

EXTERNAL

**THE BRITISH MUSEUM
COMPANY LIMITED**

**CONSOLIDATED FINANCIAL
STATEMENTS**

**For the Year ended
31 March 2016**

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Company no 1079888

THE BRITISH MUSEUM COMPANY LIMITED
REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

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THE BRITISH MUSEUM COMPANY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

Company registration number: 1079888
An exempt charity

Registered office: The British Museum
Great Russell Street
London
WC1B 3DG

Directors: Christopher Yates (Chair)
Joanna Mackle
Chris Michaels
Jane Whittaker
Jonathan Williams

Secretary: Ian Anthony Doubleday

Bankers: Barclays Bank plc
Level 26
1 Church Place
Canary Wharf
London
E14 5HP

Auditor: Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

THE BRITISH MUSEUM COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

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 2016.

Structure, governance and management

The British Museum Company Limited is an exempt charity under schedule 3 of the Charities Act 2011. The Secretary of State for Culture, Media and Sport is the principal regulator of the charity under the Charities Act 2011. The British Museum owns 100% of the share capital of The British Museum Company Limited.

British Museum Ventures Limited is a registered company in England and Wales and undertakes trading in support of the charitable objects of the British Museum. The British Museum Company Limited owns 100% of the share capital of British Museum Ventures Limited.

The governing body of The British Museum Company Limited is the Board of Directors, comprising not fewer than four and not more than fifteen members. The Board usually meets four times a year to agree the broad strategy and areas of activity of the Group. The names of the Directors that served during the year and up to the date of signing are listed on page 3.

The induction and training of new Directors is primarily through meetings with the senior management team. Induction programmes and training are further tailored to the individual needs and interests of the Director.

The key management personnel of the Group are those of the British Museum. The arrangements for setting their pay and remuneration is disclosed in the financial statements of the British Museum, available to view at: http://www.britishmuseum.org/about_us/management/annual_reports_and_accounts.aspx

Objectives and activities

The Group undertakes various activities in direct support of the charitable objects of the British Museum such as the publication of books, guides and exhibition catalogues closely related to the collection of the British Museum. The Group also conducts income generating activities which allow it to make contributions to the British Museum in furtherance of its charitable objects. Such activities include the sale of souvenirs and merchandise through retail outlets on the British Museum's Bloomsbury site. The wholesale trade and e-commerce channels, together with licensing, enable the business to reach other geographical markets. The Group is also responsible for the management of the British Museum Images (BMI) business and the on-site hospitality contract.

Reserves policy

The reserves policy is to retain between one and three months of operating expenditure to provide financial stability and act as a safeguard against unforeseen expenditure and lower than expected income. This represents £0.9m - £2.8m based on current year expenditure. An additional £1.5m is held to mitigate the risk of any deterioration in the company pension scheme. At 31 March 2016 the Company had unrestricted funds of £4.9m (2015: £4.0m). A contribution to the British Museum is expected to be made in 2016/17, to reduce the level of funds held in line with the reserves policy.

Public Benefit

In setting the objectives for The British Museum Company Limited, the Directors have complied with the duty under section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. The Directors consider that the activities outlined in this report demonstrate public benefit.

THE BRITISH MUSEUM COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

Directors

The Directors, who served throughout the year, were as follows:

Christopher Yates (Chair)

Joanna Mackle

Chris Michaels

Jane Whittaker

Jonathan Williams

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors 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 Directors 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 charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the charitable company's and the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's and the Group's auditor is aware of that information.

THE BRITISH MUSEUM COMPANY LIMITED
DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

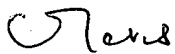
Registered company number: 1079888

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

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD



Christopher Yates
Chair

15th June 2016

THE BRITISH MUSEUM COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

Achievements and performance

The retail outlets within the British Museum continued to trade strongly throughout 2015/16. The success of exhibitions held at the Museum during the year, in particular *Celts: Art and Identity*, again led to high demand for exhibition-associated products, while the new bookshop, opened in the previous year, further established itself as a popular complement to the visitor experience, enhancing understanding of the Museum's collection through strong book sales. In addition, the British Museum relaunched its audioguide in the year, and the Group, through its retail staff, played an important role on behalf of the Museum in supplying visitors with the new guide.

Popular British Museum Press publications in 2015/16 included the catalogue and gift book for the *Celts: Art and Identity* exhibition (28,000 copies sold), and the BM Souvenir Guide in Chinese (17,000 copies). Exhibition catalogues remain the most popular books to share information about the British Museum's collection, the wider histories it represents and new research.

The hospitality contract was re-negotiated in the year, resulting in the addition of several pop-up food sites across the Museum and additional income for the Group. Increased attention was also given to wholesale trade and licensing and, building on initial progress in the year, these areas are expected to see notable growth in the near future.

The Group's success over this and the previous year enabled it to make a contribution in the year of £3.1m (2015: £nil) to the British Museum.

Financial review

Total income of £14.9m (2015: £15.8m) was generated in the year, a reduction of 6% from the previous year. A significant part of the reduction relates to the transfer of the audioguide business to the British Museum.

Total expenditure for the year, before the contribution of £3.1m to the British Museum (2015: £nil), was £10.9m (2015: £12.1m), a reduction of 10% from the previous year. This was principally achieved through savings on staff costs and the closure of the Group's warehouse in November 2014.

Principal risks and uncertainties

The Directors are of the opinion that a thorough risk management process is in place whereby key risks facing the business are reviewed on a regular basis. The Directors monitor the progress of the overall company strategy by reference to certain financial and non-financial key performance indicators, for example, spend per visitor. Key risks are:

Visitor numbers and exhibitions

Turnover is largely dependent on the British Museum's visitor numbers and a strong public programme. The Group liaises closely with the British Museum regarding expectations of forthcoming events and exhibitions and plans accordingly. The level of visitors may also be affected by major events in central London, such as security issues or disruption to international travel. The Group participates in Museum committees that plan reactions to such events.

THE BRITISH MUSEUM COMPANY LIMITED
STRATEGIC REPORT

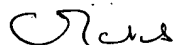
FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant credit risk at year end, its major debtors being counterparties with whom the Group enjoys close and ongoing relationships.

BY ORDER OF THE BOARD



Christopher Yates
Chair

15th June 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH MUSEUM COMPANY LIMITED

We have audited the financial statements of The British Museum Company Limited for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company'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 charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2016 and of the group's and the charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE BRITISH MUSEUM COMPANY LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Jennifer Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London

15 JUNE 2016

THE BRITISH MUSEUM COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

		Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
	Note	2016	2016	2016	2015	2015	2015
		£'000	£'000	£'000	Restated*	Restated*	Restated*
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Charitable activities	2	6,380	36	6,416	7,465	150	7,615
Other trading activities	3	8,445	-	8,445	8,175	-	8,175
Investments	4	52	-	52	50	-	50
Total		14,877	36	14,913	15,690	150	15,840
Expenditure on:							
Charitable activities	5	(7,971)	(36)	(8,007)	(6,072)	(150)	(6,222)
Raising funds	5	(5,992)	-	(5,992)	(5,924)	-	(5,924)
Total		(13,963)	(36)	(13,999)	(11,996)	(150)	(12,146)
Net income for the year	6	914	-	914	3,694	-	3,694
Other recognised losses							
Actuarial loss on defined benefit pension scheme	15	(45)	-	(45)	(3,461)	-	(3,461)
Net movement in funds		869	-	869	233	-	233
Reconciliation of funds							
Total funds brought forward	14	4,776	-	4,776	4,543	-	4,543
Total funds carried forward	14	5,645	-	5,645	4,776	-	4,776

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

The notes on pages 12-28 form part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED
CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31 MARCH 2016

Registered company number: 1079888

	Notes	2016 Group £'000	2015 Restated* Group £'000	2016 Company £'000	2015 Restated* Company £'000
Fixed assets					
Tangible fixed assets	7	784	1,076	784	1,076
Investments	8	-	-	1,000	1,000
		784	1,076	1,784	2,076
Current assets					
Stocks	9	1,680	2,033	871	1,203
Debtors	10	971	1,588	3,313	3,979
Short term deposits		6,102	5,269	6,102	5,269
Cash at bank and in hand		5,880	5,330	5,880	5,330
		14,633	14,220	16,166	15,781
Creditors: amounts falling due within one year	11	(1,296)	(2,026)	(3,829)	(4,447)
Net current assets		13,337	12,194	12,337	11,334
Total assets less current liabilities		14,121	13,270	14,121	13,410
Defined benefit pension scheme liability	15	(8,476)	(8,494)	(8,476)	(8,494)
Net assets including defined benefit pension scheme liability		5,645	4,776	5,645	4,916
Funds					
Unrestricted funds					
Share capital	13	750	750	750	750
General funds	14	13,371	12,520	13,371	12,660
Pension reserve	14	(8,476)	(8,494)	(8,476)	(8,494)
Total funds		5,645	4,776	5,645	4,916

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

The notes on pages 12-28 form part of these financial statements.

The financial statements were approved by the Board of Directors on 15 June 2016.



Christopher Yates
Chair

THE BRITISH MUSEUM COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

	Notes	2016 £'000	2015 Restated* £'000
Cash flows from operating activities:			
Net cash provided by operating activities	16	1,461	731
Cash flows from investing activities:			
Investment interest		52	50
Proceeds from the sale of tangible fixed assets		-	1
Purchase of tangible fixed assets		(130)	(238)
Net cash used in investing activities		(78)	(187)
Change in cash and cash equivalents in the year		1,383	544
Cash and cash equivalents at the beginning of the year		10,599	10,055
Cash and cash equivalents at the end of the year		11,982	10,599

Analysis of cash and cash equivalents	2016 £'000	2015 £'000
Short term deposits	6,102	5,269
Cash at bank and in hand	5,880	5,330
Total cash and cash equivalents	11,982	10,599

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

The notes on pages 12-28 form part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

1. Accounting policies

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Statement of Recommended Practice for Charities 2015 (SORP 2015), the Companies Act 2006 and the Charities Act 2011.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of financial activities in these financial statements. The income of the parent company was £6,439k (2015: £7,665k), before Gift Aid income from its subsidiary British Museum Ventures Limited of £2,342k (2015: £2,391k), and the expenditure was £8,007k (2015: £6,222k).

The principal accounting policies of the Group are set out below. They have all been applied consistently throughout the year and the preceding year.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking, British Museum Ventures Limited (registration number 1442912), drawn up to 31 March each year.

Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

Income

Income from charitable activities comprises trade and retail sales of publications, replicas and other products and services relating to the British Museum made by the charitable company, net of Value Added Tax. It also includes any grants to the Company.

Income from other trading activities comprises trade and retail sales of merchandise and souvenirs made by British Museum Ventures Limited, net of Value Added Tax. It also includes commission receivable from the catering outlets located in the British Museum, and licensing income.

Income is recognised once the Company has provided the associated goods or services. Where income is received in advance and the Company does not have entitlement to these resources until the goods or services have been provided, the income is deferred. Grants are recognised when receivable.

Expenditure

Expenditure is recognised in the financial statements on an accruals basis. Expenditure is classified in the SOFA under the principal categories of charitable activities and raising funds.

Expenditure comprises direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they are allocated to activities according to the method described in note 5b.

Expenditure on raising funds is that incurred in carrying out the trading activities of British Museum Ventures Limited.

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

1. Accounting policies (continued)

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets commencing from the month of acquisition, other than assets in the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	3 - 10 years
Computer equipment	3 - 15 years

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, where cost includes materials, labour and attributable overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currency

The financial statements are presented in Sterling. Transactions in foreign currencies are expressed in Sterling at the rates of exchange at the date of conversion into Sterling. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing 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.

Contributions to pension schemes

Defined Contribution Scheme

For the defined contribution scheme the amount charged to the statement of financial activities reflects the contributions payable to the scheme in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

Defined Benefit Scheme

The British Museum Company Limited operates a defined benefit scheme which requires contributions to be made to a separately administered fund.

The amounts charged to operating profit are the current service costs (included within staff costs) and the net interest on the net defined benefit liability (included as a staff-related support cost). Actuarial gains and losses are recognised immediately on the face of the SOFA.

The assets of the scheme are held separately from those of the Group, in separate trustee-administered funds. Pension scheme assets are measured at fair value. Scheme liabilities are measured using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The resulting defined benefit net asset or liability is presented separately on the face of the balance sheet.

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

1. Accounting policies (continued)

Significant judgements and estimates

There are a number of actuarial assumptions used in the quantification of the Group's defined benefit pension commitments. These are disclosed in note 15. Other judgements and estimates applied in the preparation of these accounts are as set out in the policies above. With the exception of those relating to the pension commitments, none have a material impact on the accounts.

Funds structure

The Company has the following categories of funds:

- restricted funds whose investment or usage is subject to specific restriction imposed by sponsors and donors.
- general funds which are available for use at the discretion of the Directors in furtherance of the general objectives of The British Museum Company Limited.

The major funds comprising each category, the summary results for the year and a description of the movements between the funds are described in note 14.

Transition to FRS 102

The Group has adopted FRS 102 for the first time in preparing these financial statements. This transition has resulted in the following changes to accounting policy:

Change 1: Defined Benefit Pension Scheme measurement

FRS 17 recognised, in net income and expenditure, the expected return on scheme assets and the interest cost associated with the unwinding of the discount on scheme liabilities. By contrast, FRS 102 recognises net interest determined by multiplying the net defined benefit liability by the discount rate.

Change 2: Annual leave accrual

FRS 102 (paragraph 28.6) and the Charity SORP 2015 (paragraph 7.41) require an accrual for the value of paid annual leave carried forward by employees at year end. Under previous accounting standards, the Group was not subject to such a requirement.

Change 3: Allocation of governance costs

The Charity SORP 2015 does not require governance costs to be presented separately on the face of the Statement of Financial Activities. Instead, they are included as a component of support costs (SORP 2015 paragraph 8.7). Following this change, the directors of The British Museum Company Limited have deemed it appropriate to allocate governance costs between charitable activities (those undertaken by The British Museum Company Limited) and raising funds (as undertaken by the subsidiary, British Museum Ventures Limited) in line with the use of resources, and therefore to recharge a proportion of governance costs to the subsidiary.

The comparative figures in these financial statements have been restated to reflect these changes. The financial position and financial performance previously reported are reconciled to the restated figures below.

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

1. Accounting policies (continued)

Impact of transition at 1 April 2014:

	Total funds at 1 April 2014 as previously reported £'000	Change 1 £'000	Change 2 £'000	Change 3 £'000	Total funds at 1 April 2014 as restated £'000
Group	4,590	-	(47)	-	4,543
Company	4,590	-	(47)	-	4,543

Impact of transition at 31 March 2015:

	Total funds at 31 March 2015 as previously reported £'000	Changes from 1 April 2014 £'000	Change 1 £'000	Change 2 £'000	Change 3 £'000	Total funds at 31 March 2015 as restated £'000
Group	4,814	(47)	-	9	-	4,776
Company	4,814	(47)	128	8	13	4,916

Impact of transition on net income for 2014/15:

	Consolidated SOFA for the year ended 31 March 2015 as previously reported £'000	Change 1 £'000	Change 2 £'000	Change 3 £'000	Consolidated SOFA for the year ended 31 March 2015 as restated £'000
Net income for the year	3,947	(262)	9	-	3,694
Actuarial loss on defined benefit pension scheme	(3,723)	262	-	-	(3,461)
Net movement in funds	224	-	9	-	233

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

2. Income from charitable activities

	2016 £'000	2015 £'000
Charitable trading	6,380	7,465
Grant income - restricted	36	150
	<u>6,416</u>	<u>7,615</u>

3. Income from other trading activities

	2016 £'000	2015 £'000
Retail and trade sales - non charitable	7,329	7,162
Hospitality income	1,116	1,013
	<u>8,445</u>	<u>8,175</u>

4. Income from investments

	2016 £'000	2015 £'000
Interest receivable	52	50
	<u>52</u>	<u>50</u>

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

5a. Expenditure

	Direct costs	Support costs	Total 2016	Total 2015 Restated*
	£'000	£'000	£'000	£'000
Charitable activities	7,463	544	8,007	6,222
Raising funds	5,327	665	5,992	5,924
Total resources expended	12,790	1,209	13,999	12,146

Included within charitable activities direct costs is a contribution to the British Museum of £3.1m (2015: £nil).

5b. Allocation of support costs

	Governance	Service charge	IT	Staff related	Building	Other	Total 2016	Total 2015 Restated*
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities	12	270	32	142	41	47	544	681
Raising funds	15	330	39	174	50	57	665	648
Total support costs	27	600	71	316	91	104	1,209	1,329

Costs that cannot be directly attributed to The British Museum Company Limited's activities are allocated to activities on a basis consistent with the use of resources. All support costs are allocated using the proportion of direct expenditure (excluding the contribution to the British Museum) spent on each of the objectives.

5c. Staff costs

	2016	2015 Restated*
	£'000	£'000
Wages and salaries	1,957	2,520
Social security costs	175	222
Pension costs	147	185
	2,279	2,927

Included within wages and salaries are redundancy compensation obligations totalling £nil (2015: £173k). At the balance sheet date, a liability for outstanding obligations totalling £41k (2015: £84k) is included within accruals and deferred income. This amount was originally accrued in the year ended 31 March 2015.

*Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

THE BRITISH MUSEUM COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2016

Registered company number: 1079888

5c. Staff costs (continued)

During the year, the Group contracted an independent third party to provide temporary staff with a value of £308k (2015: £401k) in addition to the costs noted above.

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2016	2015
£60,001 - £70,000	2	3
£80,001 - £90,000	-	2
£90,001 - £100,000	1	-
	<u>3</u>	<u>5</u>

The key management personnel of the Group are those of the British Museum. Key management personnel did not receive any remuneration from the Group in the year (2015: £nil).

No director received any remuneration or was reimbursed any expenses by the Company during the year (2015: £nil). However, the directors were remunerated by the British Museum, of which the Company is a wholly-owned subsidiary, for their employment with that entity as follows:

	Salary	Salary	Pension	Pension
	2016	2015	benefits	benefits
	£'000	£'000	£'000	£'000
Christopher Yates	134	131	33	32
Joanna Mackle	120	118	29	29
Chris Michaels	76	76	8	6
Jane Whittaker	76	76	17	19
Jonathan Williams	105	103	26	25

5d. Average number of full time equivalent employees

	2016	2015
Charitable and other trading activities	<u>72</u>	<u>81</u>
	<u>72</u>	<u>81</u>

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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6. Net income

Net income for the year is stated after charging:

	2016 £'000	2015 £'000
Auditor's remuneration: Audit services	27	24
Depreciation	422	485
Foreign exchange loss	9	29
Loss on disposal of fixed assets	-	2
Operating lease rentals	-	54

7. Tangible fixed assets - Group and Company

	Fixtures and fittings £'000	Computer Equipment £'000	Group and Company Total £'000
Cost			
At 1 April 2015	2,688	776	3,464
Additions	130	-	130
At 31 March 2016	2,818	776	3,594
Depreciation			
At 1 April 2015	(1,689)	(699)	(2,388)
Charged in the year	(382)	(40)	(422)
At 31 March 2016	(2,071)	(739)	(2,810)
Net book amount at 31 March 2016	747	37	784
Net book amount at 31 March 2015	999	77	1,076

8. Investments

The Company owned the whole of the £1 million (2015: £1 million) of issued share capital of British Museum Ventures Limited, which is a company registered in England and Wales.

THE BRITISH MUSEUM COMPANY LIMITED
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9. Stocks

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Work in progress	68	48	68	48
Finished goods and goods for resale	1,612	1,985	803	1,155
	<u>1,680</u>	<u>2,033</u>	<u>871</u>	<u>1,203</u>

10. Debtors

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade debtors	519	385	519	385
Amounts due from group undertakings (excluding subsidiary)	97	839	97	839
Amounts due from subsidiary undertaking	-	-	2,342	2,391
Other debtors	36	133	36	133
Prepayments and accrued income	319	231	319	231
	<u>971</u>	<u>1,588</u>	<u>3,313</u>	<u>3,979</u>

11. Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000 Restated*	Company 2016 £'000	Company 2015 £'000 Restated*
Trade creditors	430	443	430	443
Amounts owed to group undertakings (excluding subsidiary)	220	880	220	880
Amounts owed to subsidiary undertaking	-	-	2,533	2,421
Other taxation and social security	241	169	241	169
Accruals and deferred income	324	431	324	431
Other creditors	81	103	81	103
	<u>1,296</u>	<u>2,026</u>	<u>3,829</u>	<u>4,447</u>

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

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12. Trading subsidiary - British Museum Ventures Limited

All of the taxable profits each year are transferred to the parent company.

Profit and loss for year ended 31 March:

	2016	2015
	£'000	Restated* £'000
Turnover	7,329	7,162
Cost of sales	(3,286)	(3,100)
Gross profit	4,043	4,062
Administrative expenses	(2,706)	(2,824)
Other operating income	1,116	1,013
Operating profit	2,453	2,251
Interest receivable	29	-
Gift aid	(2,342)	(2,391)
Result on ordinary activities before and after taxation	140	(140)

Net assets as at 31 March comprise:

	2016	2015
	£'000	Restated* £'000
Stocks	809	830
Debtors	2,533	2,421
Creditors: amount falling due within one year	(2,342)	(2,391)
Net assets	1,000	860

13. Share capital - Group and Company

	2016	2015
	£'000	£'000
Authorised		
750,000 ordinary shares of £1 each	750	750
Allotted, called up and fully paid		
750,000 ordinary shares of £1 each	750	750

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

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14. Funds

The restricted income funds represent a grant from the British Museum towards the production of publications in the year. These funds have all been spent during the year.

The unrestricted fund comprises accumulated income and income generated in year.

The defined benefit pension reserve represents the current shortfall on the defined benefit pension scheme.

14a. Movement in funds - Group

	As at 1 April 2015 Restated*	Income	Expenditure	Other gains/ (losses)	Transfers	As at 31 March 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Restricted income funds	-	36	(36)	-	-	-
Unrestricted income funds:						
Share capital	750	-	-	-	-	750
General funds	12,520	14,877	(13,642)	-	(384)	13,371
Pension reserve	(8,494)	-	(321)	(45)	384	(8,476)
Total	4,776	14,913	(13,999)	(45)	-	5,645

14b. Movement in funds - Company

	As at 1 April 2015 Restated*	Income	Expenditure	Other gains/ (losses)	Transfers	As at 31 March 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Restricted income funds	-	36	(36)	-	-	-
Unrestricted income funds:						
Share capital	750	-	-	-	-	750
General funds	12,660	8,745	(7,650)	-	(384)	13,371
Pension reserve	(8,494)	-	(321)	(45)	384	(8,476)
Total	4,916	8,781	(8,007)	(45)	-	5,645

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

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15. Pensions - Group and Company

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. The total employer's contributions to this scheme during the year were £109k (2015: £136k).

Defined Benefit Scheme

The Company operates a defined benefit pension 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 BM Co Pension Trustee Company Limited.

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.

Actuarial valuation

The pension scheme undertakes a full triennial actuarial valuation. This valuation establishes how much the scheme's assets are worth and how much the scheme needs in order to pay pensions as they fall due (the 'technical provisions'). Legislation states that pension trustees must be prudent when choosing the assumptions on which to base the valuation and sets a statutory funding objective that assets should be sufficient to cover a scheme's technical provisions, with a recovery plan drawn up to address any funding gap.

As at 31 March 2014, the date of the last completed full actuarial valuation, the scheme had 104 members, and the market value of the scheme was £10,784,000. The actuarial value of those assets was sufficient to cover 79% of the benefits that had accrued to members, after allowing for expected future increases in earnings on a statutory funding objective basis. Current and future contributions reflect the deficiency.

With effect from 1 April 2015, a schedule of contributions has been put in place to fund the scheme's defined benefits at the rate of 28.7% per annum of pensionable salary for scheme members together with a deficit reduction payment of £356k per annum from 1 April 2015 to 31 March 2021.

Employer's pension contributions to the scheme during the year totalled £384k (2015: £395k). The company expects to contribute approximately £385k to its defined benefit pension scheme in the year ending 31 March 2017.

Please note that the next triennial actuarial valuation is due as at 31 March 2017. A new schedule of contributions will be agreed as part of this process. Therefore, the actual contributions payable until 31 March 2021 could be different from that set out above.

FRS 102 valuation

There are different ways of valuing a pension scheme. The valuation included in these accounts is based on the results of the last completed triennial actuarial valuation of the scheme as at 31 March 2014, updated to 31 March 2016 by an independent qualified actuary and adjusted to take account of the requirements of FRS 102.

In contrast with the requirement under the statutory funding objective basis that assumptions must be prudent, FRS 102 stipulates that the assumptions should lead to the best estimate of the future cash flows that will arise under the scheme liabilities. It also specifies that the discount rate should be based on the current rate of return on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

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15. Pensions - Group and Company (continued)

The amounts recognised in the balance sheet are as follows:

	2016	2015
		Restated
	£'000	£'000
Fair value of scheme assets	11,765	11,819
Present value of scheme obligations	(20,241)	(20,313)
Defined benefit pension scheme liability	<u>(8,476)</u>	<u>(8,494)</u>

The 31 March 2015 FRS 17 valuation of both assets and obligations has been restated to incorporate a value of £79k, which relates to an annuity policy held with Friends Life Limited. There is no impact on the net value of the pension scheme liability reported on the balance sheet.

The amounts recognised in the SOFA are as follows:

	2016	2015
		Restated*
	£'000	£'000
Current service costs	38	49
Net interest cost	283	219
Total	<u>321</u>	<u>268</u>

Changes in the present value of the defined benefit obligation:

	2016	2015
		Restated*
	£'000	£'000
Opening value of defined benefit obligation	20,313	16,090
Current service cost	38	49
Interest cost	688	702
Contributions by scheme participants	-	2
Actuarial gain - effect of experience adjustments	-	(390)
Actuarial (gain) / loss - effect of changes in assumptions	(590)	4,175
Benefits paid	(208)	(315)
Closing value of defined benefit obligation	<u>20,241</u>	<u>20,313</u>

The 31 March 2015 FRS 17 results have been restated to incorporate a value of £79k as at 31 March 2015 (£70k as at 31 March 2014), which relates to an annuity policy held with Friends Life Limited. Owing to an equivalent change to the value of scheme assets (see below), there is no impact on the net value of the pension scheme liability reported on the balance sheet.

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

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15. Pensions - Group and Company (continued)

Changes in the fair value of the scheme assets:

	2016	2015
		Restated*
	£'000	£'000
Opening value of scheme assets	11,819	10,930
Interest income	405	483
Actuarial (loss) / gain - return on scheme assets excluding interest	(635)	324
Contributions by employer	384	395
Contributions by scheme participants	-	2
Benefits paid	(208)	(315)
Closing value of scheme assets	<u>11,765</u>	<u>11,819</u>
Actual return on scheme assets	<u>(230)</u>	<u>803</u>

The assets as at 31 March 2015 have been restated to incorporate a value of £79k (£70k as at 31 March 2014), which relates to an annuity policy held with Friends Life Limited. Owing to an equivalent change to the value of scheme obligations (see above), there is no impact on the net value of the pension scheme liability reported on the balance sheet.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2016	2015
		Restated
Property	17%	16%
Target Return Funds	82%	83%
Insured Pensioner	1%	1%

The 31 March 2015 FRS 17 results have been restated to incorporate a value of £79k, which relates to an annuity policy held with Friends Life Limited.

Employer-related assets

The value of the scheme's assets does not include any financial instruments issued by, or any property occupied by, or any other asset used by, the Company.

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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15. Pensions - Group and Company (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate at 31 March	3.5%	3.4%
Future salary increases	3.1%	3.0%
Future pension increases		
- Pre 1 May 1991	3.0%	3.0%
- 1 May 1991 to 31 December 2001	5.0%	5.0%
- 1 January 2002 to 31 December 2007	3.1%	3.0%
- Post 31 December 2007	2.5%	2.5%
Commutation allowance	25.0%	25.0%
RPI inflation	3.1%	3.0%
CPI inflation	2.1%	2.0%
Mortality – base table	S2PA	S2PA
	CMI 2015	CMI 2014
Mortality – future improvements	1.0%	1.0%
Life expectancy of male aged 60 now	86.6	86.7
Life expectancy of male aged 60 in 20 years	88.0	88.2
Life expectancy of female aged 60 now	88.7	88.9
Life expectancy of female aged 60 in 20 years	90.3	90.5

THE BRITISH MUSEUM COMPANY LIMITED
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16. Reconciliation of net income to net cash flow from operating activities

	2016	2015
	£'000	Restated* £'000
Net income for the year	914	3,694
Adjustments for:		
Depreciation	422	485
Investment interest	(52)	(50)
Loss on the sale of tangible fixed assets	-	2
Decrease in stocks	353	274
Decrease / (increase) in debtors	617	(427)
Decrease in creditors	(730)	(3,120)
(Decrease) / increase in defined benefit pension scheme liability	(18)	3,334
Actuarial loss on defined benefit pension scheme	(45)	(3,461)
Net cash provided by operating activities	1,461	731

17. Lease commitments

As at the balance sheet date the value of operating lease commitments was £nil (2015: £nil).

18. Capital commitments

As at the balance sheet date the value of capital commitments was £nil (2015: £nil).

19. Taxation

The charitable company is eligible to exemption from taxes on income arising from the pursuit of its charitable objectives under Part 11 Corporation Tax Act 2010. British Museum Ventures Limited donates its profits to The British Museum Company Limited and therefore does not expect to pay corporation tax.

20. Funds received as agent

Since 1 April 2015, the Company has served as agent for the collection of certain income on behalf of the British Museum. In the year to 31 March 2016, the Company has received funds totalling £769k in its capacity as agent, payable in full to the British Museum (2015: £nil). The receipt of these funds is not recognised within the Company's income, nor its distribution recognised within the Company's expenditure. As at 31 March 2016, £67k remained to be paid to the British Museum, and is included on the balance sheet within Amounts owed to group undertakings (2015: £nil).

* Please refer to note 1 for information on the restatements, arising from the transition to FRS 102.

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21. Related party transactions

In line with paragraph 33.1A of FRS 102, the Company, as a wholly owned subsidiary of the British Museum, is not required to disclose transactions with other wholly owned members of the group headed by the Trustees of the British Museum.

The Trustees of the British Museum are also the Trustees and the company law directors of The British Museum Friends Limited (BMF). The Group had the following transactions in the year with BMF:

	Income for the year ended 31 March 2016 £'000	Expenditure for the year ended 31 March 2016 £'000	Debtor balance as at 31 March 2016 £'000	Creditor balance as at 31 March 2016 £'000
Transactions with BMF	13	(2)	1	(11)

Employees and Trustees of the British Museum and employees of the Group are entitled to a discount on purchases from the Company's shops and restaurants. Details of any transactions in the year have not been disclosed here.

There are no other related party transactions.

22. Controlling 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.