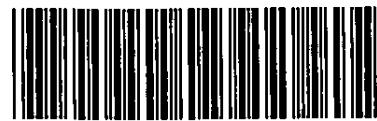


The British Museum Trust Limited

Annual Report and Financial Statements for the year ended 31 March 2013

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Company registration number 7520030
Charity registration number 1140844

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Reference and administrative details of the charity, its Trustees and advisors

Current Board Members and Trustees

Christopher Jones
Professor Sir Barry Cunliffe
Lord Powell of Bayswater
John Ryan (from 18th March 2013)

Investment Committee (established October 2012)

Christopher Jones
Lord Powell of Bayswater
John Ryan (from 18th March 2013)

Company Secretary

Professor Sir Barry Cunliffe
The British Museum Trust Limited
Great Russell Street
London WC1B 3DG

Auditor

Deloitte LLP
2 New Street Square
London EC4A 3BT
United Kingdom

Bankers

National Westminster
PO Box 158, 214 High Holborn
London WC1V 7BX

Lloyds TSB
PO Box 545, Faryners House
25 Monument Street
London EC3R 8BQ

Barclays
1 Churchill Place
London E14 5HP

Registered Office

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Great Russell Street
London WC1B 3DG

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Company registration number 7520030
Charity registration number 1140844

Report of the Trustees for the year ended 31 March 2013 (incorporating the directors' report)

The Trustees are pleased to present their annual report on the activities of The British Museum Trust Limited, together with the financial statements and auditor's report, for the year ended 31 March 2013

Structure, Governance and Management

Organisational Structure

The British Museum Trust Limited (BMT) is a registered charity (registration number 1140844) and a company limited by guarantee (registration number 7520030). BMT is governed by a board of Trustees (directors for the purposes of the Companies Act) who abide by its Memorandum and Articles of Association.

The Trustees are responsible for determining the overall strategy of BMT and meet at least twice a year. They are responsible for reviewing and making decisions on the nature and value of grants to be paid with reference to BMT's charitable objects.

The administration of BMT is carried out by the British Museum under terms governed by a Service Level Agreement.

Recruitment and Training of Trustees

The power to appoint new Trustees is exercisable by those currently in office. New Trustees are fully briefed on the objectives of BMT and their role as Trustees. This is reinforced by training as required, to equip them effectively to discharge their duties.

Risk Management

Risk is unavoidable and the resources available for managing risk are finite. The aim of risk management within BMT is therefore to achieve an optimum response to risk, prioritised in accordance with an evaluation of the risks.

The major risks to business, finances and reputation have been identified and systems and procedures to manage the risks are in place. The risks and controls will continue to be reviewed by the Trustees at scheduled meetings.

Objectives, Activities and Performance

Objectives

The overall object of BMT, as laid down in the Memorandum and Articles of Association is, "to advance, in a manner in which the Trustees of the charity see fit, the charitable objects of the Trustees of the British Museum (as may be amended from time to time), and to advance culture, heritage, science, education and the arts for public benefit throughout the world in any manner incidental, conducive to or compatible with the charitable objects of the Trustees of the British Museum."

BMT aims to achieve this object through the award of grants.

Activities and performance against objectives

BMT remains a relatively young charity it was registered with the Charity Commission on 21 March 2011

Its objectives for the year 2012/13 were to

- **Consider grant applications in line with the grant-making policy.**

During 2012/13, BMT took receipt of accrued grant income from the British Museum of £28.0m awarded to BMT in March 2012. Further generous grants to the charitable company totalling £37.8m were approved by the Trustees of the British Museum in March 2013, for settlement in 2013/14.

As a consequence BMT was pleased to be able to make a number of grants

Birmingham Museum and Art Gallery (£10,000)

A grant of £10,000 to the Birmingham Museum and Art Gallery to support its new exhibition *Calligraphy in Islamic Art*. The exhibition forms part of a larger programme to attract new audiences to reflect the city's diversity.

Ribchester Roman Museum (£10,000)

The Ribchester Museum Centenary Project is to celebrate the foundation of the Museum by displaying the Ribchester Parade Helmet at the Museum for the first time since its discovery in 1796. The helmet was acquired by Charles Townley and subsequently bequeathed to the British Museum. BMT has granted £10,000 to the Ribchester Roman Museum to support the borrowing, exhibition, and interpretation of the helmet.

The British Museum (£30,000)

A grant of £30,000 was approved to support projects and events that promote collaboration within the British Museum and the wider Museum sector.

Under the terms of each grant, the Trustees request that a report is submitted by beneficiary institutions to allow the Trustees to review the performance of the project and ensure that funds are applied in the agreed manner.

- **Develop and implement an investment strategy to guide the stewardship of BMT's funds.**

During 2012/13 BMT agreed the terms of reference and membership of its Investment Committee and approved its Investment Policy – see below for further information.

Plans for Future Years

- **Attract high-quality grant applications**

BMT aims to deliver its charitable objects through the award of grants. Over the next year BMT will consider how to attract, from a range of institutions, high-quality grant applications that support these objects. Ensuring cost-effectiveness will be a key consideration. BMT will seek to maximise the charitable benefit of funds raised and keep administrative overheads to a minimum.

As set out in the Reserves Policy, as well as providing funding for a range of small projects, BMT aims to be in a position to be able to support applications for significant grants, for example in support of the acquisition of objects or major capital work.

Since its inception in 2011, BMT has been successful at securing grant income, with cash holdings at 31 March 2013 of £43.2m and further secured grants of £37.8m receivable over the coming year. The reserves now held mean that BMT is in a position to invite such applications.

- **Complete an exercise to procure investment management services**

Increased funds also bring increased stewardship responsibilities. As indicated above, during the year BMT approved its Investment Policy. An important objective for the forthcoming year will therefore be the implementation of that policy, beginning with completion of the exercise to procure discretionary investment management services. Once a contract has been awarded, BMT will work with its new investment manager to maintain compliance with the policy.

- **Monitoring the effectiveness of grants**

BMT will continue to monitor the effectiveness of grants made by requesting from recipients an update on how money is being spent and the outcomes of the project, to be received within a year of the grant. Review of this information will inform the annual review of BMT's grants policy and decisions made about future grants.

Public Benefit

In setting BMT's objectives and planning its activities, the Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. The Trustees consider that the objects of BMT, the activities outlined in this report, and plans for future years demonstrate public benefit.

Disclosure of information to auditor

So far as the Trustees are aware, there is no relevant audit information of which BMT's auditors are unaware. The Trustees believe they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that BMT's auditors are aware of that information.

Financial Review

Income

Total incoming resources of £38.0m (2011/12 £43.2m) were recognised during the year. This predominantly relates to grants from the British Museum.

Expenditure (excluding grants)

Excluding grants, expenditure of £26k was incurred during the year (2011/12 £36k). This primarily relates to the cost associated with the Service Level Agreement in addition to audit fees and sundry governance costs.

Grant Expenditure

Total grant expenditure of £50k (2011/12 £50k) was incurred during the year. Grants made in the year meet the objects of BMT in advancing culture, heritage, science, education and the arts.

Balance Sheet

Total funds at 31 March 2013 were £81.0m (2011/12 £43.1m), represented primarily by current assets.

Reserves Policy

The reserves policy takes into account the nature of the funds received and held by BMT, its forecast income and expenditure, future needs, opportunities, contingencies and risks. A substantial proportion of grants that the BMT is likely to make will be in support of the acquisition of objects or in support of major capital work. Such expenditure is often very high in value and can arise at any time.

The Trustees review the level of funds, together with known and likely future requests for support from those funds, at each board meeting and at least annually. It is the Trust's policy to continue to build up reserves until they can be expended in furtherance of the charitable objects, however the Trustees will seek to hold, as a minimum, unrestricted free reserves equivalent to between one and three months' non-grant expenditure. At the year-end BMT held unrestricted funds of £44k (2011/12 £20k) and restricted funds of £80.9m (2011/12 £43.1m).

The Trustees consider this level of reserves to be sufficient to meet future funding obligations and to continue to make grants in furtherance of the Trust's charitable objects. The level of restricted reserves held means that BMT is now, as planned, in a position to invite applications in support of, for example, major acquisitions or capital work.

Investment Policy

During 2012/13 BMT agreed the terms of reference and membership of its Investment Committee and approved its Investment Policy.

Overall objective

The overall objective of the policy is to invest, within the constraints of the risks the Trustees are permitted to take, in order to ensure that there are always sufficient funds to enable BMT to meet grant commitments and discharge its charitable objects.

Risk tolerance

Limited short-term capital volatility is acceptable on funds, although any reduction in the value of the funds will affect the ability of BMT to meet grant applications.

Asset classes and diversification

There is no restriction on which asset classes may be considered, subject to the requirements set out elsewhere in this policy and the general power of investment. Portfolios should be diversified by asset class and by asset manager. Within a single portfolio, no single asset manager may manage more than 20% of the total portfolio.

Operational cash

If operational cash holdings ever exceed £1m, funds should be spread across three counterparties in broadly equal proportions.

The Investment Committee has now embarked on an exercise to appoint new investment managers during the financial year 2013/14, to manage the investments in accordance with this new policy.

Going Concern

The Trustees consider that the demand for the charity's services will continue. The Trustees continue to ensure that the risks associated with the charity are managed appropriately. The Trustees have a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report of the financial statements.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of British Museum Trust Limited for the purposes of the Companies Act) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 of the incoming resources and application of resources, including the income and expenditure for that year. In preparing these financial statements, the Trustees 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, 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 Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to continue in office as auditors to the company

Approved by the Trustees and signed on their behalf by



Christopher Jones (Chairman)

Date 18.9.13

Independent Auditor's Report to the Members of The British Museum Trust Limited

We have audited the financial statements of The British Museum Trust Limited for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 14. 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 company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the charitable company for the purposes of company law) 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2013 and of its 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.

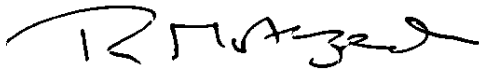
Opinion on other matters prescribed by the Companies Act 2006

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

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



Reza Motazed (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
18 September 2013

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 March 2013

	Note	Restricted funds £	Unrestricted funds £	2013 £	2012* £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	37,773,000	23,750	37,796,750	43,184,000
Investment income	3	166,384	75	166,459	3,493
TOTAL INCOMING RESOURCES		37,939,384	23,825	37,963,209	43,187,493
RESOURCES EXPENDED					
Charitable activities	4	68,079	8	68,087	80,002
Governance costs	7	8,011	4	8,015	6,165
TOTAL RESOURCES EXPENDED		76,090	12	76,102	86,167
NET INCOMING RESOURCES		37,863,294	23,813	37,887,107	43,101,326
Fund balances brought forward at 1 April 2012	11	43,081,354	19,972	43,101,326	-
Fund balances carried forward at 31 March 2013	11	80,944,648	43,785	80,988,433	43,101,326

The Statement of Financial Activities is in respect of continuing activities. There were no recognised gains or losses other than those shown in the statement above and accordingly no statement of recognised gains and losses has been prepared. This statement is equivalent to an income and expenditure account.

*Comparative figures in the accounts relate to the period from incorporation on 7 February 2011 to 31 March 2012.

Balance Sheet as at 31 March 2013

	Note	2013 £	2012 £
Current assets			
Debtors	9	37,806,432	27,964,000
Cash at bank and in hand		43,189,424	15,223,492
		<u>80,995,856</u>	<u>43,187,492</u>
Current liabilities			
Creditors amounts falling due within one year	10	(7,423)	(86,166)
Net current assets		<u>80,988,433</u>	<u>43,101,326</u>
General funds			
Restricted funds	11	80,944,648	43,081,354
Unrestricted funds	11	43,785	19,972
		<u>80,988,433</u>	<u>43,101,326</u>

The financial statements of the British Museum Trust Limited, registered company number 7520030 and registered charity number 1140844, were approved by the Board of Trustees and authorised for issue on 18 September 2013 and signed on their behalf by



Christopher Jones (Chairman)

Cash Flow Statement for the year ended 31 March 2013

	Note	2013 £	2012 £
Cash flows from operating activities			
Net incoming resources		37,887,107	43,101,326
Interest received		(142,450)	(3,493)
Increase in receivables	9	(9,842,432)	(27,964,000)
(Decrease)/Increase in payables	10	(78,743)	86,166
Net cash inflow from operating activities		27,823,482	15,219,999
Returns on investment and servicing of finance			
Interest received		142,450	3,493
Increase in cash and cash equivalents		27,965,932	15,223,492
Cash and cash equivalents at the start of the period		15,223,492	-
Cash and cash equivalents at the end of the period		43,189,424	15,223,492
Increase in cash		27,965,932	15,223,492

Notes to the accounts for the year ended 31 March 2013

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting & Reporting by Charities (SORP 2005), applicable accounting standards, and the Companies Act 2006. The accounts have been prepared on a going concern basis. The principal accounting policies adopted in the preparation of the financial statements are as follows

Going concern

The British Museum Trust Limited's activities and future plans are set out in the Trustees' report. The Trustees' forecasts and projections, taking account of reasonably foreseeable changes in income and expenditure, show that the British Museum Trust Limited should be able to continue to operate on this basis. Based on the above the Trustees have a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report of the Trustees and financial statements.

Donation and grant income

Donations and grants are recognised when the conditions for their receipt have been met.

Investment income

Interest income is accounted for on a receivable basis and is allocated across reserves in proportion with the value of directly attributable funds held at each quarter end.

Taxation

The British Museum Trust is a charitable company and entitled to exemption from Corporation Tax on income and gains applied to its charitable purposes under Sections 417-517 of the Corporation Tax Act 2010. The Trust receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT is allocated to the relevant expense headings.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Indirect costs have been classified to governance costs or support costs on the basis outlined in the SORP. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. Support costs include those incurred in the general running and administration of BMT. Support and governance costs have then been allocated across restricted and unrestricted funds on the basis of quarter-end fund balances arising from direct income and expenditure.

Liabilities

Liabilities are recognised where legal or constructive obligations mean that it is more likely than not that a transfer of economic benefits will be made.

Grants payable

Grants payable are recognised when formally approved by the Trustees and when any conditions of the grant have been met.

Funds

Restricted funds including those of a capital nature are those which are to be used in accordance with specific restrictions imposed by the donors. Unrestricted funds are those available for use at the discretion of the Trustees in furtherance of the objectives of the BMT.

2. Voluntary income

	2013	2012
	£	£
Grants from the British Museum	37,773,000	43,164,000
Donations	15,000	20,000
Gift Aid	8,750	-
Total voluntary income	<u>37,796,750</u>	<u>43,184,000</u>

3. Investment income

	2013	2012
	£	£
Interest income	<u>166,459</u>	<u>3,493</u>

4. Charitable activities

	Restricted	Unrestricted	Total 2013	Total 2012
	£	£	£	£
Grants to institutions	50,000	-	50,000	50,000
Support costs	18,079	8	18,087	30,002
	<u>68,079</u>	<u>8</u>	<u>68,087</u>	<u>80,002</u>

Grants were awarded to support exhibitions, events, and other museum-related projects as detailed in the Report of the Trustees

5 Support costs

Support costs have been allocated between funds on the basis of the ratio between unrestricted and restricted fund balances at the end of each quarter. Total support costs of £18,087 (2011/12 £30,002) were incurred during the year.

6. Staff costs

The BMT has no employees. The British Museum provides accounting and administration services for which BMT is charged on an arm's length basis.

7. Governance costs

	2013 £	2012 £
Fees payable to the Company's auditor for the audit of the company's annual accounts	6,180	6,000
Trustees' expenses	67	75
Directors and officers indemnity insurance	514	-
Costs associated with statutory & constitutional requirements	1,254	90
	<u>8,015</u>	<u>6,165</u>

8. Trustees' remuneration

No Trustees received any remuneration for services in the year. Two Trustees were reimbursed expenses of £67 (2011/12 one trustee £75) during the year.

9. Debtors

	2013 £	2012 £
Grants from the British Museum	37,773,000	27,964,000
Accrued interest	24,009	-
Gift Aid	8,750	-
Prepayments	673	-
	<u>37,806,432</u>	<u>27,964,000</u>

10 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	1,243	30,034
Grants payable	-	50,000
Accruals	6,180	6,132
	<u>7,423</u>	<u>86,166</u>

11. Funds

	Balances brought forward 01/04/2012 £	Incoming resources £	Resources expended £	Balances carried forward 31/03/2013 £
Restricted capital funds	6,378,183	18,950,500	(5,121)	25,323,562
Other restricted funds	36,703,171	18,988,884	(70,969)	55,621,086
Total restricted funds	43,081,354	37,939,384	(76,090)	80,944,648
Unrestricted funds	19,972	23,825	(12)	43,785
	<u>43,101,326</u>	<u>37,963,209</u>	<u>(76,102)</u>	<u>80,988,433</u>

Restricted funds have arisen as a result of donations made by the British Museum to BMT. These funds are restricted to expenditure on projects which further the charitable objects of the British Museum in line with BMT's own objects. A proportion of these funds is ear-marked specifically for capital projects with the balance being restricted to general expenditure.

12. Analysis of net assets between funds

	Restricted capital funds £	Other restricted funds £	Unrestricted funds £	Total 2013 £	Total 2012 £
Current assets	25,325,883	55,626,185	43,788	80,995,856	43,187,492
Creditors	(2,321)	(5,098)	(3)	(7,423)	(86,166)
	<u>25,323,562</u>	<u>55,621,087</u>	<u>43,785</u>	<u>80,988,433</u>	<u>43,101,326</u>

13. Members' liability

The charity is a company limited by guarantee and has no share capital. The liability of each Member in the event of winding-up is limited to £10.

14. Related party transactions

During the year BMT entered into no material transactions with related parties.