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**THE BRITISH MUSEUM
COMPANY LIMITED**

**CONSOLIDATED FINANCIAL
STATEMENTS**

**For the Year ended
31 March 2017**

Company no 1079888

THE BRITISH MUSEUM COMPANY LIMITED
REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

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THE BRITISH MUSEUM COMPANY LIMITED
REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

Company registration number: 1079888
An exempt charity

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

Directors: Christopher Yates (Chair)
Joanna Mackle
Chris Michaels (resigned 31 March 2017)
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 2017

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 2017.

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 4.

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 charitable objects of The British Museum Company Limited are the advancement of education and the charitable objects of the British Museum. The Group undertakes various activities in direct support of its charitable objects such as the sale 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 business and the on-site hospitality contract.

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 2017

Registered company number: 1079888

Strategic report

Achievements and performance

In spite of an uncertain political and economic environment, the retail outlets within the British Museum enjoyed another very successful year. Sales comfortably exceeded those achieved in the previous year, despite a 10% reduction in visitor numbers to the Museum. In addition, retail staff assisted the Museum by growing income from sales of its audioguide by more than 60% of the previous year, building on the initial success of the new guide following its relaunch in the latter part of 2015/16.

Financial review

Total income of £15.7m (2015/16: £14.9m) was generated in the year, an increase of 5% on the previous year. Total expenditure for the year, before the contribution of £1.5m to the British Museum (2015/16: £3.1m), was £10.6m (2015/16: £10.9m), a reduction of 3% from the previous year.

The Group suffered a £5.2m actuarial loss on the defined benefit pension scheme, owing to a fall in the discount rate, reflecting lower bond yields. Nonetheless, the Group's success over this and the previous year enabled it to make a contribution in the year of £1.5m (2015/16: £3.1m) to the British Museum. Total funds at year end are in line with the reserves policy (see below).

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 - £2.7m based on current year expenditure. An additional £4.0m (2016: £1.5m) is held during the year to mitigate the risk of any deterioration in the company pension scheme. This risk materialised during the year and therefore at 31 March 2017 the Company had unrestricted funds (excluding share capital) of £2.8m after pension movements, which is slightly above three months' expenditure (2016: £4.4m).

Plans for future periods

The Group intends to continue to undertake the activities detailed above within 'Objectives and activities' in future periods. As ever, the Group's retail offering will include ranges to complement the British Museum's major exhibitions. The programme for 2017/18 includes *Hokusai: beyond the Great Wave*, a show featuring treasures of the Scythians, one of the great nomadic civilisations of antiquity; and an exploration of what objects reveal about the role and expression of beliefs in the lives of individuals and communities through time and around the world.

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 Group 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
DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

Credit risk

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

Directors

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

Christopher Yates (Chair)

Joanna Mackle

Chris Michaels (resigned 31 March 2017)

Jane Whittaker

Jonathan Williams

Statement of Directors' responsibilities

The Directors (who are also trustees of The British Museum Company Limited for the purposes of charity law) 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 (FRS 102);
- 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 BRITISH MUSEUM COMPANY LIMITED
DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

The Directors confirm that:

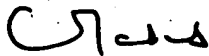
- so far as each Director is aware, there is no relevant audit information of which the charitable company's and the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information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

The 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.

The Directors' Report, incorporating the Strategic Report, was approved by the Directors on 12 June 2017 and signed on their behalf by:



Christopher Yates
Chair

THE BRITISH MUSEUM COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

**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 2017 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 Statement of Directors' Responsibilities set out on pages 4 and 5, 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 2017 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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.
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

THE BRITISH MUSEUM COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

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

13 June 2017

THE BRITISH MUSEUM COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

		Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
	Note	2016/17	2016/17	2016/17	2015/16	2015/16	2015/16
		£'000	£'000	£'000	Restated £'000	£'000	Restated £'000
Income from:							
Charitable activities	2	6,672	-	6,672	6,380	36	6,416
Other trading activities	3	8,977	-	8,977	8,445	-	8,445
Investments	4	35	-	35	52	-	52
Total		15,684	-	15,684	14,877	36	14,913
Expenditure on:							
Charitable activities	5	(6,230)	-	(6,230)	(7,971)	(36)	(8,007)
Raising funds	5	(5,861)	-	(5,861)	(5,987)	-	(5,987)
Total		(12,091)	-	(12,091)	(13,958)	(36)	(13,994)
Net income for the year	6	3,593	-	3,593	919	-	919
Other recognised losses							
Actuarial loss on defined benefit pension scheme	15	(5,215)	-	(5,215)	(45)	-	(45)
Net movement in funds		(1,622)	-	(1,622)	874	-	874
Reconciliation of funds							
Total funds brought forward	14	5,177	-	5,177	4,303	-	4,303
Total funds carried forward	14	3,555	-	3,555	5,177	-	5,177

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

The accompanying notes form part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED
CONSOLIDATED AND COMPANY BALANCE SHEETS

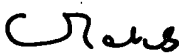
AT 31 MARCH 2017

Registered company number: 1079888

	Notes	2017	2016	2017	2016
		Group	Restated Group	Company	Restated Company
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	7	550	784	550	784
Investments	8	-	-	1,000	1,000
		550	784	1,550	1,784
Current assets					
Stocks	9	2,152	1,680	1,153	871
Debtors	10	883	971	3,551	971
Short term deposits		7,130	6,102	7,130	6,102
Cash at bank and in hand		8,217	5,880	8,217	5,880
		18,382	14,633	20,051	13,824
Creditors: amounts falling due within one year	11	(1,741)	(1,764)	(4,410)	(3,829)
Net current assets		16,641	12,869	15,641	9,995
Total assets less current liabilities		17,191	13,653	17,191	11,779
Defined benefit pension scheme liability	15	(13,636)	(8,476)	(13,636)	(8,476)
Net assets including defined benefit pension scheme liability		3,555	5,177	3,555	3,303
Funds					
Unrestricted funds					
Share capital	13	750	750	750	750
General funds	14	16,441	12,903	16,441	11,029
Pension reserve	14	(13,636)	(8,476)	(13,636)	(8,476)
Total funds		3,555	5,177	3,555	3,303

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors on 12 June 2017.


Christopher Yates
Chair

THE BRITISH MUSEUM COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

	Notes	2016/17 £'000	2015/16 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	16	3,443	1,461
Cash flows from investing activities:			
Investment interest		35	52
Purchase of tangible fixed assets		(124)	(130)
Net cash used in investing activities		(89)	(78)
Change in cash and cash equivalents in the year		3,354	1,383
Cash and cash equivalents at the beginning of the year		11,982	10,599
Cash and cash equivalents at the end of the year		15,336	11,982

Analysis of cash and cash equivalents	2017	2016
	£'000	£'000
Short term deposits	7,130	6,102
Cash at bank and in hand	8,217	5,880
Bank overdraft	(11)	-
Total cash and cash equivalents	15,336	11,982

The accompanying notes form part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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 FRS 102 (SORP FRS 102), the Companies Act 2006 and the Charities Act 2011. The British Museum Company Limited meets the definition of a public benefit entity under FRS 102.

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 £6,687k (2015/16: £6,439k), before Gift Aid income from its subsidiary British Museum Ventures Limited of £5,010k (2015/16: £2,391k), and the expenditure was £6,230k (2015/16: £8,007k).

The principal accounting policies of the Group are set out below. They have all been applied consistently in these accounts 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 there is entitlement, receipt is probable and the amount can be reliably measured.

Expenditure

Expenditure is recognised in the financial statements on an accruals basis. Expenditure is classified in the statement of financial activities 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 2017

Registered company number: 1079888

1. Accounting policies (continued)

Tangible Fixed Assets and Depreciation

Assets with an economic life of more than one year and value greater than £5,000 are capitalised. 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 income and expenditure 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 expenditure 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 statement of financial activities.

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 2017

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.

Change in accounting policy: Gift Aid

Following the introduction of FRS 102 and its initial implementation as at 31 March 2016 there has been further debate in the sector regarding the recognition of Gift Aid contributions and also their disclosure. This has resulted in a number of audit firms now determining that the previous recognition of Gift Aid contributions as expenditure is no longer appropriate and that instead such contributions should be treated as a distribution, and to a change in the view as to the point at which an obligation is created. The outcome of this debate is that the positions of the auditors of the Group and the auditors of the British Museum group (into which these figures are consolidated) now differ in relation to the recognition point.

In line with changes in the legal interpretation of payments made under Gift Aid from subsidiary companies to their parent charities, the Group has revised its accounting policy for the payment of British Museum Ventures Limited's profit to The British Museum Company Limited. Under the revised legal interpretation, such payments are deemed to be distributions rather than donations. As a discretionary distribution, the Gift Aid payment is only to be recognised at the balance sheet date if there is a binding obligation in place. In the absence of such an obligation, the Gift Aid payment will be recognised as a liability in the subsequent period, once formally approved and authorised by the directors of British Museum Ventures Limited. Timing of recognition of the related tax relief is in line with treatment of the Gift Aid payment.

At 31 March 2017, a binding obligation, in the form of a Deed of Covenant, existed for British Museum Ventures Limited to make a charitable donation to The British Museum Company Limited of its taxable profit limited to the value of its distributable reserves. However, although the Directors of British Museum Ventures Limited had expressed a clear intention to make Gift Aid payments in line with an established pattern of past practice, and had created a valid expectation that they would do so, no such Deed of Covenant or similar legal instrument was in place in previous years. The position of the auditors of the Group is that this indicates that there was no binding obligation at previous balance sheet dates and therefore the timing of recognition of Gift Aid donations and the related tax relief requires amendment.

Consequently, 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 position of the auditors of the British Museum group financial statements, into which the Group is consolidated, is that the obligation to make a Gift Aid donation can be either legal or constructive at the balance sheet date. They are satisfied that the necessary obligation has existed in all prior periods. As such the restatement has not been applied to the British Museum group financial statements.

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

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

1. Accounting policies (continued)

Impact of change in policy on total funds at 1 April 2015, relating, for the Company, to the reversal of the donation receivable under Gift Aid for 2014/15 from its subsidiary British Museum Ventures Limited, and, for the Group, to the reversal of British Museum Ventures Limited's tax relief on the same donation:

	Total funds at 1 April 2015 as previously reported £'000	Change £'000	Total funds at 1 April 2015 as restated £'000
Group	4,776	(473)	4,303
Company	4,916	(2,391)	2,525

Impact of change in policy on the balance sheet at 31 March 2016:

	Position at 31 March 2016 as previously reported £'000	Change in opening position £'000	Change in 2015/16 £'000	Position at 31 March 2016 as restated £'000
Group:				
Creditors: amounts falling due within one year	(1,296)	(473)	5	(1,764)
Net current assets	13,337	(473)	5	12,869
Total assets less current liabilities	14,121	(473)	5	13,653
Net assets including defined benefit pension scheme liability	5,645	(473)	5	5,177
General funds	13,371	(473)	5	12,903
Total funds	5,645	(473)	5	5,177
Company:				
Debtors	3,313	(2,391)	49	971
Net current assets	12,337	(2,391)	49	9,995
Total assets less current liabilities	14,121	(2,391)	49	11,779
Net assets including defined benefit pension scheme liability	5,645	(2,391)	49	3,303
General funds	13,371	(2,391)	49	11,029
Total funds	5,645	(2,391)	49	3,303

Impact of change in policy on the consolidated statement of financial activities for 2015/16:

	Consolidated SOFA for the year ended 31 March 2016 as previously reported £'000	Change £'000	Consolidated SOFA for the year ended 31 March 2016 as restated £'000
Expenditure on raising funds	(5,992)	5	(5,987)
Total expenditure	(13,999)	5	(13,994)
Net income for the year	914	5	919
Net movement in funds	869	5	874

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

2. Income from charitable activities

	2016/17 £'000	2015/16 £'000
Charitable trading	6,672	6,380
Grant income - restricted	-	36
	<u>6,672</u>	<u>6,416</u>

3. Income from other trading activities

	2016/17 £'000	2015/16 £'000
Retail and trade sales - non charitable	7,798	7,329
Hospitality income	1,179	1,116
	<u>8,977</u>	<u>8,445</u>

4. Income from investments

	2016/17 £'000	2015/16 £'000
Interest receivable	35	52
	<u>35</u>	<u>52</u>

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Registered company number: 1079888

5a. Expenditure

	Direct costs	Support costs	Total 2016/17	Total 2015/16 Restated
	£'000	£'000	£'000	£'000
Charitable activities	5,696	534	6,230	8,007
Raising funds	5,146	715	5,861	5,987
Total resources expended	10,842	1,249	12,091	13,994

Included within charitable activities direct costs is a contribution to the British Museum of £1.5m (2015/16: £3.1m).

5b. Allocation of support costs

	Governance	Service charge	IT	Staff related	Building	Other	Total 2016/17	Total 2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities	11	257	26	139	38	63	534	544
Raising funds	15	343	35	186	51	85	715	665
Total support costs	26	600	61	325	89	148	1,249	1,209

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

	2016/17 £'000	2015/16 £'000
Wages and salaries	1,931	1,957
Social security costs	184	175
Pension costs	156	147
	2,271	2,279

Included within wages and salaries are redundancy compensation obligations totalling £nil (2015/16: £nil). At the balance sheet date, a liability for outstanding obligations totalling £nil (2016: £41k) is included within accruals and deferred income.

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5c. Staff costs (continued)

During the year, the Group contracted an independent third party to provide temporary staff with a value of £288k (2015/16: £308k) 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:

	2016/17	2015/16
£60,001 - £70,000	2	2
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
	<u>3</u>	<u>3</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 (2015/16: £nil).

No director received any remuneration or was reimbursed any expenses by the Company during the year (2015/16: £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
	2016/17	2015/16	benefits	benefits
	£'000	£'000	2016/17	2015/16
			£'000	£'000
Christopher Yates	136	134	33	33
Joanna Mackle	122	120	30	29
Chris Michaels	78	76	9	8
Jane Whittaker	81	76	19	17
Jonathan Williams	107	105	26	26

5d. Average number of full time equivalent employees

	2016/17	2015/16
Charitable and other trading activities	<u>69</u>	<u>72</u>
	<u>69</u>	<u>72</u>

The average head count during the year excluding agency staff was 76 (2015/16: 80).

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6. Net income

Net income for the year is stated after charging:

	2016/17 £'000	2015/16 £'000
Auditor's remuneration: for audit of the Group's and subsidiary company's accounts	26	27
Depreciation	358	422
Foreign exchange loss	30	9

7. Tangible fixed assets - Group and Company

	Fixtures and fittings £'000	Computer Equipment £'000	Group and Company Total £'000
Cost			
At 1 April 2016	2,818	776	3,594
Additions	124	-	124
Disposals	(168)	-	(168)
At 31 March 2017	2,774	776	3,550
Depreciation			
At 1 April 2016	(2,071)	(739)	(2,810)
Charged in the year	(322)	(36)	(358)
Disposals	168	-	168
At 31 March 2017	(2,225)	(775)	(3,000)
Net book amount at 31 March 2017	549	1	550
Net book amount at 31 March 2016	747	37	784

8. Investments

The Company owned the whole of the £1 million (2016: £1 million) of issued share capital of British Museum Ventures Limited, which is a company registered in England and Wales.

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9. Stocks

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Work in progress	30	68	30	68
Finished goods and goods for resale	2,122	1,612	1,123	803
	<u>2,152</u>	<u>1,680</u>	<u>1,153</u>	<u>871</u>

10. Debtors

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 Restated £'000
Trade debtors	335	536	335	536
Amounts due from group undertakings (excluding subsidiary)	95	97	95	97
Amounts due from subsidiary undertaking	-	-	2,668	-
Other debtors	9	19	9	19
Prepayments and accrued income	444	319	444	319
	<u>883</u>	<u>971</u>	<u>3,551</u>	<u>971</u>

11. Creditors: amounts falling due within one year

	Group 2017 £'000	Group 2016 Restated £'000	Company 2017 £'000	Company 2016 £'000
Trade creditors	512	447	512	447
Amounts owed to group undertakings (excluding subsidiary)	432	220	432	220
Amounts owed to subsidiary undertaking	-	-	2,669	2,533
Taxation and social security	444	709	444	241
Accruals and deferred income	259	324	259	324
Other creditors	83	64	83	64
Bank overdraft	11	-	11	-
	<u>1,741</u>	<u>1,764</u>	<u>4,410</u>	<u>3,829</u>

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12. Trading subsidiary - British Museum Ventures Limited

Profit and loss, and movement in retained earnings, for year ended 31 March:

	2016/17	2015/16
	£'000	Restated £'000
Turnover	7,798	7,329
Cost of sales	(3,581)	(3,286)
Gross profit	4,217	4,043
Administrative expenses	(2,748)	(2,706)
Other operating income	1,179	1,116
Operating profit	2,648	2,453
Interest receivable	20	29
Result on ordinary activities before taxation	2,668	2,482
Taxation	468	5
Result on ordinary activities after taxation	3,136	2,487
Retained earnings brought forward	1,874	1,778
Donation under the Gift Aid scheme	(5,010)	(2,391)
Retained earnings carried forward	-	1,874

Net assets at 31 March comprise:

	2017	2016
	£'000	Restated £'000
Stocks	999	809
Debtors	2,669	2,533
Creditors: amount falling due within one year	(2,668)	(468)
Net assets	1,000	2,874

13. Share capital - Group and Company

	2017	2016
	£'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

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14. Funds

There was no restricted income in the year to 31 March 2017. In the year to 31 March 2016, the restricted income funds represented a grant from the British Museum towards the production of publications in the year. These funds were all 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

	At 1 April 2016 Restated £'000	Income £'000	Expenditure £'000	Other gains/ (losses) £'000	Transfers £'000	At 31 March 2017 £'000
Restricted income funds	-	-	-	-	-	-
Unrestricted income funds:						
Share capital	750	-	-	-	-	750
General funds	12,903	15,684	(11,762)	-	(384)	16,441
Pension reserve	(8,476)	-	(329)	(5,215)	384	(13,636)
Total	5,177	15,684	(12,091)	(5,215)	-	3,555

For detail on the restatement of opening funds, please refer to Note 1.

14b. Movement in funds - Company

	At 1 April 2016 Restated £'000	Income £'000	Expenditure £'000	Other gains/ (losses) £'000	Transfers £'000	At 31 March 2017 £'000
Restricted income funds	-	-	-	-	-	-
Unrestricted income funds:						
Share capital	750	-	-	-	-	750
General funds	11,029	11,697	(5,901)	-	(384)	16,441
Pension reserve	(8,476)	-	(329)	(5,215)	384	(13,636)
Total	3,303	11,697	(6,230)	(5,215)	-	3,555

For detail on the restatement of opening funds, please refer to Note 1.

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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 £118k (2015/16: £109k).

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 (2015/16: £384k). The company expects to contribute approximately £384k to its defined benefit pension scheme in the year ending 31 March 2018.

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 2017 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:

	2017	2016
	£'000	£'000
Fair value of scheme assets	12,142	11,765
Present value of scheme obligations	(25,778)	(20,241)
Defined benefit pension scheme liability	<u>(13,636)</u>	<u>(8,476)</u>

The amounts recognised in the statement of financial activities are as follows:

	2016/17	2015/16
	£'000	£'000
Current service costs	38	38
Net interest cost	291	283
Total	<u>329</u>	<u>321</u>

Changes in the present value of the defined benefit obligation:

	2017	2016
	£'000	£'000
Opening value of defined benefit obligation	20,241	20,313
Current service cost	38	38
Interest cost	705	688
Actuarial loss / (gain) - effect of changes in assumptions	5,028	(590)
Benefits paid	(234)	(208)
Closing value of defined benefit obligation	<u>25,778</u>	<u>20,241</u>

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FOR THE YEAR ENDED 31 MARCH 2017

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15. Pensions - Group and Company (continued)

Changes in the fair value of the scheme assets:

	2017 £'000	2016 £'000
Opening value of scheme assets	11,765	11,819
Interest income	414	405
Actuarial loss - return on scheme assets excluding interest	(187)	(635)
Contributions by employer	384	384
Benefits paid	(234)	(208)
Closing value of scheme assets	<u>12,142</u>	<u>11,765</u>
Actual return on scheme assets	<u>227</u>	<u>(230)</u>

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

	2017	2016
Target Return Funds	76%	82%
Property	18%	17%
Cash	5%	0%
Insured Pensioner	1%	1%

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.

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15. Pensions - Group and Company (continued)

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

	2017	2016
Discount rate at 31 March	2.6%	3.5%
Future salary increases	3.3%	3.1%
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	3.3%	3.1%
- Post 31 December 2007	2.5%	2.5%
Commutation allowance	25.0%	25.0%
RPI inflation	3.3%	3.1%
CPI inflation	2.3%	2.1%
Mortality – base table	S2PA	S2PA
	CMI 2015	CMI 2015
Mortality - future improvements	1.0%	1.0%
Life expectancy of male aged 60 now	86.6	86.6
Life expectancy of male aged 60 in 20 years	88.1	88.0
Life expectancy of female aged 60 now	88.8	88.7
Life expectancy of female aged 60 in 20 years	90.3	90.3

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16. Reconciliation of net income to net cash flow from operating activities

	2016/17	2015/16
	£'000	Restated £'000
Net income for the year	3,593	919
Adjustments for:		
Depreciation	358	422
Investment interest	(35)	(52)
(Increase) / decrease in stocks	(472)	353
Decrease in debtors	88	617
Decrease in creditors	(34)	(735)
Increase / (decrease) in defined benefit pension scheme liability	5,160	(18)
Actuarial loss on defined benefit pension scheme	(5,215)	(45)
Net cash provided by operating activities	3,443	1,461

17. Lease commitments

At the balance sheet date the value of operating lease commitments was £nil (2016: £ nil).

18. Capital commitments

At the balance sheet date the value of capital commitments was £nil (2016: £ 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. Its subsidiary, British Museum Ventures Limited, is subject to UK Corporation Tax. In the Consolidated Statement of Financial Activities, expenditure on raising funds is stated net of corporation tax recoverable of £468k (2015/16: £5k).

20. Funds received as agent

The Company serves as agent for the collection of certain income on behalf of the British Museum. In the year to 31 March 2017, the Company received funds totalling £1,245k in its capacity as agent, payable in full to the British Museum (2015/16: £769k). The receipt of these funds is not recognised within the Company's income, nor its distribution recognised within the Company's expenditure. At 31 March 2017, £77k remained to be paid to the British Museum, and is included on the balance sheet within Amounts owed to group undertakings (2016: £67k).

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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 2017 £'000	Expenditure for the year ended 31 March 2017 £'000	Debtor balance at 31 March 2017 £'000	Creditor balance at 31 March 2017 £'000
Transactions with BMF	9	(35)	2	(3)

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.