

The British Museum

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

Ordered by The House of Commons to be printed 16th July 2009

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Trustees' and Accounting Officer's Annual Report

Introduction: the Public Museum

'What does it mean to be a world museum?' This was the question posed by Director Neil MacGregor in a public lecture at the British Museum (BM) in January 2009. Looking at the founding of the BM and its autonomous Board of Trustees, he considered the nature of the BM's role today and its continuity over the past 250 years of responsibility to the public realm.

For it was 250 years ago, on 15 January 1759, that the BM first opened its doors to the public. The British Museum Act six years earlier had ensured that the founding collection of Hans Sloane – over 71,000 objects, as well as his library and herbarium – be 'preserved and maintained, not only for the Inspection and Entertainment of the learned and the curious, but for the general Use and Benefit of the Public'. A building was found, Montagu House on Great Russell Street, and the Sloane collection gradually moved in under the supervision of the 'Officers of the House' and the Board of Trustees.

The stewardship of the Trustees stipulated in Sloane's will has been an essential ingredient in making the BM the cosmopolitan institution it is. Operating on behalf of the government, but at one remove from it, the board ensured that the BM was neither an arm of state nor a royal prerogative (as in other countries) but a genuinely public museum – the world's first encyclopaedic museum on such a scale. The number and variety of Trustees from that earliest group in the 1750s have always ensured that the institution has been governed by a plurality of opinions and ideas.

The BM is one of the marvels of the Enlightenment. Access to the greatest achievements of humanity was made free to all, and what was once the preserve of privilege became the right of everyone. Annual visitors grew from 5,000 to 12,000 in the 18th century; there were nearly 300,000 a year by the mid-1830s; 5.5 million visited in 2008/09.

As the demand on resources has grown, so has the institution. Sloane's collection has expanded a hundredfold to seven million objects. The BM's history has become in part an architectural one, and Montagu House has long since given way to the new structures that replaced it – the beautiful King's Library and Reading Room in the 19th century, the Great Court at the beginning of the 21st – and newer ones still to come.

The Northwest Development, planned to start construction later this year to designs by architects Roger Stirk Harbour + Partners, is one of the BM's largest building projects in recent times. Piecemeal expansion has meant that BM facilities have over time been dispersed and often located in buildings no longer suited to their present purposes and technological demands. A Georgian house is a fine thing, but not to house elements of one of the top research facilities in the world, equalled in size and expertise only by the Metropolitan Museum in New York and the Louvre in Paris. As part of the BM's long-term Masterplan, the Northwest Development will combine an international centre for conservation and scientific research, modernised facilities to send and receive national and international loans (an increasing component of the BM's work) and a cutting-edge exhibitions venue that will free the BM of the need to adapt the Reading Room.

In 2008/09, visitors to the BM included schoolchildren from Camden and scientists from Nottingham, curators from Africa and conservators from China, tourists from almost every country in the world. The 250th anniversary of the public opening reminds us that the BM is a world collection for the world – for experts and the general public, for anyone who might choose to enter its doors. And those doors are not merely a gateway in Bloomsbury. Beyond the BM's popularity in London, it is accessed online by 13 million visitors annually. Their presence increasingly redefines the BM today as an international online space where images of more than 1.25 million objects can be freely seen and downloaded by anyone at any time. The collection is also taken across the UK and the globe by means of the BM's Partnership UK programme, with the loan of 2669 objects nationally; its Africa, Asia and Middle East programmes; and the World Collections programme, which seeks to deepen links between the great collections of the UK and partner institutions around the world.

The BM is grateful for the financial support it receives from government, foundations, sponsors and private donors, as well as the involvement of colleagues nationally and overseas. Without these, and the hard work of staff and volunteers, the BM could not continue to be a lively cultural forum for understanding world history and our world future.

Structure, governance and management

Constitution and operating environment

The British Museum was founded in 1753. Its aim is to hold for the benefit and education of humanity a collection representative of world cultures (“the collection”), and ensure that the collection is housed in safety, conserved, curated, researched and exhibited¹.

The Museum is now governed in accordance with the British Museum Act 1963 and Museums and Galleries Act 1992. The Museum is an exempt charity under schedule 2 of the Charities Act 1993 and benefits from section 33A Value Added Tax Act 1994, sections 505 and 507 of the Income and Corporation Taxes Act 1988, and section 6(a) Taxation of Chargeable Gains Act 1992 and section 258 Taxation of Chargeable Gains Act 1992.

It is also a Non-Departmental Public Body required to comply with the terms of a Management Statement and Financial Memorandum with its sponsoring department, the Department for Culture, Media and Sport (DCMS).

The Museum is funded by a combination of grant-in-aid allocated by DCMS and income secured through commercial, fundraising, sponsored and charging activities. The grant-in-aid is provided subject to a three year funding agreement with the DCMS.

It has a wide range of stakeholders, including the public, DCMS, HM Treasury, Camden Borough Council, English Heritage, the Museums, Libraries and Archives Council, national and international visitors, other London museums, regional museums, international museums, universities, sponsors, donors and people and communities from current and future generations across the globe.

Governance

The governing body of the Museum is the Board of Trustees whose members are appointed for fixed terms of service. They are non-executive and unpaid. The Board may consist of up to 25 members, of which 15 are appointed by the Prime Minister, one by the Sovereign, one each by the Royal Academy, the British Academy, the Society of Antiquaries of London and the Royal Society, and five by the Museum’s Trustees. The Chairman is appointed by the Board from its members. The names of Trustees serving during the year are listed on page 21.

The induction of new Trustees is primarily through a programme of department visits and meetings with the Director, Deputy Director, and members of the senior management team. An introductory pack of key documents and publications including the Governance Policies and Principles, Museum Strategy and Operating Plan, Annual Report and Accounts, and organisation chart is provided. Induction programmes are further tailored to the individual needs and interests of the Trustee.

The Board generally meets at least four times a year to lead and control the Museum and is aided in this respect by three permanent committees – the Standing Committee, the Audit Committee, and the Nominations and Governance Committee – and two sub-committees – the Investment Sub-committee and the North West Development Committee. Matters for the Board’s decision and the respective responsibilities of the Board, Trustees’ Committees and Management are clearly defined in the Museum’s Governance Policies and Principles. The Board appoints the Director, defines the strategic direction of the Museum, approves its execution in an annual plan drawn up in consultation with the Director, and monitors the achievement of the plan.

The Standing Committee discharges the Board’s functions between quarterly Board meetings.

The Audit Committee support the Board and the Accounting Officer in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances provided to them.

The Nominations and Governance Committee recommends candidates as Trustees and provides assurance on governance.

The Investment Sub-committee advises the Standing Committee on the investment of the Museum’s funds and the performance of investment managers and oversees implementation of the investment strategy.

The North West Development Committee monitors, on behalf of the Standing Committee, the proposed new building project on the north-west corner of the main site.

¹ Note: This statement represents a modern expression of the objectives of the Museum set out in the British Museum Act 1753.

Management

The Museum's Director and Accounting Officer is Neil MacGregor.

The Directorate Group, chaired by the Director, leads on strategic development and oversees the Museum's planning process; reviews risks to planned activity; and manages Trustee meeting preparation and issues to be referred. Its membership includes the Deputy Director, the Chair of Collections, the Director of Public Engagement, the Director of Visitor & Building Services, the Director of Administration, and the Managing Director of the British Museum Company Limited.

The Museum Management Group, chaired by the Director, raises and discusses current or emerging concerns relating to Museum activity or external developments; undertakes ongoing policy and planning reviews and strategic planning stemming from the work of the Directorate Group; and acts as an information sharing group for heads of department. Its membership is drawn from the heads of Museum departments:

- *Collections:* Africa, Oceania & the Americas; Ancient Egypt & Sudan; Asia; Coins & Medals; Collections Services; Conservation & Scientific Research; Greek & Roman; Middle East; Portable Antiquities; Prehistory & Europe; Prints & Drawings.
- *Public Engagement:* Exhibitions; Learning & Audiences; Marketing; Press & Public Relations.
- *Visitor & Building Services:* Building Services; Capital Projects & Estates; Facilities; Security; Visitor Services;
- *Administration:* Commercial; Development; Finance; Human Resources; Information Services; Legal Services

and from the British Museum Company Limited.

The main retailing, off-site trading and publishing activities of the Museum are carried out by the British Museum Company Limited, a company wholly owned by the Museum, together with its subsidiary, British Museum Ventures Limited.

Conferences, education and other income generating activities were carried out during the year within the British Museum Great Court Limited, also a company wholly owned by the Museum.

Friends' organisations

The work of the Museum is supported by two 'friends' associations. British Museum Friends is a registered charitable trust that furthers collecting, public services and conservation and services its membership. The American Friends of the British Museum (AFBM) supports the Museum's development by raising funds for the Museum in the United States. Each is separately administered and independent of the Museum.

Strategic direction and performance against objectives

In order to ensure that it continues to be successful the Museum re-evaluated its five-year plan at the start of 2008/09 to take account of priorities outlined in the Comprehensive Spending Review and factors such as the development of ideas regarding the Cultural Olympiad; a new funding agreement; and the decision to develop the north-west area of the Museum. The Strategy to 2012 identifies four key objectives that the Museum will need to deliver to further develop its world-class status:

- To manage and research the collection more effectively
- To enhance access to the collection
- To invest in our people
- To increase self-generated income

To manage and research the collection more effectively

Acquisitions

The collection is the heart of the Museum: growing, changing, reimagined by successive generations as intellectual currents and social and political concerns evolve. Research Keeper of Greek and Roman Antiquities Dyfri Williams wrote in *Apollo* magazine in February 2009 that each new object not only has its evocative individual presence, but reshuffles the rest of the collection, making us 'reassess other objects and existing ideas and provid[ing] an opportunity to communicate afresh with the public through display or writing'.

The aspects of acquisitions – their content, their future display – are both national and international. A group of 433 tokens issued in the City of London in the 17th century is interesting because of the coins' very ordinary value in extraordinary times. When the royal copper farthings of Charles I ceased to be issued in 1644, new low-value currency was required, and it is this fascinating functional coinage issued out of need by various civic authorities and individuals (men and women, shopkeepers and publicans) that the BM has acquired, with the support of the BM Friends.

Japan featured prominently in the year's acquisitions. A fine impression of Hokusai's celebrated *The Great Wave* (1830–3) was acquired with support from The Art Fund. A group of 19th-century *netsuke*, accepted by HM Government in lieu of inheritance tax, was allocated to the BM. The 26 tiny carvings of ivory, horn or wood depict priests and devils, old women and babies, wolves and toads, and even two apes playing Go. The first instalment of a superb collection of 1,879 woodblock prints by Utagawa Kuniyoshi (1797–1861) was given by Professor Arthur R. Miller to the AFBM. On loan to the BM and displayed initially at an exhibition of the artist's work at the Royal Academy in 2009, the prints will also be made available online through digital photography provided by Ritsumeikan University, Kyoto.

A wide range of material from Africa entered the collection. Twelve Greek papyri from Roman Egypt form part of the evidence of the multilingual society of ancient Oxyrhynchus. They were acquired with support from the BM Friends. Embroidered clothing and textiles from the Hausa people of northern Nigeria were purchased, with important documentation derived from makers and clients. Among their unusual features are examples of female clothing embroidered by men.

Some acquisitions are linked to the BM's international work. In the now flooded region surrounding the Fourth Cataract of the Nile, the BM undertook rescue work to assist the Sudan Archaeological Research Society. With support from Iveco and New Holland, rock art and rock gongs from 5000 BC to AD 1500 which would have been submerged were relocated to Merowe, as was an early Kushite granite pyramid, with its offering chapel and enclosure wall. They will ultimately feature in a new museum at Merowe dedicated to the cultures of the Fourth Cataract. In recognition of the BM's work, Sudan's National Corporation for Antiquities and Museums donated to the BM 20 blocks of early rock art showing human figures, camels, sheep and cows and two rock gongs.

Portable Antiquities Scheme

Every year, thousands of people uncover historic objects, some while out walking or working outdoors, some using metal detectors. The Portable Antiquities Scheme (PAS) is a pioneering programme managed by the BM to secure knowledge of those objects and widen understanding at a national level of what is found and collected locally. PAS ensures that valuable information is not lost and the shared public heritage that is our history is preserved. Recorded objects are frequently acquired by local museums across the country.

PAS is funded largely by the DCMS through the Museums, Libraries and Archives Council. In 2008/09 it also received a three-year award of £150,000 from the Headley Trust for training assistants to the scheme. Its work ranges widely, from its much-used online database to specialist research. Its data are increasingly used for academic study, and the Arts and Humanities Research Council (AHRC) is now funding five PhDs to work on PAS as a source of new information. As part of the increasing interest abroad in the scheme, the BM was invited in March 2009 to the Council of Europe in Strasbourg to talk about how PAS ensures that finds made by the public are recorded for public benefit.

In 2008, 56,000 finds were reported, with at least 800 of those potentially categorised as treasure under the Treasure Act. PAS brought to light several outstanding finds, including Anglo-Saxon gold finger-rings and cloisonné work discovered in Yorkshire, and 800 gold staters found in Wickham Market, Suffolk. Four 17th-century silver spoons, a goblet and a bell salt, hidden in a ceramic vessel during the Civil War, were found near Stowey Court, Somerset. In north Lincolnshire, a Roman patera or handled pan was discovered, beautifully decorated with enamel squares.

Conservation

Conservators and scientists at the BM are active both on-site in London and off-site nationally and abroad. Public aspects of their work encompass gallery talks, academic lectures and publications, and collaborative visits from scholars in the UK and abroad: jades were studied with scientists from Nottingham Trent University; colleagues from Kyoto visited the Hirayama Studio to assist in the preservation of Japanese scroll paintings. Teaching is a key feature: staff welcomed interns and students from UCL, Manchester and other universities in the UK and beyond, and the BM's collaborative course with the Open University, *Archaeology: The Science of Investigation*, registered over 700 students from across the country.

The department works closely with curators on new galleries. The Nebamun tomb-chapel paintings from Ancient Egypt were singled out for the brilliance of their seven-year conservation and the ingenuity of their vibration-resistant redisplay. Among the many rarities painstakingly prepared for the new medieval galleries was what may be Britain's earliest surviving stringed instrument, a citole of 1300–30. Its intricate wood carving, and later association with Elizabeth I and the Earl of Leicester, were detailed in an article in the second *BM Technical Research Bulletin*, which explored the musical instrument's complex historical conversions and restorations (it was at one point turned into a violin), as well as subjects ranging from Neanderthal remains in Croatia to Parthian slipper coffins from southern Iraq.

A highlight of 2008 was an Asahi Shimbun Display called *Conservation in Focus* (11 September – 26 October), in which conservators put themselves on display by working on ceramics, metal, stone and organic material in Room 3, allowing the public to watch and encouraging them to ask questions. Its popularity was enormous, with 36,000 visitors attending over the six-week run. People praised the behind-the-scenes access. 'It's kind of a hidden activity that they do in their basement somewhere . . . I think it's a wonderful idea,' said one. 'It's great,' said another, 'like seeing a doctor during surgery.'

The exhibition included images of other conservation projects, not only of the BM's collection from across the world, but of fieldwork abroad. Conservators visited Domuztepe in south-east Turkey to preserve finds from a Neolithic *tell*, a man-made mound rising 14 metres above the surrounding farmland, created by people living in one place for hundreds of years. Curator Alexandra Fletcher's blog on the BM website kept the public abreast not just of the dig's progress, but of the daily experience of working on such a site. The excavations are helping us understand better the beginnings of urban society.

Research

Study imbues all aspects of museum life. Extensive market analysis ensures that visitors today have direct input in saying what they want from the BM's public programme. Detailed cross-institutional research underpins the BM's varied approaches to learning, and finds its way into everything from packs for teaching schoolchildren to the scheduling of films for adults. There are on average 10,500 formal visits by academics and researchers to the BM every year.

BM scholarship covers everything from prehistoric implements to contemporary bank notes. It has a public forum that ranges from gallery talks in London to lectures across the UK and the globe. In 2008/09, lectures given by BM curators and other specialist staff spanned Durham to Damascus, Liverpool to Lisbon, Harvard University to Holborn Community Development Project. The BM's core research is in constant dialogue with both the general public and the scholarly community, and extends equally to the welcoming of expert and interested guests. The year's work included special visitors from Thailand and Uzbekistan, Congo and Peru.

The topics are varied. Curator Richard Parkinson's 2009 book, *Reading Ancient Egyptian Poetry*, drew on the BM collection to establish not just ancient texts, but an entire social history of how poetry was read. Pottery from Miletos, Turkey was studied, with support from the Leverhulme Trust. A public lecture in Lincoln explored the Trojan War. The value of having the public handle objects was analysed in a collection of essays on *Touch in Museums*. Collaboration is essential, and research links are both with other museums and cultural bodies – a BM lecture at Tate Modern discussed how to curate and collect contemporary art – and with universities. Academic contacts in the UK in 2008/09 spanned Northumbria University in Newcastle to West Dean College in Chichester. International ties joined the BM to universities in Pisa and Ghent, Mosul and Philadelphia.

The BM's research role now extends to post-graduate training. Fourteen doctoral candidates were affiliated to the BM in 2008/09 from universities in Cardiff, Newcastle, Reading, Southampton and eight other institutions. They are studying English and Classics, Archaeology and Geography, and work with the collection on topics such as medieval coin loss, Islamic trade in the Persian Gulf and male adornment in early modern Europe.

Exhibitions are a strong focus for renewed study. New investigation and the involvement of international colleagues result not simply in rich displays such as *Hadrian*, but in catalogues, books, academic articles, online resources, teaching materials and conferences. The AHRC funded research for the *Shah 'Abbas* exhibition, and unusually, funded post-exhibition research on *Babylon*, so that the fullness of the preparatory material could be explored and made more widely available.

Fieldwork

One of the BM's perennial activities is digging. Fieldwork in the UK and internationally is usually collaborative, sometimes guiding, often supporting colleagues from other institutions and other countries. But the intellectual digging goes on long after the tents are packed away. BM curators and scientists can spend years exploring the

complexities and reconfigurations that new artefacts and new site information provide. For the general public, the application of this scholarly investigation is often incorporated into BM displays, such as the new Medieval and Nebamun galleries.

Fieldwork in the UK is wide-ranging. It includes recording valuable site information across the country for finds reported through the Portable Antiquities Scheme and work on the Ancient Human Occupation of Britain (AHOB) – a collaboration with the Natural History Museum, Royal Holloway, Queen Mary and Durham University, funded by the Leverhulme Trust. AHOB is examining the earliest prehistory of Britain from the first human colonisers, about 700,000 years ago, up to the end of the last ice age. Excavations of ancient deposits at Happisburgh, Norfolk are pushing back the dating of early human habitation in Europe, rewriting several hundred thousand years of history.

Studies of the results of past excavations at the port of Siraf in Iran are helping to clarify early patterns of Islamic trade. Among the finds of ceramics and ruined buildings was the discovery of East African cooking pots, which may suggest the early presence of migrant workers. Across the globe, President Raphael Correa of Ecuador awarded the BM's 20-year project in Agua Blanca the 2008 Hernan Crespo Toral National Prize for Cultural Achievement. Staff collaborated with local residents to conserve and display the archaeological heritage of this important trading settlement. A site museum and cultural centre was built using traditional materials and techniques. The prize was awarded collectively to the community of Agua Blanca for their extensive work.

Planned excavations include a new dig in Sudan, looking at a site that was the colonial capital when Egypt conquered Nubia in the reign of Ramesses II; fieldwork in Ethiopia for an exhibition on Islam in Africa; a project with colleagues in Asia exploring the golden age of Gupta India in the 7th century; and an interdisciplinary study of the Indian Ocean, bringing together sites in China, south Asia, Africa and the Middle East to examine the history of trade and cultural exchange.

To enhance access to the collection

Rulers and their worlds

From his passion for all things Greek to the well-known boundary he built across Britannia, the Roman Emperor Hadrian was a towering figure. From Scotland to Africa, Iraq to Spain, here was a man who, as one 4th-century historian boasted, 'built something in almost every city', not least the celebrated Pantheon at the very heart of his empire in Rome.

It was beneath the BM's own Pantheon-inspired dome in the Reading Room that the BP Special Exhibition *Hadrian: Empire and Conflict* (24 July – 26 October 2008) was presented. This major exhibition borrowed widely (31 lenders from 11 countries) to blend stunning loans, including marble statues from Paris and the Vatican, with objects on public show in the BM since 1805. From Tbilisi in Georgia came a silver bowl showing the head of Antinous, Hadrian's beautiful young lover. Architectural fragments and frescoes from the emperor's celebrated villa travelled from Tivoli. Jerusalem sent hand-written letters and personal items that had survived Hadrian's suppression of the Jewish Revolt in AD 132–5/6.

Hadrian's first act on coming to power was to withdraw his forces from Mesopotamia, present-day Iraq. He successfully dealt with the imperial overstretch caused by his predecessor by confining the Roman empire and consolidating its diverse interests. As the *Sunday Times* reported, the exhibition could not have been more timely and produced 'an exemplary piece of storytelling, achieved with exactly the right mix of telling objects and great art.' The military and political situation of Hadrian's era seems eerily familiar to us, noted the *Wall Street Journal*, unsurprised that Britain was in the throes of 'Hadrian-mania'. With a popular BBC2 documentary by Dan Snow that drew 4.8 million viewers, and over 244,000 visitors, *Hadrian* was, as the *Guardian* summed up, 'Triumphant!'

Contemporary analogies were also explored in *Babylon: Myth and Reality* (13 November 2008 – 15 March 2009), supported by the Blavatnik Family Foundation. This 'thrilling exhibition' (as the *Mail on Sunday* judged it) developed out of a joint venture with the Musée du Louvre and the Réunion des Musées Nationaux, Paris, and the Staatliche Museen zu Berlin. With independent exhibitions in all three European cities, *Babylon* caught the public's imagination, selling out on weekends and visited by 446,000 people overall in London and Paris.

From Bruegel to Boney M, medieval illuminators to M.C. Escher, artists have been drawn to Babylon's lasting associations: the captivity of the Jews, the Hanging Gardens, the Tower of Babel. One strand of the exhibition told the history of this fantasy city, demonised for its decadence. Babylon inspired generations of myth-makers, from 16th-century paintings of the Tower of Babel's arrogant ascent to heaven to the vastly populated film set of D.W. Griffiths' 1916 silent film, *Intolerance* to Bob Marley singing 'Chant Down Babylon'.

Yet Babylon was once the great capital of a flourishing empire, and the exhibition contrasted its mythic narrative with this real history, told through potent artefacts such as the great lion panels from the reign of Nebuchadnezzar (605–562 BC) and cuneiform tablets from as early as the 7th century BC, some of which could be heard read aloud as visitors stood before them. Babylon's myths tend to efface the city's real existence, and when the real site of Babylon was damaged during recent occupation by troops in Iraq, it was a terrible reminder of the risks that military action brings to cultural heritage. As *The Times* reported: 'It was thanks to the international outcry, led by the BM, that the world was alerted to the looting of Baghdad's museum treasures ... The museum is still playing a key role in helping Iraq recover its archaeological heritage.'

'This exhibition contains some of the most beautiful things you could ever wish to see,' said the *Guardian of Shah 'Abbas: The Remaking of Iran* (19 February – 14 June 2009), presented in association with the Iran Heritage Foundation. Politics and poetry warred for centre stage among the glowing press reviews. *Forbes* praised the BM for its ability to borrow so many extraordinary items never before seen outside Iran: 'a high-profile instance of cultural diplomacy between Britain and Iran.'

The third in the BM's quartet of exhibitions on world rulers, *Shah 'Abbas* examined the Safavid king who ushered in a golden age when he took the throne in 1587. His generous gifts to Shi'i shrines, artistic patronage, piety and military prowess forged a national identity that survives in the makeup of modern-day Iran. As the exhibition showed, his capital in Isfahan saw many of the world's finest things: exquisite calligraphy, delicate watercolours and luxurious silk carpets.

Art exhibitions

Fine art at the BM began 2008/09 with over 3,000 visitors a day to *The American Scene: Prints from Hopper to Pollock* (10 April – 7 September 2008), supported by the Terra Foundation for American Art and American Airlines. 'I can't praise the exhibition and catalogue ... highly enough,' wrote Richard Dorment in the *Telegraph*. The 147 prints surveyed art and society in the USA from 1905–60 and were all from the BM's permanent collection. The show was seen by 413,000 people.

Kate Moss as Aphrodite, dead voles as mummified offerings – art took many forms in *Statuephilia: Contemporary Sculptors at the BM* (4 October 2008 – 25 January 2009), sponsored by The Henry Moore Foundation, Linklaters and Channel 4. Complementing Waldemar Januszczak's television series *The Sculpture Diaries*, five modern sculptures by Gormley, Quinn, Mueck, Hirst and Noble & Webster were inserted into the BM galleries that inspired them, making explicit the links between ancient art and contemporary practice. As Antony Gormley confessed, 'Seeing as a child the great head of Ramesses and the Assyrian winged bulls at the BM was what made me become a sculptor.' A complementary exhibition displayed *British Sculptors' Drawings: Moore to Gormley* in the Prints & Drawings galleries.

The Intimate Portrait: Drawings, Miniatures and Pastels from Ramsay to Lawrence (5 March – 31 May 2009) was organised jointly with the National Galleries of Scotland. It appeared at the Scottish National Portrait Gallery before travelling to the BM. It was given four stars by the *Scotsman*, whose reviewer was impressed not only with these delicate Georgian and Regency portraits, but that the exhibition was 'drawn solely from the wonderful collections the two institutions hold'.

The Asahi Shimbun 'Object in Focus' Displays

Displays in Room 3, sponsored by Asahi Shimbun, permit the BM to focus on single objects and themes to show the breadth of the collection and explain its broader cultural significance. *Reflecting on Modern Japan: Photobooks from the Post-war Period* (5 June – 10 August 2008) selected three examples of a large collection of photobooks acquired in 2007. These carefully orchestrated photographic essays by some of Japan's leading 20th-century photographers blurred the boundaries between art and journalism, covering topics from Hiroshima to suburban Tokyo.

The BM's live display of conservators in action, *Conservation in Focus*, was followed by *The Sámi Magic Drum* (27 November 2008 – 18 January 2009). Made in Scandinavia in the 1600s, the drum – painted with reindeer being herded and a man in a boat travelling to the underworld – would have been used by a Sámi shaman to protect his community and provide a portal to other worlds. The prized object was part of the BM's founding collection donated by Hans Sloane in 1753. It was displayed to honour the 250 years that the BM collection has been on show to the public.

To complement the *Shah 'Abbas* exhibition, *Takhti: A Modern Iranian Hero* (19 February – 19 April 2009) featured contemporary art by Tehran-based artist Khosrow Hassanzadeh. Takhti is a hero in Iran, an Olympic champion wrestler who became equally known as a man of courage, kindness and honour. Hassanzadeh's portrait 'shrine'

was accompanied by a clay plaque depicting gymnasts in AD 600 and other Iranian artefacts from the BM collection. The exhibition will travel to Manchester's Whitworth Art Gallery and the Hatton Gallery, Newcastle in 2009/10.

Gallery displays

Five million badges were made during China's Cultural Revolution (1966–76) and worn as an expression of loyalty to Chairman Mao. The BM has been collecting the badges since the 1970s and presented a fascinating glimpse of their cultural history in *Icons of Revolution: Mao Badges Then and Now* (10 April – 14 September 2008). Ubiquity of a different sort was captured in *Designing Change: Coins of Elizabeth II* (18 September 2008 – 22 February 2009). Developed in collaboration with the Royal Mint, the display examined the new 'reverses' issued in April 2008 for all UK coins up to £1, the first such redesign since decimalisation nearly 40 years ago. In conjunction with the *Shah 'Abbas* exhibition, UK coins made way for *The Splendour of Isfahan: Coins from Iran* (5 March – 5 July 2009), a window onto the Persian city that was known as 'half the world' for its beauty and splendour.

Between Tibet and Assam: Cultural Diversity in the Eastern Himalayas (23 October 2008 – 13 April 2009) sent visitors further east to explore the mountainous area of Arunachal Pradesh and its astonishingly diverse million-strong population of 35 tribal groups, 25 languages and a variety of beliefs. Rarely seen textiles and votive objects, masks and historical photographs set a fascinating context for recent, ongoing research, funded by the Economic and Social Research Council and undertaken by the BM and London's School of Oriental and African Studies (SOAS).

As a special loan from China to the BM, sixty spectacular *Treasures from Shanghai: Ancient Chinese Bronzes and Jades* (30 January – 27 March 2009) travelled to London. The display of beautifully carved Neolithic jades and cast bronzes of the Shang and Zhou dynasties (1500–221 BC) was co-organised with the Shanghai Museum and the BM, with the guidance of the Chinese Embassy in the UK. It was sponsored by the Information Office of Shanghai Municipal People's Government, and Foreign Affairs Office of Shanghai Municipal People's Government and Bureau of China World Expo Coordination.

The BM continues to forge international ties through its exhibitions programme, with an Indian Summer season in 2009, sponsored by HSBC, and a major exhibition, sponsored by Arcelor Mittal, on the Aztec ruler Moctezuma.

New galleries

BM policies of acquisition and display are closely allied. An outstanding object in the new *Paul and Jill Ruddock Gallery of Medieval Europe*, which opened in March 2009, is a 14th-century astrolabe recently excavated in Canterbury, one of only eight quadrants of this type known to have survived from the Middle Ages and the only one definitely made in England. It was purchased in 2008, with support from the National Heritage Memorial Fund, The Art Fund and BM Friends. The instrument is one of many fine medieval objects, from devotional ivory figures to the Dunstable Swan Jewel, that tell the story of Europe from 1050 to 1550 in the new gallery.

The Sir Harry and Lady Djanogly Gallery of Clocks and Watches opened in November 2008. The BM holds the national horological collection of more than 900 clocks and 4,500 watches. The gallery tells the story of keeping time from the earliest church and monastic clocks through the technological innovations of the 16th and 17th centuries to the advent of atomic timekeeping in the 20th century. It includes master timepieces by Breguet, Tompion and others. *The Times* called the accompanying book a 'sumptuous survey' and praised the BM selection as 'right on the money'.

In January 2009, the celebrated Nebamun tomb-chapel paintings were newly displayed in *The Michael Cohen Gallery of Ancient Egyptian Life and Death*. Nebamun, who died about 1350 BC, was a grain accountant in the Temple of Amun in Karnak and the paintings vividly portray him at work and play, surveying his estates, banqueting, hunting in the marshes. Seven years of research and conservation have produced an imaginative redisplay that was widely reported in the press. Ahdaf Soueif writing in the *Guardian* praised the BM's new approach as 'empathetic, imaginative, highly professional and very post-colonial'. The *Telegraph's* Richard Dorment wrote: 'I don't expect to see an exhibition in the next 12 months more moving than what is on view in the BM's new gallery of ancient Egyptian art.'

Gallery space ventured outdoors through a partnership with the Royal Botanic Gardens, Kew, sponsored by Bank of Beijing. From May to October 2008, the BM Forecourt was transformed into a *China Landscape*, through which any visitor to the BM could walk and admire bamboo, lacquer and handkerchief trees, and the picturesque elements of a scholar's garden. (The plants were later donated to public spaces in Camden and a commemorative garden for a Chinese artist who lived near Hadrian's Wall.)

China continues to feature in 2009/10, with the permanent display of the Sir Percival David Collection of Chinese Art in a specially designed new BM gallery, made possible by the generosity of Sir Joseph Hotung. Containing over 1,700 Chinese ceramics from the 3rd to 20th centuries, the collection is unparalleled in quality outside China. The public gallery is part of the Sir Joseph Hotung Centre for Ceramic Studies, which includes facilities to use the collection for teaching.

Publication

Each year BM staff publish on average more than 200 articles and books, sharing their research with fellow specialists and general readers. Books published by the British Museum Press (BMP) included 40 new titles in 2008/09. For children and families, there was V-mail, an introduction to the famous Vindolanda tablets, and a *Pocket Timeline of Islamic Civilizations*; for general readers, a photographic survey of Assyrian palace sculpture and a collection of satirical prints on love and marriage, as well as books on Rembrandt's drawings and ancient art from the Americas.

Research publications catalogued Anglo-Saxon glass, Chairman Mao badges and Crimean jewellery and presented excavations at the Kom Firin temple in Egypt. Surveys included the geology of the *Stones and Quarries of Ancient Egypt* and a beautifully produced two-volume catalogue of the BM collection of *Italian Renaissance Ceramics*, which incorporates the BM's wide range of scholarship, from scientific analysis of the clay to discussions of patronage and the history of collecting. Both BMP and staff publish extensively abroad, and BMP now works with publishers in 22 other languages, including Turkish, Czech, Polish and Chinese. With an Arabic edition published in 2008, the BM's own souvenir guide is now available in ten languages.

Some of the most popular publications are allied to the BM's public programme. *Masterpieces: Medieval Art* beautifully presents objects that can be seen in the new medieval gallery. The exhibition catalogue for *Hadrian: Empire and Conflict* was among the year's successes, selling 7000 copies in hardback and 18,000 in paperback. *Hadrian* and *Shah 'Abbas* DVDs narrated by director Neil MacGregor were produced, as were DVDs associated with the BBC4 television series *Masterpieces of the East*. Press reviews were positive: the *Good Book Guide* said the catalogue for *Babylon: Myth and Reality* 'is a fitting testament to a civilization ... [and] brings the achievements of this people back from beneath the sands of time'. Over 14,600 copies have been sold.

Among the year's prizes were the Islamic Republic of Iran's Book of the Year, awarded to *The Forgotten Empire: The World of Ancient Persia* by John Curtis and Nigel Tallis, and the Antiquity Prize awarded to Roberta Tomber for her research article, 'Rome and Mesopotamia: Importers into India in the First Millennium AD'. For its contribution to the understanding and appreciation of the art of the medal, the BM was awarded the 2008 President's Medal of the British Art Medal Society.

Website

'A marvellous service to higher education' is what one University of Leeds lecturer called the BM's free digital image service. 'I will be showing your images in my lectures and seminars ... I can't thank you enough.' This was the sort of outcome the BM Trustees hoped for when they boldly decided to allow free access to high-resolution images of the collection. The online museum has raised the virtual BM from a gallery of selected objects to a pioneering long-term venture to make two million records available on the web. The result is that not just highlights, but the breadth of the collection can be of service to students and teachers around the world as a comprehensive research tool. Accompanying images can be searched in multiple categories, the results compared, and images enlarged on screen to allow close scrutiny of the most minute details.

Additions to the database this year came from across the collection, including ancient Greece and Rome, Egypt and Sudan, Oceania and the America. By March 2009, the BM public database contained more than 1.25 million objects, a quarter of which had one or more images. From Prints and Drawings, a lead collection in this long-term project, 262,000 records are now accessible online, 153,000 of which have detailed images that can be freely studied, downloaded and used for teaching and non-profit reproduction.

Online access is an increasingly significant doorway to the BM collection. In 2008/09, there were 6.5 million visits to www.britishmuseum.org, with visitors to the BM learning sites, *Ancient Civilizations*, bringing the figure to 13 million. In addition to the web-published *BM Studies in Ancient Egypt and Sudan*, a new online journal, *Bronze Age Review*, was launched, as were a world map showing BM fieldwork and online research catalogues on Russian icons and ancient Cyprus. Elegant design with a strong focus on the user was the sort of high-quality feature that led the Digital Media Awards South to award the BM website 'Best User Experience' in 2008.

Learning for all ages is at the heart of the BM's online work. The BM won a 2008 Jodi Award for Excellence in Web Accessibility for an innovative British Sign Language (BSL) project. Deaf children from Frank Barnes School in

Camden created short video presentations using BSL to describe an Assyrian lion hunt and other BM artefacts. The webclips, as the judges noted, made for 'an outstanding project' and placed 'participating children ... at the heart of this resource'. Online courses for adults, run in conjunction with the Open University, included *Art and Life in Ancient Egypt*, which was shortlisted for the Learning on Screen Awards 2009.

National

BM exhibitions attract visitors from across the UK. Many more are reached by loans and tours across the country, from Swansea to Aberdeen, Belfast to Norwich. In 2008/09, the BM loaned 2669 objects nationally, an increase of 14% over the previous year. Outstanding among them was the long-term loan of Lindow Man, the 1st-century AD bog body seen by millions of visitors to the BM every year. It was on public display at Manchester Museum from April 2008 – to April 2009 under the BM's Partnership UK scheme, designed to foster joint work and exchange among collections across the UK. The loan was widely reported on television and in the press.

High-profile exhibitions in London are increasingly given national links, many through tours supported by the Dorset Foundation. A bust of Hadrian journeyed to Hadrian's Wall prior to the major exhibition and was seen by 18,000 people. *The American Scene* went to Nottingham, the first of three tour venues after its immensely successful London run. Textiles from Ghana travelled to Gateshead, Bradford and Eastleigh in *Fabric of a Nation*. Romuald Hazoumés *La Bouche du Roi* continued its UK tour at the Horniman Museum in south London. Such displays are often collaborative. Britain's industrial achievement was explored through banknotes, silver and other items in a jointly curated exhibition at the Barber Institute in Birmingham. The Ikon Gallery in Birmingham initiated an exhibition of Hiroshige prints (chosen by the artist Julian Opie from the BM collection), which went to Blackpool and then was shown at the BM itself in October 2008.

The success of *The First Emperor* is being followed up by an exhibition tour to six venues in the UK, a China Now legacy project supported by BP. *China: Journey to the East* covers 3000 years of Chinese culture, organised around five themes aimed at schoolchildren and their families: play and performance, technology, belief and festivals, food and drink, and language and writing. More than 200 objects have been lent from the BM. These are complemented around the country by collection material from the host venues or others in their vicinities. At Bristol's City Museum & Art Gallery, the first venue and lead partner for the tour, the exhibition incorporates items from the local collection within the main display and draws attention to Bristol's dedicated gallery for Chinese glass, the finest collection of its kind in the UK.

Ancient Greeks: Athletes, Warriors and Heroes, funded through the DCMS/DCSF National/ Regional Museum Partnerships Education Programme for 2008/09 and the Dorset Foundation, completed the second phase of its tour, attracting record numbers of schoolchildren in Luton, Lincoln, South Shields and Glasgow.

International

Bernini in LA, Charles Darwin in Sydney, Benin in Berlin – BM loans internationally contribute to a world programme of cultural access and exchange. Among the many exhibitions to which BM loans were contributed were *The Caribbean before Christopher Columbus* in Santiago de Compostela, *The Lure of the East* in Istanbul and *Pharaonic Renaissance* in Ljubljana. In 2008/09 the BM lent 1754 objects to 132 venues outside the UK.

Many are the BM's own exhibitions, covering topics from Iran to America. *Word into Art: Artists of the Modern Middle East* was first displayed at the BM. In 2008, its rare combination of contemporary art from across the Middle East – all from the BM collection – was shown in Dubai, supported by Dubai International Finance Centre. *A New World: England's First View of America* took the BM's much-praised exhibition of 16th-century watercolours by John White back to its place of inspiration, where 75,000 people saw the exhibition at New Haven, Connecticut and Jamestown, Virginia.

Art and Empire: Treasures from Assyria in the BM transported an entire culture, from large sculpted reliefs and tiny clay tablets, to show its wealth of artistry and science. In Boston, 69,000 visitors saw the artefacts, which the New York Times praised as 'so visually inventive, engrossing, even heartbreaking ... more than 2600 years later you find yourself transfixed'.

Most popular of all the international exhibitions was *The Ancient Olympic Games*, a BM tour of Greek and Roman objects that included the first-ever loan of the celebrated marble sculpture, *The Discus-Thrower* ('discobolus') from the Townley Collection. Travelling to Shanghai and Hong Kong, the exhibition was seen by 430,000 people during its seven months in China.

Broadcasting

Public engagement with the collection takes many forms, some not available to those first visitors in 1759. Film and television in particular successfully introduce the collection to audiences worldwide, whether through international transmissions of series such as *The Museum*, the BBC2 behind-the-scenes look at the BM, or sales of BM DVDs linked to major exhibitions, including those on *The First Emperor*, *Hadrian* and mostly recently *Shah 'Abbas*.

Television and radio coverage ranged from reviews on *Newsnight* and *Front Row* – on which host John Wilson praised the BM's success in opening 'a new diplomatic channel' with Iran – to filming in the BM for external broadcasts. A crystal skull in the collection (and subject of a recent Indiana Jones film) was discussed by BM scientists in a documentary for Channel 5 and Smithsonian Networks/National Geographic International. Other outside filming included Czech and Abu Dhabi television and a Canadian history channel. The web too is a site of broadcasting, with web videos on the BM website including *Shah 'Abbas* videos in English and Persian. Animation created at workshops run at the BM can be seen on YouTube.

The BM has embarked on a major public-engagement broadcasting and online project with the BBC. At its core is a 100-part series for Radio 4 called *A History of the World in 100 Objects*. Presented by Neil MacGregor, the series begins with a handaxe made in Africa two million years ago and comes right up to the present, with an object which has not yet been chosen, and indeed has perhaps not yet been made. Each 15-minute programme features an object from the BM collection, with contributions from a wide range of experts, conservators, makers and people who have strong cultural connections to the objects. The series will be transmitted over 20 weeks throughout 2010 and will be supported by an extensive online site.

The *History of the World* project also encompasses a 13-part television series for children as well as activity all over the UK, with events and displays in museums and galleries focusing on their regional connections to the history of the world and a wide range of national and regional radio and TV programmes.

Civic Space

Babylon to Bethnal Green was a 90-minute Guardian public debate chaired by Jon Snow. Audience members exchanged views with five speakers – Tibor Fischer, Trevor Phillips, Tamina Anam, Robert Evans and Neil MacGregor – over whether language unites or divides multicultural societies. Events like these characterise the BM as a civic space, where ideas can be freely exchanged and politics, identity and culture discussed by the public.

Such events ran throughout the year. Prize-winning journalist Thomas L. Friedman spoke to a sell-out audience about the 'green revolution', with a lively Q&A session chaired by the associate editor of the *Financial Times*, Martin Wolf. Hadrian's Wall prompted a political debate organised with the *London Review of Books* in which Neal Ascherson and others discussed how walls and architecture are used to manage territories and people. Describing the event in the *New Statesman*, Andrew O'Hagan praised the BM for 'finding new forms of intellectual nobility in the here and now'. Hadrian's Wall took on a closer UK resonance in a readers' evening for the *Spectator*, in which editor Matthew d'Ancona chaired a discussion among Frank Field and others about Scottish independence and the English–Scottish divide.

Much of the BM's public work involves community groups and those less likely to visit the collection. An innovative pilot project with Age Concern trialled visits for over-55s, where support was on offer, but not compulsory: participants could choose when and how they visited. Other work – including courses on literacy, numeracy and basic skills – reaches those whose second-language is English, adult learners, refugees and asylum seekers. Community events are often supported by the BM's team of nearly 500 volunteers, whose eyeOpener tours and hands-on object-handling sessions attract over 15,000 visitors each month.

Free community previews offer access to BM special exhibitions to audiences who might otherwise be under-represented. A *Hadrian* community preview on 20 July 2008 drew 500 visitors from partner organisations including Coram family support charity, Crisis homeless support charity, Holborn Community Association's elders group, Camden Chinese Community Centre's youth group, New Horizons homeless youth project, Hopscotch Asian Women's Centre, local education colleges, English for Speakers of other Languages (ESOL) groups, Great Ormond Street Hospital, Sure Start centres and the Royal African Society. Three quarters of these visitors said they were likely to return. An Iraqi visitor to the *Babylon* community preview was thrilled by 'this amazing exhibition where I can find out things about my heritage and my background and be very proud of who I am and where I come from'. More widely, special events such as Kazakhs' Day target specific groups and those interested in learning more about other cultures not just in the past, but as living communities. Ethiopia Family Day attracted 3000 people, including 600 Ethiopians.

Learning

There were 219,000 booked school visits to the BM in 2008/09, with 66,000 of those pupils coming from overseas. For all the BM's work with young visitors, whether school groups or families, innovation is key to capturing their interest, with multimedia approaches increasingly significant. The BM's new Samsung Digital Discovery Centre, open in 2009, provides not just a venue for exploring world history, but an exciting methodology, using sound, photography and film to entice young people into finding new ways to engage with the collection throughout the building.

Learning programmes at the BM strive to fulfil its original purpose to address the needs and interests of all visitors. A successful initiative is *Discover the Arab World*, a teachers' resource pack launched in print and online in 2008. With funding from the Karim Rida Said Foundation, the pack provides 30 beautiful full-colour reproductions of Arab objects in the BM collection, each with history, a glossary and starting points for discussion and activity on the reverse. It contains a guide for secondary school teachers of art and design, history, citizenship and religion. Supported by teacher training, e-marketing and school visits, the project will help deepen understanding of Arab history and Arab cultural achievements.

Another successful project was *Talking Objects*, in which young people from diverse backgrounds delved into a single BM object: talking to curators, handling real objects, debating relevant issues, using storytelling and drama to expand ideas. Piloted in 2008 around the Rosetta Stone, the scheme to inspire people through the collection will continue until 2012, with support from the John Lyon's Charity.

The year's family events included weekends and weeklong programmes linked by theme and, increasingly, event type (varieties of storytelling one weekend, arts and crafts the next). For a Persia-themed week in April 2008, sponsored by Magic of Persia, children and their families heard stories, met King Darius, reconstructed Persepolis and made magical winged creatures to compare with real Persian reliefs in the galleries. The culminating weekend attracted the Iranian community and others to dancers, musicians, jewellery workshops, films and games of backgammon. Elephants week drew 3400 people, while the summer's Hadrian events attracted over 10,000 participants to meet the emperor, reconstruct his villa at Tivoli or have their photo taken as Hadrian or his wife, Sabina. With support from the Helen Hamlyn Trust, the Hamlyn family trails were updated, and two new ones added. The Paul Hamlyn library, a free reference area for visitors to the BM, has been increasingly integrated into the BM's activities for children. Visitors on Valentine's Day could hear the Babylonian love story of Tammuz and Ishtar.

Adult programming ranges from specialist conferences to evening lectures and short courses, some affiliated with Birkbeck College, the Open University and online learning. More light-hearted are the popular BM Lates. American football in the Forecourt with doughnuts on the side introduced an evening of beer-tasting and quilt-making, jazz and jiving Lindy hoppers for American Independence Day, which included a discussion of the historic and modern meaning of the American Constitution. *Time Out* listed the Late (which drew 6000 visitors) as one of London's Top Five events. Babylon and Rome had their night-time enticements, as did performances for *Statuephilia*, with Spanish music, dance inspired by Mark Quinn's sculpture of Kate Moss, stone-carving and poetry read by Simon Armitage. *Smith*, a site-specific theatre work in the Enlightenment Gallery, enthralled audiences with the interwoven stories of a cleaner who deciphers an ancient stone tablet, a young woman studying in London and the ancient epic of Gilgamesh.

World Collections Programme

The World Collections Programme (WCP) is a unique alliance of UK institutions: the British Museum, British Library, Tate, V&A, Natural History Museum and Royal Botanic Gardens, Kew. The programme is chaired by Neil MacGregor and has received £3m over three years from DCMS. Its aim is to develop greater access to these six world collections and the body of expertise they represent among institutions and audiences in Asia and Africa.

In its first year, WCP supported 20 projects involving representatives from 14 different countries. These included 26 separate training and capacity-building activities, such as the BM-led sustainable redevelopment of cultural heritage storage facilities at the Nairobi Museum using locally sourced materials.

At the National Museum in Ethiopia, the BM conducted training workshops in exhibition display and textiles conservation. An ambitious museum management seminar in Damascus for Syrian, Jordanian and Palestinian museum professionals was delivered to coincide with the V&A's World Ceramics exhibition. Representatives from five of the six WCP partners, including the BM, were present.

The World Collections Programme has toured a V&A-led exhibition, *Indian Life and Landscapes*, to Mumbai and Jodhpur and enabled the development of an exhibition of digital photographs from the archives of the

six WCP partners for the National Museum in Kabul (scheduled to open December 2009). It also funded 25 staff exchanges and six research and development exercises (including a significant focus on Middle Eastern contemporary art) to initiate a series of long-term partnerships across Asia and Africa.

Programmes

The BM runs programmes of exchange, training and research worldwide, sharing its expertise with overseas partners, often with reciprocal benefits to the UK. *Money in Africa*, supported by the AHRC, moves across disciplinary and national boundaries to examine the history of money and trade in Africa. Work with African colleagues ranges from shared research to cataloguing collections in Africa and training. But the programme has also taken an innovative approach to using the work in Africa to establish ties with British African-Caribbean groups such as the Camden Black Parents and Teachers Association. The groups' involvement has been praised by the AHRC and one of many outcomes of *Money in Africa* will be the shaping of new materials for teaching African history to schoolchildren in the UK.

National partners support many of the BM's programmes, such as the International Curatorial Training Programme (ICTP), which brings together young curators from around the world for a summer school of training and research. The 2008 ICTP (funded by a consortium of trusts, private donors and the DCMS) saw 18 participants from Iraq, Iran, Egypt, Sudan, Turkey, Kenya, South Africa, China and India work not just with the BM but museums in Cardiff, Glasgow, Lincoln, Manchester and Newcastle.

The BM's Africa Programme engages African museums to develop exhibitions, maintain collections and train staff. It is generously supported by the Ford Foundation, Leventis Foundation and others. Individual projects, such as a workshop for artists in Maputo, Mozambique, are balanced against longer term programmes, such as those in Kenya. These included ethnographic objects storage and a regional museum exchange between Kenya's Meru Museum and the Museum for East Anglian Life in Stowmarket. West African programmes ranged from training in display and interpretation in Ghana to the development of a Collections Management Centre. Future work includes work placements for colleagues from Nigeria to prepare for an exhibition of material from Ife and developing a higher education curriculum and digital resources in Sierra Leone.

The BM's work in the Middle East was widely reported. In September 2008, the International Council of Museums, in association with the BM, published a Red List of Afghanistan Antiquities at Risk. In Iraq, the BM was involved in several projects to protect the country's cultural heritage. In early June 2008, the BM and the British Army (Multinational Division), with the full support of the State Board for Antiquities and Heritage in Iraq, undertook a joint project to assess the state of key archaeological sites in southern Iraq. John Curtis, Keeper of the Department of the Middle East, was part of the team which visited Ur, Larsa and six other sites to evaluate archaeological damage and propose measures to secure the areas. Photographs are posted on the BM website.

Plans for a new museum in Basra were unveiled, and the DCMS funded extended study visits to the BM by the director of the Basra Museum and two academics from Qadasiyeh University in Diwaniya. With the support of the Iraqi government, it is hoped that the new Basra Museum may soon become a reality.

To invest in our people

Employees

The Museum's current and future success can only be achieved through the commitment of its staff, and management and trustees would like to record their gratitude for the hard work of staff throughout the year.

As set out in note 5(e) to the accounts, the British Museum employs over a thousand people. The Museum endeavours to safeguard the quality of its work by ensuring staff of the highest calibre are recruited and retained, that they are well trained and that they are well managed and work in an environment in which they can give their best. Regular communications with staff are effected by a number of means:

- the British Museum Consultative Committee meets quarterly to allow matters raised by staff to be aired between management and union representatives; employees are encouraged to discuss with their representatives any matters about which they are concerned and factors affecting the Museum. The Director attends one meeting each year;
- members of the Museum Management Group disseminate information from meetings to their departments through departmental meetings and informal briefings, and a Management Report is published on the intranet;

- the Directorate holds informal weekly meetings open to all staff, with presentations and open discussion of topical issues;
- the Museum's Operating Plan is made available on the Museum's intranet and the Directorate holds open meetings with staff to explain the principles underlying it;
- office notices are regularly issued to advise staff of events, job opportunities, organisational changes, common procedures and where to find information.

The British Museum acknowledges its responsibility for, and commitment to, a management policy that ensures matters relating to health and safety for visitors, staff, those working on a self-employed and agency contract basis and contractors, will receive due priority for action at all times.

Responsibility also lies with individual members of staff, their representative unions and all contractors to give their full attention and co-operation to the implementation of this policy so that the Museum can provide a safe and healthy environment at all times. The Museum employs a Health and Safety Adviser and has developed and implemented a number of health and safety training initiatives in the year. A confidential employee assistance programme offers independent professional help on personal issues whether work related or otherwise. It is available to all staff and has a steady uptake.

In 2008/09, the average number of days lost for sickness and absenteeism was 5.46 days per person, a reduction from 5.92 in 2007/08.

The pay and grading system, which is based on job families and market rates, and the values based competency framework that underpins it, is fully deployed across the Museum. The competency framework also underpins job profiles, a new appraisal system and a forward programme of learning and development activities. Pension scheme membership is available to British Museum and British Museum Company staff, as described in note 19 to the financial statements.

Diversity

Central to the Museum's purpose of cultural representation is achievement of diversity at every level, in its staff and governance, curation, education and audiences. The British Museum is an equal opportunities employer. It recruits people based on merit and endeavours to recruit increasingly from the diverse communities in London and nationally. It has a published human resources policy on the recruitment, employment and development of staff regardless of their gender, ethnicity, sexual orientation, age or disability. The Museum also has procedures to adjust work or the environment if appropriate when a person's circumstances or abilities change. The current ethnic profile of staff is: 79% white, 8% black, 4% Asian, 3% mixed, 4% other and 2% unstated. The gender profile is 49% female and 51% male.

The Museum identifies diversity as one of its core values. A working party has been drawn from a broad range of staff across the Museum with a remit to support the development of diversity in the Museum's audience and staff profile, as well as its planning and processes. A number of new audience and staff diversity programmes have been established in the last year and discussion of issues of diversity has been more effectively integrated into the Museum's staff training programmes. A priority for the working party is assessing and responding to the implications of the new Equalities Bill.

The Museum continues to lead the Young Graduates for Museums and Galleries diversity programme to introduce sector careers to sixth formers on behalf of the participating museums and galleries, and is hosting interns from the Arts Council Inspire and Museums Association Diversify programmes.

Volunteers

Nearly 500 volunteers freely contribute their time to support the Museum's activities. They contribute to most areas of the BM, in the departments where they provide valuable help with general administration or library work, on projects where they help with collating and recording vital collection information; they run the free Hands On handling programme and the free eyeOpener tours and they ensure that events, lectures and talks run smoothly. The accounts do not provide for any notional costs for the value of these volunteers' services.

To increase self-generated income

The Museum continues to rely on the generosity of a large number of private donors, sponsors, trusts and foundations. Fundraising pledges of income totalling more than £8 million were secured during the year, allowing significant investment to improve gallery space, essential work on the infrastructure to bring it

up to international standards, conservation of and research into the collection, and a rich and varied public programme. The "Fundraising and Finance" section below provides more detail of the Museum's success in building strong partnerships with a range of supporters.

Plans for future periods

The British Museum is better placed than ever before to continue to research, enhance and share the collection working with local, national and international audiences. Building on the successes of 2008/09, and taking the British Museum Strategy to 2012 as its basis, the Museum's Operating Plan outlines the focus for the Museum in 2009/10.

Changes in the economic environment are a reminder of the need to continue to explore and develop new opportunities for the Museum, building on its international frame of reference. In 2009/10 the Museum will place greater emphasis on developing new partnerships that will increase access to the collection, offer new opportunities for staff and provide new income streams. In addition the Museum will make the most of the relatively secure funding position in 2009/10 by re-examining aspects of its operation, thereby ensuring that it is well placed to absorb the impact of the economic downturn and meet the objectives set out in the Strategy to 2012.

In 2009/10 the Museum will deliver the following five key objectives:

Manage and research the collection more effectively

The Museum will improve its documentation of the collections through the Merlin Plan by adding 550k object records and 150k images to Collections Online making a total of 1.85m object records and 600k images available to the public through the British Museum website. In addition the Museum will, through the North West Development and other projects, improve its storage of the collections by ensuring that 77% of collection storage space is type A, B and C.

Enhance access to the collection

Building on the findings of the Visitor Experience project, the development of a multimedia guide and an engaging special exhibition programme, the Museum will enhance its offer to key audiences such as families and those from London. A national partnership strategy will be agreed leading to deeper and more sustained activities in key regions of the UK. The international programme will continue to deliver capacity-building activities in Africa and develop further opportunities in the Middle East.

Invest in our people

The Museum will finalise and implement a five-year human resources strategy, to include improved succession planning, training, internal communication and operations. In particular the Museum will roll-out two pilot succession planning programmes for the future senior management of the Museum and respond to the results of the employee opinion survey conducted in March 2009.

Increase self-generated income

The Museum will generate income of £14.5 million in 2009/10 through the exhibition, retail, hospitality, international touring exhibition, Membership, Patron and Global Partner programmes.

Develop greater capacity

As a result of long-term commitments for grant-in-aid and sponsorship the Museum has an opportunity over the next year to prepare for the impact of the economic downturn. There will be a major focus on improving operational flexibility, implementing effective business processes and increasing efficiency in order to reduce the cost base. In addition, the BM hopes to obtain planning permission for the North West Development and begin work on site.

Fundraising and finance

The Trustees would like to express their thanks to all those who so generously supported the BM in 2008/9. Private philanthropy and corporate sponsorship remain of prime importance to the BM's achievements. The BM continues to rely on the extraordinary generosity of a large number of individuals, international companies, trusts and foundations. Pledges totalling more than £8 million were received during the year, allowing significant investment to improve gallery space, essential work on the infrastructure to bring it up to international standards, conservation of and research into the collection, and a rich and varied public programme.

Galleries

This year saw the opening of major new galleries at the BM, to widespread acclaim. Significant areas of the collection can now be displayed in modern showcases, using new technology and multimedia to give visitors access to recent scholarship. This was possible only through the generosity of private donors – Sir Joseph Hotung, Sir Harry and Lady Djanogly, Sir Ronald and Lady Cohen, and Paul and Jill Ruddock – to whom the BM is enormously indebted.

North West Development

The North West Development will ensure the Museum maintains its position as a leading institution for the study of human culture, in London, the United Kingdom and the World. Through an upgrade of key facilities, the development will address urgent needs in terms of the BM's infrastructure and will provide a new exhibition space, state-of-the-art conservation and science laboratories and studios, world-class accommodation for the study collection, as well as facilities to support the BM's extensive UK and international loan programmes. It will allow the BM to enhance the exhibition experience, lend more artefacts and most importantly continue to preserve the collection for future generations. Funding for the £135 million project is well underway, with £90 million already raised. The funds have come from a variety of sources, including the Department for Culture, Media and Sport. The Trustees are confident the BM can raise the remaining funding to complete the project.

Partnerships

The new Samsung Digital Discovery Centre – a technological hub for children and young people to learn about and interact with the BM collection – is an example of how partnerships with the corporate sector allow the BM to deliver outstanding new projects. The centre opened in March 2009, but Samsung have partnered the BM for five years so that the project can continue to develop. The company has provided wireless technology for the centre that includes notebook computers, tablet PCs, digital video and stills cameras for use by pupils, as well as presentation equipment including LCD televisions and photo-frames, printers, projectors and DVD players. It is support from international companies such as Samsung that enables the BM to deliver improvements to its public services.

Exhibitions

A wide range of sponsors, individuals, trusts and foundations was also vital in ensuring the delivery of a very strong exhibitions programme in 2008/9, with, for example, support for the Hadrian exhibition from BP; for Babylon: Myth and Reality from the Blavatnik Family Foundation; and for Shah 'Abbas: The Remaking of Iran from the Iran Heritage Foundation.

Acquisitions

The BM continues to enrich its collection in many ways, spending around £1.5 million on acquisitions during the year, as well as receiving significant donated assets. A relevant, dynamic and evolving collection is the lifeblood of any museum responsive to the ever-changing needs of society, taste and cultural perspectives. The Trustees are particularly grateful to the patrons and donors who generously supported this important area of BM activity. Inflationary pressure and reduced funding opportunities have threatened this essential activity in recent years, but there is a huge potential across the UK for individual philanthropy. Tax relief now covers lifetime gifts of cash, stocks and shares, and land, but not of objects that would be valuable additions to museums, galleries, libraries and archives. The BM would be keen to build on the success of schemes such as acceptance-in-lieu by extending tax relief to lifetime gifts of significant cultural objects in order to preserve them for public benefit.

Commercial

A run of successful international exhibitions, in addition to cementing relationships with other museums across the world, continues to provide essential funding for new activities. On-site commercial activity also benefited from the exhibitions programme and strong overall visitor numbers, with profits of £2.7 million generated from commercial activities during the year.

Grant-in-Aid

The British Museum received £43.7 million revenue and £7.2 million capital grant-in-aid from the Department for Culture, Media and Sport in 2008/09 (£41.6 million and £3.3 million in 2007/08). The Department has confirmed the level of revenue funding it is making available for the two years to 31 March 2011.

Value for money savings

Over recent years the Museum has achieved substantial efficiency savings, primarily from the actions taken to reduce annual operating costs, which included consolidating curatorial activities back onto the Bloomsbury site and disposing of surplus properties. Process improvements such as introduction of an on-line photographic library, improved management of Facilities Management through contracting out hard services and modernising cleaning service practices, contracting out the payroll, improved sickness and absentee management, reducing the use of consultants and implementing a procurement strategy to reduce the number of low value invoices and rationalise the number of suppliers, have all made important contributions.

Although the Museum has the security of funding for activities in 2009/10, it will use this opportunity to get into the best possible position to withstand the recession. The Museum will therefore focus on continuing to improve operational flexibility, implementing effective business processes and increasing efficiency, thereby reducing the cost base. As part of the 2007 Comprehensive Spending Review, the Museum has agreed with DCMS a plan for the delivery of 3% value for money (VFM) savings annually. The Museum has met its target for VFM savings in 2008/09.

Capital expenditure

Capital expenditure on the Museum's gallery improvement plan, work on storage and the building fabric, and enabling works amounted to £18.2 million, compared with £12.1 million in 2007/08. This reflects a medium term development programme to bring the Museum's main buildings and facilities up to the required standard ahead of the North West development.

Reserves

At 31 March 2009 the Museum's reserves were as follows:

	£m
Collection items acquired since 31 March 2001	38
Land, buildings, plant and equipment	425
Permanent endowment	10
Restricted funds	14
Designated funds	54
Investment estate	2
Unrestricted general funds	7
Total	<u>550</u>

The collection items and the fixed assets are fully employed in the operation of the Museum and are not available for any other purposes.

The permanent endowment trust funds are restricted funds where the Trustees do not have the power to convert the capital to income.

The restricted funds represent disposal proceeds and donations over which there are specific conditions or legal restrictions relating to their application. Note 15 to the accounts summarises the value and purposes of the Museum's principal restricted funds.

Reserves policy

During the year, and with reference to guidance from the Charity Commission and the National Audit Office, the Trustees endorsed a reserves policy to hold unrestricted and undesignated reserves of between one and three months' expenditure in order to enable financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities. The balance at March 2009 represents just over one month's cover.

Monitoring levels of reserves

The Standing Committee monitors the levels of reserves at the Museum on a quarterly basis as part of their review of the Management Accounts. During the year, the total level of reserves was adversely affected by the downward revaluation of the Museum's tangible fixed assets (£127m) and losses on the investments (£16m) as a result of the economic downturn.

Maintaining Reserves

The operating plan ensures adequate levels of reserves are maintained.

Reviewing the reserves policy

The Board of Trustees reviews the reserves policy when circumstances change and at least annually.

Designations

Note 15 to the accounts sets out the Trustees' designation of funds, including the quantity, purpose and likely timing of expenditure from the funds.

Investments and financial risks

During the year the Trustees agreed that the Museum's restricted and the unrestricted funds should be managed as two separate portfolios. The Investment Sub-committee (ISC) considered the level of risk appropriate for each portfolio, together with future cash flows, and recommended asset allocations for each.

Restricted portfolio: The overriding objective for donors is to fund specific areas of activity at the Museum. The investment portfolio is managed to maximise the long-term total return consistent with this aim.

Unrestricted portfolio: The objective is to fund general activity at the Museum, as well as funds designated by the Trustees for particular projects. The investment portfolio is managed to maximize the long-term total return consistent with this aim.

The return objective for each portfolio is to preserve and if possible enhance the purchasing power of its funds, net of costs and approved withdrawals, over rolling five-year periods. The allocations are reviewed regularly by the ISC and modified as needed in light of experience and changing circumstances, based on research and discussion involving ISC members and outside experts and with due consideration of the Charity Commission guidance about ethical investments. Such discussion focuses on the Museum's liquidity needs and perceived risk tolerance, as well as the projected behaviour of asset classes.

The financial risks relating to investments are managed by:

- containing portfolio return variability through careful portfolio construction, by dictating the proportion of the portfolio allocated to asset classes which have had high historical variability in returns and by optimising covariance between asset classes;
- protecting funds from foreign exchange rate fluctuations through the deployment of appropriate hedging strategies;
- setting limits on the proportion of funds that can be held within illiquid assets, and monitoring liquidity levels on a quarterly basis; and
- monitoring investment performance of both total portfolio and individual assets against agreed and relevant benchmarks on a quarterly basis.

It has been a turbulent year in the financial markets. During the year the ISC revisited asset allocations and made a number of adjustments in order to ensure the Museum's assets remained protected. Although subject, in common with the wider economy, to investment losses during the year of £16m, the portfolio out-performed its benchmark, a composite index of 70% MSCI World (Equities) and 30% FTSE UK Govt All-Stock Index. The Investment Sub-committee continues to review the investment strategy to ensure that it meets the Museum's requirements.

Further information on the Museum's financial risk management, including quantitative disclosures, is included in note 21 to the accounts.

Employees, environmental matters, and social and community issues

Estates management and sustainability

All the Museum's departments are based on its main site at Bloomsbury. Two buildings in Hoxton provide additional workshops and storage. Textiles and archaeological and general materials are stored at a property in Hammersmith shared with the Science Museum and the Victoria and Albert Museum. Additional off site storage has recently been leased in Wiltshire to house unregistered material that requires relatively infrequent access.

The Museum is committed to sustainable development throughout all aspects of its operations. The North West Development will be a key part of the Museum's site-wide strategy to reduce energy consumption. The development will form part of a site-wide sustainability strategy, to include both energy and non-energy aspects of sustainable development, setting out clear targets for the next 12 years and demonstrating the Museum's aim to take the lead in the sector.

During 2009, the Museum will work to improve its Display Energy Certificate rating from G to F in 2009, and to maintain or improve this rating in 2010, through a programme of energy-efficient measures to cut electricity consumption.

The Museum also plans to seek Carbon Trust re-accreditation. The Museum will be assessed against the Carbon Trust standard, recognised by DEFRA and aligned with the Carbon Reduction Commitment.

Internal advocacy of sustainability programmes will be a priority, building on the Green Workplaces initiative launched in 2008/09. By April 2010, all staff will be aware of or engaged with sustainability programmes.

Public benefit

The introduction to this annual report sets out the purposes for which the Museum was founded, and the continuity of its tradition of responsibility to the public. In defining the strategic direction of the Museum, the trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Museum. A report of the activities undertaken by the Museum to further its charitable purposes for the public benefit is included from page 4 above.

Suppliers

The Museum aims to settle bills within 30 days or by the due date. In 2008/09 it paid 56% of all invoices within the target (55% in 2007/08). During the year a new accounts processing team has been recruited, and a number of changes have been introduced to strengthen processes around invoice approval and payment. Performance against the target is expected to improve over the coming year.

Reference & administrative details

The Board of Trustees

Mr Niall FitzGerald KBE (Chair)⁽⁶⁾

Chief Emeka Anyaoku⁽¹⁾

Ms Karen Armstrong (appointed 2/10/2008)

Professor Sir Christopher Bayly⁽³⁾ (appointed 12/5/2008)

Lord Broers of Cambridge FEng, FRS⁽⁶⁾

Sir Ronald Cohen

Professor Sir Barry Cunliffe CBE⁽⁴⁾

Mr Francis Finlay

Dame Liz Forgan OBE (appointed 2/10/2008)

Ms Val Gooding CBE

Mr Antony Gormley OBE⁽²⁾

Mr Stephen Green

Ms Bonnie Greer

Ms Penny Hughes

Mr George Iacobescu CBE

Dr Olga Kennard OBE⁽⁵⁾

Baroness Kennedy of the Shaws, QC, FRSA

Mr Richard Lambert

Mrs Edmée P. Leventis

Mr David Lindsay (retired 15/09/2008)

Mr David Norgrove

Lord Powell of Bayswater KCMG⁽⁶⁾

Mr Eric Salama (retired 15/09/2008)

Lord Stern of Brentford, Kt, FBA

(appointed 2/10/2008)

Sir John Tusa⁽⁶⁾ (retired 23/03/2009)

15 Trustees are appointed by the Prime Minister. The remaining Trustees are appointed by:

⁽¹⁾ the Sovereign

⁽²⁾ the Royal Academy

⁽³⁾ the British Academy

⁽⁴⁾ the Society of Antiquaries of London

⁽⁵⁾ the Royal Society

⁽⁶⁾ the Trustees

A register of Trustees' interests is maintained by the Governance Manager and is open to inspection at the Museum on application to him. Details of related party transactions are disclosed at note 17 to the accounts.

Trustees' committees and membership

The Chairman of the Trustees is an *ex officio* member of all Committees other than the Audit Committee.

Standing Committee

Mr Niall FitzGerald KBE (*Chair*)

Professor Sir Barry Cunliffe KBE

Ms Val Gooding

Ms Bonnie Greer

Mr Richard Lambert

Mr David Norgrove

Lord Powell KCMG

Audit Committee

Mr David Norgrove (*Chair*)

Lord Broers of Cambridge FEng, FRS (appointed July 2008)

Mr Stephen Green

Ms Penny Hughes

Dr Olga Kennard OBE (retired July 2008)

Mr Richard Lambert

Lord Stern of Brentford, Kt, FBA (appointed October 2008)

Mr David Lindsay

(retired September 2008, thereafter co-opted)

Mr Francis Plowden (appointed as co-opted

member from March 2009)

Nominations and Governance Committee

Ms Val Gooding (*Chair*)

Mr Niall FitzGerald KBE

Chief Emeka Anyaoku

Baroness Kennedy QC

Dr Olga Kennard OBE (from October 2008)

North West Development Committee

Mr David Lindsay (*Chair until April 2009*)

Dame Liz Forgan (*Chair from April 2009*)

Mr George Iacobescu

Dr Olga Kennard OBE

Mr David Norgrove

Investment Sub-committee

Sir Ronald Cohen (*Chair*)

Mr Francis Finlay

Mr Stan Miranda (Adviser)

Trustee membership of related Councils and Boards

British Museum Company Limited: Board of Directors

Mrs Penny Hughes (Chair)
Mr Niall FitzGerald KBE
Ms Bonnie Greer (appointed 12 March 2009)
Professor Sir Barry Cunliffe KBE
Mr David Lindsell (co-opted)
Sir John Tusa (retired 12 March 2009)

British Museum Company Limited: Audit Committee

Sir John Tusa (Chair, retired 12 March 2009)
Mr David Lindsell (Chair, appointed 12 March 2009)
Penny Hughes

British Museum Friends: Council

Professor Sir Barry Cunliffe CBE
Mr David Norgrove (appointed January 2008)

The American Friends of the British Museum

Mr Francis Finlay

Official Addresses

Principal address:	The British Museum, Great Russell Street, London WC1B 3DG
British Museum Great Court Limited:	The British Museum, Great Russell Street, London WC1B 3DG
British Museum Company Limited:	38 Russell Square, London WC1B 3QQ
Auditors:	
The Museum and the group	The Comptroller and Auditor General, 151 Buckingham Palace Road, Victoria, London SW1W 9SS
BMCo, BMGC and the Trust Funds	Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
Bankers:	National Westminster Bank Plc, 214 High Holborn, London WC1V 7BX Paymaster (1836) Ltd, Russell Way, Crawley, West Sussex RH10 1UH
Solicitor:	Mr Tony Doubleday, Head of Legal Services, British Museum

DCMS' performance indicators

The Museum signed a new Funding Agreement for 2008-11 with DCMS in June 2008, which introduced a new set of standard performance indicators to facilitate consistent reporting across national museums and galleries. 2008/09 is the baseline year for reporting these indicators.

	2008/09
Number of visits to the Museum (excluding virtual visits)	5.5m ²
Number of unique website visits	10.7m ³
Number of visits by children under 16	724k
Number of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8	159k ⁴
Number of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability or infirmity	73k
Number of overseas visits	3.2m
Number of facilitated and self-directed visits to the Museum by children under 16 in formal education	219k
Number of instances of children under 16 participating in outreach activities outside the Museum	1.4k
Number of instances of adults aged 16 and over participating in organised activities at the Museum	232k
Number of instances of adults aged 16 and over participating in outreach activities outside the Museum	1.8k
% of visitors who would recommend a visit	85% ⁵
Admissions	£3.4m
Trading income	£4.2m
Fundraising	£8m
Number of UK loan venues	152
Number of object records and images available online	1.7m
Fundraising for research programmes	£505k
% of collection storage space type A, B and C	76%
Staff diversity	19.66%

² Visit numbers in 2008/09 were high, but slightly below the exceptionally high numbers during 2007/08 due to the success of the First Emperor exhibition.

³ This figure differs from figures used for total web visit reports in the annual report above, as DCMS requires that unique visits only are counted.

⁴ The fall in NS-SEC visits (246k in 2007/08 and 179k in 2006/07) is probably due to a revision of the way responses to this question are handled under the 2008/09 DCMS PI guidance, with visitors who choose the "Prefer not to say" response being excluded from the calculation. Previously these responses were included, on the basis that the distribution of NS-SEC groups among the visitors who preferred not to disclose their grouping would be in line with those who did.

⁵ The new DCMS PI guidance changed the measure for visitor satisfaction from "Percentage of visitors who thought the Museum was good/very good", so data from 2008/9 is not really comparable with those of previous years.

Basis of Preparation of Financial Statements and Accounting Policies and Practices

The financial statements follow the form directed by the Secretary of State with the consent of the Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992; in essence the financial statements must meet the requirements of the accounting standards issued by the Accounting Standards Board and the Statement of Recommended Practice 2005, Accounting and Reporting by Charities, (the Charities SORP) in so far as those requirements are appropriate. A copy of the Accounts Direction may be obtained by contacting the Department for Culture, Media and Sport.

So far as the Accounting Officer and Board are aware, the Museum has disclosed all relevant information to its auditors. The Accounting Officer believes he has taken all the steps that he ought to make himself aware of any information relevant to the audit and to establish that the auditors are aware of that information. The auditors were not paid any remuneration for any non-audit work undertaken during 2008/09.

Remuneration Report

In accordance with the Financial Reporting Manual, the Museum is required to prepare a Remuneration Report containing certain information about directors' remuneration. "Directors" shall be interpreted to mean persons in senior positions having authority or responsibility for controlling the major activities of the Museum. In the Museum's opinion the Trustees and the Director are responsible for directing and controlling the major activities of the British Museum.

The Chairman and Board of Trustees neither received nor waived any remuneration for their services during the year (2007/08: £Nil). The emoluments and pension details of the Director, Deputy Director and Director of Administration are disclosed below.

The disclosures in this table are subject to audit.

	Salary ⁶	Real increase in pension and related lump sum at age pension age	Accrued pension at age pension age as at 31/3/09 and related lump sum	CETV ⁷ at 31/3/09	CETV at 31/3/08 ⁸	Real increase in CETV ⁹
	(£k)	(£k)	(£k)	(£k)	(£k)	(£k)
Neil MacGregor Director	£160-165k (2007-08: £130-£135k)	£10-12.5k plus £35- 37.5k lump sum	£80-85k plus £240-245k lump sum	£1,790k	£1,477k	£266k
Andrew Burnett Deputy Director	£115-120k (2007-08 £80-£85k)	£15-17.5k plus £45- 47.5k lump sum	£55-60k plus £165-170k lump sum	£1,199k	£787k	£336k
Christopher Yates Director of Administration	£90-95k (2007-08 £20-£25k) ¹⁰	£2.5-£5k plus £7.5-1k lump sum	£10-15k plus £35-40k lump sum	£164k	£115k	£38k

None of these senior managers received other cash or non-cash benefits of value, and no severance or compensation payments were made to senior managers during the year (2007/08: none). All are members of the Principal Civil Service Pension Scheme and, as such, early termination of their contract would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. No amounts were payable to third parties for services of a senior manager.

⁶ Salary includes gross salary payable during the year.

⁷ A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

⁸ The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

⁹ This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

¹⁰ Employment with the Museum commenced 1 January 2008.

The Nominations and Governance Committee, whose members are listed above, assesses the performance of the Director, Neil MacGregor, each year. His salary is agreed with the Chairman. His contract commenced in 2002 and expires in 2012/13, and specifies a notice period of three months.

Andrew Burnett and Christopher Yates have permanent contracts commencing 1974 and 2008 respectively, with no expiry date and specifying three month notice periods. Neither received performance related pay in the year.

The Museum has a job family pay structure. Members of staff are allocated to clusters within each job family according to their responsibilities and competencies. All members of staff below their cluster or personal pay maxima are entitled to an annual, standard uplift and to annual progression payments.

The majority of staff members are employed on permanent contracts. Some individuals working on discrete short term projects are employed on contracts which match the duration of the projects concerned.

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos. Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Neil MacGregor
Accounting Officer

David Norgrove
Trustee

7 July 2009

Statement Of Trustees' And Accounting Officer's Responsibilities

Under Section 9 (4) and (5) of the Museum and Galleries Act 1992, the Trustees of The British Museum are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Museum's financial activities during the year and of its financial position at its year end.

In preparing the Museum's accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply them on a consistent basis
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport designated Neil MacGregor as the Accounting Officer for the Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, as set out in Managing Public Money issued by the Treasury.

Neil MacGregor
Accounting Officer

David Norgrove
Trustee

7 July 2009

Statement On Internal Control

1. Scope of Responsibility

As Accounting Officer I, Neil MacGregor, have responsibility for maintaining a sound system of internal control that supports the achievement of the British Museum's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

As Chairman of the Audit Committee of the Board of Trustees I, David Norgrove, have delegated responsibility from the Board of Trustees for satisfying myself and the Board that such a sound system of internal control is maintained within the British Museum.

The Museum has a three-year Funding Agreement with its sponsor department, the Department for Culture, Media and Sport (DCMS), under which it supplies DCMS with regular financial information and returns against agreed performance indicators demonstrating its contribution to the delivery of DCMS's departmental strategic objectives.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's policies, aims and objectives, to evaluate the likelihood of those risks materialising and the impact should they materialise, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the British Museum for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to Handle Risk

The Accounting Officer has overall responsibility for the Museum's risk management framework. The Directorate Group reviews risks to planned activity, and receives and considers reports or recommendations for action or decision. It is supported for this purpose by Internal Audit and by the Internal Controls Committee, which aims to provide the Directorate Group and so the Accounting Officer and the Audit Committee with assurance that an effective system of internal control has been maintained and is operated within the Museum.

The Internal Controls Committee oversees the implementation of risk management principles and practice throughout the Museum with the objective of eliminating, transferring, mitigating or accepting risks. It seeks to co-ordinate activities to obtain a more effective risk management process from existing resources and ensure the dissemination of good practice throughout the Museum. The Internal Controls Committee does not remove the need for the Audit Committee to seek its own assurances about the strength of controls in place.

4. The Risk and Control Framework

The Museum managers and the Directorate Group notify new risks as they arise to the Director of Administration, who maintains the Museum's risk register. The Directorate Group and the Internal Controls Committee regularly review the risks on the risk register, determine the Museum's appetite for risk, reassess the likelihood of risks materialising and the potential impact, and consider indicators for monitoring the risks, actions to reduce the likelihood of the risks materialising and appropriate responses should they materialise. The responsibility for managing each risk is assigned to a senior manager.

The Audit Committee reviews the risk register and actions taken at each of its meetings. It focuses on the highest rated risks in terms of their likelihood and impact taken together, and challenges the Museum's officers for evidence of good management. The Audit Committee routinely requires middle managers to provide assurance that risk management and internal controls are thoroughly understood and effectively implemented at operating level.

The Museum has responded positively to the Cabinet Office's mandatory requirements on information risk management. In particular, a Senior Information Risk Owner (SIRO) has been appointed and an Information Risk Management Policy and Incident Management Procedure have been drawn up to establish an effective

information risk governance framework to be integrated into the existing risk management strategy. The procedures will define how the Museum will implement the mandatory minimum measures promulgated by HM Cabinet Office to manage information risk. This will be monitored by the ICC. Information risk management will form part of the annual budget holders' assurance statement and it has been recognised that a programme of organisation-wide awareness is required to ensure compliance. The British Museum has suffered no significant losses or thefts of protected personal data during 2008/09 and has made no report to the Information Commissioner's Office.

Risk management is embedded within the Museum through established business planning processes, which ensure that risks to achieving plan initiatives are identified as the initiatives are developed and project risks are considered at each project gateway.

5. Review of Effectiveness

We have responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by:

- the Directorate Group;
- the work of the internal auditors, which includes an annual report that contains the Head of Internal Audit's opinion of the overall adequacy and effectiveness of the risk management, control and governance processes;
- the work of the Internal Controls Committee;
- the Audit Committee, which has oversight of the internal audit function. The Chairman of the Audit Committee reports to the Board of Trustees, annually with regard to the effectiveness of risk management and the system of internal control and as required for emerging issues related to risk management;
- the executive managers of the Museum, represented by the Museum Management Group, who have responsibility for the development and maintenance of the internal control framework and who advise the Directorate Group on risks and risk management;
- comments made by the external auditors in their management letter and other reports.

In addition, all budget-holders provide the Accounting Officer with annual assurance statements. The Accounting Officer and the Audit Committee receive annual reports on security and health & safety and biannual reports on stewardship of the collection.

The Museum continues to focus its efforts on scrutinising areas of perceived higher risk and, in particular, is enhancing the controls operating around pensions and the career review process. Working with the Board and the Audit Committee, we plan to ensure continuous improvement to the system.

Neil MacGregor
Accounting Officer

David Norgrove
Trustee

7 July 2009

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the British Museum for the year ended 31 March 2009 under the Museums and Galleries Act 1992. These comprise the consolidated Statement of Financial Activities, the consolidated Balance Sheet and Museum Balance Sheet, the consolidated Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and Auditor

The Board of Trustees and the Director as Accounting Officer are responsible for preparing the Trustees' and Accounting Officer's Annual Report (Annual Report), the Remuneration Report and the financial statements in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture Media and Sport's directions made thereunder and for ensuring the regularity of financial transactions funded by Parliament. These responsibilities are set out in the Statement of the Board of Trustees' and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture Media and Sport's directions made thereunder. I report to you whether, in my opinion, the information, which comprises Structure, governance and management; Fundraising and finance; Employees, environmental matters, and social and community issues; and Reference and administrative details, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the British Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the British Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the British Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises the Introduction; Strategic direction and performance against objectives; Plans for future periods; and DCMS' performance indicators and the unaudited parts of the Remuneration Report included in the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of

whether the accounting policies are most appropriate to the British Museum and the group's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture Media and Sport, of the state of the British Museum and the group's affairs as at 31 March 2009 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture Media and Sport's directions made thereunder; and
- information, which comprises Structure, governance and management; Fundraising and finance; Employees, environmental matters, and social and community issues; and Reference and administrative details, included within the Annual Report is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C. E. Morse
Comptroller and Auditor General

13 July 2009

National Audit Office
151 Buckingham Palace Road,
Victoria,
London SW1W 9SS

The British Museum Financial Statements for the year ended 31 March 2009

Consolidated Statement of Financial Activities for the year ended 31 March 2009

	Revenue Funds		Capital Funds			Total Funds			Total 2009 £000s	Total 2008 £000s
	Notes	Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Collection Acquisitions £000s	Unrestricted £000s		
Incoming Resources										
Voluntary Income										
Grant-in-aid		42,723	1,040	43,763	0	7,180	0	7,180	42,723	0
Donations and legacies		823	2,112	2,935	0	3,750	1,285	5,035	823	0
Activities for generating funds										
Commercial trading	10(c)	14,585	0	14,585	0	0	0	0	14,585	0
Investment income and rent receivable	2	1,753	757	2,510	0	123	0	123	1,753	0
Incoming resources from charitable activities	3	5,354	2,804	8,158	0	176	0	176	5,354	0
Total incoming resources		65,238	6,713	71,951	0	11,229	1,285	12,514	65,238	0
Resources expended										
Charitable activities	5	48,567	4,305	52,872	352	11,811	0	12,163	48,919	0
Costs of generating Funds										
Costs of generating voluntary income		748	0	748	0	21	0	21	748	0
Commercial trading	10(c)	11,790	0	11,790	0	0	0	0	11,790	0
Investment management costs		213	17	230	0	10	0	10	213	17
Governance costs	5	313	1	314	0	5	0	5	313	4
Total Resources expended	5(a)	61,631	4,323	65,954	352	11,847	0	12,199	61,983	21
Net incoming resources before transfers	4	3,607	2,390	5,997	(352)	(618)	1,285	315	3,255	(21)
Transfers between funds	15(b)	(2,366)	(282)	(2,648)	(4,045)	5,157	1,536	2,648	(6,411)	0
Net incoming resources before other recognised gains and losses		1,241	2,108	3,349	(4,397)	4,539	2,821	2,963	(3,156)	(21)
(Loss)/gain on revaluation of fixed assets for the Museum's own use	7(a)	0	0	0	0	(26,748)	0	(26,748)	0	0
Unrealised/realised investment losses	21	(10,228)	(1,316)	(11,544)	(751)	(878)	0	(1,629)	(10,979)	(2,910)
Actuarial (loss)/gain on defined benefit pension scheme	19	(650)	0	(650)	0	0	0	0	(650)	0
Net movement in funds		(9,637)	792	(8,845)	(5,148)	(23,087)	2,821	(25,414)	(14,785)	(2,931)
Fund balances brought forward at 1 April	15(a)	17,455	8,531	25,986	60,754	453,085	34,983	548,822	78,209	12,573
Fund balances carried forward at 31 March	15(a)	7,818	9,323	17,141	55,606	429,998	37,804	523,408	63,424	9,642

The notional cost of capital is reported in note 6.

Net incoming resources before transfers but including the cost of capital were -£4,108,000 (2008:£573,000)

All operations of the Museum continued throughout both periods and none were discontinued in either period.

The British Museum has no recognised gains and losses other than those above and consequently no separate Statement of Total Recognised Gains and Losses has been presented. The notes on pages 37 to 62 form part of these accounts.

Consolidated Balance Sheet as at 31 March 2009

	Notes	2009 £000s	2008 £000s
Fixed assets			
Tangible assets	7(a)	426,652	446,950
Heritage assets	8	37,804	34,983
Investments	9(a)	63,721	82,871
		528,177	564,804
Current assets			
Stock-goods for resale		1,603	1,682
Debtors	11	7,600	5,960
Short term investments	9(b)	9,005	21,383
Cash at bank and in hand	9(c)	22,647	10,240
Total current assets		40,855	39,265
Creditors: amounts falling due within one year	12	(15,969)	(13,568)
Net current assets		24,886	25,697
Total assets less current liabilities		553,063	590,501
Provision for liabilities and charges:	13		
Early retirement provision		(1,040)	(1,528)
Other provisions		(62)	(392)
Net assets excluding pension liability		551,961	588,581
Liability on defined benefit pension scheme	19	(1,770)	(1,200)
Net assets including pension liability		550,191	587,381
Represented by:			
Permanent endowments		9,642	12,573
Restricted funds		477,125	496,599
Unrestricted funds			
Designated funds		53,591	58,358
General funds		8,979	18,468
General funds held in subsidiaries		854	1,383
		63,424	78,209
Total funds	15(a)	550,191	587,381

The notes on pages 37 to 62 form part of these accounts

Neil MacGregor
Accounting Officer

David Norgrove
Trustee

7 July 2009

Museum Balance Sheet as at 31 March 2009

	Notes	2009 £000s	2008 £000s
Fixed assets			
Tangible assets	7(b)	425,415	445,556
Heritage assets	8	37,804	34,983
Investments	9(a)	63,721	82,871
Investment in subsidiaries	10(a)	1,250	1,250
		528,190	564,660
Current assets			
Debtors	11	9,506	8,622
Short term investments	9(b)	9,000	21,379
Cash in bank and in hand	9(c)	19,982	6,464
		38,488	36,465
Creditors: amounts falling due within one year	12	(16,239)	(13,371)
Net current assets		22,249	23,094
Total assets less current liabilities		550,439	587,754
Provision for liabilities and charges			
Early retirement provision	13	(1,040)	(1,528)
Other provisions		(62)	(228)
Net assets		549,337	585,998
Represented by:			
Permanent endowments		9,642	12,573
Restricted funds		477,125	496,599
Unrestricted funds			
Designated funds		53,591	58,358
General funds		8,979	18,468
		62,570	76,826
Total funds	15(a)	549,337	585,998

The notes on pages 37 to 62 form part of these accounts

Neil MacGregor
Accounting Officer

David Norgrove
Trustee

7 July 2009

Consolidated Cash Flow Statement for the year ended 31 March 2009

	Notes	2009 £000s	2008 £000s
Net cash inflow from operating activities	16(a)	8,741	15,511
Returns on investments and servicing of finance:			
Interest received		1,358	2,219
Dividends received		977	512
Rents receivable		298	56
Net cash inflow from returns on investments and servicing of finance	2	2,633	2,787
Investing activities:			
Capital expenditure and financial investments:			
Sale of fixed asset investments	9	53,272	8,682
Purchase of tangible assets	7	(18,192)	(12,145)
Purchase of heritage assets	8	(1,536)	(1,015)
Purchase of fixed asset investments	9	(45,406)	(31,532)
Net cash outflow from investing activities		(11,862)	(36,010)
Management of liquid resources			
Net sale of short term investments		12,378	17,617
Increase/(decrease) in cash	16(c)	11,890	(95)

The notes on pages 37 to 62 form part of these accounts

Notes to the Accounts

1. ACCOUNTING POLICIES

Accounting conventions

- (a) The accounting format and policies are prescribed in the Accounts Direction issued by the Secretary of State for Culture, Media and Sport in accordance with the Museum's Financial Memorandum. A copy of the Direction is available from the Department for Culture, Media and Sport.
- (b) The financial statements are prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the treatment of investments, which have been included at market value.

Without limiting the information given, the accounts meet the requirements of accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate including the Statement of Recommended Practice (Revised 2005) *Accounting and Reporting by Charities* issued by the Accounting Standards Board.

Consolidated accounts include the Museum's operating statement, trust funds owned and administered by the Museum, and the British Museum Development Trust, a dormant charity, which together make up the Museum. Also consolidated are the Museum's trading companies The British Museum Company Limited and The British Museum Great Court Limited. The consolidation has been carried out on a line by line basis.

- (c) *Statement of Financial Activities (SOFA)*

- (i) This statement discloses the totality of the resources receivable by the Museum during the year and their disposition. The Museum provides enhanced disclosure in the Statement of Financial Activities beyond the requirements of the SORP in order to allow readers of the accounts to distinguish between the ongoing revenue income and costs of operating the Museum, and the impact of donations in support of capital expenditure and collection acquisitions. The value of such donations is often material, and can vary significantly from year to year. While donations and grants in support of capital expenditure and collections acquisitions are recognised in the SOFA on a receivable basis, the associated capital is recognised over the expected useful life of the asset, and heritage assets are not depreciated at all. The mismatch between the treatment of funding and expenditure gives the misleading appearance of an increase in funds during the year, and of a consequent reserve carried forward to the future, when in reality the funding has already been used to acquire an inalienable asset. Aggregation of capital and revenue funding therefore disguises the funding of running costs, limiting any assessment of future financial performance.
- (ii) In general, incoming resources are accounted for on a receivable basis. Grant-in-aid is taken to the SOFA in the year in which it is received. Grants for fixed assets are recognised in the SOFA when they are receivable. Donations are recognised as incoming resources when the conditions for their receipt have been met. Legacies are recognised as incoming resources when there is certainty that the conditions have been met and there is certainty as to the amount. Income from endowment funds is restricted.

Contractual and trading income is recognised as incoming resources to the extent that the Museum has provided the associated goods or services. Where income is received in advance and the Museum does not have entitlement to these resources until the goods or services have been provided, the income is deferred.

- (iii) 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 rather than the type of expense.

Grants payable are recognised when a grant has been approved and this has been communicated to the recipient.

Resources expended comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities according to the space occupied by each activity. Costs of generating funds are those incurred in seeking voluntary and sponsored contributions for the Museum. Governance costs are those costs incurred in connection with the general governance of the British Museum including compliance with constitutional and statutory requirements.

The Museum is covered by the provisions of the VAT Act 1994 s 33a, which allows it to recover the majority of VAT which is borne. Irrecoverable VAT is treated as an overhead cost and apportioned over the activities of the Museum as described in note 5.

(d) *Heritage assets*

Acquisitions for the collection since 1 April 2001, whether donated or purchased, are capitalised and recognised in the balance sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable and reliable. Items donated or bequeathed to the Museum's collection are valued by internal valuers if an external valuation for the items is not available. Such items are not depreciated or revalued.

(e) *Tangible fixed assets*

Assets with an economic life of more than one year and value greater than £5,000 are capitalised. All assets are carried at current cost valuations unless the Trustees consider that this is not materially different from historic cost. All the Museum's properties are revalued for accounting purposes by external chartered surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institute of Chartered Surveyors and with FRS 15 - Tangible Fixed Assets every five years. A valuation of the Museum's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2009. The valuation included the main Museum site at Great Russell Street, its perimeter buildings, two properties used for storage at Orsman Road and Blythe House. The Museum is valued on a depreciated replacement cost basis and Blythe House and the Orsman Road properties are valued on an existing use basis. Between the quinquennial valuations, Gerald Eve undertakes a desktop valuation to update the values of land & buildings and plant & machinery, with relevant indices provided by the Office of National Statistics applied to other assets.

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the value of each asset evenly over its expected useful life with no residual value assumed:

Freehold buildings	15 to 100 years
Capital improvements to leasehold properties	life of lease
Exhibitions and galleries	15 to 25 years
Plant and machinery	10 to 15 years
Furniture, fit out and equipment	3 to 10 years

All full year of depreciation is given in the year of acquisition and no depreciation is given in the year of disposal. Impairment reviews are carried out at the end of each reporting period in accordance with FRS11 to ensure that the carrying values of the assets reflect the recoverable amounts.

(f) *Financial instruments*

The Museum has implemented FRS 25, 26 and 29 for the first time from 1 April 2008.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the Museum's balance sheet when the Museum becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value plus directly attributable transaction costs for all financial instruments not carried at fair value through profit or loss. Financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Museum has transferred substantially all risks and rewards of ownership.

The Museum classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale.

None of its financial instruments are considered to be held-to-maturity investments. Material classes of financial instruments are separately identified under these categories in the notes to the accounts.

Fair value through profit or loss

'Fair value through profit or loss' financial instruments include financial assets or liabilities held for trading. The Museum uses foreign exchange forward contracts to hedge its exposure to currency fluctuations on investment and cash balances denominated in foreign currencies. The use of financial derivatives is governed by the Investment Sub-committee's policies. The Museum does not use derivative financial instruments for any other purposes. The Museum has not treated its derivative financial instruments as designated and effective hedging instruments, and has not therefore applied hedge accounting. All of its derivative financial instruments are classified as held for trading, and are recorded at fair value with any gains or losses reflected in the SOFA in the period in which they arise.

Loans and receivables

'Loans and receivables' (L&R) financial instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for example trade debtors and deposits held in banks. Subsequent to initial recognition, these assets are carried at cost less impairment where material.

Available-for-sale

'Available-for-sale' (AFS) financial instruments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Museum's investments are considered to fall within this category. Subsequent to initial recognition these assets are recorded at fair value, with any realised and unrealised gains or losses reflected in the SOFA.

Impairment of financial assets

An assessment of whether there is objective evidence of impairment is carried out for material financial assets or groups of financial assets at the balance sheet date. Objective evidence includes, for example, significant financial difficulty of the issuer or debtor, disappearance of an active market for the financial asset because of financial difficulties, or data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition. Where there is objective evidence that an L&R financial instrument is impaired, its loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted where material. The impairment loss is recognised in the SOFA. Where there is objective evidence that an AFS equity investment is impaired, for example through a significant or prolonged decline in the fair value of the asset below its cost, the loss is reflected in the SOFA.

Comparative information

The Museum has taken advantage of the exemption offered to entities adopting FRS 25, 26 and 29 for the first time in 2008/09 from the requirement to restate comparative information for these standards. Figures for 2007/08 therefore reflect existing accounting policies as at 31 March 2008. As set out in the Financial Reporting Advisory Board's guidance on the adoption of the new financial instruments accounting standards, any adjustments arising from differing accounting policies resulting from the application of the standards for the first time have been taken to reserves.

Investment properties

Freehold investment properties continue to be treated in accordance with SSAP 19: they are disclosed at open market value and are not depreciated. A formal valuation of the investment properties is carried out every five years by independent valuers in accordance with the RICS Appraisal and Valuation manual. Between these quinquennial valuations the same independent valuers perform a desktop valuation.

Investment in subsidiaries

The investment in subsidiaries is carried at cost. For further details see note 10. The Museum carries out an annual impairment review of the investment in each subsidiary.

(g) *Stock*

Stock is stated at the lower of cost and net realisable value.

(h) *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.

(i) *Provisions*

The Museum provides for legal or constructive obligations which are of uncertain timing or amount on the balance sheet date on the basis of best estimate of the expenditure required to settle the obligation. Provisions are recognised where there is a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

(j) *Liquid resources*

Liquid resources, as referred to in the cash flow statement, are defined as current asset investments held as readily disposable stores of value. A readily disposable investment is one that is disposable without curtailing or disrupting its business and is either readily convertible to known amounts of cash at or close to its carrying value or traded in an active market.

(k) *Leases*

The British Museum has no finance leases. Costs relating to operating leases are charged over the life of the lease.

(l) *Foreign currencies*

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are reflected in the SOFA.

(m) *Pensions*

Present and past employees of the British Museum are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but the British Museum is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

The British Museum has operated an Early Retirement Scheme which gives retirement benefits to certain qualifying employees. These benefits conform to the rules of the Civil Service Pension Scheme. The British Museum bears the costs of these benefits until normal retiring age of the employees retired under the Early Retirement Scheme. Future payments of these benefits have been discounted at a rate of 2.2%

The British Museum Company Limited operates both defined benefit and defined contribution pension schemes. The defined benefit scheme is subject to a full actuarial valuation every three years by an independent qualified actuary. Pension liabilities are disclosed in accordance with FRS No 17 Retirement Benefits in note 19.

(n) *Notional costs*

In accordance with Treasury instructions, the notional cost of capital is calculated and details given in Note 6.

(o) *Taxation*

"The British Museum is eligible under s.505 of the Income and Corporation Taxes Act 1988 to seek from the Inland Revenue exemption from taxes on income" "arising from the pursuit of its charitable objectives. The HM Revenue & Customs has granted this exemption." The British Museum Company Limited and the British Museum Great Court Limited gift aid their profits to the British Museum and therefore do not expect to pay Capital Gains or Corporation Tax.

(p) *Funds structure*

The Museum has the following categories of funds:

- restricted permanent endowment funds which the donors have stated are to be held as capital.
- restricted funds whose investment or usage is subject to specific restriction imposed by sponsors and donors.
- designated funds which have been set aside at the discretion of the Trustees for specific purposes.

- general funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum.

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 15.

2. Investment income and rent receivable

	SOFA Total 2009 £000s	SOFA Total 2008 £000s
Income from UK bank deposits	1,126	2,357
Income from overseas bank deposits	0	2
Income from UK fixed interest investments	155	136
Income from overseas fixed interest investments	77	74
Income from UK listed investments	660	64
Income from overseas listed investments	317	98
	2,335	2,731
Rents receivable	298	56
	2,633	2,787

3. Analysis of incoming resources from charitable activities

	Total 2009 £000s	Total 2008 £000s
Care, research and conservation	1,684	380
Public access and events	1,473	1,742
Charitable trading	5,177	9,405
	8,334	11,527

Care, research and conservation includes research grants and funding for the Portable Antiquities Scheme. Public access and events income arises from sales of guides, lectures and the recovery of costs relating to loans of the collection. Charitable trading includes admission fees and sponsorship of the exhibitions programme.

Note that the income from the Museums, Libraries and Archives Council for the Portable Antiquities Scheme is included in incoming resources from charitable activities in the current year (£1,300k) but in voluntary income in the prior year (£1,286k). The recategorisation reflects the fact that the agreement is for the Museum to provide a specific service for the grant received.

4. Net incoming resources

	2009 £000s	2008 £000s
is stated after charging:		
Auditors' remuneration: Comptroller and Auditor General audit fee	50	47
Auditors' remuneration: Subsidiary companies audit fee	38	39
Auditors' remuneration: Grant Thornton VAT advice	0	1
Operating lease rentals: Hire of plant and machinery	3	3
Operating lease rentals: Land and buildings	286	274
Loss on disposal of fixed assets:	188	0
Bad debt provision:	51	40

Note that of the loss on disposal as shown in the fixed asset note, £6k was charged to the revaluation reserve.

5. Total resources expended

5(a)	Direct Costs £000s	Grants £000s	Depreciation £000s	Support Costs £000s	2009 Total £000s	2008 Total £000s
Care, research and conservation	28,957	1,137	5,661	2,564	38,319	35,211
Public access and events	13,421	0	5,099	2,373	20,893	19,814
Charitable trading	5,469	0	243	111	5,823	5,057
Charitable activities	47,847	1,137	11,003	5,048	65,035	60,082
Costs of generating voluntary income	739	0	21	9	769	708
Commercial trading operations	11,381	0	409	0	11,790	12,915
Investment management costs	257	0	0	0	257	271
Governance costs	315	0	5	3	323	291
	60,539	1,137	11,438	5,060	78,174	74,267

Under the Portable Antiquities scheme, the British Museum made grants of £1,137,212 in 2009 (2008, £937,000). The scheme is the only proactive mechanism in England and Wales for recording archaeological finds made by the public. The grants are made to local authorities to support the work of Find Liaison Officers. Details of these grants are obtainable from the Portable Antiquities Scheme administrator at the British Museum.

5(b) Support costs relate to the Museum's Finance, Information Services, Human Resources and Legal Services functions. The support and depreciation costs are allocated according to the proportion of space occupied by each activity (care, research and conservation 50.67%, public access and events 46.90%, charitable trading 2.19%, cost of generating voluntary income 0.19% and governance costs 0.05%).

	Finance Services	Information Services	Human Resources	Legal Services	2009 Total	2008 Total
Care, research and conservation						
Public access and events	705	1,111	631	117	2,564	2,755
Charitable trading	652	1,029	584	108	2,373	2,550
Charitable activities	30	48	28	5	111	119
Costs of generating voluntary income	1,387	2,188	1,243	230	5,048	5,424
Governance costs	3	4	2	0	9	10
	1	1	1	0	3	3
	1,391	2,193	1,246	230	5,060	5,437

5(c) Governance costs

Analysis of direct governance costs:

	2009 £000s	2008 £000s
Staff costs	107	78
British Museum auditor's remuneration	50	47
Subsidiary charities auditors' remuneration	38	39
Internal audit costs	82	91
Cost of meetings	36	26
Reimbursement of trustee expenses	2	3
	315	284

5(d) **Staff costs**

	2009	2008
	£000s	£000s
Wages and salaries	28,142	28,588
Social security costs	2,186	2,216
Pension costs	4,822	4,882
Agency staff costs	1,945	1,869
Early retirement and voluntary redundancy costs	343	1,028
	37,438	38,583

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

	2009	2008
		<i>Restated</i>
£60,001 – £70,000	13	13
£70,001 – £80,000	4	3
£80,001 – £90,000	4	3
£90,001 – £100,000	1	1
£110,001 – £120,000	2	1
£130,001 – £140,000	0	2
£160,001 – £170,000	1	0

21 staff (2008, 19) whose emoluments amounted to more than £60,000 in the year are members of a defined benefit scheme and 4 staff (2008, 2) are members of a defined contributions scheme. Contributions of £33k (2008, £33k) were paid on behalf of the members of the defined contribution scheme.

Senior Managers' remuneration is disclosed in the remuneration report on page 25.

5(e) **The average number of employees, analysed by function was:**

2009	Agency and contract		Total
	Staff	staff	
Care, research and conservation	490	10	500
Public access and education	367	18	385
Trading - charitable objectives	46	4	50
Fundraising and publicity	14	4	18
Commercial trading activities	139	20	159
Governance	2	1	3
	1,058	57	1,115

2008	Agency and contract		Total
	Staff	Staff	
Care, research and conservation	475	14	489
Public access and education	393	12	405
Trading - charitable objectives	42	0	42
Fundraising and publicity	14	2	16
Commercial trading activities	132	29	161
Governance	3	0	3
	1,059	57	1,116

5(f) Trustees:

The Trustees neither received nor waived any emoluments during the year (2008 £nil). All Trustees are entitled to be reimbursed for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2009, 4 Trustees (2008: 6) were reimbursed £1,665 (2008: £2,505). The costs borne by the Museum associated with trustee meetings are disclosed under governance costs at note 5(c).

6. Notional cost of capital

	2009	2008
	£000s	£000s
Cost of capital	10,399	9,831

The cost of capital is calculated as 3.5% of the average capital employed by the Museum in the year excluding the capitalised value of collection items and any assets funded by donations or the public lottery.

7. Tangible fixed assets

7(a) Consolidated tangible fixed assets

	Freehold Land and Buildings £000s	Assets in the Course of Construction £000s	Exhibitions and Galleries £000s	Plant & Machinery £000s	Equipment £000s	Total £000s
Current Cost						
At 1 April 2008	391,555	9,703	23,179	55,050	8,944	488,431
Additions during the year	420	16,874	0	340	558	18,192
Disposals during year	0	0	(74)	0	(263)	(337)
Transfer	8,481	(13,964)	2,409	2,341	733	0
Revaluation adjustment	(56,896)	0	748	(9,481)	118	(65,511)
Impairment	0	0	0	0	(132)	(132)
At 31 March 2009	<u>343,560</u>	<u>12,613</u>	<u>26,262</u>	<u>48,250</u>	<u>9,958</u>	440,643
Depreciation						
At 1 April 2008	16,740	0	7,155	13,773	3,813	41,481
Disposals during year	0	0	(16)	0	(127)	(143)
Provided during the year	4,417	0	1,325	4,090	1,606	11,438
Revaluation adjustment	(21,157)	0	209	(17,863)	42	(38,769)
Impairment	0	0	0	0	(16)	(16)
At 31 March 2009	<u>0</u>	<u>0</u>	<u>8,673</u>	<u>0</u>	<u>5,318</u>	13,991
Net Book Value						
At 31 March 2009	343,560	12,613	17,589	48,250	4,640	426,652
At 31 March 2008	374,815	9,703	16,024	41,277	5,131	446,950

7(b) Museum tangible fixed assets

	Freehold Land and Buildings £000s	Assets in the Course of Construction £000s	Exhibitions and Galleries £000s	Plant & Machinery £000s	Equipment £000s	Total £000s
Current Cost						
At 1 April 2008	391,555	9,703	23,179	55,050	5,625	485,112
Additions during the year	420	16,874	0	340	306	17,940
Disposals during year	0	0	(74)	0	(263)	(337)
Transfer	8,481	(13,964)	2,409	2,341	733	0
Revaluation adjustment	(56,896)	0	748	(9,481)	118	(65,511)
Impairment	0	0	0	0	(132)	(132)
At 31 March 2009	<u>343,560</u>	<u>12,613</u>	<u>26,262</u>	<u>48,250</u>	<u>6,387</u>	437,072
Depreciation						
At 1 April 2008	16,740	0	7,155	13,773	1,888	39,556
Disposals during year	0	0	(16)	0	(127)	(143)
Provided during the year	4,417	0	1,325	4,090	1,197	11,029
Revaluation adjustment	(21,157)	0	209	(17,863)	42	(38,769)
Impairment	0	0	0	0	(16)	(16)
At 31 March 2009	<u>0</u>	<u>0</u>	<u>8,673</u>	<u>0</u>	<u>2,984</u>	11,657
Net Book Value						
At 31 March 2009	343,560	12,613	17,589	48,250	3,403	425,415
At 31 March 2008	374,815	9,703	16,024	41,277	3,737	445,556

For asset valuation purposes buildings and their fit-out are treated as one category.

7(c) A valuation of the Museum's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2009. The valuation included the main Museum site at Great Russell Street, its perimeter buildings, two properties used for storage at Orsman Road and Blythe House.

Note that Blythe House is occupied by the British Museum, the Science Museum and the Victoria and Albert Museum on a shared basis with the rights and obligations of ownership accruing to the occupants. Because of this Gerald Eve only valued the space occupied by the British Museum and it is this value which is included in the Museum's balance sheet.

The historic cost of the land and buildings is not known.

8. Heritage assets – Group and Museum

	2009 £000s	2008 £000s
At 1 April 2008	34,983	33,034
Purchased from Museum resources	407	288
Purchased by the Museum trust funds	350	289
Purchased from donations	779	438
Items donated or bequeathed	1,285	934
At 31 March 2009	37,804	34,983

9. Investments

9(a) Fixed asset investments - Group and Museum
Investments comprised the following:

	2009	2008
		<i>Re-presented</i>
	£000s	£000s
Investment assets in the UK:		
Common Investment Funds	26,967	39,567
Listed equities	1,278	1,500
Fixed interest	3,494	4,544
Cash held as part of investment portfolio	825	270
Commodity funds	1,126	675
Investment assets outside the UK:		
Common Investment Funds	15,971	24,131
Listed equities	3,803	4,039
Unlisted equities	1,592	449
Fixed interest	5,797	4,577
Commodity funds	1,158	657
Investment properties	1,710	2,462
	63,721	82,871
Investments at 1 April 2008	82,871	63,305
Additions	45,406	31,532
Disposals	(53,272)	(8,682)
(Loss)/gain in value	(11,284)	(3,284)
Investments at 31 March 2009	63,721	82,871

All investments are held at fair value at the 31 March 2009. Valuations for investments with an active market are based on published quoted prices at or close to the balance sheet date, adjusted as appropriate to reflect any material changes in market conditions. Valuations for investments where there is no active market have been estimated with reference to recent transaction prices and market data for similar instruments. Figures for 2008 have been re-presented to ensure consistent categorisation.

Included within unlisted equities above is \$1.7m (£1.2m) of private equity at 31 March 2009 (\$0.9m, £0.5m at 31 March 2008). The Museum has entered into a long term commitment to invest a further \$8.3m (to a total of \$10m) under subscription agreements with the two companies concerned.

The valuation of investments properties in Bloomsbury were carried out by Kinney Green at 31 March 2009 in accordance with the RICS Appraisal and Valuation manual.

9(b) Current asset investments

	Group	Group	Museum	Museum
	2009	2008	2009	2008
	Cost	Cost	Cost	Cost
	£000s	£000s	£000s	£000s
Short term cash deposits	9,005	21,383	9,000	21,379

9(c) Cash at bank and in hand

	Group	Group	Museum	Museum
	2009	2008	2009	2008
	£000s	£000s	£000s	£000s
Balance with Office of Paymaster General	6,960	165	6,960	165
Balance with commercial banks and in hand	15,687	10,075	13,022	6,299
	22,647	10,240	19,982	6,464

10. Subsidiaries

10(a) The Museum owns 100% of the issued share capital of the British Museum Company Limited (BM Co) and of the British Museum Great Court Limited (BMGC). The Museum incorporates their results in the consolidated accounts.

The British Museum Company Limited has capital consisting of 750,000 £1 shares all of which have been issued at par. The British Museum Company Limited owns the whole of the issued share capital of £100 of British Museum Ventures Limited, which is incorporated in England.

The British Museum Great Court Limited has an authorised share capital of 10 million ordinary shares of £1 each, 500,000 of which have been issued at par.

10(b) Results of trading subsidiaries

	BM Co	BMGC	Total	Total
	2009	2009	2009	2008
	£000s	£000s	£000s	£000s
Turnover	10,194	4,141	14,335	16,706
Cost of sales	(3,611)	(2,292)	(5,903)	(6,716)
Gross profit	6,583	1,849	8,432	9,990
Selling and distribution costs	(3,076)	0	(3,076)	(3,380)
Administrative expenses	(2,644)	(580)	(3,224)	(2,981)
Other operating income	537	0	537	68
Operating profit	1,400	1,269	2,669	3,697
Finance cost	(60)	0	(60)	(40)
Interest receivable	116	108	224	240
Onerous lease provision and repairs to onerous lease	0	0	0	0
Actuarial gain/(loss) on defined benefit scheme	(650)	0	(650)	970
Taxation payable	0	0	0	0
Contribution to the Trustees of the British Museum	(1,376)	(1,336)	(2,712)	(3,802)
Surplus/(deficit) retained in the Company	(570)	41	(529)	1,065

The operating profit of the British Museum Company Limited is stated after charging staff costs of £4,024,000 (2008: £4,060,000) and depreciation of tangible fixed assets of £401,000 (2008: £540,000).

The operating profit of the British Museum Great Court Limited is stated after charging depreciation of tangible fixed assets of £8,000 (2008: £nil) The two subsidiaries made cash payments during the year to the British Museum for the 2007/08 contribution of £3,802,000 (2008: £3,748,000)

10(c) Amounts as shown in the SOFA are as follows:

	2009	2009	2008	2008
	Turnover	Costs	Turnover	Costs
	£000s	£000s	£000s	£000s
From the British Museum Company Limited	10,194	10,767	12,115	12,192
Other operating income	537	0	68	0
From the British Museum Great Court Limited	4,141	4,208	4,591	4,727
less transactions with the British Museum	(287)	(3,130)	(1,636)	(3,955)
less governance costs	0	(55)	0	(49)
	14,585	11,790	15,138	12,915

The note above excludes £225k of interest earned by the subsidiaries and included in the investment income and rent receivable line on the face of the SOFA.

Net assets at 31 March 2009 comprise:

	BM Co	BMGC	BM Co	BMGC
	2009	2009	2008	2008
	£000s	£000s	£000s	£000s
Tangible fixed assets	1,165	72	1,394	0
Current assets	5,045	2,886	5,905	3,556
Creditors due within one year	(2,879)	(2,415)	(3,804)	(3,054)
Creditors due after one year	(1,770)	0	(1,364)	0
Net assets	1,561	543	2,131	502

11. Debtors

	Group		Museum	
	2009	2008	2009	2008
	<i>Re-presented</i>		<i>Re-presented</i>	
	£000s	£000s	£000s	£000s
Trade debtors	1,561	1,263	594	183
Other debtors	372	432	245	398
Prepayments and accrued income	4,477	3,049	4,366	2,867
Taxation and social security	1,190	1,216	1,401	1,216
Amount due from subsidiaries	0	0	2,900	3,958
	7,600	5,960	9,506	8,622

The debtors include £1,362k with central government departments.

The 2008 figures have been re-presented to disclose separately amounts due from HM Revenue & Customs which were previously included within other debtors.

12. Creditors

	Group		Museum	
Amounts falling due within one year:	2009	2008	2009	2008
	<i>Re-presented</i>		<i>Re-presented</i>	
	£000s	£000s	£000s	£000s
Trade creditors	6,070	4,034	5,315	3,375
Other creditors	842	608	775	591
Derivative financial instruments	3,090	0	3,090	0
Taxation and social security	781	1,001	700	687
Early retirement	888	1,146	888	1,146
Accruals	2,291	5,151	1,751	4,224
Deferred income	2,007	1,628	1,263	645
Amount due to subsidiaries	0	0	2,457	2,703
	15,969	13,568	16,239	13,371

The creditors include £1,198k with central government departments and £121k with local government.

The 2008 figures have been re-presented to disclose separately amounts due to HM Revenue & Customs which were previously included within other creditors.

At 31 March 2009, the Museum held foreign exchange forward contracts with a fair value of £3 million to hedge its exposure to foreign exchange rate risk on investments and cash balances. The Museum had sold US\$15 million at forward rates ranging from 1.38 to 1.75, maturing in April 2009.

All movements in the fair value are attributable to changes in market conditions, and have been recognised in the SOFA.

The movement on the deferred income account is as follows:

	2009	2008
	£000s	£000s
Deferred income at 1 April 2008	1,628	1,516
Released in year	(1,628)	(1,516)
Deferred in year	2,007	1,628
Deferred income at 31 March 2009	2,007	1,628

13. Provisions and charges – Group and Museum

Early retirement and voluntary redundancy commitments at 31 March 2009 are as follows:

	2009	2008
	£000s	£000s
Early retirement provision brought forward	2,674	2,925
Provision made in year	257	1,027
Payments in year	(1,003)	(1,278)
	1,928	2,674
Less current portion – included in creditors amounts falling due within one year	(888)	(1,146)
	1,040	1,528

The £1,928,000 represents the provision for annual compensation payments to those employees who retire under an approved redundancy scheme aged 50 years or over for the period until they reach the normal retirement age of 60 years. £888,279 is payable in the next year. £890,296 is payable between 2010 and 2014 and £149,727 before 2018.

Other provisions include an onerous lease provision of £74,789 (2008, £164,000) which relates to rentals on a property until the lease expires in 2011 and a provision of £18,000 (2007, £228,000) against legal liabilities and costs.

Provisions for liabilities and charges	Onerous lease £000s	Legal claims £000s	Total £000s
At 1 April 2008	164	228	392
Arising during the year	0	18	18
Utilised during the year	(55)	(228)	(283)
Reversed unused	(34)	0	(34)
At 31 March 2009	75	18	93
Less current portion – included in creditors amounts falling due within one year	(13)	(18)	(31)
	62	0	62

14. Financial Commitments

At 31 March 2009 the British Museum had annual commitments under operating leases as follows:

		Land and Buildings		Plant and Machinery	
		2009	2008	2009	2008
		£000s	£000s	£000s	£000s
Leases which expire:	within one year	78	0	1	1
	in the second to fifth year	184	261	0	2
	over five years	86	0	0	0
		348	261	1	3

15 Statement of funds

15(a) Statement of funds

	At 1 April 2008 £000s	Income £000s	Expenditure £000s	Net movement on investments and revaluation £000s	Movement during year £000s	Transfers between funds £000s	At 31 March 2009 £000s
<i>Permanent endowment funds</i>	12,573	0	(21)	(2,910)	(2,931)	0	9,642
<i>Restricted funds</i>							
Collection acquisitions fund	34,983	1,285	0	0	1,285	1,536	37,804
Collection purchase fund	610	810	(41)	(76)	693	(690)	613
Fixed asset revaluation fund	316,515	0	0	(26,748)	(26,748)	0	289,767
Fixed asset fund	129,041	7,180	(11,333)	0	(4,153)	10,760	135,648
Estates proceeds	3,036	65	(5)	(388)	(328)	0	2,708
Construction projects fund	3,883	3,174	(468)	(414)	2,292	(4,913)	1,262
Restricted income trust funds	4,668	651	(117)	(758)	(224)	(193)	4,251
Deferred income fund	3,863	6,062	(4,206)	(558)	1,298	(89)	5,072
	496,599	19,227	(16,170)	(28,942)	(25,885)	6,411	477,125
<i>Unrestricted funds: Museum</i>							
<i>Designated:</i>							
North West development project	42,500	0	0	0	0	0	42,500
Gallery projects	10,925	0	(31)	0	(31)	(3,494)	7,400
Infrastructure projects	3,473	0	(321)	0	(321)	(393)	2,759
Designated Trust Funds	1,460	2	(52)	(322)	(372)	(156)	932
	58,358	2	(404)	(322)	(724)	(4,043)	53,591
<i>General:</i>							
Investment estate	2,462	0	0	(751)	(751)	(1)	1,710
Unrestricted Trust Funds	7,635	212	(15)	(1,344)	(1,147)	0	6,488
General funds	8,371	50,214	(49,717)	(8,562)	(8,065)	475	781
	18,468	50,426	(49,732)	(10,657)	(9,963)	474	8,979
<i>Unrestricted funds: subsidiaries</i>							
British Museum Co Ltd	(13)	10,579	(8,973)	(650)	956	(1,297)	(354)
British Museum Co Ltd Fixed Assets	1,394	0	0	0	0	(229)	1,165
British Museum Great Court Ltd	2	4,231	(2,874)	0	1,357	(1,388)	(29)
British Museum Great Court Ltd Fixed Assets	0	0	0	0	0	72	72
	1,383	14,810	(11,847)	(650)	2,313	(2,842)	854
<i>Unrestricted funds: Group</i>	78,209	65,238	(61,983)	(11,629)	(8,374)	(6,411)	63,424
Total funds	587,381	84,465	(78,174)	(43,481)	(37,190)	0	550,191

The British Museum Co Ltd reserve includes a liability on a defined pension scheme of £1.77m, see note 19 for further details.

	2009
	£000s
Investments at fair value	63,721
Investments at historic cost	66,056
Fair value reserve	<u>(2,335)</u>

The investment properties (fair value of £1,710k) were acquired in the nineteenth century and have been included at a zero historic cost.

Analysis of group net assets between funds

	Permanent Endowments £000s	Restricted Funds £000s	Unrestricted Funds £000s	Total 2009 £000s	Total 2008 £000s <i>(restated)</i>
Fund balances at 31 March 2009 are represented by:					
Tangible fixed assets	0	425,415	1,237	426,652	446,950
Heritage assets	0	37,804	0	37,804	34,983
Fixed asset investments	4,857	8,424	50,440	63,721	82,871
Net current assets	4,785	5,482	14,619	24,886	25,697
Early retirement provision	0	0	(1,040)	(1,040)	(1,528)
Other provisions	0	0	(62)	(62)	(392)
Liability on defined benefit pension scheme	0	0	(1,770)	(1,770)	(1,200)
Total net assets	<u>9,642</u>	<u>477,125</u>	<u>63,424</u>	<u>550,191</u>	<u>587,381</u>

The Trustees consider that sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with any restriction imposed.

Permanent endowment funds

These consist of funds for which the income alone can be used for the following purposes:

<i>Brooke-Sewell Permanent</i>	for the purchase of Oriental antiquities and works of art
<i>King's Library Endowment</i>	sponsoring the post of curator of the King's Library
<i>Japanese Cultural Exchange</i>	for travel by scholars and conservators from BM and Japan
<i>Sackler Scholar Prog. for Egypto-Nubian Studies</i>	for post graduate research in the Department of Ancient Egypt and Sudan
<i>Sackler Scholar Prog. for Ancient Iranian Studies</i>	for post graduate research in the Department of Middle East
<i>Hill</i>	for the purchase of Coins and Medals
<i>Lukonin Memorial Lecture</i>	a series of lectures or seminars on ancient Iranian and Near Eastern studies
<i>Dingwall-Beloe Lecture</i>	to sponsor an annual lecture in horology
<i>Florence</i>	for general capital purposes
<i>Sackler Lecture in Egyptology</i>	for an annual lecture in Egyptology and associated costs
<i>Fuller</i>	wish that it be used for field work by the Department of Africa, Oceania and Americas
<i>Birch</i>	to be used for the salaries of three under-librarians

Restricted funds

A significant proportion of these funds represents the capitalised value of restricted and inalienable fixed assets, including collection items which have been acquired since 1 April 2001.

Restricted income trust funds: these consist of a number of funds where the donors have specified the uses to which they may be put or have placed certain restrictions on the use of capital:

<i>Hamlyn Gift</i>	for maintaining and equipping a reference library at the British Museum
<i>Rootstein-Hopkins</i>	for the acquisition of the works of qualifying artists in the fields of drawing and printmaking
<i>Sharp</i>	wish to be spent on books concerned with ancient Greece or Rome
<i>Sir Joseph Hotung Charitable Settlement – Asia</i>	to support research by the Department of Asia
<i>Governor James Albert Noe and Anna Gray Noe Fellowships</i>	award fellowships in religious traditions of the Middle East
<i>Hamlyn</i>	income only to be used for stock required for the library
<i>Oppenheimer</i>	for the Department of Prints and Drawings
<i>Sir Joseph Hotung Charitable Settlement – Middle East</i>	to support research by the Department of Middle East
<i>Playfair Bequest</i>	for the acquisition of prints and drawings
<i>Lloyd Bequest</i>	to acquire cabinets or other suitable accommodation for the prints and drawings
<i>Romenuk Bequest</i>	for the purchase of 14/15th century Hebrew manuscripts or Flemish Art
<i>Dennis</i>	for the general purposes of the Department of Africa, Oceania and Americas
<i>Dingwall</i>	for use by Horology
<i>Duthrie Bequest</i>	to be used for acquisitions and/or maintenance
<i>Christy</i>	for purchases for Departments of Prehistory & Europe and Africa, Oceania & Americas
<i>Woodward</i>	for the purchase of further English pottery and porcelain
<i>Ready Bequest</i>	for the purchase of Greek and Roman antiquities.

Unrestricted designated funds

These are unrestricted funds which the Trustees have set aside for a specific purpose.

North West development project: funds designated in support of the North West development project, expected to be expended over the next five years.

Gallery projects: funds designated for capital projects to refurbish galleries, expected to be expended over the next five years.

Infrastructure projects: funds designated for Museum infrastructure projects, expected to be expended over the next five years.

Designated Trust Funds: these are funds from which income or capital may be spent and the donors or trustees designated how they wished them to be used:

<i>B.M. Publications Donations</i>	for BM publications
<i>Brooke-Sewell Bequest</i>	for the purchase of Oriental antiquities and works of art,
<i>Michael Bromberg Fellowship</i>	for promotion of education by the study of prints and their history
<i>Coldwell</i>	for the purchase of Oriental antiquities

Unrestricted general funds

Investment estate: this represents the value of investment properties.

General funds: these are funds that are expendable at the discretion of the Trustees.

Unrestricted Trust Funds: these are funds which were donated simply for the general purposes of the Museum: *Smith, Reddan, Shaw, Vallentin, Lawrence, Planelles-Granell, Miscellaneous.*

15(b) Analysis of transfers between funds

	Restricted Capital Funds £000s	Unrestricted Capital Funds £000s	Restricted Revenue Funds £000s	Unrestricted Revenue Funds £000s
Collection purchases funded from unrestricted capital & revenue funds	846	0	(383)	(463)
Capital assets funded from unrestricted funds	5,847	(3,887)	0	(1,960)
Adjusting expenditure allocated to restricted funds in error	0	(1)	0	1
Trust fund transfer	0	0	101	(101)
Net movement on subsidiary fixed assets	0	(157)	0	157
	<u>6,693</u>	<u>(4,045)</u>	<u>(282)</u>	<u>(2,366)</u>

16. Cash flow information

Reconciliation of net incoming resources to net cash inflow from operating activities.

		2009	2008
		£000s	£000s
16(a)	Net incoming resources before revaluations	6,291	10,404
	Actuarial (loss)/gain on defined benefit scheme	(650)	970
	Loss on maturity of derivative financial instruments	(5,316)	0
	Donated assets – collection items	(1,285)	(934)
	Investment income	(2,633)	(2,787)
	Depreciation	11,438	9,928
	Loss on disposal of fixed assets	188	0
	Decrease in stocks	79	214
	Increase in debtors	(1,640)	(445)
	(Decrease)/increase in early retirement provisions	(488)	69
	Increase/(decrease) in creditors	2,401	(770)
	Increase/(decrease) in pension fund liability	570	(1,070)
	Decrease in other provisions	(330)	(68)
	Impairment of fixed asset	116	0
	Net cash inflow from operating activities	8,741	15,511
16(b)	Reconciliation of net cash flow to movement in net funds	2009	2008
		£000s	£000s
	Increase/(decrease) in cash in the period	11,890	(95)
	Decrease in liquid resources	(12,378)	(17,617)
	Movement in net funds in the period	(488)	(17,712)
	Foreign currency exchange rate difference	517	0
	Net funds at 1 April 2008	31,623	49,335
	Net funds at 31 March 2009	31,652	31,623
16(c)	Analysis of net funds	Foreign exchange rate	2009
		difference	£000s
		£000s	
	Liquid resources:		
	Short term deposits	21,383	(12,378)
	Cash at bank and in hand	10,240	11,890
		31,623	(488)
		517	31,652

17. Related party transactions

The British Museum is a Non-Departmental Public Body whose sponsoring body is the Department for Culture, Media and Sport. The Department for Culture, Media and Sport is regarded as a related party.

During the year, the British Museum had a number of material transactions with the Department and with other entities for which the Department is regarded as the parent department.

The British Museum has loaned items from the collections to the following organisations during 2008/09 which have the Department for Culture, Media and Sport or other Government Departments as a parent organisation:

The British Council	National Museums and Galleries of Wales
The British Library	The National Portrait Gallery
Tate Britain	The Victoria and Albert Museum
The National Gallery	National Museum of Science and Industry
The National Maritime Museum	

The British Museum has borrowed items from the collections of the following organisations during 2008/09 which have the Department for Culture, Media and Sport or other Government Departments as a parent organisation:

The National Trust	The British Library
The National Portrait Gallery	National Galleries Scotland
The Victoria and Albert Museum	National Museums Liverpool
National Archive	Tate Britain
National Museum of Science and Industry	

During the year the British Museum entered into the following material transactions:

Related party transactions						
Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2009	Expenditure for the year ended 31 March 2009	Creditor balance as at 31 March 2009	Debtor balance as at 31 March 2009
			£'000	£'000	£'000	£'000
Thomson Reuters	Mr Niall FitzGerald is the Deputy Chairman of Thomson Reuters	Corporate support	31	0	3	0
HSBC Holdings	Mr Stephen Green is the Chairman of HSBC Bank Plc	Sponsorship	35	0	215	0
Thales	Lord Powell of Bayswater KCMG is an adviser to Thales	Corporate support	35	0	26	0
Karim Rida Said Foundation	Lord Powell of Bayswater KCMG is a Trustee of Karim Rida Said Foundation	Support for Arab World Programme	30	0	0	0
Leverhulme Trust	Mr Niall FitzGerald is a Trustee of the Leverhulme Trust	Grants and Leverhulme fellowships awarded during the year	113	0	0	16
The British Museum Friends	Professor Sir Barry Cunliffe and Mr David Norgrove served as Trustees of the British Museum Friends	Grants awarded during the year	332	0	0	103
The British Museum Friends	Professor Sir Barry Cunliffe and Mr David Norgrove served as Trustees of the British Museum Friends	Reimbursement of staff costs	346	0	0	29
The American Friends of the British Museum	Mr Francis Finlay is chairman of the American Friends of the British Museum.	Grants awarded during the year Administration costs associated with grant making	530	68	68	0
The Arts and Humanities Research Council (AHRC)	Neil MacGregor was a member of the board of the AHRC until his retirement in April 2009.	Research Grants	193	0	0	0
The Sudan Archaeological Research Society	Vivian Davies is a Trustee of The Sudan Archaeological Research Society	Contributions from Museum funds towards costs of archaeology in Sudan Reimbursement of postage costs	2	2	0	0
School of Oriental and African Studies (SOAS)	Baroness Helena Kennedy is President of SOAS	Payment for various course fees	0	5	0	0

In addition to the related party transactions disclosed above:

Mr Antony Gormley generously allowed the British Museum to display his work "Case for an Angel I" in the Museum between 4 October 2008 and 25 January 2009. The value of this transaction cannot be reliably estimated; and

Professor Sir Barry Cunliffe and Ms Karen Armstrong have written books which are sold by the British Museum Company. The value of the related party transaction cannot be reliably estimated.

18. Capital commitments

At the balance sheet date the value of capital commitments totalled £3.0m. The most significant commitment is for the North West Development project.

19. Pensions

British Museum

Details of the Museum's pension arrangements are provided in the Remuneration Report and in the accounting policy note 1(m) above.

For 2008/09, contributions of £4,525,000 (£4,544,000 for 2007/08) were payable to the Paymaster General (Civil Superannuation Vote) at rates determined from time to time by the Government Actuary and advised by the Treasury.

For 2008/09 the rates were as follows: for salaries under £19,500, 17.1%, for salaries between £19,501 and £40,500, 19.5%, for salaries between £40,501 and £69,000, 23.2%, for salaries over £69,001, 25.5%. For 2009/10 the rates will be as follows: for salaries under £20,500, 16.7%, for salaries between £20,501 and £42,000, 18.8%, for salaries between £42,001 and £72,000, 21.8%, for salaries over £72,000, 24.3%

For 2007/08 the rates were as follows: for salaries under £19,000, 17.1%, for salaries between £19,001 and £39,000, 19.5%, for salaries between £39,001 and £66,500, 23.2%, for salaries over £66,501, 25.5%.

British Museum Company Limited

Defined Contribution Scheme

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

Defined Benefit Scheme

The Company operates a defined benefit 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 "BMCo Pension Trustee Company Limited".

The most recent full actuarial review of the scheme was carried out at 31 March 2008 and updated to 31 March 2009 by a qualified independent actuary to reflect the difference in actuarial assumptions and the time period elapsed.

Pension costs are assessed in accordance with the advice of a qualified independent actuary, Pope Anderson, using the attained age method. The assumptions which have the most significant effect on the results of the valuation are that, over the long term, investment returns would be at the rate of 6.5% per annum and this would exceed the rate of salary growth by 2.5%.

The market value of the scheme assets as at 31 March 2008 was £6,753,413. The actuarial value of those assets was sufficient to cover 85% of the benefits that had accrued to members, after allowing for expected future increased in earnings on a minimum funding rate basis. Current and future contributions reflect the deficiency. With effect from 1 April 2009, a schedule of contributions was put in place fund the scheme's defined benefits at the rate of 21.7% per annum of pensionable salary for scheme members. For employees joining the scheme before 1 November 1993, the scheme is non-contributory. Employees joining the scheme with effect from 1 November 1993 pay 5% of pensionable salary towards the total. The cost of insuring the death in service benefits is payable in addition to these amounts.

The total employer's pension contributions for entities adhering to the scheme was £243,000 (2008: £230,000).

Full details of the scheme can be obtained by writing to the British Museum Company Limited, 38 Russell Square, Londo WC1B 3QQ.

Financial Reporting Standard No 17

The qualified actuary, independent of any participating employers, has adjusted the data used in the actuarial valuation for 31 March 2008 valuation, for the purposed of calculating the Financial Reporting Standard No.17 disclosures for the year ended 31 March 2009.

The amounts recognised in the balance sheet are as follows:

	2009	2008
	£m	£m
Fair value of scheme assets	5.69	6.73
Present value of funded obligations	7.46	7.93
Surplus/(deficit)	(1.77)	(1.20)

The amounts recognised in the balance sheet are as follows:

	2009	2008
	£m	£m
Assets	0.00	0.00
Liabilities	(1.77)	(1.20)
	(1.77)	(1.20)

The amounts recognised in profit or loss are as follows:

	2009	2008
	£m	£m
<i>Defined benefit pension scheme</i>		
Current service cost	0.11	0.12
Interest cost	0.52	0.51
Expected returns on scheme assets	(0.46)	(0.47)
Total	0.17	0.16
Actual return on scheme assets	(1.14)	(0.32)

Changes in the present value of the defined benefit obligation are as follows:

	2009	2008
	£m	£m
<i>Defined benefit pension scheme</i>		
Opening defined benefit obligation	7.93	9.22
Current service cost	0.11	0.12
Interest cost	0.52	0.51
Contribution by scheme participants	0.01	0.01
Actuarial losses / (gains)	(1.05)	(1.76)
Benefits paid	(0.06)	(0.17)
Closing defined benefit obligation	7.46	7.93

Changes in the fair value of scheme assets (excluding any AVCs) are as follows:

	2009	2008
	£m	£m
<i>Defined benefit pension scheme</i>		
Opening fair value of scheme assets	6.73	6.95
Expected return	0.46	0.47
Actuarial gains/(losses)	(1.70)	(0.79)
Contributions by employer	0.25	0.26
Contributions by scheme participants	0.01	0.01
Benefits paid	(0.06)	(0.17)
Closing value of scheme assets	5.69	6.73

The Company expects to contribute £330,000 to its defined benefit pension scheme in the year ended 31 March 2010.

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

	2009	2008
Cash	26%	22%
Bonds	12%	10%
Equities	45%	50%
Property	17%	18%

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

	2009	2008
Discount rate at 31 March	6.9%	6.6%
Expected return on scheme assets at 31 March	6.4%	6.8%
Future salary increases	3.0%	3.3%
Future pension increases		
Pre 1 May 1991	3.0%	3.0%
1 May 1991 to 31 December 2007	5.0%	5.0%
1 January 2002 to 31 December 2007	3.0%	3.3%
Post 31 December 2007	2.5%	2.5%
Inflation assumption	3.0%	3.3%

The overall expected rate of return on scheme assets has been determined by calculating a weighted total of individual asset returns, adjusted to include an allowance for prudence and investment management fees.

The underlying market expected return rates used at 8.8% for equity type investments, 6.89% for corporate bond funds, and 5% for cash.

	SAPS mc	PA92 (C2015)
Mortality		
Life expectancy of male aged 65 in 2009	85.50	84.40
Life expectancy of male aged 65 in 2029	86.80	84.40

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

Defined benefit pension scheme	2009	2008	2007	2006	2005
Defined benefit obligation	(7.46)	(7.93)	(9.22)	(9.43)	(7.79)
Plus assets	5.69	6.73	6.95	6.33	4.43
Surplus / (deficit)	(1.77)	(1.20)	(2.27)	(3.10)	(3.36)
Experience adjustments on scheme liabilities*	0.71	0.00	0.00	0.00	0.00
Experience adjustments on scheme assets**	(1.70)	(0.79)	0.07	0.69	0.18

*Where positive numbers represent increases to liabilities

**Where positive numbers represent increases to assets

The scheme had 106 members at the last formal valuation dated 31 March 2008.

20. Contingent liabilities

The Museum has no contingent liabilities at the year end.

21. Financial instruments

FRS 29 requires the disclosure of information to enable users to evaluate the significance of financial instruments for the Museum's financial position, the nature and extent of risks arising from financial instruments to which the Museum was exposed during the period and at the reporting date, and how the Museum manages those risks.

Financial assets and liabilities by category

Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 March 2009, together with net gains and losses for each classification.

Group	Loans and receivables	Available- for-sale	Fair value through profit or loss (held for trading)	Other financial liabilities	Total
	£000s	£000s	£000s	£000s	£000s
Investments	0	63,721	0	0	63,721
Trade debtors	1,561	0	0	0	1,561
Short-term investments	9,005	0	0	0	9,005
Cash at bank and in hand	22,647	0	0	0	22,647
Trade creditors	0	0	0	(6,070)	(6,070)
Derivative financial instruments	0	0	(3,090)	0	(3,090)
	<u>33,213</u>	<u>63,721</u>	<u>(3,090)</u>	<u>(6,070)</u>	<u>87,774</u>

Gains/(losses) on investment assets

Gains/(losses) on derecognition of investments	(2,395)
Gains/(losses) on retranslation of foreign denominated cash and investments	8,209
Gains/(losses) on derivative financial instruments	(5,316)
Total investment gains/(losses), recognisable in SOFA	498
Net movement in fair value of available-for-sale investments, taken to reserves	(16,581)
Total investment gains/(losses)	(16,083)

Financial risk management

Qualitative information on the Museum's approach to financial risk management is disclosed in the "Reserves" and "Investments and financial risks" sections of the Annual Report above, and in the Statement on the System of Internal Control. Quantitative disclosures are included here.

Credit risk

The Museum is not exposed to significant trading credit risks as most major customers are familiar. For the invoices raised during the year, 85% were paid by 20 June 2009.

Term deposits and cash holdings are placed only with approved UK banks and are spread across several institutions.

The Museum has not suffered any loss in relation to cash held by bankers.

Liquidity risk

Approximately 60% of the Museum's incoming resources before transfers, notional costs and revaluations is provided by Grant-in-Aid from the Department for Culture, Media and Sport. As a result the Museum is not exposed to significant liquidity risk.

The Department has confirmed the level of revenue funding it is making available for the two years to 31 March 2011.

The Museum's reserves policy is set out in the Annual Report above. The trustees believe that the level of unrestricted reserves at year-end, combined with secured income for the year ahead is such that the Museum is not exposed to unacceptably high liquidity risks.

Market risk: interest rate risk

The Museum's financial assets, excluding short term debtors and creditors, are made up of investments and cash. Information about the Museum's investments is disclosed in "Fundraising and Finance" section of the Annual Report and at note 9.

Cash is held in a variety of bank accounts, split between non-interest bearing, fixed rate and floating rate accounts as follows:

	Floating rate	Fixed rate	Non-interest bearing	2009 Total £000s	2008 Total £000s
	£000s	£000s	£000s		
Sterling	19,505	9,000	525	29,030	30,497
US \$	1,601	0	1,019	2,620	1,106
Euro	2	0	0	2	20
	<u>21,108</u>	<u>9,000</u>	<u>1,544</u>	<u>31,652</u>	<u>31,623</u>

The weighted average interest rate on fixed rate financial assets is 5.2% (2008: 6.2%) and the weighted average period of deposit is 46 days (2008: 81 days). The interest receivable on the floating rate deposits is at a variable rate determined by the Museum's bankers.

Interest income for the year made up about 1.4% Museum's incoming resources before transfers, notional costs and revaluations and the Museum does not hold any loans, so exposure to interest rate risk is minimal. It is estimated that a 10% lower average interest rates over the year with all other variables held constant would have decreased interest income by around £100k.

Market risk: foreign currency risk

21% of the Museum's financial assets are denominated in currencies other than pounds sterling, the base currency for the Museum's operations. In order to protect funds from exposure to currency risk the Museum reviews underlying investment manager exposure and deploys hedging strategies.

Euro exposure is hedged if it constitutes more than 20% of the portfolio, US dollar and Japanese Yen exposures if they represent more than 10% of the portfolio, and all other currencies if they together constitute more than 10% of the portfolio. Unhedged assets will include illiquid private equity investment where the long-term nature of the investment removes the need to hedge short-term fluctuations and the uncertainty surrounding the quantum and timing of distributions makes accurate currency hedging problematic.

The total value considered to be exposed to currency risk at 31 March was:

Currency	Value 2009 £000s	Value 2008 <i>Re-presented</i> £000s
US\$	12,987	16,550
Japanese Yen	2,550	2,562
Euro	958	3,127
Swedish Kroner	386	555
Norwegian Kroner	317	352
Swiss Francs	274	0
Canadian \$	669	800
Other	657	566
	<u>18,798</u>	<u>24,512</u>
Assets considered to be exposed to US\$ risk	\$18,615	\$31,950
Less forward contract:- US\$	(\$15,000)	(\$30,000)
Total value exposed to US\$ currency risk	<u>\$3,615</u>	<u>\$1,950</u>

Market risk: other price risk

Exposure to wider price risks is reduced by competitive tendering and securing two or three year fixed price contracts, where appropriate. The Museum is, in particular, exposed to risks associated with its investments – details of the investment policy and risk management are disclosed in the 'Investments and financial risks' section of the Annual Report above.

22. Post balance sheet events

The British Museum and British Museum Great Court Ltd signed a contract for the provision of consultancy services during April 2009. The contract will significantly increase the group income in 2009/10 but at this stage a reliable estimation of the impact cannot be made.

The financial statements were authorised for issue by the Trustees and Accounting Officer on 13 July 2009.



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