

The British Museum

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

HC 436

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Contents

| | |
|--|-----------|
| Trustees' and Accounting Officer's Annual Report | 3 |
| Chairman's Foreword | 3 |
| Structure, governance and management | 5 |
| Constitution and operating environment | 5 |
| Governance statement | 5 |
| Subsidiaries | 10 |
| Friends' organisations | 10 |
| Strategic direction and performance against objectives | 10 |
| Collections and research | 10 |
| Audiences and Engagement | 11 |
| Investing in our people | 14 |
| Plans for future periods | 15 |
| Fundraising and finance | 16 |
| British Museum benefactors | 16 |
| Grant-in-Aid | 16 |
| Capital expenditure | 16 |
| Grants | 16 |
| Reserves | 17 |
| Investments and financial risks | 17 |
| Public benefit, sustainability, social and community issues | 18 |
| Public benefit | 18 |
| Estates management | 19 |
| Sustainability report | 19 |
| Suppliers | 20 |
| Activity under immunity from seizure | 21 |
| Reference & administrative details | 22 |
| The Board of Trustees | 22 |
| Trustees' committees and membership | 23 |
| Trustee membership of related Councils and Boards | 24 |
| Official addresses as at 31 March 2014 | 24 |
| DCMS' performance indicators | 25 |
| Basis of Preparation of Financial Statements and Accounting Policies and Practices | 26 |
| Remuneration Report | 27 |
| Statement of Trustees' and Accounting Officer's responsibilities | 29 |
| The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament | 30 |
| Consolidated Statement of Financial Activities | 32 |
| Consolidated Balance Sheet | 33 |

| | |
|---|-----------|
| Museum Balance Sheet | 34 |
| Consolidated Cash Flow Statement | 35 |
| Notes to the Accounts | 36 |

Trustees' and Accounting Officer's Annual Report

Chairman's Foreword

When the doors to the British Museum opened to the public on 15 January 1759, each day about 75 people made their way round. In 2013, annual visits to the BM rose to 6.8 million. It has been a huge change over the centuries and the 2013 figures were the best ever, beating the previous peak (5.9 million in 2008) and up 20% on 2012. Press coverage of this record-breaking number was extensive. According to *The Art Newspaper*, the BM is now the second most visited museum in the world.

This success was mirrored across the organisation. External funding for BM research achieved its highest level ever. BM Membership has risen to over 75,000. The website saw an increase of traffic of 29% on the previous year, reaching 35.4 million visits. On Facebook the number of BM followers rose to half a million. Even Google marked the BM's 255 years of free public access with a doodle of the BM on its search page.

This growth was a tribute to a public programme that engages audiences and enlivens the collection, whether through a nationwide cinema screening of *Pompeii Live* from the British Museum or an international tour supported by the Iran Heritage Foundation of the *Cyrus Cylinder*, which travelled from Washington to Mumbai. When 471,000 people visited the exhibition *Life and Death in Pompeii and Herculaneum*, sponsored by Goldman Sachs, it became the third most popular exhibition in the BM's history, after *Tutankhamun* (1972) and *First Emperor: China's Terracotta Army* (2007).

What strikes me most about the BM's diverse achievements is the quiet generosity of those who support them – enabling young people in the UK to undertake museum training, funding curatorships, supporting children's activities, helping museum professionals in Africa and India to acquire new skills in museology and cultural leadership.

The year has seen many longstanding partners continue their support, with a real sense of commitment to the work of the BM. Several companies, including The Asahi Shimbun and Samsung, renewed their long-term support for public programmes.

The steady renewal of the display of the permanent collection has continued. Thanks to Sir Paul and Lady Ruddock, previous benefactors of the BM's gallery on late medieval Europe, a beautiful new gallery devoted to Sutton Hoo and early medieval Europe opened in March 2014.

The most significant event of the year, and by far the largest project the BM has undertaken recently, was the opening of the new building in its northwest corner. It has been a major project over the past seven years and the philanthropic support has been enormous for its conservation studios, controlled object storage, loans hub and state-of-the-art exhibition gallery. It was with great pleasure that we saw the building launched in March 2014 with the opening by HM Queen Margrethe of Denmark of the first exhibition in the Sainsbury Exhibitions Gallery. This new, noble space, the gift of the Monument and Linbury Trusts, was launched with nothing less than a 37m Viking ship, the central display in the BP exhibition, *Vikings: Life and Legend*. We are hugely grateful to the donors and to the project team, led by Tony Wilson, who brought this to us on time and in budget.

The BM strives to represent an idea of excellence – for the quality of its scholarship, for the brilliance of its collection. It has inspired many astonishing gifts, and the past year saw in particular outstanding donations of prints and drawings of the 20th century, including major works by Frank Auerbach and Georg Baselitz. That generosity is often financial, helping us acquire items that might not otherwise be available for public viewing: pre-eminent acquisitions in 2013 included works by Picasso and the medieval Lacock Cup.

With significant international research funding, the BM is forging a strongly integrated approach to scholarship and public programming. The exhibition of Japanese 'spring pictures' or shunga, supported by Shunga in Japan LLP, was just one facet of three years' research on the topic, funded by the Leverhulme Trust. Future exhibitions will build on this all-important link to new research. I am very much looking forward to seeing in September 2014 the BP exhibition *Ming: 50 Years that Changed China*. It is based on a major research project, funded by the Arts and Humanities Research Council, which examines a particular moment in China's past and how it connects to a wider world history. A research collaboration with the National Museum of Australia will also prove fascinating as the two collections are pooled to showcase early indigenous material from Australia alongside new interpretations based on interviews and recent scholarship.

Whenever I see schoolchildren buzzing happily around the BM, I am reminded of just how varied are the activities that go on here. The BM facilitates over 250,000 pupil visits a year. The children observe, they draw, they listen. They work with their tablets. They are the Museum's future and I can state confidently that the knowledge of world cultures they experience at the BM will help make them fit global citizens for tomorrow. On their behalf we continue to pursue our ambition to be the Digital Museum of the World.

Beyond London there is likewise an enormous vitality to the BM's work. The Museum was praised in Parliament for its programmes that support museums across Britain, with lead support from the Dorset Foundation. Training modules, high-profile loans, touring exhibitions, staff exchanges – all contribute to new forms of cultural partnership that benefit all of the UK. On the international stage, too, the BM has many roles. When BM archaeologists engage in fieldwork in Egypt or Oman, they change what we know about the world's history, quite literally unearthing it and bringing it into the light for all to see. Staff run programmes in India and in West and East Africa that are tailored for the participants, acknowledging the very different environments but offering all they can in terms of sharing skills, advice and establishing collaborations that also bring contemporary cultural knowledge back into the collection. Such work builds links across the globe. The BM has recently been able to feature a two-year loan from the National Museum of Korea in the Korea Foundation Gallery. The generosity of such exchanges builds on a long history of relationships around shared scholarship, fieldwork, conservation and the BM's own generous lending of objects around the world.

The point at which this report is published will mark the end of my time as Chairman of the Trustees. I am pleased that in another role, as Chairman of the Leverhulme Trust, I shall remain closely allied to the ambitions of scholarship and public benefit that I have seen flourish at the British Museum. I would like to thank all my fellow Trustees over the past eight years, who have taken so seriously their responsibilities on behalf of the Museum and the long-term care of its collection. They are themselves truly international in make-up and outlook, and have ensured the BM's unique ability to tell a world history has remained at the forefront of all discussions. I wish my successor, Sir Richard Lambert, the very best as he takes on the privileged role of Chairman of the Trustees of the British Museum.

For a year which has attracted so many to the BM, I can only – once again – express my admiration and gratitude to the staff, volunteers and supporters who made that success possible. It is an exciting time for the BM. A new Building Development Framework is being published and I will watch with interest and encouragement as the British Museum evolves into its next state – maintaining its outstanding collection and finding ever new ways to use it to engage the public in the UK and across the globe.

Niall FitzGerald KBE
Chair of the Trustees

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 exhibited.¹

The BM is now governed in accordance with the British Museum Act 1963 and Museums and Galleries Act 1992.² The BM is an exempt charity under schedule 3 of the Charities Act 2011. The Secretary of State for Culture, Media and Sport is the principal regulator under the Charities Act 2006.

The BM is also a Non-Departmental Public Body funded by a combination of grant-in-aid allocated by DCMS and income secured through commercial, fundraising, sponsored and charging activities.

It has a wide range of stakeholders, including DCMS, HM Treasury, Camden Borough Council, English Heritage, Arts Council England, 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 statement

The governing body of the BM 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 Secretary of State on the nominations of the Royal Academy, the British Academy, the Society of Antiquaries of London and the Royal Society respectively, and five by the BM’s Trustees. The Chairman is appointed by the Board from its members. The names of Trustees serving during the year are listed on page 22.

The induction of new Trustees is primarily through a programme of department visits and meetings with the Director, Deputy Directors, and members of the senior management team. An introductory pack of key documents and publications including the Governance Policies and Principles, the BM Strategy and Operating Plan, the Annual Report and Accounts, and the organisation chart is provided. Induction programmes and training are further tailored to the individual needs and interests of the Trustee. In 2013/14, a programme of ongoing training and briefing sessions for all Trustees was introduced.

The corporate governance framework; matters for the Board’s decision; and the respective responsibilities of the Board, Trustees’ Committees and Management are clearly defined in the BM’s Governance Policies and Principles, which is available on the BM’s website. The BM follows governance best practice for public service and charitable bodies, and insofar as it applies, the BM complies with the principles of the Corporate Governance in Central Government Departments: Code of Good Practice.

A register of Trustees’ and co-opted committee members’ interests is maintained and is available for public inspection on request; this is reviewed by all Trustees and co-opted committee members at least once a year. Trustees and co-opted members are required to declare any conflicts or potential conflicts of interest at Board and committee meetings, and these are recorded in the minutes. Depending on the nature of the conflict or potential conflict, the Chair may require a Trustee or co-opted member to either leave the meeting, or not take part in a discussion or decision on a particular issue.

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

² In the fulfilment of its aim, other legislation extends the powers of the BM for specific purposes related to its collection.

| Board/Committee | Hierarchy | Remit |
|---|---|---|
| Board of Trustees | Board | To discharge statutory duties under the British Museum Act 1963 and Museums and Galleries Act 1992 for the general management and control of the BM. The Board appoints the Director with the approval of the Prime Minister, defines the strategic direction of the BM, and approves its execution in an operating plan drawn up in consultation with the Director. |
| Standing Committee | Board Committee | To discharge the functions of the Board between quarterly Board meetings, including monitoring achievement of the plan. |
| Director | Accounting Officer | All Board authority granted to the management and staff of the BM is delegated through the Director, so that all authority and accountability is considered to be the authority and accountability of the Director so far as the Board is concerned. The Director attends Board meetings. The Director as the Accounting Officer is accountable to Parliament for the stewardship of the resources within the BM's control. |
| Audit Committee | Board Committee | To 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. |
| Nominations and Governance Committee | Board Committee | To advise on succession planning for Trustees and the Director, recommend candidates as Trustees for appointment, and provide assurance on governance. |
| Investment Sub-Committee | Sub-committee of the Standing Committee | To advise the Standing Committee on the investment of the BM's funds and the performance of investment managers, and set and implement the investment strategy. |
| World Conservation & Exhibitions Centre Committee | Sub-committee of the Standing Committee | To monitor, on behalf of the Standing Committee, the new building project on the north-west corner of the main site. |
| International Strategy Committee | Sub-committee of the Standing Committee | To provide advice on the BM's international strategy, and to monitor and report on the Zayed National Museum project to the Standing Committee. |
| Research Committee | Sub-committee of the Standing Committee | To provide expert advice and oversight of the BM's research programme, to monitor the implementation of the research strategy and provide quality assurance. |
| Major Projects Committee | Sub-committee of the Standing Committee | To monitor the scope and design of major projects. |
| Directorate Group | Executive Committee | To lead the BM's planning process, manage risk and oversee operational activity. Its membership during the year comprised the Director and four Deputy Directors. |

| Board/Committee | Hierarchy | Remit |
|---------------------|---------------------|---|
| BM Management Group | Executive Committee | <p>To raise and discuss current and emerging issues relating to BM activity and external developments; and act as an information sharing group for heads of department. Its membership is drawn from the Directorate Group and the heads of BM departments. During the year this comprised of the following:</p> <ul style="list-style-type: none"> • <i>Collections:</i> Africa, Oceania & the Americas; Ancient Egypt & Sudan; Asia; Coins & Medals; Collections Services; Conservation & Scientific Research; Greece & Rome; Middle East; Britain, Europe & Prehistory; Prints & Drawings • <i>Public Engagement:</i> Digital Media and Publishing; Exhibitions; Learning, Volunteers & Audiences; Press & Marketing; Zayed National Museum Project; International Engagement • <i>Operations & Projects:</i> Operations Strategic Planning, Operations Contract Management, Operations Programme Management; Security and Visitor Services • <i>Administration:</i> Corporate Affairs; Development; Finance; Human Resources; Information Systems; Legal Services; Retail, Events and Conferencing. |

Some Trustees also attend certain executive groups covering issues such as advocacy, marketing and digital in an advisory capacity.

Board effectiveness

The Board reviews its effectiveness annually through a questionnaire completed by each Trustee, which assesses performance in five areas:

- Vision, mission and strategic direction
- Performance and corporate behaviour
- Legal and regulatory compliance
- Guardianship of the BM's assets
- Capacity to govern

A report of findings is considered by the Nominations and Governance Committee and action points agreed by the Board. At least every three years, the review includes an element of independent assessment. An independent evaluation of Board performance was conducted in 2013. This showed that the Board was fundamentally effective in all areas and that there were no significant weaknesses.

The British Museum's strategy, *Towards 2020*, is supported by a three-year Operating Plan and Budget for the period 2012/13-2014/15. The Trustees receive quarterly reports on the Museum's performance against its key objectives; a summary of performance is included below in the section 'Strategic direction and performance against objectives'.

The Board has high standards in terms of the data it expects to receive to support it in discharging its duties. Data relating to the delivery of the Museum's objectives, including financial control and the management of risk, is regularly reviewed by the Board and its committees. The 2013 review of Board performance showed that the Trustees agreed unanimously that they received an appropriate level of information and that there were effective mechanisms in place to measure performance.

Reports from Board committees

- *Audit Committee:* in addition to its ongoing review of the risk register, during 2013/14 the Committee considered in detail the management of risks around the World Conservation and Exhibitions Centre (WCEC) project, the Zayed National Museum (ZNM) project, and Human Resources. It received regular updates on security, operations and collections management. Representatives from the National Audit Office and the Head of Internal Audit attended each meeting and the Committee considered the work undertaken.

- **Nominations & Governance Committee:** during 2013/14, the committee oversaw the selection of four Trustees who were recommended to the Prime Minister and approved by him for appointment in September. A sub-committee was formed to consider candidates for a new Chair and to make a recommendation to the Board; Sir Richard Lambert was duly appointed by the Board as a Trustee from March 2014 and selected as Chair from July 2014.
- **Standing Committee:** the committee continued to discharge the functions of the Board between quarterly Board meetings.

Reports from the Standing Committee, Audit Committee and Nominations and Governance Committee are recorded in the minutes of Board meetings which are published on the BM's website. Sub-committee business is reported to the Standing Committee.

Attendance at meetings of the Board and its committees is noted in the section 'Reference and administrative details' below.

Risk management framework and risk assessment

Risk is unavoidable and the resources available for managing risk are finite. The aim of risk management within the BM is therefore to achieve an optimum response to risk, prioritised in accordance with an evaluation of the risks. The approach adopted takes into account the HM Treasury guidance on management of risk ("The Orange Book") with reference as appropriate to best practice guidance from the National Audit Office and risk management standards.

The BM assesses risk through consideration of the likelihood of something happening, and the impact that would arise if the risk were actually to occur. Risk management within the BM includes:

- identifying and assessing risks (the "inherent risks"). The most significant inherent risks in 2013/14 relate to the collection, both in store and on display; international activity; future income; the World Conservation and Exhibitions Centre; visitors and staff; and the Bloomsbury building;
- assigning each of those risks to an individual risk owner;
- setting an agreed risk appetite (the "risk targets");
- evaluating the effectiveness of relevant mitigating controls;
- assessing the risks remaining given the controls in place (the "residual risks"); and
- agreeing, implementing and monitoring controls to reduce the variance between residual and target risks.

The table below details the different elements of the risk management framework:

| Body | Nature | Role in risk management |
|-----------------------------|---------------|---|
| Director | Executive | The Director, Neil MacGregor, is the Accounting Officer for the purposes of reporting to the Department for Culture, Media and Sport, and has overall responsibility for the BM's risk management framework. |
| Directorate Group | Executive | Reviews risks, and receives and considers reports or recommendations for action or decision. |
| Internal Controls Committee | Executive | Oversees the implementation of risk management principles and practice throughout the BM 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 BM. |
| Budget Holders | Executive | All budget holders provide the Accounting Officer with annual assurance statements. The Accounting Officer and the Audit Committee also receive annual reports on security and health & safety and biannual reports on stewardship of the collection. |

| Body | Nature | Role in risk management |
|-----------------|-----------------|--|
| Internal Audit | Internal Audit | Acts as an independent review of the internal control framework, including risk management. In addition to reports on individual reviews, Internal Audit produces 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 Head of Internal Audit has a primary reporting line to the Chair of the Audit Committee and to the Director, with a structural reporting line to a Deputy Director. |
| Audit Committee | Board Committee | <p>The Audit Committee's membership covers a wide range of skills, vital for an institution with a scope as broad as the BM's. Members collectively have experience and knowledge of accounting; risk management, governance and control; audit; management of organisations of equivalent size and profile; the wider environment in which the BM operates; the government environment and accountability structure; business and commerce; safeguarding the collection; handling the response to terrorism; and knowledge of communications.</p> <p>The Audit Committee reviews the risk register and actions taken at each of its meetings. In addition to a rolling programme of review, the committee focuses on the highest rated residual risks in terms of their likelihood and impact taken together, and topical risks.</p> <p>The Audit Committee challenges the BM's officers for evidence of good management and routinely requires managers to provide assurance that risk management and internal controls are thoroughly understood and effectively implemented at an operational level.</p> |

During the year the BM's risk management policy was reviewed and approved with no changes.

The most significant risks currently facing the BM arise from reductions in government funding; integration of the new WCEC building with the existing site and its maintenance arrangements; and movement of the collection between storage sites.

The BM has suffered no significant losses or thefts of personal or other protected data during 2013/14 and has made no report to the Information Commissioner's Office.

The Museum continues to focus its efforts on scrutinising areas of perceived higher risk and, in particular, is further strengthening controls operating around security resilience, objects on display, energy efficiency, business continuity, loans out and collections management procedures.

Neil MacGregor
Accounting Officer

Niall FitzGerald KBE
Chair

3 July 2014

Subsidiaries

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

Conferences, consultancy, 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 Trustees.

Friends' organisations

The work of the BM is supported by two 'friends' associations. The British Museum Friends (BMF) is a registered charity and a company limited by guarantee that provides grants to the BM out of the surplus it generates from membership subscriptions, fundraising, and members' activities. The Trustees of the BM are also the Trustees and the company law directors of the Friends.

The American Friends of the British Museum (AFBM) supports the BM's development by raising funds in the United States. It is separately administered and independent of the BM.

Strategic direction and performance against objectives

"Towards 2020" (published on the BM's website) sets out the priorities for the BM in pursuit of its strategic objectives to 2020. During 2013/14 the BM continued to make significant progress in working towards these objectives.

Collections and research

Collection

The BM's collection of over eight million objects spans the history of the world's cultures. Thanks to gifts from private individuals, sponsorship from corporate partners and funding from public bodies, the BM continues to build, maintain and utilise its collection, engaging with the varied needs of audiences worldwide.

New acquisitions help improve the collection in both breadth and depth of coverage. Among the year's outstanding additions was the Lacock Cup, a partially gilded silver vessel made in England in the mid-15th century as a cup for feasting which, after the Reformation, was used instead as a chalice for communion wine. The Selby Hoard of 201 Roman silver coins was found in East Yorkshire in 2010 and has since been virtually excavated, examined, and "cleaned" using x-ray computed tomography while still in the pot in which they were buried.

Two sets of progressive proofs, along with the finished works, of linocuts by Picasso were put on special display in 2014 after their purchase with support from the Art Fund, James and Beatrice Lupton, the BM's patrons and a number of other benefactors. 25,000 digital photographs of rock paintings and engravings from across Africa, acquired with assistance from the Arcadia Fund, will be published online over the next three years. The donation of thirty-four prints and drawings from the Duerckheim Collection has transformed the Museum's holdings of post-war German art, enabling the history of drawings and printmaking in the country to be followed from the time of Dürer to the present.

Conservation and research

Conservation and research underpin all the BM's work. Conservators clean, repair and stabilise objects in the collection. Scientific study of deterioration mechanisms helps establish the optimum environmental conditions for storage and display. Research enables the collection to be better used by the public to understand human history and culture.

As an example of the conservation challenges the BM faces, the Kukeri masks are worn in Bulgaria for annual celebrations, and would not have been made to last. The BM's metre-high example is a colourful tower of beads, fabrics, mirrors and coins. Over time the foam roses on the mask began to decay. Borrowing a technique from the Netherlands, conservators were able to infuse some roses with a consolidant; some were kept in their original state for future comparison.

Work to conserve the BM's King Edward VII building was nominated for an RICS Building Conservation Award. The substantial repairs to the parapet restored the cast lead ornamental coverings, which included decorated

frieze panels and a substantial armorial of Athena. The building was adopted as a case study in the English Heritage campaign "Heritage Counts 2013".

Scientific study of Egyptian mummies using CT scanning enabled virtual unwrapping and seeing inside without destructive and irreversible physical intervention. A three-year collaborative project with the Courtauld Institute of Art used photoluminescence to identify pigments. Examination of ancient maritime pitch and tar focused on a fifteenth-century clinker-built ship discovered in Newport in 2002 and drew on comparisons with Viking ships from Roskilde in Denmark and the St Peter Port wrecks from Guernsey.

The Money in Africa project came to an end in 2013/14. This looked at the adoption of coins and banknotes across English-speaking Africa, tracking political change, migration, technological development and social attitudes. Ongoing research projects include a study of the BM's collection of West African gold-weights and the Pathways to Ancient Britain project, which is investigating the earliest occupations of Britain. New research funding includes awards from the Andrew W. Mellon Foundation for ResearchSpace, which explores how to integrate digital data from different institutions, and the European Research Council for Beyond Boundaries, a collaboration with the British Library and SOAS which will study the Gupta dynasty's influence across India and central Asia.

Audiences and Engagement

Exhibitions

472,000 visitors attended *Life and death in Pompeii and Herculaneum*, sponsored by Goldman Sachs, making it the third most popular exhibition in the BM's history, after *Treasures of Tutankhamun* (1972) and *The First Emperor: China's Terracotta Army* (2007). A further 50,000 saw the exhibition 'live' at 281 cinemas across the UK and a recorded version has since been shown at over 1,200 cinemas in 52 countries around the world.

Over 90,000 visited *Ice Age Art: arrival of the modern mind*, which presented pieces created between 40,000 and 10,000 years ago alongside modern works by Henry Moore, Mondrian and Matisse, illustrating the fundamental human desire to communicate and make art as a way of understanding ourselves and our place in the world.

Nearly 88,000 came to *Shunga: sex and pleasure in Japanese art*, the first comprehensive, scholarly treatment of "spring pictures" anywhere in the world. The exhibition drew on a three-year research project with SOAS and partners in Japan, funded by the Leverhulme Trust.

Beyond El Dorado: power and gold in ancient Colombia, sponsored by Julius Baer, attracted over 93,000 visitors. El Dorado or "the golden one" refers to the ritual that took place at Lake Guatavita, into which the newly elected leader dived, covered in powdered gold, before emerging as the new chief. Over two hundred objects from the Museo del Oro in Bogotá were accompanied by a further 100 from the BM collection, including items excavated from the lake in the early 20th century.

Vikings: life and legend, sponsored by BP, opened in March as the first exhibition in the new Sainsbury Exhibitions Gallery. Featuring the surviving timbers of a 37-metre long warship from Roskilde, the exhibition explores the network of cultural contacts that extended from the Caspian Sea to the North Atlantic while placing warfare and warrior identity at the centre of what it meant to be a Viking.

Changing displays in the year included four inspired by new additions to the collection: a selection of works on paper from *The Ruth and Joseph Bromberg bequest of works by Frank Auerbach*; graphic art in *Recent Acquisitions: Arcimboldo to Kitaj*; works by Arab artists that offer a documentary perspective on the social and political issues of the Middle East today in *Boushra Almutawakel to Michael Rakowitz: recent acquisitions of works by Arab artists*; and an exploration of how six key post-war artists redefined art in Germany on both sides of the Iron Curtain in *Germany divided: Baselitz and his generation*.

The *Art of Influence: Asian Propaganda* displayed messages of victory and protest as they appeared on 20th-century prints, banknotes and everyday commodities. *Coins and the Bible* explored the history of money in biblical times and showed how the Bible influenced the development of Christian images and symbols. *Wise men from the east: Zoroastrian traditions in Persia and beyond* highlighted the importance of Zoroastrian traditions in other religions and as a symbol of national identity for modern Iranians.

Since 2005 The Asahi Shimbun has generously supported a popular programme of displays that focus visitors' attention on a single object or small ensemble. A further benefaction will see *Objects in Focus* continue for a further decade. In 2013/14 the four displays had as their centerpiece the Mildenhall Treasure, a late Roman dining service; a Japanese screen of the 1780s depicting courtesans and their trainees; the Mostyn Tompion

clock, made to mark the coronation of William III and Mary II; and a 13th-century stone sculpture from India of Ganesha.

Events

The BM runs events for adults, families, community groups and schools, with a focus on the collection, new research and special exhibitions. Nearly 30,000 people took part in Pompeii-related events that included a screening of *The Last Days of Pompeii*, a re-enacted Roman street scene in the Great Court and a panel discussion on how to read a Latin poem.

A Guardian debate generated lively discussion about how natural resources, drugs, conflict and politics have shaped modern Columbia. Other topical concerns addressed include the Iranian election, financial crises, Julian Assange and cultural attitudes to women. University College London's Bright Club saw research presented as seven-minute comedy sets. At one Friday Late 200 musicians from the Royal Northern College of Music created a sonic journey inspired by the Museum which included a performance of Beethoven's *The Ruins of Athens* before the sculptures from the Parthenon.

Three outdoor screenings in association with the British Film Institute's *Monster Weekend* celebrated the dark heart of film while Werner Herzog's *3D Cave of Forgotten Dreams* featured the paintings of the Chauvet Cave in Southern France. Under-sixes were encouraged to study Ice Age art by making their own cave paintings and secondary school pupils were asked to think about the status of petroglyphs and when something becomes a work of art. The Samsung Digital Discovery Centre brings the history and cultures of the world to life for children and young adults through advanced technology. Museum trails, backpacks, storytelling, music and dance help families approach the collection.

2013/14 saw 262,000 booked school visits and the first activities weekend for supplementary schools: a third of those who attended had never been to the BM before. *Talking Objects*, supported by John Lyon's Charity, uses museum-related activities to build transferable skills and confidence in young people not in education, employment or training. Special viewings for community partners brought nearly 1,500 to the *Pompeii* exhibition while objects from the BM were taken to homeless charity Crisis and to Age UK.

Media and publications

The BM's national and international presence is supported by film, radio, television and publications as well as online. *Night at the Museum 3* was filmed at the BM in January. 32 books were published during the year by the BM Press. *Life and death in Pompeii and Herculaneum* sold 40,000 copies while *Shunga: Sex and Pleasure in Japanese Art* "set the standard for this subject for years to come", according to The Japan Times. *A Little Gay History* won a Stonewall Book Award and the co-authored *Art in Oceania: A New History* won the 2014 Art Book Prize. The *Ark Before Noah* will be accompanied by a Channel 4 documentary.

A Pompeii app was developed to bring the exhibition to those unable to attend in London. A virtual exhibition on Sutton Hoo was contributed to the Google Cultural Institute and the search engine celebrated the BM's 255 years of being open to the public with a doodle on its homepage: the number of visits to the BM website reached 130,000 that day, the most ever on a single day and almost double the average. Traffic on the main BM website increased to 20.5 million visits over the course of the year, with a total of 35.3 million across all BM websites. Videos on the website and YouTube amassed 1.5 million views and the number of followers on Facebook rose to half a million.

National

Objects are loaned to museums and galleries across Britain and support is provided in conservation, research and public programming. Such initiatives are made possible by the John Ellerman Foundation, Dorset Foundation, Vivmar Foundation, Esmée Fairbairn Foundation and public funding from Arts Council England.

Roman Empire: Power and People is the BM's largest UK touring exhibition with over 160 objects from the collection conveying a sense of the breadth of the empire and its impact on Britain. *Curious Beasts: Animal Prints from the British Museum* travelled to Northern Ireland while *Pharaoh: King of Egypt* concluded its popular two-year tour in Bristol. In Manchester 137,000 visitors came to *Warriors of the Plains*. *Cityscapes: Panoramic Views on European Coins and Medals* saw the loan of 100 objects to the Barber Institute of Fine Arts in Birmingham. Their display alongside pieces from the Barber's collection attracted 80,000 visitors.

Spotlight loans saw the Lochar Moss torc and Bowl return to Dumfries and the Witham Shield return to Lincoln. The Mold gold cape went on display in Cardiff and Wrexham, where visitor numbers increased by 433% during

the six-week display. A Sikh fortress turban travelled to Birmingham, Derry and Coventry; its tour has attracted over 100,000 viewers. Overall the BM loaned 2,792 objects to 187 UK institutions in 2013/14.

The *Portable Antiquities Scheme* (PAS) is a nationwide project to record archaeological finds made by the public. In 2013, 80,861 finds were reported including Bronze Age bracelets from the Forest of Dean, Anglo-Saxon coins and jewellery from Norfolk, and a 15th-century papal seal from Somerset. A second series of *Britain's Secret Treasures*, presented on ITV in partnership with the scheme, attracted on average 2.6 million viewers per episode.

Future Curators is a work-based training initiative, supported by the Heritage Lottery Fund. Trainees spend six months at the BM followed by a year's placement at a partner museum. The *Knowledge Share* programme saw staff exchanges with other UK museums while *Fresh Leads* brought participants together to develop new ideas for museums. The *Money and Medals* network shares practices and knowledge of coins, medals and monetary history among an increasing number of heritage organisations. *Age Collective* is a national partnership that explores how museums can work effectively with older audiences: one outcome has been a manifesto for age-friendly museums in the UK.

International

The BM's work abroad includes sharing skills with other countries, touring exhibitions and loans and archaeological research.

The West Africa programme, supported by the Ford Foundation, and the Getty East Africa programme helped several museums make improvements in collections care and display and facilitated staff exchanges and training. In 2013, 21 participants from China, Egypt, India, Kenya, Libya, Oman, Palestine, Sudan, Turkey and Uganda were invited to the annual *International Training Programme*, which is developing a global network of colleagues. The *Leadership Training Programme* saw delegates from India create a heritage trail of museum highlights and an audioguide, deliver a press and marketing campaign and connect more effectively with the local community. One alumna from last year's programme returned to the BM as visiting curator to stage the display *From temple to home: celebrating Ganesha*.

In Abu Dhabi, work continues on the Zayed National Museum. A programme of events and exhibitions is being developed to promote interest in the new museum. The BM is advising on new galleries at the National Museum of Oman and King Abdulaziz Centre for World Cultures in Saudi Arabia, as well as on the new Basrah Museum in Iraq.

The Cyrus Cylinder completed its five venue tour of the US and travelled to Mumbai, where it drew a further 80,000 visitors. A linked conference brought together Indian colleagues, a delegation from Iran and scholars from the BM to discuss cultural relations between India and Iran from the early Indo-Iranian migrations to the 19th century. Other touring exhibitions saw artefacts from Mesopotamia displayed in Hong Kong and Toronto; from Ancient Greece, Rome and Byzantium in Dallas and Chicago; and from Ancient Egypt in Perth and Singapore, where *Mummy: Secrets of the Tomb* attracted 162,000 visitors.

In Madrid, 80,000 came to see *Renaissance to Goya: prints and drawings from Spain* before the exhibition travelled to Sydney and New Mexico. *Longing for Mecca* in Leiden and *Hajj: the Journey through Art* in Doha evolved out of the BM's 2012 exhibition and together attracted 130,000 visitors. Loans often inspire reciprocal exchanges. In return for jewellery from Ur loaned to the Vorderasiatisches Museum in Berlin, the BM was able to borrow and display in London a glazed brick lion from the throne room of Nebuchadnezzar. In 2013/14, the BM loaned 2,229 objects to 148 venues overseas.

Fieldwork in the Americas in collaboration with the University of Cambridge included seasons on Isla Saona (Dominican Republic) and Isla de Mona (Puerto Rico). In Oman, excavations at Ras al-Hadd included a geophysical survey of the area, where archaeological remains date back to 4000 BC. Other excavations were conducted at Sidon in Lebanon and at the early Kushite town of Kawa in Sudan. The identification of metastatic cancer in the skeleton of a young man who died around 1200 BC, from Amara West in Sudan, may help document the history and evolution of the disease. Working with colleagues from the Ministry of State for Antiquities in Egypt, a BM curator helped secure the return of a relief depicting a Nubian prisoner, stolen during the 2011 revolution and deliberately broken to disguise its origins before being offered for sale in London.

Investing in our people

Employees

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

As set out in note 6(e) to the accounts, the British Museum employs about a thousand people. The BM endeavours to safeguard the quality of its work by ensuring staff of the highest calibre are recruited and retained, that they are appropriately trained, and that they are well managed and work in an environment in which they can give of their best. The BM creates this environment by ensuring that employees are well informed about plans and activities; by providing opportunities for employee participation and feedback; by encouraging managers to provide goals and development opportunities for their staff and by providing a fair and equitable employment framework supported by relevant policies and procedures.

The BM engages with its employees in a number of ways:

- Written communications are channelled via the intranet, enabling the BM to keep staff informed about key activities via updates from the Director and a real-time news and information page.
- The British Museum Consultative Committee (BMCC) provides a formal opportunity for management and union representatives to discuss issues raised by staff. The Director and a trustee attend one meeting each year. Sub Committees of that group support major change projects.
- Information from Management Group meetings is disseminated through departmental meetings and weekly breakfast presentations on topical issues are open to all staff.
- Staff are encouraged to pass on feedback via a biennial Employee Opinion Survey. The survey produces a regular action plan for improvements which feed in to the BM's Operating Plan.
- Workshops and focus groups are increasingly used within key projects to enable staff engagement.
- The BM's performance management process helps employees plan their work, further their personal development and assess their achievements. It also ensures that the work and objectives of employees are aligned with departmental and BM plans.
- A programme of learning and development activities is designed in response to individual and organisational needs.

The BM acknowledges its responsibility for, and commitment to, a management policy that ensures matters relating to health and safety for visitors, staff, and contractors, will receive due priority for action at all times.

In 2013/14, the average number of days lost for sickness and absenteeism was 5.5 days per person, compared with 5.86 in 2012/13.

The pay and grading system is based on job families and market rates. 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 BM's purpose of cultural representation is achievement of diversity at every level, in its staff and governance, curation, education and audiences. The BM is an equal opportunities employer. It recruits people based on merit and endeavours to recruit from the diverse communities in London and nationally. It has a published policy on the recruitment, employment and the development of staff regardless of their age, disability, gender, ethnicity, sexual orientation, religion/belief or any other protected characteristic. The current ethnic profile of staff is: 81.7% white, 5.2% black, 3.8% Asian, 2.8% mixed, 1.0% Chinese, 2.6% other and 2.9% unstated. The gender profile is 53% female and 47% male.

The BM continues to identify diversity as one of its core values. Resource has been allocated to a number of initiatives that develop the organisation's understanding of, and response to, its diverse audiences:

- The BM's access services for disabled audiences continue to expand. Over the last year the BM's popular curator-led handling programme has again grown in success. Other resources for visually impaired audiences – the Multi Media guide's audio description, the braille and tactile books and large print publications remain an important embedded resource for blind and partially sighted visitors.

- The tremendous success of the Museum's Stage Text events (a live speech-to-text facility) for high profile exhibition lectures and panel discussions have dramatically increased attendance of deaf and partially hearing audiences to the Museum. Each Stage Text event attracts up to 70 deaf and hard of hearing visitors.

To support these access initiatives, the Museum has a staff equality training programme in place which includes equality and access training for all staff, a deaf awareness training programme for all front of house staff and a diversity awareness training programme. The Museum also seeks specialist feedback from its Access Forum, a group comprising of people from across the disabled spectrum, in order to encourage best practice across the Museum for major projects.

Volunteers

Approximately 800 volunteers offered their time freely to support the BM's activities over the course of the year. They contribute to almost every area of the BM. In the departments they provide valuable assistance with administration and projects, for example the collation and recording of vital collection information. Front of house, they deliver the free *Hands On* handling programme, the free eye-opener and spotlight tours, and income-generating group tours, as well as ensuring that events, lectures and family activities run smoothly. The accounts do not provide for any notional costs for the value of these volunteers' services.

Plans for future periods

The key priorities for the BM in 2014/15 will be:

- the Financial Sustainability Programme;
- full intergration of the World Conservation and Exhibitions Centre, within the Museum's operations;
- the Digital Strategy;
- Collections management;
- the Research Programme;
- improving the Museum estate; and
- Zayed National Museum project.

The BM faces a major financial challenge over the coming two years as a result of a significant reduction in funding from government. In addition to the reduction of 3% in the government grant for 2010/11, it was announced in 2010 that resource grant-in-aid for the BM was to be cut by 15% in real terms over the four years beginning in 2011/12. The 2012 Autumn Statement announced further cuts of 1% and 2% in 2013/14 and 2014/15 respectively, and additional cuts of just over 1% were made in the 2013 Budget.

These cuts in funding are now expected to continue. Spending Review 2013 announced that funding for 2015/16 would be 5% lower than that for 2014/15, with a further 1.1% cut made as part of the 2013 Autumn Statement. In addition, the BM will face pressure from increased employer contributions to the public sector pension scheme.

The BM will need, as a matter of priority, to consider how it can respond to these cuts, which together represent a 30% real terms decline over the period from 2010 to 2016.

Fundraising and finance

British Museum benefactors

The most significant event of the year was the opening by HM Queen Margrethe of Denmark of the Sainsbury Exhibitions Gallery within the new World Conservation and Exhibitions Centre, generously funded by the Linbury Trust, Monument Trust, DCMS, Heritage Lottery Fund, Garfield Weston Foundation, Wolfson Foundation, A. G. Leventis Foundation and other donors. It has been a major project over the past seven years and provides new conservation studios, controlled object storage, loans hub and state-of-the-art exhibition gallery.

The steady renewal of the display of the permanent collection has continued. Thanks to Sir Paul and Lady Ruddock, previous benefactors of the BM's gallery on late medieval Europe, a beautiful new gallery devoted to Sutton Hoo and early medieval Europe opened in March 2014. Its centrepiece is the Anglo-Saxon ship burial at Sutton Hoo, Suffolk, the treasures from which were generously donated to the BM by the landowner, Mrs Edith Pretty, 75 years ago.

The BM strives to represent an idea of excellence – for the quality of its scholarship, for the brilliance of its collection. It has inspired many astonishing gifts, and the past year saw in particular outstanding donations of prints and drawings of the 20th century, including major works by Frank Auerbach and Georg Baselitz. That generosity is often financial, helping us acquire items that might not otherwise be available for public viewing: pre-eminent acquisitions in 2013 included works by Picasso and the medieval Lacock Cup.

The year has seen many longstanding partners continue their support, with a real sense of commitment to the work of the BM. Several companies, including The Asahi Shimbun and Samsung, renewed their long-term support for public programmes.

With significant international research funding, the BM is forging a strongly integrated approach to scholarship and public programming. The exhibition of Japanese 'spring pictures' or shunga, supported by Shunga in Japan LLP, was just one facet of three years' research on the topic, funded by the Leverhulme Trust. Future exhibitions will build on this important link to new research.

Donations and legacies totalling £44.3 million were received during the year (£31.8 million in 2012/13), with a further £24.2 million (£20.3 million in 2012/13) from commercial trading activities and £30.2 million (£21.1 million in 2012/13) from charitable activities.

Grant-in-Aid

The British Museum received £41.2 million revenue and £2.7 million capital grant-in-aid from the Department for Culture, Media and Sport in 2013/14 (£42.7 million and £2.7 million in 2012/13). Revenue funding included a ring-fenced allocation of £1.3 million for the Portable Antiquities Scheme (£1.4 million in 2012/13).

The Department has confirmed the level of revenue funding for 2014/15 and 2015/16; although grant levels may be subject to change. See the section "Plans for future periods" above for further details.

Capital expenditure

Capital expenditure, mainly on the World Conservation and Exhibitions Centre but also on plant, building fabric and gallery refurbishments, amounted to £45.8 million, compared with £42.3 million in 2012/13. A further £2.6 million (£1.1 million in 2012/13) was spent on acquiring heritage assets, with donated heritage assets during the year of £7.4 million (£6.9 million in 2012/13).

Grants

The British Museum made grants totalling £19.6 million during the financial year (£39.2 million in 2012/13). This includes grants of £1 million to regional museums to support the work of find liaison officers working on the Portable Antiquities Scheme, the only proactive mechanism in England and Wales for recording archaeological finds made by the public. Also included is a grant of £18 million, restricted for furtherance of the BM's charitable objectives, to the British Museum Trust Limited, an independent registered charity (registration number: 1140844).

Reserves

| | |
|---|------------|
| At 31 March 2014 the BM's reserves were as follows: | £m |
| Collection items acquired since 31 March 2001 | 72 |
| Museum land, buildings, plant and equipment | 557 |
| Permanent endowment | 12 |
| Restricted funds | 14 |
| Designated funds | 1 |
| Investment estate | 3 |
| Unrestricted trust funds | 8 |
| Unrestricted funds | 12 |
| Total | 679 |

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

The permanent endowment 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 BM's principal restricted funds.

Reserves policy

During the year, and with reference to guidance from the Charity Commission, the Trustees re-confirmed their commitment to the 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 2014 represents cover of just over one and a half months.

Monitoring levels of reserves

The Standing Committee monitors the levels of reserves at the BM on a quarterly basis as part of their review of the Management Accounts. During the year, the total level of reserves was affected by the upward revaluation of the BM's tangible fixed assets (£49.7 million), losses on investments (£0.5 million) and losses on the defined benefit pension scheme (£0.5 million).

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

The Trustees manage the BM's endowment, restricted and general funds as three separate portfolios. The Investment Sub-committee (ISC) considers the level of risk appropriate for each portfolio, together with future cash flows, and sets objectives as part of the investment policy:

- Endowment portfolio: the objective is to maximise the total return on the funds within the constraints of the requirement to maintain funds to meet the needs of future beneficiaries.
- Restricted portfolio: funds must be able to deliver specific purposes. Total return should therefore be maximised within the constraint that capital value must be preserved.

- General portfolio: capital preservation and minimal volatility of funds is required for the completion of the WCEC project. The total return on the general minimum reserves required under the reserves policy should be maximised, within the constraints of a low risk investment portfolio and high liquidity requirement. The total return on funds in excess of these requirements should be maximised, within the constraints of a medium to low risk investment portfolio.

The financial risks relating to investments are managed by:

- setting a clear risk tolerance as part of the investment policy;
- reviewing liquidity levels on a quarterly basis; and
- monitoring investment performance of both individual holdings against agreed and relevant benchmarks on a quarterly basis.

During the year, following a competitive procurement process, the ISC appointed Newton Investment Management Limited to manage its investments on a discretionary basis in accordance with the agreed investment policy. Apart from certain legacy fixed income (£12.8m, general portfolio) and unlisted equity holdings (£5.0m, endowment and restricted portfolios), the majority of existing assets were sold and reinvested in new UK investment funds during the last few months of the year.

Reporting by Newton began in mid-February, with returns to the end of March 2014 of 0.95% on the endowment portfolio compared with the benchmark of 0.84%, and 0.04% on the restricted portfolio, matching benchmark performance.

Overall, the BM made total net returns on its investments, including investment properties, of +£0.8 million, comprised of interest, dividends and rent of £1.5m less net realised and unrealised losses and management fees totalling £0.7m.

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

Public benefit, sustainability, social and community issues

Public benefit

The British Museum today continues its tradition of responsibility to the public. It first opened its doors to the public on 15 January 1759. The British Museum Act six years earlier had ensured that the founding collection of Sir Hans Sloane – over 71,000 objects, as well as his library and herbarium – would 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. Supported by 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 a few thousand in the 18th century; there were nearly 300,000 a year by the mid-1830s; almost 6.8 million visited in 2013/14.

The BM is a world collection for the world – for experts and the general public, for anyone who chooses 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 millions of visitors annually. Their presence increasingly redefines the BM today as an international online space where records of more than 3.5 million objects can be freely seen and downloaded by anyone at any time. The collection is also taken across the UK and the globe.

The Trustees believe that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the BM.

Estates management

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

Over the coming years significant investment in the Museum estate is required to maintain appropriate conditions for the collection, improve public access and accommodate the growing number of visitors, and ensure long-term sustainability.

Sustainability report

The BM recognises that its activities impact on society and the environment at local, regional and global levels through the resources it consumes, the waste it produces, the travel and work patterns it encourages amongst its staff and the products it buys. The Museum's sustainable development policy was approved by the Trustees in 2007.

| Greenhouse gas emissions | | 2013/14 | 2012/13 | 2011/12 | 2010/11 |
|---|--|----------------|----------------|----------------|----------------|
| Non-financial indicators (tonnes CO ₂) | Emissions: scope 1 and 2 | 11,163 | 10,122 | 9,281 | 9,724 |
| | Emissions: scope 3 | 45 | 81 | 62 | ~ |
| Energy consumption (thousand KWh) | Total gas and electricity consumption | 28,043 | 28,506 | 25,240 | 27,198 |
| Financial indicators (£ million) | Total energy cost | £2.1 | £2.0 | £1.6 | £1.3 |

Savings on gas for heating resulting from a mild winter, offset in part by increased electricity usage in the summer for cooling, produced an overall fall in total annual energy consumption. However, as electricity is more carbon intensive than gas total emissions have risen. The move from Georgian perimeter properties to the energy-efficient World Conservation and Exhibitions Centre (WCEC) will assist in reducing overall gas and electricity consumption, the main sources of greenhouse gas emissions for the BM. A review of the existing energy networks and building management systems for energy optimisation is also underway. Further initiatives under consideration to reduce emissions include combined heat and power provision and voltage management.

| Waste | | 2013/14 | 2012/13 | 2011/12 | 2010/11 |
|--------------------------------------|------------------------|----------------|----------------|----------------|----------------|
| Non-financial indicators (tonnes) | Total waste arising | 571 | 437 | 317 | 396 |
| | Waste sent to landfill | 0 | 51 | 31 | ~ |
| | Waste recycled/reused | 197 | 386 | 286 | ~ |
| | Waste incinerated | 374 | Nil | Nil | ~ |
| Financial indicators (£000) | Total disposal cost | £127 | £67 | £72 | £70 |

The Museum changed its facilities management provider at the beginning of the year and 100% of waste is now being diverted from landfill. All waste is disposed of through recycling or incineration. The increase in total waste arising may be attributed in part to record visitor numbers (6.8 million in 2013/14 compared to 5.6 million in 2012/13), the inclusion of catering waste which was not captured in previous years, and also to vacating buildings prior to the move to the new WCEC. Recycling currently averages 35% of total waste arising. The Museum plans to increase recycling and re-use through better waste segregation and enhanced awareness.

| Finite resource consumption | | 2013/14 | 2012/13 | 2011/12 | 2010/11 |
|--|-------------------------|---------|---------|---------|---------|
| Non-financial indicators (000 m ³) | Total water consumption | 82 | 63 | 102 | 99 |
| Financial indicators (£000s) | Total water cost | £152 | £118 | £163 | £159 |

While water usage rose with higher visitor numbers, consumption across the estate is 17.2% lower than the baseline year of 2010/11. This improvement can be attributed to continual monitoring of consumption and the repair of leaks. The Museum has initiated a programme of toilet refurbishment, which includes the installation of water-saving devices.

| Biodiversity action planning |
|---|
| The new WCEC has been designed with energy efficiency and sustainability issues in mind, incorporating measures such as rainwater harvesting for glazed façade wash down, irrigation and toilet flushing, sedum roofing, beehives and nesting boxes. Further information is available on the BM website. |
| Sustainable procurement |
| The Museum policy on Sustainable Development states that the procurement of goods and services which have the least environmental impact in terms of their production, delivery, installation, use and disposal will be considered wherever practical and appropriate. Contractors and suppliers are encouraged to develop environmentally preferable goods and services and to be aware of sustainability issues. The Museum has sought to actively implement the Department for Environment, Food and Rural Affairs (Defra) Government Buying Standards for specifying sustainable goods and services across its departments since Summer 2011, and the standards are applied for procurement relating to the WCEC project. |

Notes:

1. This report has been prepared in accordance with guidelines laid down by HM Treasury in *Public sector annual reports: sustainability reporting guidance*, published at <https://www.gov.uk/government/publications/public-sector-annual-reports-sustainability-reporting-guidance>
2. The data relates to consumption at the main Museum site in Bloomsbury, its perimeter properties, and off-site workshops and storage where available. Certain historic data are not available; these are marked with a tilde (~). Figures relating to earlier years are shown as previously reported.
3. Emissions accounting includes Scope 1 and 2 emissions along with separately identified Scope 3 emissions relating to official travel.
 - a. Scope 1 reflects direct emissions, and only includes fuel combustion, for which Defra conversion factors have been used. The data are based on invoices received from energy suppliers as set out in the Carbon Reduction Commitment data management process. Emissions from physical or chemical processing and fugitive emissions have not been included; robust estimates are not possible at this point, but the Museum does not consider the values to be material.
 - b. Scope 2 reflects indirect emissions, and includes purchased electricity; the British Museum does not have any purchased heat, steam or cooling.
 - c. Scope 3 emissions relate to official business travel directly paid for by the BM; they are calculated on the basis of information from the Museum's suppliers using the Defra conversion factors, and do not include international air or rail travel, in line with the Greener Government Commitment (GGC).
4. Waste data are based on information from the facilities management provider, who is responsible within the contract for the disposal of all site waste, other than that arising from construction and refurbishment and hazardous waste. Electronic and electrical equipment disposal data are included from 2011/12 onwards.

Suppliers

The BM aims to settle bills within 30 days or by the due date. This is calculated from the invoice date rather than the date the invoice is received by the BM. Currently the BM does not hold reliable data on the date that invoices are received. In 2013/14 it paid 62% of all invoices within the target (69% in 2012/13).

Activity under immunity from seizure

On 12 June 2008 the Secretary of State granted the British Museum "approved status" under Part 6 Tribunals, Courts and Enforcement Act 2007 entitling it to confer protection from judicial seizure on objects loaned from abroad for temporary public exhibitions, provided the conditions set out in section 134 of the Act are met when the objects are brought into the UK.

Since 31 March 2013 the British Museum has granted protection under Part 6 Tribunals, Courts and Enforcement Act 2007 to objects brought into the UK for the following exhibitions:

| | | |
|---|---------------------|-----|
| <i>Life and Death in Pompeii and Heruclaneum</i> | 28/03/13 – 29/09/13 | 323 |
| <i>Beyond El Dorado: power and gold in ancient Colombia</i> | 17/10/13 – 23/03/14 | 223 |
| <i>Vikings: life and legend</i> | 06/03/14 – 22/06/14 | 247 |

A wide variety of objects have been protected, including stone sculpture, metalwork, wall paintings and archaeological materials, from museums and other public institutions.

The due diligence process has been conducted primarily by exhibition curators. In most cases, the objects borrowed were previously published, and establishing provenance presented few difficulties.

In the case of unpublished objects, lending institutions and individuals were asked to provide information about the circumstances in which objects were acquired or excavated, and where appropriate, copies of export licences were requested. Searches were made on the Art Loss Register where provenance history appeared incomplete (including during the period 1933-45 or where objects were excavated after 1970).

During the period from 1 April 2013 to 31 March 2014 the British Museum received no requests for information from potential claimants pursuant to article 7 of the Protection of Cultural Objects on Loan (Publication and Provision of Information) Regulations 2008.

Reference & administrative details

The Board of Trustees³

| | | | |
|---|-----|--|-----|
| Mr Niall FitzGerald KBE (Chair) (C) | 5/5 | Sir Richard Lambert (C) (appointed 01/03/14) | 1/1 |
| Chief Emeka Anyaoku (B) (retired 19/06/13) | 0/1 | Mr James Lupton CBE (A) | 6/6 |
| Ms Karen Armstrong (A) | 5/6 | Sir Deryck Maughan (A) (appointed 27/09/13) | 1/4 |
| Professor Sir Christopher Bayly (D) | 6/6 | Mr John Micklethwait (A) | 5/6 |
| The Hon Nigel Boardman (A) | 5/6 | Sir Paul Nurse (F) | 5/6 |
| Ms Cheryl Carolus (B) (appointed 20/06/13) | 3/4 | Mr Gavin Patterson (A) | 6/6 |
| Miss Patricia Cumper (A) (appointed 27/09/13) | 3/4 | Lord Sassoon, Kt (A) (appointed 27/09/13) | 4/4 |
| Dame Liz Forgan DBE (A)(Deputy Chair) | 6/6 | Professor Amartya Sen (C) | 2/6 |
| Professor Clive Gamble (E) | 5/6 | Sir Martin Sorrell (C) | 1/6 |
| Sir Antony Gormley OBE (G) | 3/6 | Ms Ahdaf Soueif (A) | 4/6 |
| Ms Penny Hughes CBE (A) | 6/6 | Lord Stern of Brentford, Kt (A) (Deputy Chair) | 5/6 |
| Sir George Iacobescu CBE (A) | 3/6 | Lord Turner of Ecchinswell (C) | 5/6 |
| Ms Wasfi Kani OBE (A) (appointed 27/09/13) | 3/4 | Baroness Wheatcroft of Blackheath (A) (Deputy Chair) | 5/6 |

(A) 15 Trustees are appointed by the Prime Minister.

The remaining Trustees are appointed by:

- (B) the Sovereign;
- (C) the Trustees; or
 - the Secretary of State on the nomination of:
 - (D) the British Academy
 - (E) the Society of Antiquaries of London
 - (F) the Royal Society
 - (G) the Royal Academy

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

³ The fractions reflect attendance at eligible meetings during the year.

Trustees' committees and membership

| Standing Committee | | Nominations and Governance Committee | |
|---|-----|--|-----|
| Mr Niall FitzGerald KBE (Chair) | 5/5 | Mr Niall FitzGerald KBE (Chair to 21/11/13) | 2/2 |
| Mr Gavin Patterson | 4/5 | Dame Liz Forgan (Chair from 22/11/13) | 2/2 |
| Dame Liz Forgan | 5/5 | Sir Richard Lambert (appointed 01/03/14) | 0/0 |
| Lord Turner of Ecchinswell | 4/5 | Lord Stern of Brentford | 2/2 |
| Lord Stern of Brentford | 4/5 | Baroness Wheatcroft of Blackheath (appointed 22/03/13) | 2/2 |
| Professor Clive Gamble | 4/5 | | |
| Sir Richard Lambert (appointed 01/03/14) | 1/2 | | |
| Ms Penny Hughes | 5/5 | | |
| Baroness Wheatcroft of Blackheath | 3/5 | World Conservation & Exhibitions Centre Committee | |
| | | Dame Liz Forgan (Chair) | 6/6 |
| | | Sir George Iacobescu | 2/6 |
| Audit Committee | | Mr David Lindsell (co-opted) | 6/6 |
| Lord Turner of Ecchinswell (Chair) | 4/4 | Mr David Norgrove (co-opted) | 4/6 |
| Mr David Norgrove (co-opted) (reappointed 26/10/13) | 3/4 | James Lupton (appointed 30/07/13) | 3/6 |
| Professor Clive Gamble | 3/4 | | |
| Sir Ian Johnston (co-opted) | 4/4 | | |
| Sir Richard Lambert (co-opted) (appointed as a Trustee member from 01/03/14) | 0/4 | Investment Sub-committee | |
| Mr David Lindsell (co-opted) | 4/4 | Mr John Micklethwait | 0/1 |
| Mr John Micklethwait | 3/4 | Baroness Wheatcroft of Blackheath (Chair 01/04/13) | 1/1 |
| Mr Francis Plowden (co-opted, retired 31/12/13) | 2/2 | The Hon Nigel Boardman | 0/1 |
| Baroness Wheatcroft of Blackheath | 3/4 | Ms Elizabeth Corley (co-opted) | 1/1 |
| Mr James Lupton | 3/4 | Lord Sassoon (appointed 26/11/13) | 0/0 |
| The Hon Nigel Boardman | 3/4 | | |
| Ms Wasfi Kani (appointed 18/10/13) | 3/3 | | |
| Lord Sassoon (appointed 18/10/13) | 1/3 | | |
| | | Research Committee | |
| International Strategy Committee | | Lord Stern of Brentford (Chair) | 2/2 |
| Mr Niall FitzGerald KBE (Chair) | 2/3 | Professor Sir Christopher Bayly | 1/2 |
| Lord Sassoon (appointed 22/11/13) | 1/1 | Professor Clive Gamble | 2/2 |
| Ms Karen Armstrong | 1/3 | Professor Amartya Sen | 1/2 |
| Professor Sir Christopher Bayly | 2/3 | Sir Paul Nurse | 2/2 |
| Sir Antony Gormley | 0/3 | Professor Sir Richard Brook (co-opted) | 1/2 |
| Lord Stern of Brentford | 3/3 | Professor Linda Colley (co-opted) | 2/2 |
| Sir Richard Lambert (co-opted, appointed as a Trustee member from 01/03/14) | 1/3 | Professor Andrew Prescott (co-opted) | 2/2 |
| Ms Ahdaf Soueif | 3/3 | Professor Greg Woolf (co-opted) | 2/2 |
| The Hon Lady Keswick (co-opted) | 3/3 | Miss Patricia Cumper (appointed 22/11/13) | 1/1 |

| Major Projects Committee | |
|--|-----|
| Dame Liz Forgan (Chair) | 6/6 |
| Ms Wasfi Kani OBE (appointed 27/09/13) | 2/3 |
| Miss Patricia Cumper (appointed 27/09/13) | 2/3 |
| The Hon Nigel Boardman | 3/6 |
| Mr James Lupton | 3/6 |
| Mr Gavin Patterson | 1/6 |
| Ms Bonnie Greer (retired as Trustee member on 31/03/13, co-opted 01/04/13) | 2/6 |

Trustee membership of related Councils and Boards

British Museum Friends Advisory Council

Professor Clive Gamble (Chair)

Ms Penny Hughes (retired 17/01/14)

Ms Wasfi Kani (appointed 03/02/14)

The American Friends of the British Museum

Mr Francis Finlay (Emeritus Chair)

Mr Niall FitzGerald KBE (ex officio Chair)

Official addresses as at 31 March 2014

| | |
|---|--|
| Principal address: | The British Museum, Great Russell Street, London WC1B 3DG |
| The British Museum Great Court Limited: | The British Museum, Great Russell Street, London WC1B 3DG |
| The British Museum Company Limited: | 38 Russell Square, London WC1B 3QQ |
| Auditors: | |
| The Museum, Trust Funds and the group | The Comptroller and Auditor General, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP |
| The British Museum Company Limited | Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP |
| The British Museum Great Court Limited | |
| The British Museum Friends Limited | Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD |
| Bankers: | |
| | Government Banking Service, Southern House (7th Floor), Wellesley Grove, Croydon, CR9 1WW |
| | National Westminster Bank Plc, 214 High Holborn, London WC1V 7BX |
| Solicitor: | Mr Tony Doubleday, Head of Legal Services, British Museum |
| Investment advisers: | Partners Capital LLP, 5 Young Street, London W8 5EH until December 2013 |
| | Newton Investment Management Limited, 160 Queen Victoria Street, London EC4V 4LA from January 2014 |

DCMS' performance indicators

The Museum signed an interim Funding Agreement with DCMS from 2011/12, which retained key performance indicators in place since 2008/09 to facilitate consistent reporting across national museums and galleries.

| | 2013/14 | 2012/13 | 2011/12 | 2010/11 | 2009/10 |
|---|---------|---------|---------|---------|---------|
| Number of visits to the Museum (excluding virtual visits) | 6.8m | 5.6m | 5.8m | 5.9m | 5.7m |
| Number of unique website visits | 35.3m | 27.3m | 23.8m | 21.5m | 15.0m |
| Number of visits by children under 16 | 891k | 871k | 765k | 851k | 831k |
| Number of overseas visitors | 3.8m | 3.6m | 3.5m | 3.6m | 3.5m |
| Number of facilitated and self-directed visits to the Museum by children under 18 in formal education | 262k | 251k | 251k | 231k | 221k |
| Number of instances of children under 18 participating in on-site organised activities | 145k | 117k | 111k | 127k | 128k |
| % of visitors who would recommend a visit | 96% | 99% | 97% | 96% | 97% |
| Admissions income | £5.7m | £1.2m | £2.2m | £2.4m | £2.2m |
| Trading income ⁴ | £18.5m | £11.9m | £12.3m | £11.2m | £5.4m |
| Fundraising ⁵ | £54.2m | £39.5m | £16.5m | £16.6m | £15.2m |
| Number of UK loan venues | 187 | 169 | 162 | 178 | 151 |

⁴ Defined by DCMS as net profit from activities which involve selling a product or service to a customer, and including international touring exhibitions, consultancy and retail. From 2013/14 the calculation includes the profit of the British Museum Company Ltd rather than the contribution paid to the British Museum during the year. The 2012/13 figure restated on the same basis would be £14.4m.

⁵ Defined by DCMS as activities which involve seeking financial support, e.g. from sponsors, private benefactors, charitable trusts. From 2013/14 the calculation includes the full BM group; the 2012/13 figure restated on the same basis would be £40.7m.

Basis of Preparation of Financial Statements and Accounting Policies and Practices

These financial statements have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992, the *Government Financial Reporting Manual*, and the Statement of Recommended Practice (revised 2005), *Accounting and Reporting by Charities*.

So far as the Accounting Officer and Board of Trustees are aware, there is no relevant audit information of which the BM's auditors are unaware. The Accounting Officer believes he has taken all the steps that he ought to have taken to make himself aware of any information relevant to the audit and to establish that the BM's auditors are aware of that information. The auditors of the British Museum Friends were paid a fee of £1,525 for non-audit work during 2013/14.

Remuneration Report

The BM has prepared this Remuneration Report in accordance with the *Government Financial Reporting Manual*, which requires disclosure of information about directors' remuneration, where 'directors' is interpreted to mean those having authority or responsibility for directing or controlling the major activities of the BM as a whole. In the BM's opinion it is the Trustees and the Director who are responsible for directing and controlling the major activities of the British Museum as a whole.

The Chair and Board of Trustees neither received nor waived any remuneration for their services during the year (2012/13: £nil). The emoluments and pension details of the Director, Neil MacGregor, are disclosed below. As additional disclosures, the emoluments and pension details of the two Deputy Directors who, during the year, had oversight responsibility for Finance and HR are also presented below (Andrew Burnett and Christopher Yates).

None of these three individuals received other cash or non-cash benefits of value. All have been members of the Principal Civil Service Pension Scheme, although Neil MacGregor and Andrew Burnett opted out of the scheme from 1 April 2012. All three individuals were covered by the Civil Service Compensation Scheme, under the terms of which they are eligible to receive compensation in the event of early termination of their contracts. No amounts were payable to third parties for provision of services relating to these three roles.

The banded remuneration of the Director in the current financial year was £185-190k (2012/13: £180-185k). This was 7.9 times the median remuneration of the workforce (2012/13: 7.6 times). The median total remuneration of the workforce in the current financial year was £23,897. This compares to £24,033 in 2012/13. Total remuneration includes salary, performance related pay, and benefits in kind. It does not include employer pension contributions or the cash equivalent transfer values of pensions.

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 Chair. His contract commenced in 2002, and specifies a notice period of three months.

Andrew Burnett was employed to the end of July 2013 on a permanent contract commencing 1974, with no expiry date and specifying a three month notice period. He did not receive performance related pay.

Christopher Yates, previously Director of Administration, assumed the role of Deputy Director with effect from 1 April 2013. He has a permanent contract commencing 2008, with no expiry date and specifying a three month notice period. He did not receive performance related pay in the year.

Details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

Remuneration (Salary and Pensions)

| Single total figure of remuneration | | | |
|--------------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | Salary ⁶ | Pension benefits ⁷ | Total |
| Neil MacGregor Director | £185-190k (2012/13: £180-185k) | -£11k (2012/13: £0k) | £175-180k (2012/13: £180-185k) |
| Andrew Burnett Deputy Director | £190-195k (2012/13: £140-145k) | -£8k (2012/13: £0k) | £185-190k (2012/13: £140-145k) |
| Christopher Yates Deputy Director | £125-130k (2012/13: £100-105k) | £127k (2012/13: £16k) | £250-255k (2012/13: £115-120k) |

Pension Benefits

| | Accrued pension at pension age ⁸ as at 31/3/14 and related lump sum | Real increase in pension and related lump sum at pension age | CETV ⁹ at 31/3/14 | CETV ¹⁰ at 31/3/13 | Real increase in CETV ¹¹ |
|--------------------------------------|--|--|------------------------------|-------------------------------|-------------------------------------|
| Neil MacGregor Director | £100-105k plus £305-310k lump sum | -£0-2.5k plus -£0-2.5k lump sum | £2,078k | £2,076k | -£10k |
| Andrew Burnett Deputy Director | £70-75k plus £220-225k lump sum | -£0-2.5k plus -£0-2.5k lump sum | £1,673k | £1,664k | -£8k |
| Christopher Yates Deputy Director | £25-30k plus £75-80k lump sum | £5-7.5k plus £17.5-20k lump sum | £374k | £273k | £78k |

The figures in the remuneration report have been audited.

Neil MacGregor
Accounting Officer
3 July 2014

Niall FitzGerald KBE
Chair

⁶ Salary comprises gross salary and other payments to staff payable during the year. None of these three individuals received bonuses, overtime, or allowances during the year. The figure disclosed for Dr Burnett includes an approved special payment of £145,000, comprising compensation for loss of employment and consideration for a compromise agreement.

⁷ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

⁸ 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.

⁹ 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 pension benefits they have 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 member 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 2008 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.

¹⁰ The actuarial factors used to calculate CETVs were changed in 2013/14. The CETVs at 31/03/13 and 31/03/14 have both been calculated using the new factors, for consistency. The CETV at 31/03/13 therefore differs from the corresponding figure in last year's report, which was calculated using the previous factors.

¹¹ This reflects the increase in CETV that is funded by the employer. It excludes increases due to inflation and contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It is worked out using common market valuation factors for the start and end of the period.

Statement of Trustees' and Accounting Officer's responsibilities

Under Section 9 (4) and (5) of the Museum and Galleries Act 1992, the Secretary of State for Culture, Media and Sport with the consent of the Treasury has directed the Trustees of the British Museum to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the British Museum and of its net resource outturn, application of resources, changes in funds and cash flows for the financial year.

In preparing the BM's accounts, the Trustees and Accounting Officer are required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- 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 a going concern basis, unless it is inappropriate to presume that the BM will continue in operation.

The Accounting Officer of the Department for Culture, Media and Sport designated Neil MacGregor as Accounting Officer of the British Museum.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the British Museum's assets, are set out in *Managing Public Money* issued by the HM Treasury.

Neil MacGregor
Accounting Officer
3 July 2014

Niall FitzGerald KBE
Chair

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 2014 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow 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

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the British Museum's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the British Museum; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the British Museum's affairs as at 31 March 2014 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder with HM Treasury's consent.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made with HM Treasury's consent under the Museums and Galleries Act 1992; and
- the information given in the "Structure, governance and management", "Investing in our people", "Plans for future periods", "Fundraising and finance", "Public benefit, sustainability, social and community issues", and "Reference and administrative details" sections of the Trustees' and Accounting Officer's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C. E. Morse
Comptroller and Auditor General

8 July 2014

National Audit Office
157-197 Buckingham Palace Road,
Victoria,
London SW1W 9SP

Consolidated Statement of Financial Activities for the year ended 31 March 2014

| | Notes | Revenue Funds | | | Capital Funds | | | Total Funds | | | Total 2013 £000s |
|---|-------|-----------------------|---------------------|-----------------------------|-----------------------|---------------------|-------------------------------------|-----------------------------|---------------------|---------------------------------|------------------------|
| | | Unrestricted £000s | Restricted £000s | Total Unrestricted £000s | Unrestricted £000s | Restricted £000s | Collection Acquisitions £000s | Total Unrestricted £000s | Restricted £000s | Permanent Endowment £000s | |
| Incoming resources | | | | | | | | | | | |
| Voluntary income | | | | | | | | | | | |
| Grant-in-aid | 2 | 39,855 | 1,315 | 41,170 | - | 2,692 | - | 2,692 | 4,007 | - | 43,862 |
| Donations and legacies | | 1,473 | 2,412 | 3,885 | - | 33,093 | 7,353 | 33,093 | 42,858 | - | 44,331 |
| Activities for generating funds | | | | | | | | | | | |
| Commercial trading activities | 10(b) | 24,209 | - | 24,209 | - | - | - | - | - | - | 24,209 |
| Investment income and rent receivable | 3 | 897 | 383 | 1,280 | - | 187 | - | 187 | 570 | - | 1,467 |
| Incoming resources from charitable activities | | | | | | | | | | | |
| | 4 | 25,370 | 3,716 | 29,086 | - | 1,100 | - | 1,100 | 4,816 | - | 30,186 |
| Total incoming resources | | 91,804 | 7,826 | 99,630 | - | 37,072 | 7,353 | 44,425 | 52,251 | - | 144,055 |
| Resources expended | | | | | | | | | | | |
| Charitable activities | | | | | | | | | | | |
| Costs of generating Funds | | | | | | | | | | | |
| Costs of generating voluntary income | 6 | (70,079) | (6,361) | (76,440) | (827) | (21,479) | - | (22,306) | (27,840) | - | (98,746) |
| Commercial trading activities | 10(b) | (898) | - | (898) | - | (24) | - | (24) | (24) | - | (922) |
| Investment management costs | | (11,211) | (35) | (11,246) | - | (43) | - | (43) | (78) | - | (11,211) |
| Governance costs | | | | | | | | | | | |
| | 6 | (411) | - | (411) | - | (5) | - | (5) | (5) | - | (416) |
| Total resources expended | 6(a) | (82,735) | (6,396) | (89,131) | (827) | (21,551) | - | (22,378) | (27,947) | (30) | (111,539) |
| Net incoming resources before transfers | 5 | 9,069 | 1,430 | 10,499 | (827) | 15,521 | 7,353 | 22,047 | 24,304 | (30) | 32,516 |
| Transfers between funds | 15 | (5,612) | (283) | (5,895) | (3,281) | 6,544 | 2,632 | 5,895 | 8,893 | - | - |
| Net incoming resources before other recognised gains/(losses) | | 3,457 | 1,147 | 4,604 | (4,108) | 22,065 | 9,985 | 27,942 | 33,197 | (30) | 32,516 |
| Gain/(loss) on revaluation of fixed assets for the Museum's own use | 7(a) | - | - | - | - | 49,686 | - | 49,686 | - | - | 49,686 |
| Unrealised/realised investment (loss)/gain | 21 | (132) | (214) | (346) | 374 | (146) | - | 228 | (360) | (333) | (451) |
| Actuarial loss on defined benefit pension scheme | 19 | (520) | - | (520) | - | - | - | - | (520) | - | (520) |
| Net movement in funds | | 2,805 | 933 | 3,738 | (3,734) | 71,605 | 9,985 | 77,856 | 82,523 | (363) | 81,231 |
| Fund balances brought forward at 1 April | 15(a) | 16,960 | 18,777 | 35,737 | 8,459 | 479,837 | 61,562 | 549,858 | 560,176 | 12,503 | 598,098 |
| Fund balances carried forward at 31 March | 15(a) | 19,765 | 19,710 | 39,475 | 4,725 | 551,442 | 71,547 | 627,714 | 642,699 | 12,140 | 679,329 |

All operations of the BM 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 prior year figures have been restated to reflect that the British Museum Company Limited (BMCo) is now preparing accounts in accordance with the Statement of Recommended Practice (Revised 2005) Accounting and Reporting by Charities. The notes on pages 36 to 66 form part of these accounts

Consolidated Balance Sheet as at 31 March 2014

| | Notes | 2014 £000s | 2013 £000s |
|---|-------|-----------------|---------------|
| Fixed assets | | | |
| Tangible assets | 7(a) | 558,658 | 483,852 |
| Heritage assets | 8 | 71,547 | 61,562 |
| Investments | 9(a) | 52,813 | 75,142 |
| | | 683,018 | 620,556 |
| Current assets | | | |
| Stock-goods for resale | 10(c) | 2,308 | 2,017 |
| Debtors | 11 | 39,847 | 38,794 |
| Short term investments | 9(b) | 5,030 | 2,699 |
| Cash at bank and in hand | 9(c) | 21,743 | 26,246 |
| Total current assets | | 68,928 | 69,756 |
| Creditors: amounts falling due within one year | 12 | (67,281) | (86,999) |
| Net current assets | | 1,647 | (17,243) |
| Total assets less current liabilities | | 684,665 | 603,313 |
| Creditors: amounts falling due in greater than one year | 12 | (78) | (82) |
| Provision for liabilities and charges | 13 | (98) | (173) |
| Net assets excluding pension liability | | 684,489 | 603,058 |
| Liability on defined benefit pension scheme | 19 | (5,160) | (4,960) |
| Net assets including pension liability | | 679,329 | 598,098 |
| Represented by: | | | |
| Permanent endowments | | 12,140 | 12,503 |
| Restricted fund | | 642,699 | 560,176 |
| Unrestricted funds | | | |
| Designated funds | | 519 | 4,804 |
| General funds | | 18,446 | 18,418 |
| General funds held in subsidiaries | | 5,525 | 2,197 |
| | | 24,490 | 25,419 |
| Total funds | 15(a) | 679,329 | 598,098 |

The notes on pages 36 to 66 form part of these accounts

Neil MacGregor
Accounting Officer

3 July 2014

Niall FitzGerald KBE
Chair

Museum Balance Sheet as at 31 March 2014

| | Notes | 2014 £000s | 2013 £000s |
|--|-------|-----------------|---------------|
| Fixed assets | | | |
| Tangible assets | 7(b) | 557,193 | 482,530 |
| Heritage assets | 8 | 71,547 | 61,562 |
| Investments | 9(a) | 52,813 | 75,142 |
| Investment in subsidiaries | 10(a) | 1,250 | 1,250 |
| | | 682,803 | 620,484 |
| Current assets | | | |
| Debtors | 11 | 42,783 | 38,867 |
| Cash in bank and in hand | 9(c) | 15,109 | 22,060 |
| | | 57,892 | 60,927 |
| Creditors: amounts falling due within one year | 12 | (66,793) | (85,337) |
| Net current assets | | (8,901) | (24,410) |
| Total assets less current liabilities | | 673,902 | 596,074 |
| Provision for liabilities and charges | 13 | (98) | (173) |
| Net assets | | 673,804 | 595,901 |
| Represented by: | | | |
| Permanent endowments | | 12,140 | 12,503 |
| Restricted funds | | 642,699 | 560,176 |
| Unrestricted funds | | | |
| Designated funds | | 519 | 4,804 |
| General funds | | 18,446 | 18,418 |
| | | 18,965 | 23,222 |
| Total funds | 15(a) | 673,804 | 595,901 |

The notes on pages 36 to 66 form part of these accounts

Neil MacGregor
Accounting Officer

3 July 2014

Niall FitzGerald KBE
Chair

Consolidated Cash Flow Statement for the year ended 31 March 2014

| | Notes | 2014 £000s | 2013 £000s |
|---|-------|-----------------|---------------|
| Net cash inflow from operating activities | 16(a) | 23,813 | 8,676 |
| Returns on investments and servicing of finance: | | | |
| Interest received | | 1,169 | 1,393 |
| Dividends received | | 196 | 774 |
| Rents receivable | | 102 | 65 |
| Net cash inflow from returns on investments and servicing of finance | | 1,467 | 2,232 |
| Investing activities: | | | |
| Capital expenditure and financial investments: | | | |
| Sale of fixed asset investments | 9 | 86,968 | 100,466 |
| Purchase of tangible fixed assets | 7 | (45,843) | (42,334) |
| Receipts from sale of tangible fixed assets | | – | – |
| Purchase of heritage assets | 8 | (2,632) | (1,094) |
| Purchase of fixed asset investments | 9 | (65,779) | (72,067) |
| Net cash outflow from investing activities | | (27,286) | (15,029) |
| Acquisition of BMF Ltd cash balances | | – | 489 |
| Acquisition of BMF Ltd short term investment balances | | – | 1,400 |
| Management of liquid resources | | | |
| (Increase)/decrease in short term investments | | (2,331) | 7,506 |
| (Decrease)/increase in cash | 16(c) | (4,337) | 5,274 |

The notes on pages 36 to 66 form part of these accounts

Notes to the Accounts

1. ACCOUNTING POLICIES

Accounting Conventions

- (a) The accounts comply with the Statement of Recommended Practice (Revised 2005), *Accounting and Reporting by Charities (SORP)*, the Government Financial Reporting Manual, Museum and Galleries Act 1992, the Accounts Direction issued by the Secretary of State for Culture, Media and Sport in accordance with the BM's Financial Memorandum, and, in the case of the subsidiaries, the Companies Act 2006. 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.

Consolidated accounts include the British Museum's (BM) operating statement, trust funds owned and administered by the BM, and the British Museum Development Trust, a dormant charity, which together make up the Museum. Also consolidated are the British Museum Company Limited (BMCo) and its subsidiary British Museum Ventures Limited, the British Museum Great Court Limited (BMGC) and the British Museum Friends Limited (BMF).

The Trustees have considered the implications of the reduction in the government grant, as detailed in the annual report, and believe that the Museum will continue to be a going concern for the foreseeable future and the accounts have therefore been prepared on that basis.

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

- (i) This statement discloses the totality of the resources receivable by the BM during the year and their disposition. The BM 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 BM, 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 expenditure is depreciated 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, often 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.

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

The turnover and profit on long term contracts are accounted for in accordance with SSAP 9 Stocks and Long-Term Contracts. Attributable profit is calculated on a prudent basis, and the amount recognised in the accounts reflects the proportion of work carried out at the accounting date. Turnover included in the SOFA is calculated on the basis of time spent as a proportion of total time spent to fulfill the contract. The costs incurred in reaching the stage of completion are matched with the turnover. The difference between the amount recognised in the SOFA and the cash received is disclosed in either debtors or creditors as payments receivable on long term contracts or payments received on account respectively.

- (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 are allocated to activities according to the method described in note 6. Costs of generating funds are those incurred in seeking voluntary and sponsored contributions for the BM. Governance costs are those costs incurred in connection with the general governance of the British Museum including compliance with constitutional and statutory requirements.

The BM is covered by the provisions of the VAT Act 1994 s 33a, which allows it to recover the majority of its VAT. Irrecoverable VAT is treated as support cost and apportioned over the activities of the BM as described in note 6.

(d) *Gifts in Kind*

Heritage Assets

The BM accounts for the objects in its collection as non-operational heritage assets, in accordance with FRS 30. A heritage asset is defined under FRS 30 as “a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.” The BM’s archives, digital records and libraries are not treated as heritage assets.

Heritage assets acquired since 1 April 2001

The BM includes donated or purchased heritage assets acquired since 1 April 2001 on the balance sheet at cost or valuation at the time of acquisition. Valuations are performed during the year of acquisition by internal curatorial experts based on their expert knowledge and, where appropriate, with reference to recent sales of similar objects. The cost or valuation is not subject to revaluation because the cost of revaluation is not considered to be commensurate with the benefits to users of the financial statements.

Capitalised heritage assets are not depreciated because they are deemed to have indefinite lives, but are subject to impairment reviews where damage or deterioration is reported.

Heritage assets acquired before 1 April 2001

The BM has not capitalised heritage assets acquired prior to 1 April 2001. This is because comprehensive valuation, as illustrated below, would not provide a meaningful figure for users of the financial statements and the cost of doing so is not commensurate with the benefits to users of the financial statements.

Historic cost – while it may be possible to assign a cost to items purchased within a financial year, historic cost quickly becomes obsolete and meaningless, not only because of general price movements where markets for similar items do exist, but also because of changing opinions about attribution and authenticity, subsequent research into objects that reveals new value, the emergence of new information about the provenance of an item or changes in taste.

Valuation – attempting to value heritage assets acquired historically raises a number of further conceptual concerns. Valuation of heritage assets is complicated by the nature of many such assets. They are rarely sold and often have a value enhanced above the intrinsic through their association with a person, event or collection, there are a very limited number of buyers, no homogeneous population of assets on the market, and imperfect information about the items for sale. In contrast with many commercial assets, therefore, there is seldom an active market to provide indicative values of similar objects. This makes materially accurate valuations impossible to achieve for many heritage assets.

Donated Services

Donated services, where required by the SORP, are included as income and expenditure in the year in which the service is used by the BM. The service is valued at the price the BM would have paid in the open market for a service of equivalent utility.

(e) *Tangible Fixed Assets*

Assets with an economic life of more than one year and value greater than £5,000 are capitalised. All the BM’s land, properties and plant and machinery 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 full valuation of the BM's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2014. The valuation included the main BM site at Great Russell Street, its perimeter buildings, the new World Conservation and Exhibitions Centre, two properties used for storage at Orsman Road, and Blythe House. The BM 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 and machinery.

Exhibitions and galleries are revalued annually using relevant indices provided by the Office of National Statistics.

Furniture, fit out and equipment are carried at depreciated historic cost because the Trustees consider that this is not materially different from current cost valuation.

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 – 10 to 25 years

Plant and machinery – 10 to 35 years

Furniture, fit out and equipment – 1 to 15 years

A full year of depreciation is charged in the year of acquisition and no depreciation is charged 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 do not exceed their recoverable amounts.

(f) *Financial instruments*

Recognition, measurement and impairment

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 BM's balance sheet when the BM becomes a party to the contractual provisions of the instrument. Assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the BM has transferred substantially all risks and rewards of ownership. Liabilities are derecognised when all obligations in respect of them have been discharged.

The BM's investments are measured at fair value, with any gains or losses reflected in the SOFA in the period in which they arise. Other financial instruments (notably trade debtors, short-term investments, cash at bank and in hand, and trade creditors) are initially recognised at fair value plus or minus material transaction costs directly attributable to their acquisition or issue; and subsequently measured at cost, less impairment where material.

During the year, the BM used 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 BM does not use directly held derivative financial instruments for any other purposes. The BM 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 measured at fair value with any gains or losses reflected in the SOFA in the period in which they arise.

An assessment of whether there is objective evidence of impairment is carried out for material 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 a financial instrument is impaired, its loss is reflected in the SOFA.

Investment properties

Freehold investment properties continue to be treated in accordance with SSAP 19: they are carried 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.

Investments in subsidiaries

The investments in subsidiaries are carried at cost less any provision for impairment. The BM carries out an annual impairment review of the investment in each subsidiary.

(g) Stocks and work in progress

Stock is stated at the lower of cost and net realisable value, where cost includes materials, labour and attributed overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. All stocks relate to BMCo's retail activities.

(h) Liabilities

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

(i) Provisions

The BM 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 current asset investments that are disposable without curtailing or disrupting the BM's business and are either readily convertible to known amounts of cash at or close to their carrying value or traded in an open market.

(k) Leases

The BM has no finance leases. Costs relating to operating leases are charged on a straight line basis 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 at that date. Foreign exchange differences arising on translation are reflected in the SOFA.

(m) Pensions

Present and past employees of the BM 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 BM is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2011. Details may be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

The BM has, in the past, operated an early retirement scheme which gives retirement benefits to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme. The BM bears the costs of these benefits until normal retirement age of the employees concerned. Future payments of these benefits have been discounted at a rate of 1.8% and included in provisions.

BMCo 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 17 Retirement Benefits in note 19.

(n) Taxation

The BM and BMF are eligible under Part 11 Corporation Tax Act 2010, section 25 Inheritance Tax Act 1984, and section 271 Taxation of Chargeable Gains Act 1992 to exemption from taxes on income, donations and capital gains arising from the pursuit of its charitable objectives. BMCo and BMGC donate their profits to the BM and therefore do not expect to pay capital gains or corporation tax.

(o) Funds Structure

The BM 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 BM.

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. GRANT-IN-AID

| | Total 2014 £000s | Total 2013 £000s |
|--|---------------------------------|------------------------|
| Unrestricted revenue | 39,855 | 41,324 |
| Restricted revenue (Portable Antiquities Scheme) | 1,315 | 1,362 |
| Restricted capital (core) | 2,692 | 2,692 |
| | 43,862 | 45,378 |

3. INVESTMENT INCOME AND RENT RECEIVABLE

| | Total 2014 £000s | Total 2013 £000s |
|---|---------------------------------|------------------------|
| Income from UK bank deposits | 150 | 98 |
| Income from UK fixed interest investments | 680 | 1,506 |
| Income from UK investment funds | 11 | 267 |
| Income from overseas investment funds | 524 | 507 |
| | 1,365 | 2,378 |
| Rents receivable | 102 | 65 |
| | 1,467 | 2,443 |

4 ANALYSIS OF INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Total 2014 £000s | Total 2013 Restated £000s |
|---------------------------------|---------------------------------|------------------------------------|
| Care, research and conservation | 5,878 | 4,927 |
| Public access and events | 859 | 757 |
| Charitable trading | 23,449 | 15,412 |
| | 30,186 | 21,096 |

Care, research and conservation includes research grants and grants for acquisitions. Public access and events income arises from sales of guides, lectures and recovery of costs relating to loans of the collection and includes grants for programmes to promote and assist access. Charitable trading includes admission fees, sponsorship of the exhibition programme and membership fees.

This note has been restated to reflect that the BMCo accounts are now prepared in accordance with the Statement of Recommended Practice (Revised 2005), *Accounting and Reporting by Charities*.

There is EU funding of £1,500 included in income in the current year. No EU funding was included in the prior year.

5. NET INCOMING RESOURCES BEFORE TRANSFERS

| | | |
|---|--------------|-------|
| is stated after charging: | 2014 | 2013 |
| | £000s | £000s |
| Auditors' remuneration: Comptroller and Auditor General audit fee | 53 | 52 |
| Auditors' remuneration: Subsidiary companies audit fee | 48 | 46 |
| Operating lease rentals: Hire of plant and machinery | 3 | 4 |
| Operating lease rentals: Land and buildings | 194 | 167 |
| Loss on disposal of fixed assets | 15 | 25 |
| Movement on bad debt provision | 31 | 1 |

6. TOTAL RESOURCES EXPENDED

| | | | | | | |
|--------------------------------------|---------------|---------------|---------------|--------------|-----------------------|----------------|
| 6(a) | | | | | Total | Total |
| | Direct | Grants | Depreciation | Support | 2014 | 2013 |
| | Costs | | | Costs | | Restated |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Care, research and conservation | 40,067 | 19,521 | 5,080 | 2,905 | 67,573 | 73,125 |
| Public access and events | 13,287 | 104 | 4,660 | 1,041 | 19,092 | 18,877 |
| Charitable trading | 11,512 | – | 222 | 347 | 12,081 | 12,426 |
| Charitable activities | 64,866 | 19,625 | 9,962 | 4,293 | 98,746 | 104,428 |
| Costs of generating voluntary income | 780 | – | 23 | 119 | 922 | 956 |
| Commercial trading activities | 10,174 | – | 427 | 610 | 11,211 | 9,355 |
| Investment management costs | 239 | – | – | 5 | 244 | 434 |
| Governance costs | 382 | – | 5 | 29 | 416 | 412 |
| | <u>76,441</u> | <u>19,625</u> | <u>10,417</u> | <u>5,056</u> | <u>111,539</u> | <u>115,585</u> |

Direct costs spent on care, research and conservation include an impairment of £10.3m reflecting the first valuation of the World Conservation & Exhibition Centre. Further details can be found in note 7.

The main elements of the grant figure are as follows:

- Grants totalling £18m (2012/13: £37.8m) to the British Museum Trust Limited, restricted for furtherance of the British Museum's charitable objectives;
- Grants of £1m (2012/13: £1.1m) under the Portable Antiquities Scheme. 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; and
- Grants of £0.2m (2012/13: £0.2m) from restricted funding as part of research in the field of bioarchaeology.

Costs that cannot be directly attributed to one of the BM's objectives are allocated to activities on a basis consistent with the use of resources. Finance costs, including irrecoverable VAT, are allocated using the proportion of direct expenditure spent on each of the objectives. Human resources and legal services costs are allocated based on staff numbers. Information Systems costs are allocated using staff numbers adjusted for non-computer based roles. Depreciation has been allocated according to the proportion of space occupied by each activity.

| | | | | | | |
|--------------------------------------|--------------|--------------|--------------|------------|---------------------|--------------|
| 6(b) Support costs | Finance | Information | Human | Legal | Total | Total |
| | | Services | Resources | Services | 2014 | 2013 |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Care, research and conservation | 800 | 1,422 | 548 | 135 | 2,905 | 2,932 |
| Public access and events | 250 | 280 | 410 | 101 | 1,041 | 1,142 |
| Charitable trading | 98 | 168 | 65 | 16 | 347 | 348 |
| Charitable activities | 1,148 | 1,870 | 1,023 | 252 | 4,293 | 4,422 |
| Costs of generating voluntary income | 15 | 70 | 27 | 7 | 119 | 102 |
| Commercial trading activities | 111 | 337 | 130 | 32 | 610 | 475 |
| Investment management costs | 5 | – | – | – | 5 | 10 |
| Governance costs | 7 | 15 | 6 | 1 | 29 | 25 |
| | <u>1,286</u> | <u>2,292</u> | <u>1,186</u> | <u>292</u> | <u>5,056</u> | <u>5,034</u> |

6(c) Governance costs

Analysis of direct governance costs:

| | 2014 | 2013 |
|---|--------------|-------|
| | £000s | £000s |
| Staff costs | 118 | 115 |
| British Museum auditor's remuneration | 53 | 50 |
| Subsidiary charities auditors' remuneration | 48 | 46 |
| Professional services | 4 | 7 |
| Internal audit costs | 91 | 101 |
| Cost of meetings | 68 | 63 |
| Reimbursement of trustee expenses | – | 1 |
| | 382 | 383 |

6(d) Staff costs

| | 2014 | 2013 |
|---------------------------------------|---------------|--------|
| | £000s | £000s |
| Wages and salaries | 28,867 | 29,177 |
| Social security costs | 2,257 | 2,345 |
| Pension costs | 4,653 | 4,798 |
| Agency staff costs | 2,191 | 2,080 |
| Early retirement and redundancy costs | 177 | 409 |
| | 38,145 | 38,809 |

In addition to the total above, £7k (2012/13: £32k) of staff costs has been capitalised.

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

| | 2014 | 2013 |
|---------------------|-------------|------|
| £60,001 – £70,000 | 14 | 13 |
| £70,001 – £80,000 | 6 | 3 |
| £80,001 – £90,000 | 2 | 2 |
| £90,001 – £100,000 | 2 | 2* |
| £100,001 – £110,000 | – | 1 |
| £110,001 – £120,000 | 1 | 1 |
| £120,001 – £130,000 | 1 | 1 |
| £130,001 – £140,000 | – | – |
| £140,001 – £150,000 | – | 1 |
| £180,001 – £190,000 | 1 | 1 |
| £190,001 – £200,000 | 1* | – |
| £210,001 – £220,000 | – | 1* |
| £220,001 – £230,000 | – | 1* |

24 staff (2012/13: 21) whose emoluments amounted to more than £60,000 in the year are members of a defined benefit scheme and 4 staff (2012/13: 6) are members of a defined contributions scheme. Contributions of £27k (2012/13: £43k) were paid on behalf of the members of the defined contribution scheme.

* The current year or prior year emoluments are high due to severance payments.

The Director's remuneration is disclosed in the Remuneration Report.

6(e) The average number of full time equivalent employees, analysed by function was:

| 2014 | Agency and contract | | Total |
|---------------------------------|---------------------|-----------|--------------|
| | Staff | staff | |
| Care, research and conservation | 403 | 21 | 424 |
| Public access and events | 306 | 32 | 338 |
| Charitable trading | 100 | 14 | 114 |
| Generating voluntary income | 21 | 2 | 23 |
| Commercial trading activities | 131 | 8 | 139 |
| Governance | 3 | – | 3 |
| | <u>964</u> | <u>77</u> | <u>1,041</u> |

| 2013 restated | Agency and contract | | Total |
|---------------------------------|---------------------|-----------|--------------|
| | Staff | staff | |
| Care, research and conservation | 446 | 30 | 476 |
| Public access and events | 313 | 30 | 343 |
| Charitable trading | 104 | 11 | 115 |
| Generating voluntary income | 17 | 1 | 18 |
| Commercial trading activities | 122 | 8 | 130 |
| Governance | 3 | – | 3 |
| | <u>1,005</u> | <u>80</u> | <u>1,085</u> |

This note has been restated to correct a prior year omission and to reflect that the BCo accounts are now prepared in accordance with the Statement of Recommended Practice (Revised 2005), *Accounting and Reporting by Charities*.

6(f) Reporting of Civil Service and other compensation schemes – exit packages

The number of exit packages agreed during the year are shown by cost band in the table below:

| Exit package cost band (£) | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages for 2013/14 | Total number of exit packages 2012/13* |
|----------------------------|-----------------------------------|-----------------------------------|---|--|
| 0 – 24,999 | 2 | 4 | 6 | 3 |
| 25,000 – 49,999 | 1 | – | 1 | 2 |
| 50,000 – 74,999 | – | – | – | 1 |
| 75,000 – 99,999 | – | – | – | 1 |
| 125,000 – 149,999 | – | 1 | 1 | 1 |
| Total | <u>3</u> | <u>5</u> | <u>8</u> | <u>8</u> |
| Total cost (£000) | <u>51</u> | <u>169</u> | <u>220</u> | <u>409</u> |

Where applicable redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where the BM has agreed early retirements under the Civil Service Compensation Scheme, the additional costs are met by the BM and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

* All redundancies in 2012/13 were agreed departures.

6(g) Special payments

During the year the Museum has made total special payments totalling £184k (2012/13: £9k).

One payment related to an exit package shown above in band £125-150k (further details are disclosed in the Remuneration Report), and the remainder are legal claims.

6(h) Trustees:

The Trustees neither received nor waived any emoluments during the year (2012/13: £nil). All Trustees are entitled to be reimbursed for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2013/14, 2 Trustees (2012/13: 1) were reimbursed £436 in aggregate (2012/13: £926). The costs borne by the BM associated with trustee meetings are disclosed under governance costs at note 6(c).

6(i) Off-payroll engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arm's length bodies must publish information on their highly paid and/or senior off-payroll engagements.

a Off-payroll engagements as at 31 March 2014, for more than £220 per day and that lasted longer than six months:

| | Number |
|--|--------|
| Number that have existed for less than one year at the time of reporting | 1 |
| Number that have existed for between one and two years at the time of reporting | 1 |
| Number that have existed for between two and three years at the time of reporting | 2 |
| Number that have existed for between three and four years at the time of reporting | 1 |
| | 5 |

During the year the BM agreed a policy for seeking assurance regarding the income tax and NICS obligations of appointees. The BM seeks assurance each year for anyone engaged with more than six months of elapsed service as at 23 August, the anniversary of the date of implementation of this government requirement. During the year assurance was requested and received from five individuals who met these criteria.

b New off-payroll engagements between 1 April 2013 and 31 March 2014 for more than £220 per day and that lasted for longer than six months:

| | Number Including Contractual Clauses |
|---|--------------------------------------|
| Number of new engagements between 1 April 2013 and 31 March 2014 | 2 |
| Number of new engagements giving the BM the right to request assurance in relation to income tax and National Insurance obligations | 2 |
| Number of whom assurance has been requested | – |
| Of which: | |
| Number of whom assurance has been received | – |
| Number of whom assurance has not been received | – |
| Number that have been terminated as a result of assurance not being received | – |

c Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2013 and 31 March 2014:

| | Number |
|--|--------|
| Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility | 1 |
| Number of on-payroll engagements of board members and/or senior officials with significant financial responsibility | 4 |
| | 5 |

The role of interim Director of Operations was filled on a temporary basis from April 2013 to January 2014 by a consultant working through Concerto Partners LLP while recruitment took place of a permanent member of staff.

7. TANGIBLE FIXED ASSETS

7(a) Consolidated tangible fixed assets

| | Land £000s | Buildings £000s | Assets in the Course of Construction £000s | Exhibitions and Galleries £000s | Plant and Machinery £000s | Equipment £000s | Total £000s |
|---------------------------|----------------|--------------------|---|--|---------------------------------|--------------------|------------------------|
| Current Cost | | | | | | | |
| At 1 April 2013 | 127,104 | 212,460 | 79,014 | 28,452 | 47,720 | 10,114 | 504,864 |
| Additions during the year | – | 25,572 | 2,262 | 1,115 | 15,691 | 1,203 | 45,843 |
| Disposals during year | – | – | – | – | – | (20) | (20) |
| Transfer | – | 53,837 | (77,495) | 438 | 23,121 | 99 | – |
| Revaluation adjustment | 3,916 | 30,324 | – | 309 | 7,291 | – | 41,840 |
| Impairment | – | (9,576) | – | – | (715) | – | (10,291) |
| At 31 March 2014 | 131,020 | 312,617 | 3,781 | 30,314 | 93,108 | 11,396 | 582,236 |
| Depreciation | | | | | | | |
| At 1 April 2013 | – | – | – | (14,237) | – | (6,775) | (21,012) |
| Disposals during year | – | – | – | – | – | 5 | 5 |
| Provided during the year | – | (3,448) | – | (1,413) | (4,541) | (1,015) | (10,417) |
| Revaluation adjustment | – | 3,448 | – | (143) | 4,541 | – | 7,846 |
| At 31 March 2014 | – | – | – | (15,793) | – | (7,785) | (23,578) |
| Net Book Value | | | | | | | |
| At 31 March 2014 | 131,020 | 312,617 | 3,781 | 14,521 | 93,108 | 3,611 | 558,658 |
| At 31 March 2013 | 127,104 | 212,460 | 79,014 | 14,215 | 47,720 | 3,339 | 483,852 |

7(b) Museum tangible fixed assets

| | Land £000s | Buildings £000s | Assets in the Course of Construction £000s | Exhibitions and Galleries £000s | Plant and Machinery £000s | Equipment £000s | Total £000s |
|---------------------------|----------------|--------------------|---|--|---------------------------------|--------------------|------------------------|
| Current Cost | | | | | | | |
| At 1 April 2013 | 127,104 | 212,460 | 78,972 | 28,452 | 47,720 | 6,632 | 501,340 |
| Additions during the year | – | 25,572 | 2,182 | 1,115 | 15,691 | 697 | 45,257 |
| Disposals during year | – | – | – | – | – | – | – |
| Transfer | – | 53,837 | (77,453) | 438 | 23,121 | 57 | – |
| Revaluation adjustment | 3,916 | 30,324 | – | 309 | 7,291 | – | 41,840 |
| Impairment | – | (9,576) | – | – | (715) | – | (10,291) |
| At 31 March 2014 | 131,020 | 312,617 | 3,701 | 30,314 | 93,108 | 7,386 | 578,146 |
| Depreciation | | | | | | | |
| At 1 April 2013 | – | – | – | (14,237) | – | (4,573) | (18,810) |
| Disposals during year | – | – | – | – | – | – | – |
| Provided during the year | – | (3,448) | – | (1,413) | (4,541) | (587) | (9,989) |
| Revaluation adjustment | – | 3,448 | – | (143) | 4,541 | – | 7,846 |
| At 31 March 2014 | – | – | – | (15,793) | – | (5,160) | (20,953) |
| Net Book Value | | | | | | | |
| At 31 March 2014 | 131,020 | 312,617 | 3,701 | 14,521 | 93,108 | 2,226 | 557,193 |
| At 31 March 2013 | 127,104 | 212,460 | 78,972 | 14,215 | 47,720 | 2,059 | 482,530 |

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

The Museum incurred an impairment of £10.3m during the year. This is attributable to the first professional valuation of the World Conservation and Exhibitions Centre. The valuation is based on depreciated replacement cost by reference to the costs of providing a modern equivalent asset. It follows therefore that the valuation does not take into consideration such additional costs as will have been incurred in building a structure in a constrained area around an existing iconic building.

7(c) A full valuation of the BM's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2014. The valuations included the main BM site at Great Russell Street, its perimeter buildings, the new WCEC building, two properties used for storage at Orsman Road and Blythe House. The British Museum owns the freehold on all land and buildings apart from Blythe House.

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 BM's balance sheet. The value of Blythe House land and buildings is £1,850k (2012/13: £1,774k) and £3,930k (2012/13: £2,420k) respectively.

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

8. HERITAGE ASSETS – GROUP AND MUSEUM

8(a) Nature and scale of the collection

The British Museum is a universal museum holding an encyclopaedic collection of material from across the world and all periods of human culture and history. Although the collection is sometimes estimated to contain about eight million objects, the question of what constitutes a single object often does not have a definitive answer: for example, a pack of playing cards could be considered as a single object or a collection of individual objects.

The BM records its collection on a database that includes a description of the objects and often image, age, location and other information. Currently, just over 3.5 million objects are available to review online at: http://www.britishmuseum.org/research/search_the_collection_database.aspx. The BM continues to enhance the database to expand the information recorded on each asset, add objects not yet included and improve the functionality of the database.

The collection is a truly global one, and its great strength is the way it records the interrelated histories of humanity as a whole. To that extent, any attempt to break the collection into categories is necessarily reductive. However, for illustrative purposes, the following table gives information about the collection by BM department:

| | |
|--------------------------------|--|
| Africa, Oceania & the Americas | This department holds a wide range of historical, archaeological, ethnographic and contemporary collections from the peoples of Africa, Australia and the Pacific, and the whole of the Americas. It also has important pictorial collections, including photographs, drawings and prints, relating to these regions. Antiquities relating to Ancient Egypt and Sudan are held in the department of that name. |
| Ancient Egypt & Sudan | The collection illustrates every aspect of the cultures of the Nile Valley, from the Neolithic period (about 10,000 BC) until the late nineteenth century AD. Highlights include the important collection of the Book of the Dead, papyri, coffins, mummies and monumental sculptures such as the colossus of Rameses II. The Rosetta Stone, inscribed with hieroglyphics, demotic and Greek, provided the key to decipher hieroglyphs. |
| Asia | The collection includes material from a vast geographical area embracing all of East Asia, South Asia, Southeast Asia, and parts of Central Asia and covers a broad chronological range from humanity's earliest artefacts to contemporary times. The collections encompass archaeological materials, artworks, and objects that reflect daily life and social structure and issues. Among the many special highlights of the collection are Chinese antiquities, ceramics, and graphic arts; Japanese antiquities, graphic arts, and modern crafts; Korean ceramics and lacquer; Indian paintings and sculpture, and Indonesian shadow puppets. |
| Coins & Medals | The collection includes coinage from its origins in the seventh century BC to the present day and related material such as coin weights, tokens and money boxes, the national collection of paper money ranging from one of the first Chinese banknotes to the euro, and a world-class collection of commemorative art medals from the Italian Renaissance to the present. |

| | |
|------------------------------|--|
| Greece & Rome | This is one of the most comprehensive collections of antiquities from the Classical world which range in date from the beginning of the Greek Bronze Age (about 3200 BC) to the reign of the Roman emperor Constantine in the fourth century AD. The Cycladic, Minoan and Mycenaean cultures are represented and the Greek collection includes important sculpture from the Parthenon in Athens as well as elements of two of the Seven Wonders of the Ancient World: the Mausoleum at Halikarnassos and the Temple of Artemis at Ephesos. The collection also includes ancient jewellery and bronzes, Greek vases and Roman glass and silver. |
| Midde East | The collection includes a wide range of archaeological material, ancient and contemporary art from Mesopotamia (Iraq), Iran, the Levant (Syria, Jordan, Lebanon, Palestine and Israel), Anatolia (Turkey), Arabia and the Gulf, Central Asia and the Caucasus. Highlights of the collection include the Assyrian reliefs, treasures from the cemetery of Ur, the Oxus Treasure, Phoenician ivories from Nimrud, the Cyrus Cylinder and the library of cuneiform tablets from Nineveh. |
| Britain, Europe & Prehistory | This department is responsible for collections that cover a vast expanse of time from human tools in Africa and Asia two million years ago to the art and archaeology of Europe from the earliest times to the present day including the history of Britain under the Roman occupation. |
| Prints & Drawings | This is the national collection of Western prints and drawings dating from the beginning of the fifteen century to the present day. The collection covers the history of drawing and print making as fine arts with large holdings of the works of important artists such as Durer, Michelangelo, Rembrandt, Goya and Picasso, large documentary collections of historical, satirical and topographical prints and important collections of printed ephemera such as trade and visiting cards, fans and playing cards. |

8(b) BM policies on acquisitions, preservation, management and disposal

Acquisition

The BM is committed to sustaining and improving its collection for the benefit of its audience now and in the future. Acquisitions are made in accordance with the policy which can be found on the BM's website at: http://www.britishmuseum.org/about_us/management/museum_governance.aspx

Preservation and Management

The BM has a dedicated Collection Services department and Conservation & Scientific Research department.

The Collection Services department provides advice and expertise on storage of the collection, coordinating loans and collection documentation. The storage aspect of the department's work involves implementing a rolling programme of improvements to storage of the collection and ensuring compliance with BM storage guidelines.

The Conservation & Scientific Research department works alongside other departments in the BM to care for and preserve the collection. As stated in the BM Conservation Policy, where possible the collections are preserved by reducing or halting deterioration and damage rather than through treatment and repair. That is preventive conservation methods are applied in preference to interventive conservation treatments.

Preventative conservation methods used by the BM include providing guidelines for the appropriate environmental conditions in which to store, handle, display, study and transport the collection, reducing the risk of damage to the collection by implementing a comprehensive integrated pest management programme operating across the entire BM estate, and having systems in place to monitor and measure the state of the collections and the environments and spaces in which they are stored or displayed.

When interventive conservation treatment is required the BM ensures that these are conducted by qualified conservators (or trainees under supervision) in accordance with international best practice and ethical guidelines. All treatments carried out on the collections are documented fully and the resultant records are available for study, treatment methods are safe, stable, and use tested materials that, where possible, do not compromise future conservation treatment or scientific examination.

The new World Conservation and Exhibitions Centre opened in 2014. It provides state of the art conservation and storage facilities to enhance the current BM facilities.

The BM has a statutory obligation to make the collection available to members of the public. Members of the public can view objects online using the BM database or request to inspect objects in person. Paper and/or digital records ensure that BM objects can be located.

When complete, the database will contain a record of every object in the BM collection with associated conservation and scientific reports. The current database is the result of 30 years work but it is still in its early stages. The database of more than 3.5 million objects can be found on the BM website at:

http://www.britishmuseum.org/research/collection_online/search.aspx

Disposal

Objects vested in the Trustees as part of the collection of the BM cannot be disposed by them except in circumstances allowed by the British Museum Act 1963. Therefore the Trustees' power to de-accession from the collection whether by sale, exchange, or gift (including response to any third party claim for restitution or repatriation) is limited and there is a strong legal presumption against this. The detail of the BM's policy on de-accession can be found on the BM's website at:

http://www.britishmuseum.org/about_us/management/museum_governance.aspx

8(c) Heritage assets capitalised

As detailed in the accounting policy, heritage assets acquired before 1 April 2001 are not included on the balance sheet because information on value is not readily available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements. Acquisitions since 1 April 2001 have been capitalised and are held at historic cost for purchased assets and valuation at the time of acquisition for donated assets. The table shows the details of additions for the current and previous four years.

The allocation of heritage assets between donated and purchased on the opening balance of year 2001/02 has been restated following a review of historical data; this impacts each of the five years disclosed here.

| | 2013/14 – £000s | | |
|-----------------|------------------------|---------------|----------------------|
| | Donated | Purchased | Total |
| Opening balance | 38,090 | 23,472 | 61,562 |
| Additions | 7,353 | 2,632 | 9,985 |
| Closing balance | <u>45,443</u> | <u>26,104</u> | <u>71,547</u> |

| | 2012/13 – £000s | | |
|-----------------|------------------------|---------------|----------------------|
| | Donated | Purchased | Total |
| Opening balance | 31,147 | 22,378 | 53,525 |
| Additions | 6,943 | 1,094 | 8,037 |
| Closing balance | <u>38,090</u> | <u>23,472</u> | <u>61,562</u> |

| | 2011/12 – £000s | | |
|-----------------|------------------------|---------------|----------------------|
| | Donated | Purchased | Total |
| Opening balance | 29,438 | 20,154 | 49,592 |
| Additions | 1,858 | 2,224 | 4,082 |
| Adjustment* | (149) | – | (149) |
| Closing balance | <u>31,147</u> | <u>22,378</u> | <u>53,525</u> |

* During 2011/12 it was identified that certain collection items on loan to the British Museum were incorrectly capitalised. This was corrected in the adjustment line above.

| | 2010/11 – £000s | | |
|-----------------|------------------------|---------------|----------------------|
| | Donated | Purchased | Total |
| Opening balance | 25,451 | 16,575 | 42,026 |
| Additions | 3,987 | 3,579 | 7,566 |
| Closing balance | <u>29,438</u> | <u>20,154</u> | <u>49,592</u> |

| | 2009/10 – £000s | | |
|-----------------|------------------------|---------------|----------------------|
| | Donated | Purchased | Total |
| Opening balance | 23,232 | 14,572 | 37,804 |
| Additions | 2,219 | 2,003 | 4,222 |
| Closing balance | <u>25,451</u> | <u>16,575</u> | <u>42,026</u> |

9. INVESTMENTS

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

| | 2014 | 2013 |
|-----------------------------------|-----------------|-----------|
| | £000s | £000s |
| Investment assets in the UK: | | |
| Investment funds | 30,279 | 18,397 |
| Fixed income | 12,799 | 14,827 |
| Investment assets outside the UK: | | |
| Investment funds | 1,498 | 34,086 |
| Unlisted equities | 4,977 | 4,946 |
| Investment properties | 3,260 | 2,886 |
| | 52,813 | 75,142 |
| Investments at 1 April | 75,142 | 99,279 |
| Additions | 65,779 | 72,067 |
| Disposals | (86,968) | (100,466) |
| (Loss)/gain in value | (1,140) | 4,262 |
| Investments at 31 March | 52,813 | 75,142 |

All investments are stated at fair value at 31 March 2014. Valuations for investments with an active market are based on published quoted prices at or close to the balance sheet date. Valuations for investments where there is no active market have been estimated with reference to recent valuation reports.

The BM has entered into a long term commitment to invest a further \$1.9m (£1.1m) in unlisted equities outside the UK under subscription agreements with two investment funds.

The valuation of the BM's investment properties at open market value as at 31 March 2014 was carried out by Kinney Green. The valuation is in accordance with the RICS Appraisal and Valuation Manual.

9(b) Current Asset Investments

| | Group | Group | Museum | Museum |
|--------------------------|--------------|-------|---------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | Cost | Cost | Cost | Cost |
| | £000s | £000s | £000s | £000s |
| Short term cash deposits | 5,030 | 2,699 | – | – |

9(c) Cash at bank and in hand

| | Group | Group | Museum | Museum |
|---|---------------|--------|---------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | £000s | £000s | £000s | £000s |
| Balance with the Government Banking Service | 4,684 | 147 | 4,684 | 147 |
| Balance with commercial banks and in hand | 17,059 | 26,099 | 10,425 | 21,913 |
| | 21,743 | 26,246 | 15,109 | 22,060 |

10. TRADING SUBSIDIARIES

10(a) The BM owns 100% of the issued share capital of BMCo. BMCo has capital consisting of 750,000 £1 shares all of which have been issued at par. BMCo owns the whole of the issued share capital of the British Museum Ventures Limited which consists of 1 million ordinary shares at £1 each.

The BM owns 100% of the issued share capital of the BMGC. The BMGC has an authorised share capital of 10 million ordinary shares at £1 each, 500,000 of which have been issued at par.

The British Museum Friends (BMF) is a registered charity and a company limited by guarantee. The Board of Trustees of the British Museum, as a body corporate, is the sole company law member of the BMF.

10(b) Summary of results of consolidated entities

| | BMF | BMCo | BMGC | BM Intercompany Transactions | | Total |
|---|---------------------|-----------------|-----------------|-------------------------------------|-----------------|-------------------------|
| | 2013/14 | 2013/14 | 2013/14 | 2013/14 | 2013/14 | 2013/14 |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Incoming resources | | | | | | |
| Grant-in-aid | – | – | – | 43,862 | – | 43,862 |
| Donations and legacies | 202 | – | – | 61,246 | (17,117) | 44,331 |
| Commercial trading activities | – | 8,451 | 16,823 | – | (1,065) | 24,209 |
| Investment income and rent receivable | 11 | 53 | 54 | 1,349 | – | 1,467 |
| Incoming resources from charitable activities | 4,647 | 8,975 | – | 18,608 | (2,044) | 30,186 |
| | <u>4,860</u> | <u>17,479</u> | <u>16,877</u> | <u>125,065</u> | <u>(20,226)</u> | <u>144,055</u> |
| Resources expended | | | | | | |
| Charitable activities | (1,158) | (6,467) | – | (94,276) | 3,155 | (98,746) |
| Costs of generated voluntary income | (1) | – | – | (921) | – | (922) |
| Commercial trading activities | – | (5,643) | (4,913) | (609) | (46) | (11,211) |
| Investment management costs | – | – | – | (244) | – | (244) |
| Contribution/grants to the BM | (2,647) | (2,500) | (11,970) | – | 17,117 | – |
| Governance costs | (10) | (27) | (32) | (347) | – | (416) |
| | <u>(3,816)</u> | <u>(14,637)</u> | <u>(16,915)</u> | <u>(96,397)</u> | <u>20,226</u> | <u>(111,539)</u> |
| Net incoming resources before other recognised gains/(losses) | 1,044 | 2,842 | (38) | 28,668 | – | 32,516 |
| Gain on revaluation of fixed assets | – | – | – | 49,686 | – | 49,686 |
| Unrealised/realised investment loss | – | – | – | (451) | – | (451) |
| Actuarial loss on defined benefit scheme | – | (520) | – | – | – | (520) |
| Net movement in funds | <u>1,044</u> | <u>2,322</u> | <u>(38)</u> | <u>77,903</u> | <u>–</u> | <u>81,231</u> |
| | BMF | BMCo | BMGC | BM Intercompany Transactions | | Total |
| | 12 Dec 2012 | 2012/13 | 2012/13 | 2012/13 | 2012/13 | 2012/13 |
| | to 31 Mar 13 | £000s | £000s | £000s | £000s | £000s |
| | £000s | | | | | |
| Incoming resources | | | | | | |
| Grant-in-aid | – | – | – | 45,378 | – | 45,378 |
| Donations and legacies | 92 | – | – | 43,940 | (12,226) | 31,806 |
| Commercial trading activities | – | 6,439 | 15,024 | – | (1,180) | 20,283 |
| Investment income and rent receivable | 6 | 29 | 45 | 2,510 | (147) | 2,443 |
| Incoming resources from charitable activities | 1,012 | 6,661 | – | 14,068 | (645) | 21,096 |
| | <u>1,110</u> | <u>13,129</u> | <u>15,069</u> | <u>105,896</u> | <u>(14,198)</u> | <u>121,006</u> |
| Resources expended | | | | | | |
| Charitable activities | (1,622) | (5,500) | – | (100,236) | 2,930 | (104,428) |
| Costs of generating voluntary income | (6) | (5,104) | – | (954) | 5,108 | (956) |
| Commercial trading activities | – | – | (3,998) | (475) | (4,882) | (9,355) |
| Investment management costs | – | – | – | (434) | – | (434) |
| Contribution/grants to the BM | – | – | (11,043) | – | 11,043 | – |
| Governance costs | (15) | (36) | (41) | (319) | (1) | (412) |
| | <u>(1,643)</u> | <u>(10,640)</u> | <u>(15,082)</u> | <u>(102,418)</u> | <u>14,198</u> | <u>(115,585)</u> |
| Net incoming resources before other recognised gains/(losses) | (533) | 2,489 | (13) | 3,478 | – | 5,421 |
| Loss on revaluation of fixed assets | – | – | – | (9,264) | – | (9,264) |
| Unrealised/realised investment gain | – | – | – | 3,768 | – | 3,768 |
| Actuarial loss on defined benefit scheme | – | (710) | – | – | – | (710) |
| Net movement in funds | <u>(533)</u> | <u>1,779</u> | <u>(13)</u> | <u>(2,018)</u> | <u>–</u> | <u>(785)</u> |

Net incoming resources of the BMF is stated after charging staff costs of £0 (2012/13: £0) and depreciation of tangible fixed assets of £0 (2012/13: £0). Net incoming resources of the BMCo is stated after charging staff costs, including agency, of £3,371k (2012/13: £3,945k) and depreciation of tangible fixed assets of £384k (2012/13: £392k). The operating profit of the BMGC is stated after charging staff costs of £0 (2012/13: £0) and depreciation of tangible fixed assets of £44k (2012/13: £45k).

10(c) Financial position of consolidated entities

Net assets at 31 March 2014 comprise:

| | BMF | BMCo | BMGC | BM | Intercompany | Total |
|-------------------------------|----------------|----------------|----------------|----------------|---------------------|-----------------------|
| | 2013/14 | 2013/14 | 2013/14 | 2013/14 | Transactions | 2013/14 |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Fixed assets | 1 | 1,326 | 138 | 682,803 | (1,250) | 683,018 |
| Current assets | 2,270 | 13,523 | 21,107 | 57,892 | (25,864) | 68,928 |
| Creditors due within one year | (522) | (5,099) | (20,731) | (66,793) | 25,864 | (67,281) |
| Creditors due after one year | (78) | (5,160) | – | (98) | – | (5,336) |
| Net assets | <u>1,671</u> | <u>4,590</u> | <u>514</u> | <u>673,804</u> | <u>(1,250)</u> | <u>679,329</u> |

Net assets at 31 March 2013 comprise:

| | BMF | BMCo | BMGC | BM | Intercompany | Total |
|-------------------------------|----------------|----------------|----------------|----------------|---------------------|-----------------------|
| | 2012/13 | 2012/13 | 2012/13 | 2012/13 | Transactions | 2012/13 |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Fixed assets | 1 | 1,144 | 176 | 620,484 | (1,249) | 620,556 |
| Current assets | 2,409 | 7,652 | 20,076 | 60,927 | (21,308) | 69,756 |
| Creditors due within one year | (1,701) | (1,568) | (19,700) | (85,337) | 21,307 | (86,999) |
| Creditors due after one year | (82) | (4,960) | – | (173) | – | (5,215) |
| Net assets | <u>627</u> | <u>2,268</u> | <u>552</u> | <u>595,901</u> | <u>(1,250)</u> | <u>598,098</u> |

The current assets of BMCo include £2,308k (2012/13: £2,017k) of stock which comprises £35k (2012/13: £85k) of work in progress and £2,273k (2012/13: £1,932k) of finished goods and goods for resale.

11. DEBTORS

| | Group | Group | Museum | Museum |
|----------------------------------|----------------------|---------------|----------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £000s | £000s | £000s | £000s |
| Trade debtors | 14,225 | 19,602 | 2,032 | 7,300 |
| Other debtors | 1,523 | 991 | 1,138 | 857 |
| Prepayments and accrued income | 21,890 | 14,881 | 21,505 | 14,294 |
| Taxation and social security | 2,209 | 3,289 | 2,969 | 3,724 |
| Derivative financial instruments | – | 31 | – | 31 |
| Amount due from subsidiaries | – | – | 15,139 | 12,661 |
| | <u>39,847</u> | <u>38,794</u> | <u>42,783</u> | <u>38,867</u> |

The debtors include £4,494k with central government (2012/13: £7,091k), £5k balances with local government (2012/13: £70k) and nil with public corporations (2012/13: £11k).

12. CREDITORS

| | Group | Group | Museum | Museum |
|--|---------------|--------|---------------|--------|
| Amounts falling due within one year: | 2014 | 2013 | 2014 | 2013 |
| | £000s | £000s | £000s | £000s |
| Trade creditors | 7,781 | 8,177 | 6,673 | 7,284 |
| Other creditors | 2,309 | 2,134 | 2,267 | 2,088 |
| Taxation and social security | 811 | 702 | 752 | 641 |
| Early retirement | 362 | 428 | 362 | 428 |
| Other provisions falling due within one year | 1,096 | 1,169 | 1,096 | 1,169 |
| Accruals | 21,986 | 46,858 | 21,506 | 40,449 |
| Deferred income | 32,936 | 27,531 | 24,715 | 25,148 |
| Amount due to subsidiaries | - | - | 9,422 | 8,130 |
| | 67,281 | 86,999 | 66,793 | 85,337 |

The creditors include £1,428k with central government departments (2012/13: £1,324k), £86k with local government (2012/13: £94k), £4k with NHS Trusts (2012/13: £35k) and no balances with public corporations (2012/13: £nil).

Amounts falling due in greater than one year of £78k (2012/13: £82k) relate to paid life membership fees which have been deferred and are being recognised over the expected length of lifetime membership.

The movement on the deferred income account is as follows:

| | Group | Group | Museum | Museum |
|-----------------------------|----------------|----------|----------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | £000s | £000s | £000s | £000s |
| Deferred income at 1 April | 27,531 | 29,362 | 25,148 | 21,770 |
| Released in year | (5,217) | (12,856) | (3,601) | (5,430) |
| Deferred in year | 10,622 | 11,025 | 3,168 | 8,808 |
| Deferred income at 31 March | 32,936 | 27,531 | 24,715 | 25,148 |

13. PROVISIONS AND CHARGES – GROUP AND MUSEUM

Early retirement and voluntary redundancy commitments at 31 March 2014 are as follows:

| | 2014 | 2013 |
|--|--------------|-------|
| | £000s | £000s |
| Early retirement provision brought forward | 601 | 767 |
| Provision made in year | 104 | 45 |
| Payments in year | (245) | (211) |
| | 460 | 601 |
| Less current portion – included in creditors amounts falling due within one year | (362) | (428) |
| | 98 | 173 |

This provision is 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. £362k is payable in the next year and £98k is payable between 2015/16 and 2019/20.

Other provisions for liabilities and charges at 31 March 2014 are as follows:

| | 2014 | 2013 |
|--|----------------|---------|
| | £000s | £000s |
| At 1 April | 1,169 | 150 |
| Arising during the year | 148 | 1,149 |
| Utilised during the year | (193) | (97) |
| Reversed unused | (28) | (33) |
| At 31 March | 1,096 | 1,169 |
| Less current portion – included in creditors amounts falling due within one year | (1,096) | (1,169) |
| | – | – |

Of the thirteen provisions included here, three are for loss of office, eight relate to legal claims, one relates to the potential return of fund to the Paul Hamlyn Foundation (note 15(a)), and one relates to flood damage to an investment property.

14. FINANCIAL COMMITMENTS

At 31 March 2014 the British Museum had annual commitments under operating leases as follows:

| | | Land and Buildings | | Plant and Machinery | |
|----------------------|-----------------------------|--------------------|-------|---------------------|-------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | £000s | £000s | £000s | £000s |
| Leases which expire: | within one year | 45 | – | – | 1 |
| | in the second to fifth year | 104 | 168 | 1 | 1 |
| | | 149 | 168 | 1 | 2 |

15(a) STATEMENT OF FUNDS

| | | At 1 April 2013 | Income | Expenditure | Net movement on investments and revaluation | Movement during year | Transfers between funds | At 31 March 2014 |
|---|----------------|-----------------------|----------------|------------------|---|-------------------------|-------------------------------|------------------------|
| SOFA | Classification | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| <i>Permanent endowment funds</i> | PE | 12,503 | – | (30) | (333) | (363) | – | 12,140 |
| <i>Restricted funds</i> | | | | | | | | |
| Collection acquisitions fund | CA | 61,562 | 7,353 | – | – | 7,353 | 2,632 | 71,547 |
| Collection purchase fund | RC | 1,796 | 3,360 | (38) | (9) | 3,313 | (2,504) | 2,605 |
| Fixed asset revaluation fund | RC | 299,239 | – | – | 49,686 | 49,686 | – | 348,925 |
| Fixed asset fund | RC | 183,291 | – | (20,280) | – | (20,280) | 45,257 | 208,268 |
| Estates proceeds | RC | 3,536 | 49 | (9) | (58) | (18) | – | 3,518 |
| Construction projects fund | RC | (8,025) | 33,663 | (1,224) | (79) | 32,360 | (36,209) | (11,874) |
| Restricted income trust funds | RR | 3,518 | 238 | (102) | (73) | 63 | (95) | 3,486 |
| Deferred income fund | RR | 15,259 | 7,291 | (6,144) | (141) | 1,006 | (41) | 16,224 |
| British Museum Company | RR | – | 150 | (150) | – | – | – | – |
| British Museum Friends | RR | – | 147 | – | – | 147 | (147) | – |
| | | 560,176 | 52,251 | (27,947) | 49,326 | 73,630 | 8,893 | 642,699 |
| <i>Unrestricted funds: BM</i> | | | | | | | | |
| <i>Designated:</i> | | | | | | | | |
| <i>World Conservation & Exhibition Centre</i> | | | | | | | | |
| Exhibition Centre | UC | 1,603 | – | (770) | – | (770) | (833) | – |
| Gallery projects | UC | 2,200 | – | (57) | – | (57) | (2,143) | – |
| Infrastructure projects | UC | 450 | – | – | – | – | (450) | – |
| Designated trust funds | UR | 551 | 8 | (32) | (5) | (29) | (3) | 519 |
| | | 4,804 | 8 | (859) | (5) | (856) | (3,429) | 519 |
| <i>General:</i> | | | | | | | | |
| Investment estate (unrestricted capital) | UC | 2,886 | – | – | 374 | 374 | – | 3,260 |
| Unrestricted trust funds | UR | 8,092 | 187 | (43) | (80) | 64 | 1 | 8,157 |
| General funds | UR | 7,440 | 54,203 | (66,197) | (47) | (12,041) | 11,630 | 7,029 |
| | | 18,418 | 54,390 | (66,240) | 247 | (11,603) | 11,631 | 18,446 |
| <i>Unrestricted funds: subsidiaries</i> | | | | | | | | |
| British Museum Co Ltd | UR | 374 | 16,849 | (10,849) | (520) | 5,480 | (3,340) | 2,514 |
| <i>British Museum Co Ltd</i> | | | | | | | | |
| fixed assets | UC | 1,144 | – | – | – | – | 182 | 1,326 |
| British Museum Friends Ltd | UR | 627 | 4,690 | (669) | – | 4,021 | (2,978) | 1,670 |
| <i>British Museum Friends Ltd</i> | | | | | | | | |
| fixed assets | UC | – | – | – | – | – | 1 | 1 |
| <i>British Museum</i> | | | | | | | | |
| Great Court Ltd | UR | (124) | 15,867 | (4,945) | – | 10,922 | (10,922) | (124) |
| <i>British Museum</i> | | | | | | | | |
| Great Court Ltd fixed assets | UC | 176 | – | – | – | – | (38) | 138 |
| | | 2,197 | 37,406 | (16,463) | (520) | 20,423 | (17,095) | 5,525 |
| Unrestricted funds: group | | 25,419 | 91,804 | (83,562) | (278) | 7,964 | (8,893) | 24,490 |
| Total funds | | 598,098 | 144,055 | (111,539) | 48,715 | 81,231 | – | 679,329 |

Each fund is categorised in the SOFA as a permanent endowment (PE), collection acquisition (CA), restricted revenue (RR), restricted capital (RC), unrestricted capital (UC) or unrestricted revenue fund (UR).

The construction project fund has a deficit of £12.1m. The BM has a reasonable expectation that funding will be pledged for the World Conservation & Exhibition Centre in the following two years.

The British Museum Co Ltd reserve includes a liability on a defined benefit pension scheme of £5.16m (2012/13 £4.96m), see note 19 for further details.

| | | |
|------------------------------|---------------|--------|
| | 2014 | 2013 |
| | £000s | £000s |
| Investments at fair value | 52,813 | 75,142 |
| Investments at historic cost | 48,241 | 65,893 |
| Fair value reserve | 4,572 | 9,249 |

The investment properties of fair value of £3,260k (2012/13: £2,886k) 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 2014 £000s | Total 2013 £000s |
|---|----------------------------------|------------------------------|--------------------------------|---------------------------------|------------------------|
| Fund balances at 31 March 2014 are represented by: | | | | | |
| Tangible fixed assets | – | 557,193 | 1,465 | 558,658 | 483,852 |
| Heritage assets | – | 71,547 | – | 71,547 | 61,562 |
| Fixed asset investments | 12,012 | 24,619 | 16,182 | 52,813 | 75,142 |
| Net current assets | 128 | (10,660) | 12,179 | 1,647 | (17,243) |
| Early retirement provision | – | – | (98) | (98) | (173) |
| Creditors: amounts falling due in greater than one year | – | – | (78) | (78) | (82) |
| Liability on defined benefit pension scheme | – | – | (5,160) | (5,160) | (4,960) |
| Total net assets | 12,140 | 642,699 | 24,490 | 679,329 | 598,098 |

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 & Sudan |
| <i>Sackler Scholar Prog. for Ancient Iranian Studies</i> | for post graduate research in the Department of the Middle East |
| <i>Hill</i> | for the purchase of coins and medals |
| <i>Governor James Albert Noe and Anna Gray Noe Fellowships</i> | for the encouragement and stimulation of education and study in, and creative and analytical thinking and discussion concerning the Religious Traditions of the Middle East. |
| <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 purposes |
| <i>Sackler Lecture in Egyptology</i> | for an annual lecture in Egyptology and associated costs |
| <i>Fuller</i> | for field work by the Department of Africa, Oceania & Americas |
| <i>Birch</i> | 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. The Paul Hamlyn reference library was closed in 2011 and the British Museum is in discussion with the Paul Hamlyn Foundation about the future of the library and the associated fund. In the meantime, a provision has been made in the accounts for the potential return of the funds to the Paul Hamlyn Foundation. |
| <i>Rootstein-Hopkins</i> | for the acquisition of the works of qualifying artists in the fields of drawing and printmaking |
| <i>Sharp</i> | for the purchase books concerned with ancient Greece or Rome |
| <i>Sir Joseph Hotung Charitable Settlement – Asia</i> | to support research by the Department of Asia |
| <i>Hamlyn Bequest</i> | in furtherance of the study of the natural sciences |
| <i>Oppenheimer</i> | for the Department of Prints & 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 & Americas |
| <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 |
| <i>Michael Bromberg Fellowship</i> | for the promotion of education by the study of prints and their history |

Unrestricted designated funds

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

Designated Trust Funds: these are funds from which income or capital may be spent and the 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>Coldwell</i> | for the purchase of Oriental antiquities |

Unrestricted general funds

Investment estate: this represents the value of investment properties.

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

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

15(b) Analysis of transfers between funds

| | Restricted Capital Funds £000s | Unrestricted Capital Funds £000s | Restricted Revenue Funds £000s | Unrestricted Revenue Funds £000s | Permanent Endowment Funds £000s |
|--|---|---|---|---|--|
| Collection purchases from revenue funds | 131 | – | (129) | (2) | – |
| Capital asset purchases | 8,964 | (8,064) | (15) | (885) | – |
| Rationalisation of funds | (50) | 2 | (8) | 56 | – |
| Subsidiary transfers | 131 | 144 | (131) | (144) | – |
| Use of designated funds | – | 7,230 | – | (7,230) | – |
| Release of designated funds | – | (2,593) | – | 2,593 | – |
| Transfers as shown on the statement of funds note (15a) | 9,176 | (3,281) | (283) | (5,612) | – |

16. CASH FLOW INFORMATION

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

| | 2014 £000s | 2013 £000s |
|--|-----------------|---------------|
| 16(a) Net incoming resources before revaluations | 32,516 | 5,421 |
| Actuarial loss on defined benefit scheme | (520) | (710) |
| Gain/(loss) on derivative financial instruments | 855 | (323) |
| Donated assets – collection items | (7,353) | (6,943) |
| Non-cash adjustment to management fee | – | 13 |
| Investment income | (1,467) | (2,443) |
| Depreciation | 10,417 | 8,903 |
| Loss on disposal of fixed assets | 15 | 25 |
| Increase in stocks | (291) | (91) |
| Increase in debtors | (1,053) | (12,189) |
| (Decrease)/increase in creditors | (19,722) | 18,630 |
| Decrease in provisions | (75) | (118) |
| Increase in pension fund liability | 200 | 390 |
| Impairment of fixed assets | 10,291 | – |
| Acquisition of BMF Ltd cash balances | – | (489) |
| Acquisition of BMF Ltd short term investment balances | – | (1,400) |
| Net cash inflow from operating activities | 23,813 | 8,676 |
| 16(b) Reconciliation of net cash flow to movement in net funds | | |
| | 2014 £000s | 2013 £000s |
| (Decrease)/increase in cash in the period | (4,337) | 5,274 |
| Increase/(decrease) in liquid resources | 2,331 | (7,506) |
| Movement in net funds in the period | (2,006) | (2,232) |
| Foreign currency exchange rate difference | (166) | 25 |
| Net funds at 1 April | 28,945 | 31,152 |
| Net funds at 31 March | 26,773 | 28,945 |

| 16(c) Analysis of net funds | 2013 £000s | Cash Flow £000s | Foreign Currency Exchange Rate Difference £000s | 2014 £000s |
|-----------------------------|---------------|--------------------|--|----------------------|
| Liquid resources: | | | | |
| Short term deposits | 2,699 | 2,331 | – | 5,030 |
| Cash at bank and in hand | 26,246 | (4,337) | (166) | 21,743 |
| | <u>28,945</u> | <u>(2,006)</u> | <u>(166)</u> | <u>26,773</u> |

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 the sponsor, for example; the British Library, Kew Palace, the National Gallery, the National Gallery of Scotland, the National Maritime Museum, the National Museum and Gallery of Wales, the National Museum Northern Ireland, the National Museum of Scotland, the National Portrait Gallery, the Natural History Museum, the Royal Armouries, the Science Museum, Sir John Soane's Museum, Tate Britain, Tate St Ives, Tate Liverpool, Victoria and Albert Museum and World Museum Liverpool.

The British Museum also entered into material transactions with other related parties during the year as set out below:

| Party | Nature of Relationship | Transaction | Income for the year ended 31 March 2014 £'000s | Expenditure for the year ended 31 March 2014 £'000s | Creditor balance as at 31 March 2014 £'000s | Debtor balance as at 31 March 2014 £'000s |
|--|---|--|---|--|--|--|
| Leverhulme Trust | Mr Niall FitzGerald KBE is a Trustee of the Leverhulme Trust and Professor Gregory Woolf is a Member of Leverhulme Trust Research Awards Advisory Committee | Research grants | 148 | – | – | 2,327 |
| Arts and Humanities Research Council | Professor Andrew Prescott is a Fellow and Professor Greg Woolf a member of the Advisory Board of the Arts and Humanities Research Council | Research grants | 197 | 3 | 3 | 1,001 |
| The American Friends of the British Museum | Mr Niall FitzGerald KBE is an ex officio chair of the American Friends of the British Museum | Grants awarded during the year and administration costs associated with grant making | 381 | 69 | 34 | – |
| Pearson plc | Sir Richard Lambert is a shareholder of Pearson plc | Royalty income | 32 | 1 | – | – |
| Arts Council England | Christopher Yates is an independent member of the Performance and Audit Committee | Grant income | 15 | – | – | 8 |
| Ernst & Young LLP | Sir Richard Lambert is an independent non-executive director of Ernst & Young | Global partnership and professional services | 35 | 35 | – | – |
| Slaughter and May | The Hon Nigel Boardman is a partner of Slaughter and May | Pro bono legal services | 14 | 14 | – | – |
| The Art Fund | Dame Liz Forgan is a Trustee of the Art Fund | Grants, primarily for collection purchases | 353 | – | – | – |
| Greenhill & Co. International LLP | Mr James Lupton is a partner of Greenhill & Co. | Global partnership | 35 | – | – | – |

| Party | Nature of Relationship | Transaction | Income for the year ended 31 March 2014 | Expenditure for the year ended 31 March 2014 | Creditor balance as at 31 March 2014 | Debtor balance as at 31 March 2014 |
|---|---|---|---|--|--------------------------------------|------------------------------------|
| | | | £'000s | £'000s | £'000s | £'000s |
| Department of Energy and Climate Change | Professor Lord Stern of Brentford is a member of the DECC Economics Advisory Group | Carbon credits | – | 130 | – | – |
| BT Group PLC | Mr Gavin Patterson is Chief Executive of BT Group PLC | Telephone costs | – | 76 | – | – |
| British Airways plc | Mr Gavin Patterson is a non-executive director of BA | Flight costs | – | 22 | – | – |
| Guardian Media Group plc | Dame Liz Forgan is Chair of the Scott Trust (sole shareholder of Guardian Media Group) | Advertising organised through a third party | – | 41 | 4 | – |
| Concerto | Marilyn Standley, Deputy Director, was employed by Concerto until 31 January 2014 | Professional services for the Operations department | – | 39 | 16 | – |
| Holdingham Group Limited | Mr Niall FitzGerald KBE is the Chair of the Advisory Board | Global Partnership and professional services | 35 | 35 | – | – |
| University of Cambridge | Professor Sir Christopher Bayly is a Trustee of the University of Cambridge, Mr Gavin Patterson is a member of the Advisory Board, Judge Business School of the University of Cambridge, and Lord Turner of Ecchinswell is a Member of the Board, Keynes Fund for Applied Economics | Research grants received and grants paid | 19 | 41 | 13 | 18 |
| Rio Tinto | Lord Sassoon is a shareholder of Rio Tinto | Global partnership | 35 | – | – | – |

Five trustees and their family members are members of the British Museum Friends and nine trustees are patrons of the Museum.

Trustees, Directors and employees of the British Museum, the British Museum Company and British Museum Ventures Limited are entitled to discounts on purchases from the Museum's shops and cafés.

18. CAPITAL COMMITMENTS

At the balance sheet date the value of capital commitments was £11.2m (2012/13: £35.5m). The most significant commitment is for the World Conservation and Exhibitions Centre.

19. PENSIONS

British Museum

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 Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. 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 initial 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 their 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 the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a 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 <http://www.civilservice.gov.uk/pensions>

For 2013/14 employer's contributions of £142,250 were paid to the partnership pension scheme (2012/13: £96,405) and employer's contributions of £4,402,087 (2012/13: £4,356,510) 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 2013/14 the rates were as follows: for salaries under £21,500, 16.7%, for salaries between £21,501 and £44,500, 18.8%, for salaries between £44,501 and £74,500, 21.8%, and for salaries over £74,501, 24.3%. For 2014/15 the % rates will be the same as for 2013/14 with the starting band increased to £22,000.

For 2012/13 the rates were as follows: for salaries under £21,500, 16.7%, for salaries between £21,501 and £44,500, 18.8%, for salaries between £44,501 and £74,500, 21.8%, and for salaries over £74,501, 24.3%.

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. The total employer's contributions to this scheme during the year was £110,000 (2012/13: £183,000).

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.

For employees joining the scheme before 1 November 1993, the scheme is non-contributory. Employees joining the scheme with effect from 1 November 1993 pay 5% of pensionable salary towards the total. The cost of insuring the death in service benefits is payable in addition to these amounts.

Actuarial valuation

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

As at 31 March 2011, the date of the last completed full actuarial valuation, the scheme had 107 members, and the market value of the scheme was £8,427,824, with a further £84,273 of AVCs held separately from the main fund in the form of insurance policies. The actuarial value of those assets was sufficient to cover 81% of the benefits that had accrued to members, after allowing for expected future increases in earnings on a statutory funding objective basis. Current and future contributions reflect the deficiency.

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

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

FRS 17 valuation

There are different ways of valuing a pension scheme. The valuation included in these accounts is based on the results of the last completed triennial actuarial valuation of the Plan as at 31 March 2011, updated to 31 March 2014 by an independent qualified actuary and adjusted to take account of the requirements of FRS 17.

In contrast with the requirement under the statutory funding objective basis that assumptions must be prudent, FRS 17 stipulates that the assumptions should lead to the best estimate of the future cash flows that will arise under the scheme liabilities. It also specifies that the discount rate should be based on the current rate of return on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

The amounts recognised in the balance sheet are as follows:

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

Amounts in the balance sheet are as follows:

| | 2014 | 2013 |
|-------------|----------------|---------|
| | £000s | £000s |
| Assets | - | - |
| Liabilities | (5,160) | (4,960) |
| | (5,160) | (4,960) |

The amounts recognised in the SOFA are as follows:

| | 2014 | 2013 |
|----------------------------------|--------------|-------|
| | £000s | £000s |
| Current service costs | (50) | (60) |
| Expected return on scheme assets | 650 | 620 |
| Interest costs | (680) | (650) |
| Total | (80) | (90) |
| Actual return on scheme assets | 420 | 900 |

Changes in the present value of the defined benefit obligation:

| | 2014 | 2013 |
|---|---------------|--------|
| | £000s | £000s |
| Opening value of defined benefit obligation | 15,140 | 13,550 |
| Current service costs | 50 | 60 |
| Interest costs | 680 | 650 |
| Contributions by scheme participants | - | - |
| Actuarial losses | 290 | 990 |
| Benefits paid | (140) | (110) |
| Closing value of defined benefit obligation | 16,020 | 15,140 |

Changes in the fair value of the scheme assets:

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

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

| | 2014 | 2013 |
|---------------------|-------------|------|
| Cash | 1% | 8% |
| Bonds | – | 7% |
| Equities | – | 8% |
| Property | 16% | 15% |
| Target return funds | 83% | 62% |

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

| | 2014 | 2013 |
|---|-----------------|----------|
| Discount rate at 31 March | 4.4% | 4.5% |
| Expected return on scheme assets at 31 March | 6.8% | 6.3% |
| Future salary increases | 3.3% | 3.2% |
| Future pension increases | | |
| Pre 1 May 1991 | 3.0% | 3.0% |
| 1 May 1991 to 31 December 2001 | 5.0% | 5.0% |
| 1 January 2002 to 31 December 2007 | 3.3% | 3.2% |
| Post 31 December 2007 | 2.5% | 2.5% |
| RPI inflation | 3.3% | 3.2% |
| CPI inflation | 2.3% | 2.5% |
| Mortality – base table | SAPS | SAPS |
| | CMI_2013 | CMI_2012 |
| Mortality – future improvements | [0.5%] | [0.5%] |
| Life expectancy of male aged 60 now | 85.9 | 86.0 |
| Life expectancy of male aged 60 in 20 years | 86.6 | 86.7 |
| Life expectancy of female aged 60 now | 88.2 | 88.4 |
| Life expectancy of female aged 60 in 20 years | 89.0 | 89.2 |

Amounts for current and previous four periods are as follows:

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

* Where positive numbers represent increases to the liabilities

** Where positive numbers represent increases to the assets

20. CONTINGENT LIABILITIES

The BM has no contingent liabilities at the year end.

21. FINANCIAL INSTRUMENTS

Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 March 2014, together with net gains and losses for each classification.

| Group | Measured at cost £000s | Measured at fair value £000s | Total £000s |
|--------------------------|------------------------------|------------------------------------|----------------|
| Investments | – | 52,813 | 52,813 |
| Trade debtors | 14,225 | – | 14,225 |
| Short-term investments | 5,030 | – | 5,030 |
| Cash at bank and in hand | 21,743 | – | 21,743 |
| Trade creditors | (7,781) | – | (7,781) |
| | <u>33,217</u> | <u>52,813</u> | <u>86,030</u> |

Gains/(losses) on investment assets

| | |
|---|----------------|
| | 2014 |
| | £000s |
| Gains on derecognition of investments | 3,678 |
| Losses on retranslation of foreign denominated cash and investments | (166) |
| Gains on derivative financial instruments | 855 |
| Total investment gains, recognisable in SOFA | 4,367 |
| Net movement in fair value of investments, taken to reserves | (4,818) |
| | (451) |

Financial risk management

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

Credit risk

The BM is not exposed to significant trading credit risks. Most major customers are familiar. Term deposits and cash holdings, other than cash held as part of the investment portfolio, are placed only with approved UK banks and are spread across several institutions where appropriate. The BM has not suffered any loss in relation to cash held by bankers.

Liquidity risk

Approximately 30% (2012/13: 37%) of the BM's incoming resources before transfers and revaluations is provided by grant-in-aid from the Department for Culture, Media and Sport. The BM's reserves policy is set out in the Annual Report. The Trustees believe that the level of liquid unrestricted reserves at year-end and careful planning based on expected funding levels allows the BM to be free from unacceptably high liquidity risks.

The BM monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. The BM holds highly liquid assets amounting to £27 million as at 31 March 2014 (2012/13: £29 million), which are comprised of cash at bank and in hand and short term investments. The level of highly liquid assets held is regularly reviewed by senior management. The BM also mitigates its exposure to liquidity risk through the investment of £43 million (2012/13: £54 million) in funds that are readily realisable.

Market risk: interest rate risk

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

Cash and short term investments are 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 | Total | Total |
|----------|---------------|------------|----------------------|----------------------|---------------|
| | £000s | £000s | £000s | 2014 | 2013 |
| | | | | £000s | £000s |
| Sterling | 25,623 | 500 | 395 | 26,518 | 28,493 |
| US\$ | 1 | – | 240 | 241 | 444 |
| Euro | 10 | – | 4 | 14 | 8 |
| | <u>25,634</u> | <u>500</u> | <u>639</u> | <u>26,773</u> | <u>28,945</u> |

The weighted average interest rate on fixed rate financial assets is 0.2% (2012/13: 0.4%) and the weighted average period of deposit is 16 days (2012/13: 34 days). The interest receivable on the floating rate deposits is at a variable rate determined by the BM's bankers.

Interest income for the year was 0.8% (2012/13: 2%) of the BM's incoming resources before transfers and revaluations and the BM does not hold any loans, so exposure to interest rate risk is minimal.

Market risk: foreign currency risk

Approximately 7% (2012/13: 20%) of the BM's financial assets are denominated in currencies other than pounds sterling, the base currency for the BM's operations. In order to protect funds from exposure to currency risk, during the year the BM reviewed underlying investment manager exposure and deployed hedging strategies. Euro exposure was hedged if it constituted more than 20% of the portfolio, US dollar and Japanese Yen exposures if they represented more than 10% of the portfolio, and all other currencies if they together constituted more than 10% of the portfolio. Unhedged assets included 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. By year-end the majority of funds had been re-invested in sterling denominated funds, and the BM no longer holds any foreign currency hedges.

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

| Currency | Value | Value |
|--|---------------------|---------------|
| | 2014 | 2013 |
| | £000s | £000s |
| US\$ | 5,341 | 15,173 |
| Japanese Yen | – | 805 |
| Euro | 13 | 406 |
| Other | 1 | 4,900 |
| | <u>5,355</u> | <u>21,284</u> |
| | \$000s | \$000s |
| Total value considered to be exposed to US\$ risk before hedging | 8,905 | 23,040 |
| Less forward contract:– US\$ | – | (12,250) |
| Total value exposed to US\$ currency risk | <u>8,905</u> | <u>10,790</u> |

Market risk: other price risk

The BM is exposed to risks associated with market fluctuations on its investments – details of the investment policy and risk management are disclosed in the "Investment and financial risks" section of the Annual Report above. For non-investment transactions, exposure to wider market price risks is reduced by competitive tendering and securing two or three year fixed price contracts, where appropriate.

Concentration of exposure to other price risk

An analysis of the BM's investment portfolio is shown in note 9(a). This shows that the majority of the investment value is in UK funds.

22 POST BALANCE SHEET EVENTS

There were no reportable events between 31 March 2014 and the signing of these accounts.

The financial statements were authorised for issue by the Trustees and Accounting Officer on the date they were certified by the Comptroller and Auditor General.

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