



**THE BRITISH MUSEUM
COMPANY LIMITED**

**CONSOLIDATED FINANCIAL
STATEMENTS**

**For the Year ended
31 March 2014**

Company no 1079888

THE BRITISH MUSEUM COMPANY LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

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THE BRITISH MUSEUM COMPANY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

Company registration number: 1079888
An exempt charity

Registered office: 38 Russell Square
London
WC1B 3QQ

Directors: Christopher Yates (Chair)
Joanna Mackle
Chris Michaels (appointed 31 March 2014)
Timothy Plyming (resigned 28 June 2013)
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 2014

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 2014.

For the year ended 31 March 2014, the Directors have opted to prepare the financial statements in accordance with the Statement of Recommended Practice for Charities (2005) for the first time. They consider that this presentation is more appropriate for The British Museum Company Limited, as an exempt charity. As a result, some of the prior year figures have been restated to ensure that the comparative results are presented in the same way. This restatement has not affected the reserves of the Group.

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 2006. 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 all of the non-charitable trading of the Group. 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 less 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.

Objectives and activities

The Group undertakes various activities in direct support of the charitable objects of the British Museum such as the publication, by the British Museum Press, of books, guides and exhibition catalogues closely related to the collections 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 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 £1m - £3m 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 2014 the Company had unrestricted funds of £3.8m.

THE BRITISH MUSEUM COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

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.

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.

Directors

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

Christopher Yates (Chair)
Joanna Mackle
Chris Michaels (appointed 31 March 2014)
Timothy Plyming (resigned 28 June 2013)
Jane Whittaker
Jonathan Williams

No Director had any interest in the shares of the Company at either 31 March 2014 or 31 March 2013.

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 and 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 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 will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the 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 2014

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 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 auditors are 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 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

19th June 2014

THE BRITISH MUSEUM COMPANY LIMITED
STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

Achievements and performance

The Group has had a successful year, with significant growth in income and in profitability, allowing a contribution within the year of £2.5m to the British Museum (2013: £nil).

Growth in income was due to strong trading through the retail outlets within the British Museum and via the website. The success of exhibitions held at the Museum during the year such as *Life and death in Pompeii and Herculaneum* and *Shunga: sex and pleasure in Japanese art* in particular has led to high demand for the associated products. In addition, an increase in general visitor numbers has led to higher footfall in the shops.

The British Museum Press published 32 books in 2013/14. Many achieved excellent sales and reviews in the UK and internationally. *Life and death in Pompeii and Herculaneum* sold 40,000 copies. *A Little Gay History* won a Stonewall Book Award from the American Library Association. *The Japan Times* wrote of *Shunga: sex and pleasure in Japanese art* that it 'set the standard for this subject for years to come'.

In March 2014, a new retail outlet was opened in the British Museum's World Conservation and Exhibition Centre. This is primarily to support the exhibitions in the Sainsbury Exhibition Gallery; starting with *Vikings: life and legend*. The Great Court restaurant was refurbished during the year, and the cafés refreshed.

Financial review

Total incoming resources of £17.5m were generated this year; an increase of 33% from the previous year. Retail and E-commerce sales were higher due to increased visitor numbers to the British Museum and increased traffic to the British Museum website respectively.

Sales of exhibition titles, particularly *Vikings: life and legend* and *Shunga: sex and pleasure in Japanese art* were higher than anticipated. Reduced opportunities from travelling exhibitions, however, led to lower than expected income from product licencing and trade sales.

Total expenditure for the year before the contribution of £2.5m to the British Museum (2013: £nil) was £12.1m; an increase of 14% from the previous year.

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 which in turn is dependent on a strong public programme. The company 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.

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

THE BRITISH MUSEUM COMPANY LIMITED
STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

BY ORDER OF THE BOARD



Christopher Yates
Chair

19th June 2014

**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 2014 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, 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).

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 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 parent charitable company's affairs as at 31 March 2014 and of the group's 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 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:

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



Steve Robinson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Milton Keynes

19th June 2014

THE BRITISH MUSEUM COMPANY LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)**

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

	Note	Unrestricted funds 2014 £'000	Restricted funds 2014 £'000	Total funds 2014 £'000	Restated funds 2013 £'000
Incoming resources					
Incoming resources from generated funds					
Activities for generating funds	2	8,451	-	8,451	6,439
Investment income	3	53	-	53	29
Incoming resources from charitable activities	4	8,825	150	8,975	6,661
Total incoming resources		17,329	150	17,479	13,129
Resources expended					
Costs of generating funds	5	(5,643)	-	(5,643)	(5,104)
Charitable activities	5	(8,817)	(150)	(8,967)	(5,500)
Governance costs	5	(27)	-	(27)	(36)
Total resources expended		(14,487)	(150)	(14,637)	(10,640)
Net income for the year	6	2,842	-	2,842	2,489
Other recognised losses					
Actuarial loss on defined benefit pension scheme	15	(520)	-	(520)	(710)
Net movement in funds		2,322	-	2,322	1,779
Reconciliation of funds					
Total funds brought forward	14	2,268	-	2,268	489
Total funds carried forward	14	4,590	-	4,590	2,268

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

The 2013 results have been restated in order to be presented in accordance with the Charities SORP. Grant income of £150k and delivery charge income of £66k has been reclassified from within expenditure to be presented as income.

The notes on pages 11-24 form part of these financial statements.

THE BRITISH MUSEUM COMPANY LIMITED
CONSOLIDATED AND COMPANY BALANCE SHEETS


AS AT 31 MARCH 2014

Registered company number: 1079888

	Notes	2014 Group £'000	2013 Group £'000	2014 Company £'000	2013 Company £'000
Fixed assets					
Tangible fixed assets	7	1,326	1,144	1,326	1,144
Investments	8	-	-	1,000	1,000
		1,326	1,144	2,326	2,144
Current assets					
Stocks	9	2,307	2,017	1,165	1,178
Debtors	10	1,161	1,041	3,969	2,379
Short term deposits		4,530	-	4,530	-
Cash at bank and in hand		5,525	4,594	5,525	4,594
		13,523	7,652	15,189	8,151
Creditors: amounts falling due within one year	11	(5,099)	(1,568)	(7,765)	(3,067)
Net current assets		8,424	6,084	7,424	5,084
Total assets less current liabilities		9,750	7,228	9,750	7,228
Defined benefit pension scheme liability	15	(5,160)	(4,960)	(5,160)	(4,960)
Net assets including defined benefit pension scheme liability		4,590	2,268	4,590	2,268
Funds					
Unrestricted income funds					
Share capital	13	750	750	750	750
General funds	14	9,000	6,478	9,000	6,478
Pension reserve	14	(5,160)	(4,960)	(5,160)	(4,960)
Total funds		4,590	2,268	4,590	2,268

The notes on pages 11-24 form part of these financial statements.

The financial statements were approved by the Board of Directors on ^{14th} June 2014.


Christopher Yates
Chair

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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 applicable accounting standards in the United Kingdom, the Statement of Recommended Practice for Charities (2005), the Companies Act 2006 and the Charities Act 2011.

The Group has taken advantage of paragraph 5(a) of Financial Reporting Standard No 1 Cash Flow Statements and not prepared a cash flow as it is a wholly-owned subsidiary of the British Museum; whose consolidated accounts are publicly available.

The parent company has taken advantage of section 408 of the Companies Act 2006 and paragraph 397 of the SORP 2005 and has not included its own profit and loss account in these financial statements. The income of the parent company was £9,028k (2013: £6,690k) and the expenditure was £8,994k (2013: £5,536k).

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

The Directors have opted to prepare the financial statements in accordance with the Charities SORP for the first time this year. As a result, the categorisation of some financial statement lines has been changed.

Basis of consolidation

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

Incoming resources

Incoming resources from generated funds comprises trade and retail sales of merchandise and souvenirs made by British Museum Ventures Limited, net of Value Added Tax. It also includes commission received from the catering outlets located in the British Museum.

Incoming resources 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 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 good or services have been provided, the income is deferred. Grants are recognised when receivable.

Resources expended

Expenditure is recognised in the financial statements on an accruals basis. Resources expended are classified in the SOFA under the principal categories of costs of generating funds, charitable activities and governance costs.

Resources expended comprise 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.

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

1. Accounting policies (continued)

Costs of generating funds are those incurred in carrying out the non-charitable trading activities of British Museum Ventures Limited. Governance costs are those costs incurred in connection with the general governance of British Museum Company Limited including compliance with constitutional and statutory requirements.

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 of valuation, 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

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 profit and loss account 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 and interest costs and the expected return on scheme assets (included within staff costs). 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 BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

1. Accounting policies (continued)

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

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.

2. Activities for generating funds

	2014 £'000	Restated 2013 £'000
Retail and trade sales - non charitable	7,470	5,749
Hospitality income	981	690
	<u>8,451</u>	<u>6,439</u>

3. Investment income

	2014 £'000	2013 £'000
Interest receivable	53	29
	<u>53</u>	<u>29</u>

4. Incoming resources from charitable activities

	2014 £'000	Restated 2013 £'000
Charitable trading	8,825	6,511
Grant income - restricted	150	150
	<u>8,975</u>	<u>6,661</u>

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

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

5a. Resources expended

	Direct costs	Support costs	Total 2014 £'000	Total 2013 £'000
Cost of generating funds	5,243	400	5,643	5,104
Charitable activities	8,330	637	8,967	5,500
Governance	25	2	27	36
Total resources expended	13,598	1,039	14,637	10,640

Included within charitable activities direct costs is a contribution to the British Museum of £2.5m.

5b. Allocation of support costs

	Service charge £'000	IT £'000	Staff related £'000	Building £'000	Other £'000	Total 2014 £'000	Total 2013 £'000
Cost of generating funds	231	47	69	40	13	400	521
Charitable activities	368	75	109	63	22	637	547
Governance	1	-	1	-	-	2	4
Total support costs	600	122	179	103	35	1,039	1,072

Costs that cannot be directly attributed to 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 spent on each of the objectives.

5c. Staff costs

	2014 £'000	2013 Restated £'000
Wages and salaries	2,761	3,157
Social security costs	231	331
Pension costs	110	183
	3,102	3,671

During the year, the Group contracted an independent third party to provide temporary staff with a value of £268k (2013: £274k) in addition to the costs noted above.

The prior year pension cost has been restated to reflect the employer's pension costs that were recognised in the SOFA.

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

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

	2014	2013
£60,001 - £70,000	2	2
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1
£110,001 - £120,000	-	1
£120,001 - £130,000	-	1
£210,001 - £220,000	-	1
£220,001 - £230,000	-	1
	<u>4</u>	<u>7</u>

Pension contributions of £26,781 in respect of the employees in the above bandings were paid to defined contribution schemes (2013: £78,982).

No director received any remuneration or was reimbursed any expenses by the Company during the year (2013: £nil).

5d. Average number of full time equivalent employees

	2014 £'000	2013 £'000
Selling and distribution	90	93
Administration	-	15
	<u>90</u>	<u>108</u>

6. Net income for the year

Is stated after charging:

	2014 £'000	2013 £'000
Auditor's remuneration: Audit services	25	23
Depreciation	384	392
Foreign exchange loss	11	20
Loss on disposal of fixed assets	15	-
Operating lease rentals	<u>89</u>	<u>64</u>

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

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

7. Tangible fixed assets - Group and Company

	Assets in the course of construction £'000	Fixtures and fittings £'000	Computer Equipment £'000	Group and Company Total £'000
Cost				
At 1 April 2013	42	2,268	935	3,245
Additions	80	383	118	581
Disposals	-	(17)	(1)	(18)
Transfers	(42)	42	-	-
At 31 March 2014	80	2,676	1,052	3,808
Depreciation				
At 1 April 2013	-	(1,242)	(859)	(2,101)
Charged in the year	-	(325)	(59)	(384)
Disposals	-	2	1	3
At 31 March 2014	-	(1,565)	(917)	(2,482)
Net book amount at 31 March 2014	80	1,111	135	1,326
Net book amount at 31 March 2013	42	1,026	76	1,144

8. Investments

The Company owned the whole of the £1 million (2013: £1 million) of issued share capital of British Museum Ventures Limited, which is a company registered in England and Wales.

9. Stocks

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Work in progress	35	35	85	85
Finished goods and goods for resale	2,272	1,130	1,932	1,093
	2,307	1,165	2,017	1,178

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Registered company number: 1079888

10. Debtors

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Trade debtors	387	387	562	562
Amounts due from parent undertaking	248	248	221	221
Amounts due from subsidiary undertaking	-	2,808	-	1,338
Other debtors	34	34	19	19
Prepayments and accrued income	492	492	239	239
	1,161	3,969	1,041	2,379

11. Creditors: amounts falling due within one year

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Trade creditors	984	984	886	886
Amounts owed to parent undertaking	3,406	3,406	222	222
Amounts owed to subsidiary undertaking	-	2,666	-	1,499
Other taxation and social security	358	358	190	190
Accruals and deferred income	351	351	270	270
	5,099	7,765	1,568	3,067

12. Trading subsidiary

British Museum Company Limited owns the whole of the issued share capital of the British Museum Ventures Limited which consists of 1 million ordinary shares at £1 each.

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

THE BRITISH MUSEUM COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2014**

Registered company number: 1079888

12. Trading subsidiary (continued)

Profit and loss for year ended 31 March:

	2014	Restated 2013
	£'000	£'000
Turnover	7,470	5,749
Cost of sales	(3,217)	(2,468)
Gross profit	4,253	3,281
Administrative expenses	(2,426)	(2,633)
Other operating income	981	690
Operating profit	2,808	1,338
Gift aid	(2,808)	(1,338)
Result on ordinary activities before and after taxation	-	-

Net assets as at 31 March comprise:

	2014	2013
	£'000	£'000
Stocks	1,142	839
Debtors	2,666	1,499
Creditors: amount falling due within one year	(2,808)	(1,338)
Net assets	1,000	1,000

13. Share capital

	2014	2013
	£'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

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.

THE BRITISH MUSEUM COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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Registered company number: 1079888

14a. Movement in funds - Group and Company

	As at 1 April 2013 £'000	Income £'000	Expenditure £'000	Other gains/ (losses) £'000	As at 31 March 2014 £'000
Restricted income funds	-	150	(150)	-	-
Unrestricted income funds					
Share capital	750	-	-	-	750
General funds	6,478	16,929	(14,407)	-	9,000
Pension reserve	(4,960)	400	(80)	(520)	(5,160)
Total	2,268	17,479	(14,637)	(520)	4,590

15. Pensions

Defined Contribution Scheme

The Company operates a defined contribution pension scheme for the benefit of the employees who commenced their employment after 1 January 2000. The assets of the scheme are self-administered in funds independent from those of the Company. The total employer's contributions to this scheme during the year were £110k (2013: £183k).

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 2011, the date of the last completed full actuarial valuation, the scheme had 107 members, and the market value of the scheme was £8,427,824, with a further £84,273 of AVCs held separately from the main fund in the form of insurance policies. The actuarial value of those assets was sufficient to cover 81% 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.

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15. Pensions (continued)

With effect from 1 April 2012, a schedule of contributions has been put in place to fund the scheme's defined benefits at the rate of 23.5% per annum of pensionable salary for scheme members together with a deficit reduction payment of £356k per annum from 1 April 2012 to 31 March 2016 followed by £141k per annum from 1 April 2016 to 31 March 2019.

Employer's pension contributions to the scheme during the year totalled £400k (2013: £410k). The company expects to contribute approximately £400k to its defined benefit pension scheme in the year ending 31 March 2014.

FRS17 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 Plan as at 31 March 2011, updated to 31 March 2014 by an independent qualified actuary and adjusted to take account of the requirements of FRS 17.

In contrast with the requirement under the statutory funding objective basis that assumptions must be prudent, FRS 17 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.

The amounts recognised in the balance sheet are as follows:

	2014 £'000	2013 £'000
Fair value of scheme assets	10,860	10,180
Present value of funded obligations	(16,020)	(15,140)
(Deficit)	(5,160)	(4,960)

Amounts in the balance sheet

	2014 £'000	2013 £'000
Assets	-	-
Liabilities	(5,160)	(4,960)
Net liabilities	(5,160)	(4,960)

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15. Pensions (continued)

The amounts recognised in the SOFA are as follows:

	2014 £'000	2013 £'000
Current service costs	(50)	(60)
Expected return on scheme assets	650	620
Interest cost	(680)	(650)
Total	<u>(80)</u>	<u>(90)</u>
Actual return on scheme assets	<u>420</u>	<u>900</u>

Changes in the present value of the defined benefit obligation:

	2014 £'000	2013 £'000
Opening value of defined benefit obligation	15,140	13,550
Current service cost	50	60
Interest cost	680	650
Contributions by scheme participants	-	-
Actuarial loss	290	990
Benefits paid	<u>(140)</u>	<u>(110)</u>
Closing value of defined benefit obligation	<u>16,020</u>	<u>15,140</u>

Changes in the fair value of the scheme assets:

	2014 £'000	2013 £'000
Opening value of scheme assets	10,180	8,980
Expected return	650	620
Contributions by employer	400	410
Contributions by scheme participants	-	-
Actuarial gain/(loss)	(230)	280
Benefits paid	<u>(140)</u>	<u>(110)</u>
Closing value of scheme assets	<u>10,860</u>	<u>10,180</u>

THE BRITISH MUSEUM COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2014**

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15. Pensions (continued)

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

	2014	2013
Cash	1%	8%
Bonds	0%	7%
Equities	0%	8%
Property	16%	15%
Target Return Funds	83%	62%

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

	2014	2013
Discount rate at 31 March	4.4%	4.5%
Expected return on scheme assets at 31 March	6.8%	6.3%
Future salary increases	3.3%	3.2%
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%	3.2%
- Post 31 December 2007	2.5%	2.5%
Commutation allowance	25.0%	25.0%
RPI inflation	3.3%	3.2%
CPI inflation	2.3%	2.5%
Mortality – base table	S1PA	S1PA
Mortality – future improvements	CMI_2013 [0.5%]	CMI_2012 [0.5%]
Life expectancy of male aged 60 now	85.9	86.0
Life expectancy of male aged 60 in 20 years	86.6	86.7
Life expectancy of female aged 60 now	88.2	88.4
Life expectancy of female aged 60 in 20 years	89.0	89.2

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15. Pensions (continued)

Amounts for the current and previous four periods are as follows:

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(16,020)	(15,140)	(13,550)	(11,650)	(10,860)
Scheme assets	10,860	10,180	8,980	8,260	7,640
Deficit	(5,160)	(4,960)	(4,570)	(3,390)	(3,220)
Experience adjustments on scheme liabilities*	-	-	-	-	-
Experience adjustments on scheme assets**	(230)	280	(80)	(100)	1,430

* Where positive numbers represent increases to the liabilities.

** Where positive numbers represent increases to the assets.

16. Lease commitments

Operating lease payments amounting to £45k (2013: £64k) are due within one year. The leases to which these amounts relate expire as follows:

	Group and Company	
	Land and Buildings	Land and buildings
	2014	2013
	£'000	£'000
Less than one year	45	-
Between one and five years	-	64
	<u>45</u>	<u>64</u>

17. Capital commitments

As at the balance sheet date the value of capital commitments was £123k (2013: nil).

18. 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, section 24. British Museum Ventures Limited donates its profits to British Museum Company Limited and therefore does not expect to pay corporation tax.

THE BRITISH MUSEUM COMPANY LIMITED

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19. Related party transactions

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

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

There are no other related party transactions.

20. Controlling party

The directors consider that 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.