(3,360)</u>
Net assets		<u>(363)</u>	<u>849</u>
Equity capital and reserves			
Called up share capital	13	750	750
Profit and loss account	14	<u>(1,113)</u>	<u>99</u>
Shareholders' funds	14	<u>(363)</u>	<u>849</u>

The financial statements were signed on behalf of the Board of Directors on *July 6*, 2006.

A. S. Thatcher

Andrew Thatcher - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED

COMPANY BALANCE SHEET AT 31 MARCH 2006

	Note	2006 £'000	2005 restated £'000
Fixed assets			
Tangible assets	7	1,467	1,567
Investments	8	<u>1,000</u>	<u>1,000</u>
		2,467	2,567
Current assets			
Stock	9	1,502	1,387
Debtors	10	<u>646</u>	<u>518</u>
Cash at bank and in hand		<u>1,066</u>	<u>1,904</u>
		3,214	3,809
Creditors: amounts falling due within one year	11	<u>(1,934)</u>	<u>(1,984)</u>
Net current assets		1,280	1,825
Total assets less current liabilities		3,747	4,392
Provisions for liabilities and charges	12	<u>(1,010)</u>	<u>(183)</u>
Pension liability	19	<u>(3,100)</u>	<u>(3,360)</u>
Net assets		(363)	849
Equity capital and reserves			
Called up share capital	13	750	750
Profit and loss account	14	<u>(1,113)</u>	<u>99</u>
Shareholders' funds	14	(363)	849

The financial statements were signed on behalf of the Board of Directors on July 6, 2006.



Andrew Thatcher - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED

CASH FLOW STATEMENT

For the year ended 31 MARCH 2006

	Note	2006 £'000	2005 restated £'000
Net cash inflow from operating activities	15	144	1,066
Returns on investments and servicing of finance			
Interest received		74	82
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(226)	(343)
Repairs to onerous lease		(210)	-
Sale of tangible fixed assets		10	1
Funds transferred to the Trustees of the British Museum	3	(630)	(660)
(Decrease)/increase in cash		<u>(838)</u>	<u>146</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 MARCH 2006

	2006 £'000	2005 £'000
Loss for the year	(792)	(474)
Gain on pension assets	690	180
Loss on change in pension assumptions	<u>(1,110)</u>	<u>(50)</u>
Total loss for the year	<u>(1,212)</u>	<u>(344)</u>
Prior year adjustment	<u>(3,360)</u>	
	<u>(4,572)</u>	

The accompanying accounting policies and notes form an integral part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after charging:

	2006 £'000	2005 £'000
Auditors' remuneration:		
Audit work	18	18
Depreciation	315	343
Other operating lease rentals	247	247
	<u>247</u>	<u>247</u>

2 COST OF SALES AND OTHER OPERATING INCOME AND CHARGES

	2006 £'000	2005 restated £'000
Cost of sales	<u>3,681</u>	<u>3,694</u>
Other operating income and charges:		
Selling and distribution costs	2,659	2,795
Administrative costs	2,181	2,380
Other operating income	(80)	(306)
	<u>4,760</u>	<u>4,869</u>

3 CONTRIBUTION TO THE TRUSTEES OF THE BRITISH MUSEUM

The Trustees of The British Museum own the entire share capital of the company.

During the year the group made donations and gift aid payments to the Museum amounting to £631,000 (2005: £660,000). A further £363,000 is due in respect of the year ended 31 March 2006 (2005: £813,000). The company also made payments to the Museum in respect of property rentals amounting to £104,000 (2005: £99,000).

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2006 £'000	2005 £'000
Wages and salaries	2,525	2,807
Social security costs	232	225
Pension costs	232	221
	<u>2,989</u>	<u>3,253</u>

The average number of employees of the company during the year was 110 (2005: 114).

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of the executive director was as follows:

	2006 £'000	2005 £'000
Emoluments	100	102

During the year one director has been accruing benefits under a money purchase pension scheme.

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The group is subject to UK Corporation Tax. The corporation tax charge for the year at current rates is £nil, based on the result for the year (2005: £nil).

6 LOSS FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements.

The group loss for the year includes a loss of £1,155,000 (2005: loss £887,000) which is dealt with in the financial statements of the company.

7 TANGIBLE FIXED ASSETS - GROUP AND COMPANY

	Fixtures and fittings £'000	Computer equipment £'000	Group and Company Total £'000
Cost			
At 1 April 2005	2,625	474	3,099
Additions	171	55	226
Disposals	(364)	(150)	(514)
At 31 March 2006	2,432	379	2,811
Depreciation			
At 1 April 2005	1,179	353	1,532
Provided in the year	252	63	315
Disposals	(356)	(147)	(503)
At 31 March 2006	1,075	269	1,344
Net book amount at 31 March 2006	1,357	110	1,467
Net book amount at 31 March 2005	1,446	121	1,567

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

8 INVESTMENTS

The company owned the whole of the £1 million of issued share capital of British Museum Ventures Limited, which is registered in England and Wales.

9 STOCKS

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Work in progress	68	68	209	209
Finished goods and goods for resale	1,958	1,434	1,982	1,178
	<u>2,026</u>	<u>1,502</u>	<u>2,191</u>	<u>1,387</u>

10 DEBTORS

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Trade debtors	378	378	238	238
Other debtors	41	41	81	81
Prepayments and accrued income	149	149	150	150
Amounts due from parent undertaking	78	78	49	49
	<u>646</u>	<u>646</u>	<u>518</u>	<u>518</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Trade creditors	577	577	639	639
Amounts owed to parent undertaking	474	132	743	348
Amounts owed to subsidiary undertaking	-	821	-	591
Other taxation and social security	66	66	69	69
Accruals and deferred income	341	338	337	337
	<u>1,458</u>	<u>1,934</u>	<u>1,788</u>	<u>1,984</u>

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

12 PROVISION FOR LIABILITIES AND CHARGES

Group and Company

	£'000
At 1 April 2005	(183)
Provided during the year	(827)
At 31 March 2006	<u>(1,010)</u>

This represents a provision to cover an onerous lease on one of the company's properties.

13 SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
750,000 ordinary shares of £1 each	<u>750</u>	<u>750</u>
Allotted, called up and fully paid		
750,000 ordinary shares of £1 each	<u>750</u>	<u>750</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £'000
At 1 April 2005	4,209
Prior year adjustments	<u>(3,360)</u>
As restated	849
Profit/(loss) for the year	(792)
Gain/(loss) on pension assets	690
Gain/(loss) on change in pension assumptions	<u>(1,110)</u>
Shareholders' funds at 31 March 2006	<u>(363)</u>

15 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £'000	2005 restated £'000
Operating profit	653	771
Depreciation	315	343
Difference between pension cost and cash contributions	(800)	(68)
Decrease/(increase) in stocks	165	(20)
(Increase)/decrease in debtors	(128)	38
(Decrease)/increase in creditors	<u>(61)</u>	<u>2</u>
Net cash inflow from operating activities	<u>144</u>	<u>1,066</u>

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006 £'000	2005 £'000
(Decrease)/increase in cash in the year	(838)	146
Net funds at 1 April 2005	<u>1,904</u>	<u>1,758</u>
Net funds at 31 March 2006	<u>1,066</u>	<u>1,904</u>

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2005 £'000	Cash flow £'000	At 31 March 2006 £'000
Cash in hand and at bank	<u>1,904</u>	<u>(838)</u>	<u>1,066</u>
	<u>1,904</u>	<u>(838)</u>	<u>1,066</u>

18 CAPITAL COMMITMENTS

The company has capital commitments of £60,000 as at 31 March 2006 (31 March 2005: nil).

19 PENSIONS

Defined Contribution Scheme

The Company operates a defined contribution pension scheme for the benefit of the employees who commenced their employment after 1 January 2000. The assets of the scheme are self administered in funds independent from those of the company.

Defined Benefit Scheme

The Company operates a defined benefit scheme for its employees, who commenced their employment prior to 1 January 2000, "The British Museum Company Limited Retirement Benefits Plan". The assets of the scheme are held separately from those of the Company and are managed by the The British Museum Company Trustee Company Limited.

The most recent full actuarial review of the scheme was carried out at 1 May 2002 and updated to 31 March 2006 by a qualified independent actuary to reflect the difference in actuarial assumptions and the time period elapsed.

Pension costs are assessed in accordance with the advice of a qualified actuary using the attained age method. The assumptions, which have the most significant effect on the results of the valuation, are that, over the long term, investment returns would be at the rate of 8.5% per annum and that this would exceed the rate of salary growth by 2.5%.

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

PENSIONS (CONTINUED)

The market value of the scheme assets as at 1 May 2002 was £3,625,618. The actuarial value of those assets was sufficient to cover 90% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Current and future contributions reflect the deficiency.

With effect from 1 May 2003, a schedule of contributions was put in place to fund the scheme's defined benefits at the rate of 28% per annum of pensionable salary for scheme members. For employees joining the scheme before 1 November 1993, the scheme is non-contributory. Employees joining the scheme with effect from 1 November 1993 pay 5% of pensionable salary towards the total. The cost of insuring the death in service benefits is payable in addition to these amounts.

The total employer's pension contributions for entities adhering to the scheme was £160,000 (2005: £160,000).

Financial Reporting Standard No 17

The qualified actuary, independent of any participating employers, has adjusted the data used in the actuarial valuation for the 1 May 2002 valuation, for the purposes of calculating the Financial Reporting Standard No 17 disclosures for the year ended 31 March 2006.

The information required in connection with Financial Reporting Standard No 17 and the defined benefit scheme is as follows:

At 31 March 2006 the market value of the assets in the scheme, the expected long-term rate of return from them and the present value of scheme liabilities, all as defined in accordance with Financial Reporting Standard No 17 and valued by the group's actuary were as follows:

	2006	2005
Rate of increase in salaries*	2.25%	2.25%
Rate of increase in inflation*	2.25%	2.25%
Rate of increase of pensions in payment	nil to 5.5%	N/A
Discount rate	5.0%	5.5%

* Chosen by the employer

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

PENSIONS (CONTINUED)

The assets in the scheme and the expected long-term rate of return were:

	Long-term rate of return expected at 31 March 2006	Value at 31 March 2006 £'000	Long-term rate of return expected at 31 March 2005	Restated value at 31 March 2005 £'000	Long-term rate of return expected at 31 March 2004 £'000	Value at 31 March 2004 £'000
Equities	7.0%	4,520	7.5%	3,110	7.5%	2,650
Bonds	5.0%	600	5.5%	1,310	5.5%	1,140
Other	4.5%	1,210	4.5%	10	4.0%	10
Total market value of assets		6,330		4,430		3,800
Present value of scheme liabilities		(9,430)		(7,790)		(5,400)
Deficit in the scheme		(3,100)		(3,360)		(1,600)

The amount charged to operating profit following full implementation of FRS17 is:

	2006 £'000	2005 restated £'000
Current service cost	110	150
Total operating charge	110	150

Other finance income/(costs) charged following full implementation of FRS 17 comprise:

	2006 £'000	2005 restated £'000
Expected return on pension scheme assets	310	260
Interest on pension scheme liabilities	(430)	(400)
Net return	(120)	(140)

The amount which would be recognised in the statement of total recognised gains and losses following full implementation of FRS17 is:

	2006 £'000	2005 restated £'000
Actual return less expected return on pension scheme assets	690	180
Changes in the assumptions underlying the present value of the scheme liabilities	(1,110)	(50)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(420)	130

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

PENSIONS (CONTINUED)

The history of experience gains and losses has been:

	2006	2005 Restated	2004
Difference between expected and actual return on scheme assets Amount (£'000)	690	180	470
Percentage of scheme assets	11%	4%	12%
Percentage of the present value of the scheme liabilities	0%	0%	0%
Total actuarial gains and losses Amount (£'000)	420	130	470
Percentage of scheme assets	4%	2%	9%

The movement in the deficit in the year was:

	2006 £'000	2005 restated £'000
Deficit in scheme at 1 April	(3,360)	(1,600)
Prior year adjustment	-	(1,790)
Current service cost	(110)	(150)
Contributions	910	190
Other finance cost	(120)	(140)
Actuarial (loss)/gain	(420)	130
	<u>(3,100)</u>	<u>(3,360)</u>

The prior year adjustment relates to the restatement of accrued deferred pension rights to 5% from LPI which had previously been included.

20 LEASING COMMITMENTS

Operating lease payments amounting to £261,000 (2005: £257,000) are due within one year. The leases to which these amounts relate expire as follows:

	Group and Company	
	Land and buildings 2006 £'000	Land and buildings 2005 £'000
Between one and five years	77	77
In five years or more	184	180
	<u>261</u>	<u>257</u>

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2006

21 RELATED PARTY TRANSACTIONS

As a wholly-owned subsidiary of The British Museum, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group headed by the Trustees.

The British Museum Company Limited Retirement Scheme invests contributions to Standard Life Investments Limited, which is a trading subsidiary of The Standard Life Assurance Company Limited. During the year Hugh Stevenson was a director of The British Museum Company Limited, Standard Life Investments Limited and Standard Life Assurance Limited. Total investments made into this scheme by the company totalled £176,000.

22 CONTROLLING RELATED PARTY

The directors consider the ultimate controllers of this company to be the Trustees of The British Museum.

Copies of the group financial statements can be obtained from the registered office of The British Museum, Great Russell Street, London, WC1B 3DG.