

The British Museum

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

HC 201

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Trustees' and Accounting Officer's Annual Report

Chairman's Foreword

The purpose of the British Museum is to be a museum of the world for the world, and the achievements of the past year show what this means in practice.

First, we continued to attract record numbers of visitors, in person and online. Major exhibitions on the Vikings, Ming China, Germany, ancient Egypt and classical Greece; new displays on Korea, Japan, Egypt and the history of collectors who have helped to make the BM what it is today; very large numbers of public activities and educational programmes: all these and more brought 6.7 million visitors to Great Russell Street in 2014, and took the number of visitors to our websites up to around 35 million.

Second, the collections were made available to ever-larger audiences in every corner of the UK and around the world. Pre-eminent among our international loans was the first to have been made from the group of Parthenon sculptures. The river god Ilissos was lent to the State Hermitage Museum in St Petersburg to help celebrate its 250th anniversary. Trustees approved the loan in the belief that they have a responsibility to bring wonderful objects to the view of those who would never otherwise have a chance to see them, and they were delighted that 140,000 people had the chance to enjoy this sculpture during its six-week stay in Russia.

In the UK, more than three million people saw objects from the collection in exhibitions and galleries outside London. Our touring show on the Roman Empire in Britain has been seen by 130,000 people so far, and we are collaborating with other museums in research, training schemes, work exchanges and loans right across the country.

Third, the full opening of the World Conservation and Exhibitions Centre was a major landmark in the BM's development programme. First came the Sainsbury Exhibitions Gallery in March 2014, and that has been followed by new conservation and science studios, state-of-the-art collection stores, and improved technical facilities for moving objects. Among other benefits, these new resources will help to sustain our growing and critically important research programmes.

Looking to the future, we published a *Building Development Framework* in July 2014, and ran a series of public forums under the banner *Museum of the Future*. The level of audience engagement in these debates was thrilling, addressing big questions about the uses of the building in Great Russell Street, and the digital future. As part of the same exercise, we are also starting to think about how the presentation of the collections themselves will need to change in future decades to reflect shifts in global cultures and power.

Next come the efforts to use the collection and our expertise to explain the way the world is today, and to support those engaged in similar activities elsewhere. One example was the success of the BM/BBC Radio 4 series *Germany: Memories of a Nation*, and the linked programme of events at the BM itself. We were proud that the German Chancellor and the British Prime Minister chose to visit this exhibition together.

Another example is the programme of emergency heritage management that is being set up to support colleagues in Iraq. Specialist archaeologists will train at the BM before returning home to address the urgent challenges of cultural preservation in their country.

The year ended with two announcements that in their way summed up what the Museum is trying to do. The Albukhary Foundation is generously supporting the complete renewal of the BM's Islamic galleries in the heart of the building, which will open in the autumn of 2018. And the BM's touring exhibition *Hajj: Journey to the Heart of Islam* won an important prize for promoting dialogue and understanding between peoples, cultures and civilisations. It was awarded by ISESCO, the Islamic Educational, Scientific and Cultural Organisation, and the Oxford Centre for Islamic Studies.

These ideas and successes are in good measure the legacy of our brilliant director, Neil MacGregor, who has announced his decision to step down at the end of 2015. There will be plenty of opportunities to celebrate his tenure before then: in the meantime, the Trustees are engaged in the search to find the right person to build on his achievements.

On a sad note, the Trustees were shocked to learn in April of the sudden death of their friend and fellow Board member, the distinguished historian Sir Christopher Bayly. His wise counsel and support will be much missed. The Trustees are fortunate to work alongside such an inspiring group of colleagues – staff, volunteers, supporters and friends – and would like to express their warmest thanks to all of them for making this one of the world's great institutions.

Sir Richard Lambert
Chairman 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, researched and exhibited¹.

The BM is now governed in accordance with the British Museum Act 1963 and Museums and Galleries Act 1992. 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 2011.

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, 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.

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 by 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 2014/15 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. Outstanding among the year's gifts to the BM was an anonymous donation of £1.25 million to purchase Picasso's *Suite 347* made in 1968. In an astonishing burst of creativity, Picasso in his late eighties explored in 347 etchings themes of creativity, virility and ageing, along with memories of his youth in Barcelona and his engagement with the great masters of the past, including Rembrandt and Goya. The purchase follows the BM's acquisition in 2011 of Picasso's *Vollard Suite*, presented by the Hamish Parker Charitable Trust in memory of Major Horace Parker.

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

The collection benefited from the generosity of artists and benefactors. Works were donated by painters Jim Dine, in honour of Alan Cristea, and by Bridget Riley. Other gifts included a 1st-century Roman bronze statue of an actor; a group of Japanese kimono, sashes and ornaments; and a 600-piece collection of 20th-century European glass, ceramics, basketry, wood and metal work.

The government's scheme allowing the donation of works in lieu of tax continued to benefit the collection. In 2014/15 the scheme allocated to the BM a valuable drawing by Nicolas Poussin, *The Death of the Virgin*.

It is rare to be able to acquire works from ancient Egypt. In 2014, the BM was fortunate to purchase, with support from the Art Fund, a 4,000-year-old stone statue of a priest and temple policeman at Karnak. The Art Fund also generously supported the purchase of two significant works of art: an 18th-century watercolour by Giovanni Lusieri is one of three surviving views from a 180-degree panorama of Rome; Kitagawa Utamaro's hanging scroll of 1805–6 depicts a courtesan reading a letter. Both are major additions to the collection.

Other works from around the globe included rare objects of the Ch'unchus people of lowland Peru, a Hula dance costume from Hawaii, an album of 20th-century Chinese calligraphy, a green velvet coat from Kazakhstan, a 19th-century bridal diadem from Samarkand and masquerade costumes from Nigeria. The BM also acquired campaign badges related to the Scottish independence referendum, to ensure that the Britain of today is recorded.

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.

A masterpiece among the BM's collection of early Chinese paintings is the *Admonitions Scroll*, a 6th-8th century copy of a lost original by the celebrated figure-painter Gu Kaizhi. A major project to investigate the condition of the fragile handscroll and conserve it began in 2009. Consolidation and rehousing now permit the light-sensitive scroll to be shown publicly in a purpose-built case in a new gallery space dedicated to Chinese painting and calligraphy. Display times are posted on the BM website, and the initial showing in June 2014 proved enormously popular.

Examining and identifying organic materials can tell us many things: where objects were made, how they were fashioned, how to preserve them. For major exhibitions on Australian art and Pacific barkcloth clothing in 2015, BM conservators studied a range of indigenous materials, readying them for display and long-term storage. Such focused work enables the BM, often with advice from colleagues in other countries, to refine conservation techniques for specific materials and share the discoveries worldwide.

Preparations for a new gallery on the ground floor of the BM included a micro-CT study of a 16th-century rosary bead. Carved in astonishing miniature detail, the 6.5cm 'prayer nut' depicts the crucifixion of Christ. Scientific examination revealed new details of how the bead was made. Visitors will be able to see a virtual 'opening' of the bead, with close-ups of the interior and details of its construction, on the BM website and next to the exhibit in the new Waddesdon Bequest gallery of Renaissance and Baroque art, which opens with support from The Rothschild Foundation in June 2015.

The BM received significant funding in 2014/15 for its research programmes. They include *Empires of Faith*, supported by the Leverhulme Trust; *Beyond Boundaries*, a study of India in the first millennium AD, supported by the European Research Council; and *ResearchSpace*, a project to enhance web-based museum research, supported by the Andrew Mellon Foundation.

Since its inception ten years ago, the Arts & Humanities Research Council (AHRC) has been a major supporter of the BM's research. Today that assistance ranges widely, from funding PhD students at the BM as part of the Collaborative Doctoral Awards scheme to promoting *MicroPasts*, a recent initiative that gathers crowd-sourced research data. Its support for new work in British archaeology includes a study of what motivated the burial of coin hoards in Roman Britain, and a project with the University of Bradford that uses 3D imaging to reassemble Palaeolithic stone tools from surviving fragments.

A three-year research project on China, again supported by the AHRC, reached its final stage in 2015. The BP exhibition *Ming: 50 Years that Changed China* was one facet of an array of work that aimed to move beyond a traditional view of European influence on China in the 14th–17th centuries towards understanding the complex ties of trade and cultural exchange that existed among Asian countries.

Audiences and Engagement

Exhibitions

290,000 visitors attended *Vikings: life and legend*, sponsored by BP, which opened in March 2014 as the first exhibition in the new Sainsbury Exhibitions Gallery. Featuring the surviving timbers of a 37-metre long warship from Roskilde, the exhibition explored 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. A further 35,000 saw the exhibition 'live' at 400 cinemas across Britain, while the recorded film has since been shown at over 1,000 cinemas in 35 countries.

Ancient Lives, New Discoveries, sponsored by Julius Baer, with technology partner Samsung, used today's non-invasive technologies to recover the lives of eight mummies from the BM, ranging over 4,000 years. 179,000 people saw it in the year, including pop superstar Katy Perry, who tweeted photos of her visit to her 55 million followers, and the show has been extended until July 2015.

Over 120,000 people came to the BP exhibition *Ming: 50 Years that Changed China* in the Sainsbury Exhibitions Gallery. The 'magnificent new exhibition' (according to the *Telegraph*) was shortlisted for World Exhibition of the Year by *Apollo* magazine.

114,000 visitors – including German Chancellor Angela Merkel and British Prime Minister David Cameron – attended *Germany: Memories of a Nation*, which was sponsored by Betsy and Jack Ryan with support from the Salomon Oppenheimer Philanthropic Foundation. The related book *Germany: Memories of a Nation*, published by Allen Lane (Penguin), had sold 70,000 copies in the UK by the end of March 2015, while the thirty-part BM/BBC Radio 4 series *Germany: Memories of a Nation*, presented by Director Neil MacGregor, garnered an estimated weekly audience of 3.78 million across the UK. The series is freely available online, and there have been 2.4 million downloads of the programmes so far. The series won Radio Programme of the Year at the 2015 Broadcasting Press Guild Television and Radio Awards. 'Book, radio series, exhibition: it's not often that three formats have produced such a satisfying and integrated experience,' wrote the *Independent*.

Two free exhibitions complemented the BM's Germany season. *Germany Divided: Baseltz and his Generation* featured works of art by 20th-century East German artists such as Sigmar Polke and Gerhard Richter. *The Other Side of the Medal: How Germany saw the First World War* revealed a startling view of war-torn Germany, not through military awards, but through medals depicting the horrors of war and humanity's suffering. These two displays attracted 300,000 visitors.

The year's exhibition programme concluded with the opening of *Defining Beauty: The Body in Ancient Greek Art*, sponsored by Julius Baer, with additional support in memory of Melvin R. Seiden and from Mrs Jayne Wrightsman OBE. Visitors could ponder 2,000 years of Greek thinking about the human form, from the abstract simplicity of Cycladic figurines to the detailed realism of the Hellenistic age.

Special displays across the BM looked at Turkish shadow theatre, Indian Ocean trade, and artists from the Middle East and North Africa working in exile. *Gems of Chinese Painting* drew nearly 300,000 visitors to a pictorial voyage along the Yangzi River. It was followed by a display on religious practices in Burma and Thailand.

Witches and Wicked Bodies attracted more than 190,000 people to prints and drawings of *Macbeth*'s 'weird sisters', scenes from Goethe's *Faust* and goat-riding sorcerers from Dürer to Burne-Jones.

The Guardian called *Bonaparte and the British* 'a rich delve into British patriotism from another age'. Marking the 200th anniversary of the Battle of Waterloo in 2015, the exhibition used British satirical prints and propaganda to invoke differing attitudes towards Napoleon Bonaparte, from the handsome young general to the devil's darling.

Presented inside the BM's front hall, the Asahi Shimbun Displays focus on highlights from the collection. A sculpture of the Hindu god Ganesha was followed by *Dressed to Impress: Netsuke and Japanese Men's Fashion*. The display of Japanese *netsuke* – intricately carved toggles used to hang personal objects from a sash, as well as other male fashion accessories from the Edo period – drew over 93,000 visitors. One of the largest prints ever made advertised the achievements of the Holy Roman Emperor, Maximilian I. The 3.5 metre-high *Triumphal Arch* of 1515 took three years to produce and was designed by Albrecht Dürer. *The Meroë Head of Augustus* survives because the Kushites, in an act of defiance against Rome, buried the looted, decapitated bronze head of the Emperor at Meroë in modern Sudan. The year's final exhibit, *Larrakitj: Aboriginal Memorial Poles by Wukun Wanambi*, was an installation for the BM by an important Yolngu artist from Australia. Along with a display of Pacific barkcloth clothing, both complemented the BP exhibition *Indigenous Australia: Enduring Civilisation* from April 2015.

Events

The BM runs events for adults, families, community groups and schools, with a focus on the collection, new research and special exhibitions. In 2014/15 the number of booked school visits rose to 271,000. The sought-after teaching sessions are complemented by the BM's popular programme of public events: art workshops and music, lectures and conferences, tours and film nights, sleepovers and storytelling. Talking Objects Collective, supported by John Lyon's Charity, saw the BM work with 80 young people aged 16–25 from local youth organisations. Work with supplementary schools welcomed over 1,000 teachers, children and families to activity weekends, outreach visits and teacher-training sessions.

Exhibition-related programming drew significant numbers: 17,000 people attended events related to Ming China, while 19,000 were drawn to activities about the Vikings, including those wanting to learn if their genes showed that they were descended from the Nordic warriors. The *Germany: Memories of a Nation* radio series and exhibition formed the centre of a Germany season. Folktales, German lieder, Martin Luther, the Bauhaus – all featured in lectures, films, concerts, schools and community events, supported by the Goethe Institute and others, and a live broadcast of *In Tune* on BBC Radio 3. Nearly 10,000 people participated. In addition, a series of debates prompted frank discussion about Germany's economy, history and Anglo-German relations. Academics, politicians and journalists led a number of public forums at the BM, in conjunction with the *Guardian, London Review of Books* and others, at which over 1,500 people attended.

In 2014, the BM added a strand of family events for under-5s: *Little Feet* created play around ancient Egypt, Korea and China. Evening events for adults ranged from the relaxing *BM/PM* Friday nights to *Behind the Headlines*, a series that discussed the context for news stories such as the conflict in Syria. Other popular activities included the BFI's summer film screenings outdoors in the Forecourt, featuring Sci-Fi classics such as *Flash Gordon*.

With support from Citi, the BM is helping secondary school teachers deliver financial education, now part of the national curriculum. The BM's Citi Money Gallery is the starting point for explaining how financial systems develop and the role money plays in shaping society. A pilot programme welcomed 250 teachers and 1,000 students, and regular sessions are now being rolled out. A free conference in March 2015, *Money and Me*, welcomed young people to a day of activities that promoted financial understanding. Topics included taxes, pensions, debt and entrepreneurship. Prospective plans include expanding the programme nationwide if possible.

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 2014 and released in cinemas worldwide in December. A web page and YouTube videos were linked to its release, and a free app created.

In 2014, the BM won two Event Cinema Awards for *Pompeii Live*, sponsored by Goldman Sachs, its first-ever live-streamed broadcast of an exhibition nationwide. Subsequently screened around the world, *Pompeii Live* won for global box office over 100,000 and for excellence in programming.

Staff appeared regularly on radio and television throughout the year. 2.5 million people watched *The Real Noah's Ark*, a Channel 4 documentary focused on curator Irving Finkel's research on a 4,000-year-old clay tablet, while short films about Ming China featured on two major Chinese websites, attracting half a million viewers.

The British Museum Press published 25 books in 2014/15. The catalogue for *Vikings: Life and Legend* sold 24,000 copies, and the authors were invited to speak at the Edinburgh Festival, Cheltenham Literature Festival and around the UK. The medical research in *Ancient Lives, New Discoveries: Eight Mummies, Eight Stories* saw the BM receive a rare review in the *Lancet*, and the book has sold over 7,000 copies. Edmund de Waal called *Netsuke: 100 Miniature Masterpieces from Japan* a 'tremendous book ... with wit and scholarship and vivid photography. It is the best alternative possible to having them in your hands.'

Online research catalogues, which can be updated as new information emerges, are available for free on the BM website. The past year saw major online studies on *European Bronze Age Gold in the British Museum* and *Naukratis: Greeks in Egypt*. The latter unites, from more than 80 museums and archives, the complete set of 18,000 objects from early fieldwork at this important cultural crossroads of the ancient world.

The BM's digital collaborations span the globe, from recording African rock art to reconstructing from fragments dispersed around the world the terracotta statues of ancient Salamis in Cyprus. Projects completed in the year include digitising the BM's entire collection of early modern Japanese illustrated books (150,000 images), and the surviving library of King Ashurbanipal of Assyria (668–c.627 BC): 32,000 clay tablets and fragments. With

images of this, the world's oldest library, now available to view online, scholars from around the globe are further developing the resource by adding introductions, translations and interpretations.

Visitors in the BM's galleries are using new media to get information and create their own journey around the collection. 2014 saw the introduction of *A Gift for Athena*. The app, produced with support from Samsung, uses visual recognition when a child holds up a tablet in front of the Parthenon sculptures, and provides both information and a storyline to encourage further investigation of the marble figures. The BM won the Best Augmented Reality Campaign at the 2014 Mobile Entertainment Awards.

In 2014 the BM launched its own blog on Tumblr. Videos, gifs and images were uploaded regularly to encourage online users to follow interesting stories and discover what the BM has to offer. The BM's YouTube channel proved ever more popular, while on Twitter and Facebook combined the BM has one million followers. The BM received 33.7 million visits to its websites, and half of the visits to the BM's main website were from overseas.

Online resources for children, families and teachers support the national curriculum as well as a more playful approach to the collection. In 2014, the BM entered the virtual world of Minecraft. With more than 100 million registered users, the building-block video game saw speedy interest from around the world to help construct the BM, brick by brick. Once the roof is complete, players will be able to download the structure and create their own galleries.

Teaching History with 100 Objects is an exciting new national resource for teachers. Launched in September 2014, with support from the Department for Education, the website features objects linked to the new English national curriculum in history. The 100 artefacts are from collections around Britain, with UK museums complementing the BM's contributions. Teachers around the country are encouraged to arrange visits for their pupils. The elegantly designed resource has had over 30,000 visits so far.

National

Objects are loaned to museums and galleries across Britain and support is provided in conservation, research and public programming. In 2014/15 the BM made 170 loans to venues around Britain, involving over 2,800 objects. Contemporary Islamic works from the collection were shown at Lichfield Cathedral as part of *Holy Writ: Jewish, Christian and Islamic Calligraphy*. Other loans supported exhibitions on golf (Edinburgh), Picts (Aberdeen), mannequins (Cambridge) and botanist Joseph Banks (Lincoln). An impressive Roman shield boss found by the River Tyne in 1866 was exhibited at Arbeia Roman Fort in South Shields.

Spotlight Loans, supported by the John Ellerman Foundation, are notable objects sent to create regional impact and interest in local museums. In Ribchester, where the museum upgraded its exhibition space, the display of a Roman bronze helmet from the BM doubled visitor numbers. Prominent loans included the Lacock Cup (Salisbury) and a Sikh fortress turban (Bradford, Leicester, Sunderland, Preston), which has now been seen by 170,000 people across Britain.

Made in China, supported by BP, toured the BM's largest Ming vase to Glasgow, Sheffield, Bristol and Basingstoke in anticipation of the BM's major exhibition on Ming China. Over 100,000 people saw the vase. After appearing in Belfast, *Curious Beasts: Animal Prints from the British Museum* toured to Hull, where the Ferens Art Gallery subsequently won a VisitEngland Award for its presentation and exhibitions.

Among the BM's most successful UK tours – generously supported by the Dorset Foundation – is *Roman Empire: Power and People*. The exhibits set Britain's Roman history in the context of the Roman Empire. In 2014/15 the show was seen in Norwich, Coventry, Leeds and Dundee. In Norfolk, *Roman Empire* won a tourism award for 'business impact' due to the record attendance figures it brought to Norwich Castle Museum. So far the exhibition has been seen by over 130,000 people.

The *Portable Antiquities Scheme* (PAS) is a nationwide project to record archaeological finds made by the public. In 2014, the one millionth find recorded through the scheme was dug up in Devon. Minted in Gaul, the copper-alloy coin of AD 332 depicts symbols of Victory and Constantinople. This tiny Roman *nummus* is a measure of the enormous success of PAS, which has in its 18 years transformed what happens to archaeological finds in Britain: how they are recorded and preserved, and where they end up. Finders are increasingly waiving their rewards to allow museums around the country to acquire important historical artefacts that range from Bronze Age jewellery to Roman armour.

In total, 113,837 finds were reported through PAS in 2014, including two outstanding discoveries. The largest hoard of Anglo-Saxon coins ever found, more than 5,000, was unearthed at Lenborough, Buckinghamshire, and an astounding 22,000 coins from AD 330–50 were discovered at Seaton Down, near the site of a Roman villa in Devon. Carefully recorded and photographed as the find site was excavated, the Seaton Down hoard is one of the largest ever found anywhere in the Roman Empire.

International

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

Over 210,000 people have seen the new travelling version of *A History of the World in 100 Objects*, which went on tour in April 2014. Inspired by the hit BM/BBC Radio 4 series, the exhibition gathered 100 objects from around the world – all from the BM collection except for the 100th which was from the host country – to tell stories of religion and empire, science and art, food and entertainment.

A six-year twelve-venue international tour saw *The Body Beautiful in Ancient Greece* attract 1.7 million visitors. In 2014, its final two venues were Fondation Gianadda in Martigny, Switzerland and Bendigo Art Gallery, Victoria, Australia. Following its tour of Britain, *Curious Beasts: Animal Prints from the British Museum* travelled to San Diego University Museum – the first of three BM prints and drawings exhibitions in the Californian city.

Hajj: Le pèlerinage à la Mecque evolved out of the BM's 2012 exhibition on the Islamic pilgrimage. It was viewed by 66,000 people at the Institut du Monde Arabe in Paris. In 2015, the BM's exhibition on the Hajj won the inaugural ISESCO Prize for Educators. The prize is for promoting dialogue and understanding between peoples, cultures and civilisations.

The BM lends more objects more widely than any other museum in the world. In 2014/15 the BM loaned over 1,600 objects to 91 institutions outside the UK. Material on spa culture from Roman times to the 1800s was sent to Finland; on board games to Qatar; on the painter James McNeil Whistler to Japan. An Indian emerald set by Cartier was loaned to Moscow; a Polynesian figure to St Louis; and a carved stool from Benin to Hong Kong for a world history of the chair.

Two of the world's greatest collections founded in the 18th century are the British Museum and the State Hermitage Museum in St Petersburg. To mark the 250th anniversary of the Hermitage, the two museums agreed to share a single, spectacular loan to mark their longstanding friendship, and their role as key institutions of the Enlightenment. The river god Ilissos, one of the Parthenon sculptures, was chosen. Now back in Bloomsbury, the sculpture was seen by 140,000 people in Russia in six weeks.

The third year of the *Museum Leadership Training Programme* in India saw 20 delegates take part in Delhi, London and Hyderabad. The Arcadia Fund is generously supporting a collaboration between the BM and Egypt's Ministry of Antiquities to train early-career archaeologists across Egypt in the digital documentation of ancient artefacts. The BM has also embarked on a programme of training and exchange in Iraq, to establish a specialist corps of archaeologists able to carry out Emergency Heritage Management.

Both the Getty East Africa Programme, supported by the Getty Foundation, and the West Africa Programme, supported by the Ford Foundation, continue to train colleagues in African museums in the care of collections, display and education. In 2014 the Director General of the National Commission for Museums and Monuments, Nigeria and two curators came to advise on a new display of objects from 9th-century Igbo-Ukwu in the Sainsbury Africa Galleries. The curator of the Abasuba Community Peace Museum, Kenya also visited to explore the wider role of museums, including the BM's learning programmes.

Twenty-one museum and heritage professionals from around the world attended the BM's ninth *International Training Programme*, supported by a range of trusts, foundations and private donations. Participants came from Armenia, China, Egypt, Greece, India, Iran, Lebanon, Oman, Pakistan, Palestine, Sudan and Turkey to learn about museum practice at the BM and seven museums across the country, from Oxford to Glasgow.

The BM worked to develop and support a number of museums internationally. Ongoing support for the creation of the Zayed National Museum in Abu Dhabi saw the launch of its public programme and support for the development of collections. Other advisory activity included assisting, alongside the Getty Museum, the upgrade of the Sarnath Museum, the oldest site museum of the Archaeological Survey of India. Work with the National Museum of Oman and the Basrah Museum also continued.

Two Brazilian scholars took photographs of headdresses and other artefacts from the BM up the Rio Tapajos, a tributary of the Amazon, to show Munduruku communities living there today. The information they gathered is reshaping what we know about these objects and has inspired collaborations with local people for future development of the collection. At Hadrian's Villa in Tivoli, site surveys continued to map the complex layout of the buildings and their wider approaches and infrastructure. Sustainability is at the heart of an AHRC-funded project looking at traditional agriculture in northern Nubia and how people in the past found solutions to coping with environmental risk. Fieldwork in Egypt included documenting the architecture and decoration of rock-cut tombs at Elkab and recording inscriptions in Aswan. In Sudan, an intact 1,500-year-old tomb containing

five archers was discovered at Dangeil. Wider efforts associated with the excavations saw the opening of a visitor orientation centre at Amara West and training archaeologists in field and laboratory techniques. In Oman, BM archaeologists are excavating an Iron Age settlement on the shores of the Indian Ocean at Ras al Hadd.

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 a supportive environment. 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.
- An Employee Assistance Programme is in place, complemented by regular Health and Wellbeing events for staff.
- Staff social groups and events are encouraged, supported and well attended.

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 2014/15, the average number of days lost for sickness and absenteeism was 5.6 days per person, compared with 5.5 in 2013/14.

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

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: 81.4% white, 5.3% black, 4.2% Asian, 2.8% mixed, 1.2% Chinese, 2.1% other and 3.0% unstated. The gender profile is 55% female and 45% 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 Museum leads a wide range of partnerships programmes that are built on relationships with over 1,000 community-based organisations. Programmes include privileged, free access to exhibitions and events, training in how to plan and make the most of visits for group leaders, tailored programming for supplementary schools and a successful supported visiting programme for older visitors which has developed into a national, cross-sector partnerships programme exploring demographic change and how museums can be more Age Friendly.

Over the last year, through the support of the Lord Leonard and Lady Estelle Wolfson Foundation, the Access programme has successfully expanded its provision to ensure the Museum works closer with learning disabled audiences. For visually impaired audiences, the Museum now has unprecedented accessibility in Room 4 with a downloadable audio described tour, a Braille and tactile book and large print information to work alongside the existing gallery Touch Tour.

Volunteers

Approximately 600 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 collection information. Front of house, they deliver the Hands On handling programme and tours helping to extend intellectual and physical access to the collection. The new Hands On desk in the WCEC has been a great success and was visited by over 27,000 people during the Vikings and Ming exhibitions. The volunteers also play an important role in ensuring that public 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 2015/16 include:

- the appointment of a new Director;
- the development of long-term options for the accommodation and display of the collection;
- implementation of the acquisition and research strategies;
- increasing national engagement;
- the Zayed National Museum project;
- reviewing security resilience;
- reviewing the visitor experience;
- developing a new Financial Sustainability Programme; and
- increasing fundraising revenue.

Fundraising and finance

Support for the BM

The collection remains at the heart of the BM's work. Of world significance, it evolves as a vital, changing resource through the acquisition of both contemporary and historical artefacts. Some are recent archaeological discoveries, others fill important gaps in the world collection. The generosity of donors, patrons and BM Friends is essential to the BM's ability to make these acquisitions for the public. The past year saw major additions to the BM collection, from a 4000-year-old gold lunula (worn around the neck) found in East Yorkshire to a stone statue of an ancient Egyptian priest and temple policeman. Outstanding works of art included a contemporary hanging scroll from China, paintings by Giovanni Lusieri and Kitagawa Utamaro and, thanks to an outstanding anonymous donation, Picasso's Suite 347.

The Museum also received generous funding for its scholarship. Sarah Vowles was named Hamish Swanston Curator of Italian and French Drawings and Prints before 1880. The post celebrates the interest and generosity of the late Father Swanston. In the Department of Greece and Rome, the A.G. Leventis Foundation has continued to fund a curatorial post with a focus on Cyprus. In April 2014 Nicole Rousmaniere was named IFAC Handa Curator of Japanese Arts.

A variety of research projects received philanthropic support. With generous support from Lord and Lady Sassoon the BM has embarked on a series of joint projects with institutions in India – one of the first will be with CSMVS in Mumbai to study and conserve a mummy. Dürer's Triumphal Arch has been in the collection since 1834 and on public display for over 40 years. The large print was an Asahi Shimbun Display in 2014 and is now being studied by the Conservation and Scientific Research team, where support from Howard and Roberta Ahmanson will ensure that it benefits from the very latest discoveries on conservation and storage. The pioneering research undertaken on Nile Valley populations showcased in the Ancient Lives exhibition is also continued through the generous support of the Institute of Bioarchaeology.

The BM launched and renewed a number of partnerships which will enhance the visitor experience at the Museum. In 2014 Korean Air renewed for a further six years its support of the multi-media guides which provide commentaries for over 60 galleries in the BM in ten languages. UnionPay International began a major new sponsorship with the BM which will support the printed souvenir guides in English, Chinese and Korean. Generous funding from the Mayor of London and DCMS, with support from Daisy Group, will enable visitors to access WiFi throughout the Museum. The Trustees are also grateful to The Rothschild and Albukhary Foundations for the galleries which will soon be renewed with their very generous support.

The involvement of a growing community of supporters and partners is vital to much of the BM's work. The Fund for the Future received over £1m from legacies during the past year. An in memoriam tribute fund was set up by Marjorie Condie and her daughters Alison Oram, Sue Gardner and Fiona Condie to honour Adrian Condie, who was a volunteer guide for many years and had a particular interest in Egyptology. We are also grateful to the family and friends of Paolo Fortini who created an in memoriam tribute fund in his name to support the BM's work.

The BM launched a new Corporate Membership scheme which enables companies to entertain clients and staff in galleries and exhibitions. There are over 70,000 Members of the British Museum, chaired by Professor Clive Gamble. The Members recently supported a successful appeal to fund participants on the Museum's International Training Programme. The Patrons, chaired by Baroness Wheatcroft, enjoy special 'behind the scenes' access and invitations.

Donations and legacies totalling £27.6 million were received during the year (£44.3 million in 2013/14), with a further £22.8 million (£24.2 million in 2013/14) from commercial trading activities and £23.7 million (£30.2 million in 2013/14) from charitable activities.

Grant-in-Aid

The British Museum received £40.2 million revenue and £3.0 million capital grant-in-aid from the Department for Culture, Media and Sport in 2013/14 (£41.2 million and £2.7 million in 2013/14). Revenue funding included a ring-fenced allocation of £1.3 million for the Portable Antiquities Scheme (£1.3 million in 2013/14).

The Department has confirmed the level of revenue funding for 2015/16 although this may be subject to change.

Capital expenditure

Capital expenditure, mainly on plant, building fabric and gallery refurbishments, amounted to £7.9 million, compared with £45.8 million in 2013/14. A further £3.0 million was spent on acquiring heritage assets, with donated heritage assets during the year of £3.0 million.

Grants

The British Museum made grants totalling £13.8 million during the financial year. 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 are grants of £12 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 2015 the BM's reserves were as follows:	£m
Collection items acquired since 31 March 2001	77.6
Museum land, buildings, plant and equipment	573.9
Permanent endowment	13.3
Restricted funds	28.5
Designated funds	0.5
Investment estate	3.4
Unrestricted funds	9.1
Unrestricted funds: subsidiaries	5.7
Total	712.0

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 2015 represents cover of just over one month.

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 (£20.7 million), gains on investments (£2.2 million) and losses on the defined benefit pension scheme (£3.7 million).

Maintaining reserves

The Operating Plan and Budget ensure 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, and purpose 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: 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 individual holdings against agreed and relevant benchmarks on a quarterly basis.

The ISC has 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 (£5.4m, general portfolio) and holdings in unlisted equity and investment funds (£3.7m, endowment and restricted portfolios), all funds are invested in UK investment funds under Newton's management.

During the financial year, the endowment portfolio outperformed, delivering returns of +14.94% compared with its benchmark of +10.98%. The restricted portfolio matched its benchmark with returns of 0.39%; and the general portfolio at 0.11% fell slightly short of its benchmark of 0.14%. The Trustees are satisfied with the performance of the fund managers during the year.

Overall, the BM made total net returns on its investments, including investment properties, of +£3.0 million, comprised of interest, dividends and rent of £0.9m, plus net realised and unrealised gains less management fees of £2.1m.

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 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; 6.7 million visited in 2014/15.

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.

Current visitor numbers at Bloomsbury are a measure of the Museum's enormous success, but they create severe points of congestion and put a strain on the building. Over the coming years continued 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		2014/15	2013/14	2012/13	2011/12
Non-financial indicators (tonnes CO ₂ e)	Emissions: scope 1 and 2	11,316	11,163	10,122	9,281
	Emissions: scope 3	56	45	81	62
	Total emissions	11,372	11,208	10,203	9,343
	Emission per million visitors	1,697	1,648	1,822	1,611
Energy consumption (thousand KWh)	Total gas & electricity consumption	27,863	28,043	28,506	25,240
	Consumption per million visitors	4,159	4,124	5,090	4,352
Financial indicators (£ million)	Total gas & electricity cost	2.2	2.1	2.0	1.6
	Cost per million visitors	0.3	0.3	0.4	0.3
The opening of the WCEC has increased the operational space in the Museum for exhibitions, curatorial and research work and collection storage. The building was designed with the aim of having a minimal carbon footprint so the increase in consumption is disproportionately small considering the scale of the facility. The increased emissions relating to the WCEC have also been offset by a relatively mild winter, reducing the Museum's heating requirements.					

Waste		2014/15	2013/14	2012/13	2011/12
Non-financial indicators (tonnes)	Waste sent to landfill	Nil	Nil	51	31
	Waste recycled/reused	241	197	386	286
	Waste incinerated	444	374	Nil	Nil
	Total waste arising	685	571	437	317
	Waste per million visitors	102	84	78	55
Financial indicators (£k)	Total disposal cost	135	127	67	72
	Cost per million visitors	20	19	12	12
Total waste arising has increased by 114 tonnes (or 20%) in 2014/15 compared to 2013/14: see note 4 below. The majority of the waste continues to be sent for energy recovery (444 tonnes or 65%). Under the current waste management processes, the Museum continues to achieve zero waste to landfill. However, strategies for 2015/16 are being populated to help to improve the recycling rate on site.					

Finite resource consumption		2014/15	2013/14	2012/13	2011/12
Non-financial indicators ('000 m ³)	Total water consumption	96	82	63	102
	Consumption per million visitors	14	12	11	18
Financial indicators (£k)	Total water cost	170	152	118	163
	Cost per million visitors	25	22	21	28

Two main factors have led to the increase in the current year water consumption. Firstly the opening of the WCEC has increased demand on all utilities. Secondly some 2013/14 consumption previously omitted has now been counted within current year figures following a review of meter readings.

Biodiversity action planning

The WCEC design incorporates a "green roof" on a pilot scale. The choice of plants incorporated into the roof has been made primarily to attract Black Redstarts which are a priority species in the London Biodiversity Action Plan. A three year monitoring plan is in place to ensure that in addition to attracting the desired species the scheme does not inadvertently attract pest species which could pose a threat to the collection if they gain access to the building. If no adverse effects are noted in the course of this assessment phase then the green roof will be expanded across the whole suitable area of the WCEC roof.

In partnership with Inmidtown, an organisation that seeks to improve the working and living environment of Holborn, Bloomsbury and St Giles through collaboration with local businesses, two beehives have been installed on the roof of the WCEC.

Nesting boxes will be provided for Swifts within the Museum perimeter with careful consideration to their siting to meet the behavioural preferences of the birds, to facilitate cleaning and to reduce any potential pests from gaining access to the buildings housing the collection.

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 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 were 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 Sustainability Reporting* published at www.financial-reporting.gov.uk.
2. The data relate to consumption on the main Museum site in Bloomsbury, its perimeter properties, and at off-site workshops and storage in Hoxton. They do not include the shared storage in Hammersmith or the off-site storage in Wiltshire.
3. Emissions accounting includes Scope 1 and 2 emissions along with separately identified emissions related to official travel.
 - a. Scope 1 reflects direct emissions, and only includes fuels combustion, for which Defra/Carbon Trust conversion factors have been used. The data is based on the 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 and cooling.
 - c. Scope 3 emissions relate to official business travel directly paid for by the Museum. They are estimated on the basis of information from the Museum's major suppliers and using the Defra/Carbon Trust conversion factors, and do not include international air or rail travel, in line with GGC.

4. Waste data are based on information from the Facility Services provider, who is responsible within the contract for disposal of all site waste, with the exceptions listed below. Figures prior to 2013/14 were exclusive of catering waste but this is now included in waste disposal figures. The figure provided does not include construction waste, refurbishment programmes or hazardous waste i.e. chemical or laboratory wastes. Reporting of operational construction waste is not a minimum requirement as laid out in the Public Sector Sustainability guidelines.

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 2014/15 it paid 61% of all invoices within the target (62% in 2013/14).

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.

During the financial year, 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>Vikings: life and legend</i>	247
<i>Ancient Lives: New Discoveries</i>	1
<i>Ming: 50 Years that changed China</i>	124
<i>Germany: Memories of a Nation</i>	58
<i>Defining Beauty: the body in ancient Greek art</i>	16
<i>Indigenous Australia: enduring civilisations</i>	9

A wide variety of objects have been protected, including stone and bronze sculpture, metalwork, paintings, textiles, works on paper, and archaeological materials from museums, other public institutions, and private collections.

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 2014 to 31 March 2015 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 and administrative details

The Board of Trustees²

Trustees	Attended / Meetings Held	Trustees	Attended / Meetings Held
Mr Niall FitzGerald KBE (Chair) (C) (retired 3/07/14)	1/1	Sir Richard Lambert (Chair) (C) (appointed Chair 04/07/14)	4/4
Mr James Lupton CBE (A)	4/4	Sir Deryck Maughan (A)	3/4
Ms Karen Armstrong (A)	3/4	Mr John Micklethwait (A)	4/4
Professor Sir Christopher Bayly (D) (deceased 18/04/15)	4/4	Sir Paul Nurse (F)	4/4
The Hon Nigel Boardman (A)	4/4	Mr Gavin Patterson (A)	3/4
Ms Cheryl Carolus (B)	3/4	Mr Grayson Perry CBE RA (G) (appointed 02/04/15)	0/0
Miss Patricia Cumper MBE (A)	4/4	Lord Sassoon (A)	4/4
Dame Liz Forgan DBE (A) (Deputy Chair)	4/4	Professor Amartya Sen (C)	2/4
Professor Clive Gamble (E) (re-appointed 02/08/14)	4/4	Sir Martin Sorrell (C) (retired 31/03/15)	1/4
Sir Antony Gormley OBE (G) (retired 01/04/15)	4/4	Ms Ahdaf Soueif (A)	2/4
Ms Penny Hughes CBE (A) (retired 30/06/15)	4/4	Lord Stern of Brentford (A) (Deputy Chair)	4/4
Sir George Iacobescu CBE (A) (retired 30/06/15)	2/4	Lord Turner of Ecchinswell (C)	4/4
Ms Wasfi Kani OBE (A)	3/4	Baroness Wheatcroft of Blackheath (A) (Deputy Chair) (re-appointed 02/08/14)	4/4

(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 and Planning 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.

² 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 to 03/07/14)	2/2	Dame Liz Forgan (Chair)	3/3	
Mr Gavin Patterson	5/7	Sir Richard Lambert	3/3	
Dame Liz Forgan	7/7	Lord Stern of Brentford	2/3	
Lord Turner of Ecchinswell	5/7	Baroness Wheatcroft of Blackheath	3/3	
Lord Stern of Brentford	7/7	Miss Patricia Cumper (appointed 20/11/14)	2/2	
Professor Clive Gamble	4/7			
Sir Richard Lambert (Chair from 4/07/14)	7/7			
Ms Penny Hughes (retired 30/06/15)	4/7			
Baroness Wheatcroft of Blackheath	6/7	World Conservation & Exhibitions Centre Committee (closed 11 November 2014)		
		Dame Liz Forgan (Chair)	2/2	
Audit Committee		Sir George Iacobescu	1/2	
Lord Turner of Ecchinswell (Chair)	5/5	Mr David Lindsell (co-opted)	2/2	
Mr David Norgrove (co-opted)	3/5	Mr David Norgrove (co-opted)	1/2	
Professor Clive Gamble	3/5	Mr James Lupton	2/2	
Sir Ian Johnston (co-opted)	4/5			
Mr David Lindsell (co-opted, retired 14/11/14)	2/2	Investment Sub-committee		
Mr John Micklethwait	3/5	Baroness Wheatcroft of Blackheath (Chair)	2/2	
Baroness Wheatcroft of Blackheath	5/5	Mr John Micklethwait	0/2	
Mr James Lupton	4/5	The Hon Nigel Boardman	1/2	
The Hon Nigel Boardman	5/5	Ms Elizabeth Corley (co-opted)	1/2	
Ms Wasfi Kani	3/5	Lord Sassoon	2/2	
Lord Sassoon	5/5			
Research Committee				
International Strategy Committee		Lord Stern of Brentford (Chair)	1/2	
Mr Niall FitzGerald KBE (Chair until 03/07/14, co-opted member from 04/07/14)	0/3	Professor Sir Christopher Bayly (deceased 18/04/15)	1/2	
Sir Richard Lambert (Chair from 04/07/14)	3/3	Professor Clive Gamble	1/2	
Lord Sassoon	3/3	Professor Amartya Sen	1/2	
Ms Karen Armstrong	1/3	Sir Paul Nurse	2/2	
Professor Sir Christopher Bayly (deceased 18/04/15)	2/3	Professor Sir Richard Brook (co-opted)	2/2	
Sir Antony Gormley (retired 01/04/15)	2/3	Professor Linda Colley (co-opted)	1/2	
Lord Stern of Brentford	1/3	Professor Andrew Prescott (co-opted)	2/2	
Ms Ahdaf Soueif	2/3	Professor Greg Woolf (co-opted)	2/2	
The Hon Lady Keswick (co-opted)	3/3	Miss Patricia Cumper	1/2	

Major Projects Committee	
Dame Liz Forgan (Chair)	4/4
Ms Wasfi Kani	4/4
Miss Patricia Cumper	3/4
The Hon Nigel Boardman	4/4
Mr James Lupton	3/4
Mr Gavin Patterson	2/4
Ms Bonnie Greer (co-opted)	4/4

Trustee membership of related Councils and Boards

British Museum Friends Advisory Council

Professor Clive Gamble (Chair)
Ms Wasfi Kani

The American Friends of the British Museum

Mr Niall FitzGerald KBE (ex officio Director to 03/07/14)
Sir Richard Lambert (ex officio Director from 04/07/14)
Sir Deryck Maughan (Chair, appointed 15/05/14)

Official addresses as at 31 March 2015

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 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

Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD

The British Museum Friends Limited

National Westminster Bank Plc, 214 High Holborn, London WC1V 7BX

Bankers:

Mr Tony Doubleday, Head of Legal Services, British Museum

Solicitor:

Newton Investment Management Limited, 160 Queen Victoria Street, London EC4V 4LA

Investment advisers:

DCMS' performance indicators

The Museum signed a Management Agreement with DCMS for the period 2014/15 to 2015/16, which includes a requirement to report on a number of performance indicators in place since 2008/09 to facilitate consistent reporting across national museums and galleries.

	2014/15	2013/14	2012/13	2011/12	2010/11
Number of visits to the Museum (excluding virtual visits)	6.7m	6.8m	5.6m	5.8m	5.9m
Number of unique website visits ³	33.7m	35.3m	27.3m	23.8m	21.5m
Number of visits by children under 16	987k	891k	871k	765k	851k
Number of overseas visitors	4.3m	3.8m	3.6m	3.5m	3.6m
Number of facilitated and self-directed visits to the Museum by children under 18 in formal education	271k	262k	251k	251k	231k
Number of instances of children under 18 participating in on-site organised activities	143k	145k	117k	111k	127k
% of visitors who would recommend a visit	97%	96%	99%	97%	96%
Admissions income	£3.7m	£5.7m	£1.2m	£2.2m	£2.4m
Trading income ⁴	£15.4m	£18.5m	£11.9m	£12.3m	£11.2m
Fundraising ⁵	£37.6m	£54.2m	£39.5m	£16.5m	£16.6m
Number of UK loan venues	170	187	169	162	178

³ This includes visits to all BM websites.

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.

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.

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.

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 (2013/14: £nil). The emoluments of the Director, Neil MacGregor, are disclosed below. As additional disclosures, the emoluments and pension details of the Deputy Director who, during the year, had oversight responsibility for Finance and HR are also presented below (Christopher Yates).

Neither of these two individuals received bonuses, overtime, allowances, benefits in kind or other cash or non-cash benefits of value during the year.

Both have been members of the Principal Civil Service Pension Scheme, although Neil MacGregor opted out of the scheme from 1 April 2012. Both 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 two roles.

The banded remuneration of the Director in the current financial year was £185-190k (2013/14: £185-190k). This was 7.5 times the median remuneration of the workforce (2013/14: 7.9 times). The median total remuneration of the workforce in the current financial year was £24,953. This compares to £23,897 in 2013/14. 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 Board of Trustees 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.

Christopher Yates 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 (2013/14: £185-£190k)	Nil ⁸ (2013/14: -£11k)	£185-190k (2013/14: £175-180k)
Christopher Yates Deputy Director	£130-135k (2013/14: £125-130k)	£39k (2013/14: £127k)	£170-175k (2013/14: £250-255k)

Pension Benefits⁹

	Accrued pension at pension age ¹⁰ as at 31/3/15 and related lump sum	Real increase during the financial year in pension and related lump sum at pension age	CETV ¹¹ at 31/3/15	CETV at 31/3/14	Real increase in CETV ¹²
Christopher Yates Deputy Director	£25-30k plus £80-85k lump sum	£0-2.5k plus £5-7.5k lump sum	£421k	£374k	£23k

The figures in the remuneration report have been audited.

Neil MacGregor
Accounting Officer
2 July 2015

Sir Richard Lambert
Chair

⁶ Salary comprises gross salary payable during the year.

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 increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

⁸ Neil MacGregor chose not to be covered by the Civil Service pension arrangements during the reporting year.

⁹ Neil MacGregor chose not to be covered by the Civil Service pension arrangements during the reporting year.

¹⁰ 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.

¹¹ A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the 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 worked out 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.

¹² This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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
2 July 2015

Sir Richard Lambert
Chair

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 whom 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 in the section 'Reference and administrative details' section above.

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. A programme of training and briefing sessions is available to all Trustees throughout their term of appointment.

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.

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, 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.

Board / Committee	Hierarchy	Remit
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. The committee closed on 11 November 2014 following completion of the project.
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.
BM Management Group	Executive Committee	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: <ul style="list-style-type: none"> ■ <i>Collections:</i> Africa, Oceania & the Americas; Ancient Egypt & Sudan; Asia; Coins & Medals; Britain, Europe & Prehistory; Collections Services; Conservation & Scientific Research; Greece & Rome; Middle East; Prints & Drawings. ■ <i>Public Engagement:</i> Digital & Publishing; Exhibitions; International Engagement; Learning, Volunteers & Audiences; Press & Marketing; Zayed National Museum Project. ■ <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 Services; 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, the last of which was in 2013. The review of performance in 2014 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 an Operating Plan and Budget. The Trustees receive quarterly reports on the Museum's performance against its key objectives; a summary of performance is included above 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 2014 review of Board performance showed that the Trustees agreed 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 and a detailed consideration of the overall approach to risk management, during 2014/15 the Committee considered in detail the management of risks around the Museum's security, finances, storage, and information management, as well as discussing the World Conservation and Exhibitions Centre (WCEC) and Zayed National Museum (ZNM) projects. It received regular updates on 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 2014/15, the committee oversaw the reappointments of four Trustees: two were recommended to the Prime Minister and approved by him for reappointment; one was recommended to the Secretary of State on the nomination of the Society of Antiquaries London and approved by him for reappointment; and one was reappointed by the Board. The committee also oversaw the appointment of a new Trustee with effect from 2 April 2015, approved by the Secretary of State on the nomination of the Royal Academy.
- *Standing Committee*: the committee continued to discharge the functions of the Board between quarterly Board meetings.

Reports from the Chairs of 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' above.

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, with reference as appropriate to best practice guidance from the National Audit Office and risk management standards.

The Museum assesses risk through consideration of the likelihood of something happening, and its potential impact. Risk management within the Museum includes:

- identifying and assessing risks (the "inherent risks");
- 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.

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

The Board of Trustees has statutory duties under the British Museum Act 1963 and Museums and Galleries Act 1992 ("the Acts") for the general management and control of the Museum. The Board appoints the Director with the approval of the Prime Minister, defines the strategic direction of the Museum, and approves its execution in an operating plan drawn up in consultation with the Director.

The Director is the Accounting Officer for the purposes of reporting to the Department for Culture, Media and Sport, and has overall responsibility for the Museum's risk management framework.

The Audit Committee supports the Board and the Accounting Officer in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances provided to them. The 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. The Audit Committee challenges the Museum'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 operating level. The Chairman of the Audit Committee reports to the Board of Trustees annually with regard to the effectiveness of risk management and the system of internal control and as required for emerging issues related to risk management.

The Directorate Group reviews risks, and receives and considers reports or recommendations for action or decision.

The Internal Controls Committee oversees the implementation of risk management principles and practice throughout the Museum with the objective of eliminating, transferring, mitigating or accepting risks. It seeks to co-ordinate activities to obtain a more effective risk management process from existing resources and ensure the dissemination of good practice throughout the Museum. It aims to provide the Directorate Group and so the Accounting Officer and the Audit Committee with assurance that an effective system of internal control has been maintained and is operated within the Museum.

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.

During the year the BM's risk management policy was reviewed and approved with only minor changes.

Security of the site remains a high priority for the Trustees. The most significant residual risks currently facing the BM arise from reductions in government funding; ambitious strategies for increasing income generation; and movement of the collection between storage sites.

The BM has suffered no significant losses or thefts of personal or other protected data during 2014/15 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 objects on display, integrated pest management, business continuity, flood, fire safety governance, and contractor procedures.

Neil MacGregor
Accounting Officer
2 July 2015

Sir Richard Lambert
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 2015 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 Accounting Officer 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 British Museum's affairs as at 31 March 2015 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;
- 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and 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
7 July 2015

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

Consolidated Statement of Financial Activities for the year ended 31 March 2015

	Revenue Funds				Capital Funds				Total Funds	
	Notes	Unrestricted £'000s	Restricted £'000s	Total £'000s	Total Unrestricted £'000s	Restricted £'000s	Collection Acquisitions £'000s	Total Unrestricted £'000s	Restricted £'000s	Permanent Endowment £'000s
Incoming resources										
Voluntary income										
Grant-in-aid	2	38,967	1,256	40,223	—	2,992	3,029	2,992	4,248	—
Donations and legacies		1,470	3,929	5,399	—	19,174	—	1,470	26,132	—
Activities for generating funds										
Commercial trading activities	10(b)	22,796	—	22,796	—	—	—	22,796	—	—
Investment income and rent receivable										22,796
Incoming resources from charitable activities										24,209
Total incoming resources	4	19,501	4,171	23,672	—	20	20	531	342	—
		83,255	9,678	92,943	—	22,186	3,029	19,501	4,171	—
								25,215	83,265	34,893
										118,158
										144,055
Resources expended										
Charitable activities										
Costs of generating Funds										
Costs of generating voluntary income	6	(66,132)	(6,555)	(72,687)	(4,742)	(13,294)	—	(18,036)	(70,874)	(19,849)
Commercial trading activities	10(b)	(1,143)	—	(1,143)	—	—	—	(1,143)	—	(314) (98,746)
Investment management costs	6	(11,964)	—	(11,964)	—	—	—	(11,964)	—	(1,143) (922)
Governance costs										
Total resources expended	6(a)	(414)	(1)	(415)	(4,742)	(86,252)	(13,295)	—	(414)	(2) (45)
Net incoming resources before transfers	5	3,570	3,121	6,691	(4,742)	8,891	3,029	7,178	(1,172)	(1) (415) (416)
Transfers between funds	15	(5,368)	(454)	(5,822)	4,454	(1,643)	3,037	5,848	(914)	940 (26) —
Net incoming resources before other recognised (losses)/gains		(1,798)	2,667	869	(288)	7,248	6,066	13,026	(2,086)	15,981 (341) 13,554 32,516
Gain on revaluation of fixed assets for the Museum's own use	7(a)	—	—	—	—	20,653	—	—	20,653	— 20,653 49,686
Unrealised/realised investment (losses)/gains	21	(177)	380	203	156	322	—	478	(21)	702 1,475 2,156 (451)
Actuarial loss on defined benefit pension scheme	19	(3,723)	—	(3,723)	—	—	—	(3,723)	—	(3,723) (520)
Net movement in funds		(5,698)	3,047	(2,651)	(132)	28,223	6,066	34,157	(5,830)	37,336 1,134 32,640 81,231
Fund balances brought forward at 1 April	15(a)	19,765	19,710	39,475	4,725	551,442	71,547	627,714	24,490	642,699 12,140 679,329 598,098
Fund balances carried forward at 31 March	15(a)	14,067	22,757	36,824	4,593	579,665	77,613	651,871	18,660	680,035 13,274 711,969 679,329

All operations of the British Museum continued throughout both periods and none were discontinued in either period.
 The British Museum has no recognised gains and losses other than those above and consequently no separate Statement of Total Recognised Gains and Losses has been presented.
 The notes on pages 36 to 66 form part of these accounts.

Consolidated Balance Sheet as at 31 March 2015

	Notes	2015 £000s	2014 £000s Restated
Fixed assets			
Tangible assets	7(a)	575,100	558,658
Heritage assets	8	77,613	71,547
Investments	9(a)	67,020	52,813
		719,733	683,018
Current assets			
Stock-goods for resale	10(c)	2,033	2,308
Debtors	11	41,374	39,847
Short term investments	9(b)	5,869	5,030
Cash at bank and in hand	9(c)	12,095	21,743
Total current assets		61,371	68,928
Creditors: amounts falling due within one year	12	(58,321)	(65,529)
Net current assets		3,050	3,399
Total assets less current liabilities		722,783	686,417
Creditors: amounts falling due after more than one year	12	(2,214)	(1,830)
Provision for liabilities and charges	13	(106)	(98)
Net assets excluding pension liability		720,463	684,489
Liability on defined benefit pension scheme	19	(8,494)	(5,160)
Net assets including pension liability		711,969	679,329
Represented by:			
Permanent endowments		13,274	12,140
Restricted funds		680,035	642,699
Unrestricted funds			
Designated funds		486	519
General funds		12,459	18,446
General funds held in subsidiaries		5,715	5,525
		18,660	24,490
Total funds	15(a)	711,969	679,329

The prior year figures have been restated to disclose creditors: amounts falling due after more than one year separately.

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

Neil MacGregor
Accounting Officer

Sir Richard Lambert
Chair

2 July 2015

Museum Balance Sheet as at 31 March 2015

	Notes	2015 £000s	2014 £000s Restated
Fixed assets			
Tangible assets	7(b)	573,923	557,193
Heritage assets	8	77,613	71,547
Investments	9(a)	67,020	52,813
Investment in subsidiaries	10(a)	1,250	1,250
		719,806	682,803
Current assets			
Debtors	11	36,364	42,783
Cash in bank and in hand	9(c)	6,111	15,109
		42,475	57,892
Creditors: amounts falling due within one year	12	(54,479)	(65,606)
Net current assets		(12,004)	(7,714)
Total assets less current liabilities		707,802	675,089
Creditors: amounts falling due after more than one year	12	(1,503)	(1,187)
Provision for liabilities and charges	13	(45)	(98)
Net assets		706,254	673,804
Represented by:			
Permanent endowments		13,274	12,140
Restricted funds		680,035	642,699
Unrestricted funds			
Designated funds		486	519
General funds		12,459	18,446
		12,945	18,965
Total funds	15(a)	706,254	673,804

The prior year figures have been restated to disclose creditors: amounts falling due after more than one year separately.

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

Neil MacGregor
Accounting Officer

2 July 2015

Sir Richard Lambert
Chair

Consolidated Cash Flow Statement

For the year ended 31 March 2015

	Notes	2015 £000s	2014 £000s
Net cash inflow from operating activities	16(a)	13,273	23,813
Returns on investments and servicing of finance:			
Interest received	3	478	1,169
Dividends received	3	335	196
Rents receivable	3	60	102
Net cash inflow from returns on investments and servicing of finance		873	1,467
Investing activities:			
Capital expenditure and financial investments:			
Sale of fixed asset investments	9(a)	24,938	86,968
Purchase of tangible fixed assets	7(a)	(7,867)	(45,843)
Purchase of heritage assets	8	(3,037)	(2,632)
Purchase of fixed asset investments	9(a)	(37,038)	(65,779)
Net cash outflow from investing activities		(23,004)	(27,286)
Management of liquid resources			
Increase in short term investments	9(b)	(839)	(2,331)
Decrease in cash	16(c)	(9,697)	(4,337)

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 (FREM), Museum and Galleries Act 1992, the Accounts Direction issued by the Secretary of State for Culture, Media and Sport, 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. Where there is a conflict between the requirements of the SORP and the FREM, the SORP has been followed with additional disclosure provided to comply with the FREM.
- (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 recent reductions in the government grant, 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 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 expected to be spent in fulfilling the contract. The costs incurred in reaching this 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 prepayments and accrued income or accruals and deferred income.

- (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 a 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.

Galleries are revalued annually using relevant indices provided by the Office for 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
Galleries	10 to 25 years
Plant and machinery	10 to 35 years
Furniture, fit out and equipment	1 to 20 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.

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 annually by independent valuers in accordance with the RICS Appraisal and Valuation manual.

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 2012. Details may be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.gov.uk).

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 1.5% 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 No 17 Retirement Benefits in note 19.

(n) *Taxation*

The BM, BMCo 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. BMV and BMGC donate their profits to their respective charitable parents.

(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 2015 £000s	Total 2014 £000s
Unrestricted revenue	38,967	39,855
Restricted revenue (Portable Antiquities Scheme)	1,256	1,315
Restricted capital (core)	2,992	2,692
	43,215	43,862

3. INVESTMENT INCOME AND RENT RECEIVABLE

	Total 2015 £000s	Total 2014 £000s
Income from UK bank deposits	99	150
Income from UK fixed interest investments	379	680
Income from UK investment funds	326	11
Income from overseas investment funds	9	524
	813	1,365
Rents receivable	60	102
	873	1,467

4 ANALYSIS OF INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Total 2015 £000s	Total 2014 £000s
Care, research and conservation	5,090	5,878
Public access and events	374	859
Charitable trading	18,208	23,449
	23,672	30,186

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.

EU funding of £3,925k is included in income in the current year. EU funding of £1,500 was included in the prior year.

5. NET INCOMING RESOURCES BEFORE TRANSFERS

is stated after charging:	2015 £000s	2014 £000s
Auditors' remuneration: Comptroller and Auditor General audit fee	53	53
Auditors' remuneration: Subsidiary companies audit fee	48	48
Operating lease rentals: Hire of plant and machinery	11	3
Operating lease rentals: Land and buildings	158	194
Loss on disposal of fixed assets	175	15
Movement on bad debt provision	33	31

There were no non-audit services provided by Comptroller and Auditor General during 2014/15 (2013/14: nil).

6. TOTAL RESOURCES EXPENDED

6(a)	Direct	Grants	Depreciation	Support	Total	Total
	Costs			Costs	2015	2014
	£000s	£000s	£000s	£000s	£000s	£000s
Care, research and conservation	35,955	13,606	6,422	3,137	59,120	67,573
Public access and events	14,107	163	4,723	1,179	20,172	19,092
Charitable trading	10,518	–	735	492	11,745	12,081
Charitable activities	60,580	13,769	11,880	4,808	91,037	98,746
Costs of generating voluntary income	979	–	18	146	1,143	922
Commercial trading activities	11,406	–	–	558	11,964	11,211
Investment management costs	40	–	–	5	45	244
Governance costs	383	–	5	27	415	416
	73,388	13,769	11,903	5,544	104,604	111,539

The main elements of the grant figure are as follows:

- Grants totalling £12m (2013/14: £18m) to the British Museum Trust Limited, restricted for furtherance of the British Museum's charitable objectives;
- Grants of £1m (2013/14: £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 (2013/14: £0.2m) from restricted funding as part of research in the field of bioarchaeology.

Costs of the BM and the BMGC 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	2015	2014
		Services	Resources	Services	Total	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Care, research and conservation	796	1,385	849	107	3,137	2,905
Public access and events	289	214	600	76	1,179	1,041
Charitable trading	244	147	90	11	492	347
Charitable activities	1,329	1,746	1,539	194	4,808	4,293
Costs of generating voluntary income	21	74	45	6	146	119
Commercial trading activities	124	255	159	20	558	610
Investment management costs	1	4	–	–	5	5
Governance costs	8	11	7	1	27	29
	1,483	2,090	1,750	221	5,544	5,056

6(c) Governance costs

Analysis of direct governance costs:	2015 £000s	2014 £000s
Staff costs	120	118
British Museum auditor's remuneration	53	53
Subsidiary charities auditors' remuneration	48	48
Professional services	5	4
Internal audit costs	84	91
Cost of meetings	72	68
Reimbursement of trustee expenses	1	-
	383	382

6(d) Staff costs

	2015 £000s	2014 £000s
Wages and salaries	28,669	28,867
Social security costs	2,228	2,257
Pension costs	4,869	4,653
Agency staff costs	2,558	2,191
Early retirement and redundancy costs	423	177
	38,747	38,145

In addition to the total above, £211k (2013/14: £7k) 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:

	2015	2014
£60,001 – £70,000	21	14
£70,001 – £80,000	6	6
£80,001 – £90,000	3	2
£90,001 – £100,000	-	2
£100,001 – £110,000	2	-
£110,001 – £120,000	1	1
£120,001 – £130,000	-	1
£130,001 – £140,000	1	-
£180,001 – £190,000	1	1
£190,001 – £200,000	-	1*

28 staff (2013/14: 24) whose emoluments amounted to more than £60,000 in the year are members of a defined benefit scheme and 6 staff (2013/14: 4) are members of a defined contributions scheme. Contributions of £40k (2013/14: £27k) were paid on behalf of the members of the defined contribution scheme.

* The 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:

	Agency and contract		
	Staff	staff	Total
2015			
Care, research and conservation	414	16	430
Public access and events	295	73	368
Charitable trading	85	17	102
Generating voluntary income	25	2	27
Commercial trading activities	119	10	129
Governance	3	–	3
	941	118	1,059
2014			
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
	964	77	1,041

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 2014/15	Total number of exit packages for 2013/14
0 – 24,999	–	14	14	6
25,000 – 49,999	–	5	5	1
50,000 – 74,999	–	1	1	–
75,000 – 99,999	–	2	2	–
125,000 – 149,999	–	–	–	1
Total	–	22	22	8
Total cost (£000)	–	530	530	220

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.

6(g) Trustees:

The Trustees neither received nor waived any emoluments during the year (2013/14: £nil). All Trustees are entitled to be reimbursed for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2014/15, 3 Trustees (2013/14: 2) were reimbursed £846 in aggregate (2013/14: £436). The costs borne by the BM associated with trustee meetings are disclosed under governance costs at note 6(c).

6(h) 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** For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months:

Number that have existed for less than one year at time of reporting	1
Number that have existed for between one and two years at time of reporting	1
Number that have existed for between three and four years at time of reporting	3
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Each year, the BM ensures that assurance regarding the income tax and NICS obligations of off-payroll appointees has been received for all those engaged with more than six months of elapsed service as at 23 August; the anniversary of the date of implementation of this government requirement.

- b** For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months:

Number of new engagements, or those reaching 6 months in duration, during the period	2
Number of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	2
Number for whom assurance has been requested	2
Of which:	
Number for whom assurance has been received	2
Number for whom assurance has not been received	-
Number that have been terminated as a result of assurance not being received	n/a

- c** For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2014 and 31 March 2015:

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	-
Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility" during the financial year	27
	<hr/> 27

7. TANGIBLE FIXED ASSETS

7(a) Consolidated tangible fixed assets

	Land £000s	Buildings £000s	Assets in the Course of Construction £000s	Galleries £000s	Plant and Machinery £000s	Equipment £000s	Total £000s
Current Cost							
At 1 April 2014	131,020	312,617	3,781	30,314	93,108	11,396	582,236
Additions during the year	–	319	3,858	479	2,052	1,159	7,867
Disposals during year	–	–	(92)	–	–	(1,571)	(1,663)
Transfer	–	–	(3,180)	202	1,516	1,462	–
Revaluation adjustment	10,859	1,598	–	148	(895)	–	11,710
At 31 March 2015	141,879	314,534	4,367	31,143	95,781	12,446	600,150
Depreciation							
At 1 April 2014	–	–	–	(15,793)	–	(7,785)	(23,578)
Disposals during year	–	–	–	–	–	1,488	1,488
Provided during the year	–	(3,730)	–	(1,441)	(5,288)	(1,444)	(11,903)
Revaluation adjustment	–	3,730	–	(75)	5,288	–	8,943
At 31 March 2015	–	–	–	(17,309)	–	(7,741)	(25,050)
Net Book Value							
At 31 March 2015	141,879	314,534	4,367	13,834	95,781	4,705	575,100
At 31 March 2014	131,020	312,617	3,781	14,521	93,108	3,611	558,658

7(b) Museum tangible fixed assets

	Land £000s	Buildings £000s	Assets in the Course of Construction £000s	Galleries £000s	Plant and Machinery £000s	Equipment £000s	Total £000s
Current Cost							
At 1 April 2014	131,020	312,617	3,701	30,314	93,108	7,386	578,146
Additions during the year	–	319	3,858	479	2,052	913	7,621
Disposals during year	–	–	(92)	–	–	(989)	(1,081)
Transfer	–	–	(3,100)	202	1,516	1,382	–
Revaluation adjustment	10,859	1,598	–	148	(895)	–	11,710
At 31 March 2015	141,879	314,534	4,367	31,143	95,781	8,692	596,396
Depreciation							
At 1 April 2014	–	–	–	(15,793)	–	(5,160)	(20,953)
Disposals during year	–	–	–	–	–	909	909
Provided during the year	–	(3,730)	–	(1,441)	(5,288)	(913)	(11,372)
Revaluation adjustment	–	3,730	–	(75)	5,288	–	8,943
At 31 March 2015	–	–	–	(17,309)	–	(5,164)	(22,473)
Net Book Value							
At 31 March 2015	141,879	314,534	4,367	13,834	95,781	3,528	573,923
At 31 March 2014	131,020	312,617	3,701	14,521	93,108	2,226	557,193

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

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 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 (2013/14: £1,850k) and £3,480k (2013/14: £3,390k) respectively.

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 to be 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, more than 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.
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.

	2014/15 – £000s		
	Donated	Purchased	Total
Opening balance	45,443	26,104	71,547
Additions	3,029	3,037	6,066
Closing balance	48,472	29,141	77,613
 2013/14 – £000s			
	Donated	Purchased	Total
Opening balance	38,090	23,472	61,562
Additions	7,353	2,632	9,985
Closing balance	45,443	26,104	71,547
 2012/13 – £000s			
	Donated	Purchased	Total
Opening balance	31,147	22,378	53,525
Additions	6,943	1,094	8,037
Closing balance	38,090	23,472	61,562
 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	31,147	22,378	53,525
 2010/11 – £000s			
	Donated	Purchased	Total
Opening balance	25,451	16,575	42,026
Additions	3,987	3,579	7,566
Closing balance	29,438	20,154	49,592

* 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.

9. INVESTMENTS

9(a) Fixed asset investments – Group and Museum

Investments comprised the following:

	2015 £000s	2014 £000s
Investment assets in the UK:		
Investment funds	54,473	30,279
Fixed income	5,385	12,799
Investment assets outside the UK:		
Investment funds	109	1,498
Unlisted equities	3,637	4,977
Investment properties	3,416	3,260
	<hr/> 67,020	<hr/> 52,813
Investments at 1 April	52,813	75,142
Additions	37,038	65,779
Disposals	(24,938)	(86,968)
Gain / (loss) in value	2,107	(1,140)
Investments at 31 March	<hr/> 67,020	<hr/> 52,813

All investments are stated at fair value at 31 March 2015. 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 \$1.0m (£0.7m) in unlisted equities outside the UK under subscription agreements with one investment manager.

The valuation of the BM's investment properties at open market value as at 31 March 2015 was carried out by Kinney Green. The valuation is in accordance with the RICS Appraisal and Valuation Manual.

9(b) Current Asset Investments

	Group 2015 Cost £000s	Group 2014 Cost £000s	Museum 2015 Cost £000s	Museum 2014 Cost £000s
Short term cash deposits	5,869	5,030	–	–

9(c) Cash at bank and in hand

	Group 2015 £000s	Group 2014 £000s	Museum 2015 £000s	Museum 2014 £000s
Balance with the Government Banking Service	–	4,684	–	4,684
Balance with commercial banks and in hand	12,095	17,059	6,111	10,425
	<hr/> 12,095	<hr/> 21,743	<hr/> 6,111	<hr/> 15,109

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	BMC	BMGC	BM Intercompany Transactions		Total
	2014/15 £000s	2014/15 £000s	2014/15 £000s	2014/15 £000s	2014/15 £000s	2014/15 £000s
Incoming resources						
Grant-in-aid	–	–	–	43,215	–	43,215
Donations and legacies	–	–	–	41,020	(13,418)	27,602
Commercial trading activities	62	8,175	15,596	–	(1,037)	22,796
Investment income and rent receivable	8	50	37	778	–	873
Incoming resources from charitable activities	4,866	7,615	–	13,318	(2,127)	23,672
	4,936	15,840	15,633	98,331	(16,582)	118,158
Resources expended						
Charitable activities	(1,288)	(6,082)	–	(86,619)	2,952	(91,037)
Costs of generated voluntary income	(21)	–	–	(1,122)	–	(1,143)
Commercial trading activities*	–	(5,784)	(5,620)	(560)	–	(11,964)
Investment management costs	–	–	–	(45)	–	(45)
Contribution/grants to the BM	(3,650)	–	(9,980)	–	13,630	–
Governance costs	(11)	(27)	(33)	(344)	–	(415)
	(4,970)	(11,893)	(15,633)	(88,690)	16,582	(104,604)
Net incoming resources before other recognised (losses)/gains	(34)	3,947	–	9,641	–	13,554
Gain on revaluation of fixed assets	–	–	–	20,653	–	20,653
Unrealised/realised investment gains	–	–	–	2,156	–	2,156
Actuarial loss on defined benefit scheme	–	(3,723)	–	–	–	(3,723)
Net movement in funds	(34)	224	–	32,450	–	32,640

* In the Consolidated Statement of Financial Activities, costs of commercial trading activities include a corporation tax charge of £10k for BMGC. The profit for the year before taxation of BMGC is £10k and the profit after taxation is nil.

	BMF	BMC	BMGC	BM Intercompany Transactions		Total
	2013/14 £000s	2013/14 £000s	2013/14 £000s	2013/14 £000s	2013/14 £000s	2013/14 £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
	4,860	17,479	16,877	125,065	(20,226)	144,055
Resources expended						
Charitable activities	(1,158)	(6,467)	–	(94,276)	3,155	(98,746)
Costs of generating 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)
	(3,816)	(14,637)	(16,915)	(96,397)	20,226	(111,539)
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	1,044	2,322	(38)	77,903	–	81,231

Net incoming resources of the BMF is stated after charging staff costs of £0 (2013/14: £0) and depreciation of tangible fixed assets of £0 (2013/14: £0). Net incoming resources of the BMC is stated after charging staff costs, including agency, of £3,337k (2013/14: £3,371k) and depreciation of tangible fixed assets of £485k (2013/14: £384k). The operating profit of the BMGC is stated after charging staff costs of £0 (2013/14: £0) and depreciation of tangible fixed assets of £46k (2013/14: £44k).

10(c) Financial position of consolidated entities

Net assets at 31 March 2015 comprise:

	BMF 2014/15 £000s	BMC 2014/15 £000s	BMGC 2014/15 £000s	BM 2014/15 £000s	Intercompany Transactions 2014/15 £000s	Total 2014/15 £000s
Fixed assets	1	1,076	100	719,806	(1,250)	719,733
Current assets	2,485	14,220	22,206	42,475	(20,015)	61,371
Creditors due within one year	(778)	(1,988)	(21,152)	(54,479)	20,076	(58,321)
Creditors due after one year	(71)	(8,494)	(640)	(1,548)	(61)	(10,814)
Net assets	1,637	4,814	514	706,254	(1,250)	711,969

Net assets at 31 March 2014 comprise:

	BMF 2013/14 £000s	BMC 2013/14 £000s	BMGC 2013/14 £000s	BM 2013/14 £000s	Intercompany Transactions 2013/14 £000s	Total 2013/14 £000s
				Restated	Restated	
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)	(20,166)	(65,606)	25,864	(65,529)
Creditors due after one year	(78)	(5,160)	(565)	(1,285)	–	(7,088)
Net assets	1,671	4,590	514	673,804	(1,250)	679,329

The current assets of BMC include £2,033k (2013/14: £2,308k) of stock which comprises £48k (2013/14: £35k) of work in progress and £1,985k (2013/14: £2,273k) of finished goods and goods for resale.

The prior year figures have been restated to disclose creditors: amounts falling due after more than one year separately.

11. DEBTORS

	Group 2015 £000s	Group 2014 £000s	Museum 2015 £000s	Museum 2014 £000s
Trade debtors	15,579	14,225	816	2,032
Other debtors	1,899	1,523	751	1,138
Prepayments and accrued income	22,598	21,890	21,660	21,505
Taxation and social security	1,298	2,209	1,646	2,969
Amount due from subsidiaries	–	–	11,491	15,139
	41,374	39,847	36,364	42,783

The debtors include £4,051k with central government (2013/14: £4,494k), £439k balances with local government (2013/14: £5k) and £1k with public corporations (2013/14: £nil).

12. CREDITORS

	Group 2015 £000s	Group 2014 £000s	Museum 2015 £000s	Museum 2014 £000s
Amounts falling due within one year:		Restated*		Restated*
Trade creditors	4,631	7,781	4,172	6,673
Other creditors	2,090	2,309	1,993	2,267
Taxation and social security	825	811	815	752
Early retirement	334	362	334	362
Other provisions falling due within one year	974	1,096	974	1,096
Accruals	16,169	21,986	15,771	21,506
Deferred income	33,298	31,184	22,886	23,528
Amount due to subsidiaries	-	-	7,534	9,422
	58,321	65,529	54,479	65,606

The creditors include £2,009k with central government departments (2013/14: £1,428k), £343k with local government (2013/14: £86k), £17k with NHS Trusts (2013/14: £4k) and £nil balances with public corporations (2013/14: £nil).

	Group 2015 £000s	Group 2014 £000s	Museum 2015 £000s	Museum 2014 £000s
Amounts falling due after more than one year:		Restated*		Restated*
Deferred income	2,214	1,830	1,503	1,187

* The prior year figures have been restated to disclose creditors: amounts falling due after more than one year separately. The Group deferred income falling due in greater than one year relates to sponsorship, loan fees and corporate partners, recognised over the term of the contracts, and life membership fees which are recognised over the expected length of the lifetime memberships. The Museum deferred income falling due in great than one year relates to sponsorship and loan fees, recognised over the term of the contract.

The movement on the deferred income account is as follows:

	Group 2015 £000s	Group 2014 £000s	Museum 2015 £000s	Museum 2014 £000s
Deferred income at 1 April	33,014	27,531	24,715	25,148
Released in year	(4,070)	(5,217)	(1,980)	(3,601)
Deferred in year	6,568	10,700	1,654	3,168
Deferred income at 31 March	35,512	33,014	24,389	24,715

13. PROVISIONS AND CHARGES – GROUP AND MUSEUM

Early retirement and voluntary redundancy commitments at 31 March 2015 are as follows:

	Group 2015 £000s	Group 2014 £000s	Museum 2015 £000s	Museum 2014 £000s
Early retirement provision brought forward	460	601	460	601
Provision made in year	5	104	5	104
Payments in year	(86)	(245)	(86)	(245)
	379	460	379	460
Less current portion – included in creditors amounts falling due within one year	(334)	(362)	(334)	(362)
	45	98	45	98

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. £334k is payable in the next year and £45k is payable between 2016/17 and 2019/20.

Other provisions for liabilities and charges at 31 March 2015 are as follows:

	Group 2015 £000s	Group 2014 £000s	Museum 2015 £000s	Museum 2014 £000s
At 1 April	1,096	1,169	1,096	1,169
Arising during the year	71	148	10	148
Utilised during the year	(126)	(193)	(126)	(193)
Reversed unused	(6)	(28)	(6)	(28)
	1,035	1,096	974	1,096
Less current portion – included in creditors amounts falling due within one year	(974)	(1,096)	(974)	(1,096)
	61	–	–	–
Total provision for liabilities and charges	106	98	45	98

Of the seven provisions included in the Group, five relate to legal claims, one relates to the potential return of fund to the Paul Hamlyn Foundation (note 15(a)) and one relates to redundancy.

14. FINANCIAL COMMITMENTS

At 31 March 2015 the British Museum had annual commitments under operating leases as follows:

	Land and Buildings 2015 £000s	Plant and Machinery 2015 £000s
Leases which expire: within one year	–	45
in the second to fifth year	104	104
	104	149

	Land and Buildings 2014 £000s	Plant and Machinery 2014 £000s
	–	1
	104	10
	104	11

15(a) STATEMENT OF FUNDS

SOFA Classification	At 1 April 2014	Net movement on investments and revaluation				Transfers between funds	At 31 March 2015
		Income	Expenditure	£000s	Movement during year		
<i>Permanent endowment funds PE</i>							
Collection acquisitions fund CA	12,140	–	(315)	1,475	1,160	(26)	13,274
Collection purchase fund RC	71,547	3,029	–	–	3,029	3,037	77,613
Fixed asset revaluation fund RC	2,605	2,130	(234)	59	1,955	(2,448)	2,112
Fixed asset fund RC	348,925	–	–	20,653	20,653	–	369,578
Estates proceeds RC	208,268	–	(11,544)	–	(11,544)	7,621	204,345
Construction projects fund RC	3,518	2	(1)	92	93	–	3,611
Restricted income trust funds RR	(11,874)	20,054	(1,516)	171	18,709	(6,816)	19
Deferred income fund RR	3,486	317	(101)	117	333	(300)	3,519
British Museum Company RR	16,224	9,161	(6,306)	263	3,118	(104)	19,238
British Museum Friends RR	–	150	(150)	–	–	–	–
	–	50	–	–	50	(50)	–
	642,699	34,893	(19,852)	21,355	36,396	940	680,035
<i>Unrestricted funds: BM</i>							
<i>Designated:</i>							
WCEC UC	–	–	(4,742)	–	(4,742)	4,742	–
Designated trust funds UR	519	7	(32)	(3)	(28)	(5)	486
	519	7	(4,774)	(3)	(4,770)	4,737	486
<i>General:</i>							
Investment estate UC	3,260	–	–	156	156	–	3,416
Unrestricted trust funds UR	8,157	195	(7)	(49)	139	–	8,296
General funds UR	7,029	48,248	(62,565)	(124)	(14,441)	8,159	747
	18,446	48,443	(62,572)	(17)	(14,146)	8,159	12,459
<i>Unrestricted funds: subsidiaries</i>							
BMCo UR	2,514	15,316	(10,572)	(3,724)	1,020	(546)	2,988
BMCo fixed assets UC	1,326	–	–	–	–	(250)	1,076
BMF UR	1,670	4,840	(866)	–	3,974	(4,008)	1,636
BMF fixed assets UC	1	–	–	–	–	–	1
BMGC UR	(124)	14,659	(5,653)	–	9,006	(8,968)	(86)
BMGC fixed assets UC	138	–	–	–	–	(38)	100
	5,525	34,815	(17,091)	(3,724)	14,000	(13,810)	5,715
<i>Unrestricted funds: group</i>	24,490	83,265	(84,437)	(3,744)	(4,916)	(914)	18,660
Total funds	679,329	118,158	(104,604)	19,086	32,640	–	711,969

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 British Museum Co Ltd reserve includes a liability on a defined benefit pension scheme of £8.5m (2013/14 £5.2m), see note 19 for further details.

	2015 £000s	2014 £000s
Investments at fair value	67,020	52,813
Investments at historic cost	60,778	48,241
Fair value reserve	6,242	4,572

The investment properties of fair value of £3,416k (2013/14: £3,260k) 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 2015 £000s	Total 2014 £000s
Fund balances at 31 March 2015 are represented by:					
Tangible fixed assets	–	573,923	1,177	575,100	558,658
Heritage assets	–	77,613	–	77,613	71,547
Fixed asset investments	13,167	34,353	19,500	67,020	52,813
Net current assets / (liabilities)	107	(5,854)	8,797	3,050	3,399
Early retirement and other provision	–	–	(106)	(106)	(98)
Creditors: amounts falling due after more than one year	–	–	(2,214)	(2,214)	(1,830)
Liability on defined benefit pension scheme	–	–	(8,494)	(8,494)	(5,160)
Total net assets	13,274	680,035	18,660	711,969	679,329

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.

* The prior year figures have been restated to disclose creditors: amounts falling due after more than one year separately.

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 the 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. An accrual has been made in the accounts to reflect the fact that, as at the year-end, the BM was in discussion about the transfer of the fund to the Linda Noe Laine Foundation.
<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 of 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 & the 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 & the 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	589	–	(400)	(189)	–
Capital asset purchases	799	(678)	(95)	(26)	–
Rationalisation of funds	4	–	42	(20)	(26)
Subsidiary transfers	2	(288)	(1)	287	–
Use of designated funds	–	5,420	–	(5,420)	–
Transfers as shown on the statement of funds note (15a)	1,394	4,454	(454)	(5,368)	(26)

16. CASH FLOW INFORMATION

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

	2015 £000s	2014 £000s
16(a) Net incoming resources before revaluations	13,554	32,516
Actuarial loss on defined benefit scheme	(3,723)	(520)
Gain on derivative financial instruments	–	855
Donated assets – collection items	(3,029)	(7,353)
Investment income	(873)	(1,467)
Depreciation	11,903	10,417
Loss on disposal of fixed assets	175	15
Decrease/(increase) in stocks	275	(291)
(Increase) in debtors	(1,527)	(1,053)
(Decrease) in creditors	(6,824)	(19,722)
Increase/(decrease) in provisions	8	(75)
Increase in pension fund liability	3,334	200
Impairment of fixed assets	–	10,291
Net cash inflow from operating activities	13,273	23,813
16(b) Reconciliation of net cash flow to movement in net funds		
	2015 £000s	2014 £000s
(Decrease) in cash in the period	(9,697)	(4,337)
Increase in liquid resources	839	2,331
Movement in net funds in the period	(8,858)	(2,006)
Foreign currency exchange rate difference	49	(166)
Net funds at 1 April	26,773	28,945
Net funds at 31 March	17,964	26,773

16(c) Analysis of net funds

	2014 £'000s	Cash Flow £'000s	Foreign Currency Exchange Rate Difference £'000s	2015 £'000s
Liquid resources:				
Short term deposits	5,030	839	–	5,869
Cash at bank and in hand	21,743	(9,697)	49	12,095
	<u>26,773</u>	<u>(8,858)</u>	<u>49</u>	17,964

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, the Historic Royal Palaces, the National Gallery, the Natural History Museum, the National Portrait Gallery, the Royal Armouries Museum, the Royal Museums Greenwich, Sir John Soane's Museum, Tate Britain, Victoria and Albert Museum, Wallace Collection and the 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 2015	Expenditure for the year ended 31 March 2015	Creditor balance as at 31 March 2015	Debtor balance as at 31 March 2015
			£'000s	£'000s	£'000s	£'000s
Leverhulme Trust	Niall FitzGerald KBE is Chair of the Leverhulme Trust and Gregory Woolf is a member of the Leverhulme Trust Research Awards Advisory Committee	Research grants	34	0	0	1,672
Arts and Humanities Research Council	Andrew Prescott is a fellow and Greg Woolf a member of the Advisory Board of the Arts and Humanities Research Council	Research grants	119	0	0	633
The American Friends of the British Museum	Mr Niall FitzGerald KBE was and Richard Lambert is an ex officio Director of the American Friends of the British Museum	Grants awarded during the year and administration costs associated with grant making	650	55	25	0
Pearson Plc	Sir Richard Lambert is a shareholder of Pearson Plc	Royalty income	66	0	0	0
Arts Council England	Christopher Yates is an independent member of the Performance and Audit Committee	Grant income	8	0	0	0
EY	Sir Richard Lambert is an independent non-executive director of Ernst & Young	Corporate partnership and professional services	32	32	32	32
Slaughter and May	The Hon Nigel Boardman is a partner of Slaughter and May	Pro bono legal services	1	0	0	0
The Art Fund	Dame Liz Forgan is a trustee of the Art Fund	Grants, primarily for collection purchases	302	2	1	22
Greenhill & Co. International LLP	Mr James Lupton is a partner of Greenhill & Co.	Corporate partnership	35	0	26	0

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2015	Expenditure for the year ended 31 March 2015	Creditor balance as at 31 March 2015	Debtor balance as at 31 March 2015
			£'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	0	325	192	0
BT Group Plc	Mr Gavin Patterson is Chief Executive of BT Group Plc	Telephone costs	20	75	32	0
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	0	79	0	1
British Airways Plc	Mr Gavin Patterson is a non-executive director of BA	Flight costs	0	24	0	0
Holdingham Group Limited	Mr Niall FitzGerald KBE is the Chair of the Advisory Board	Corporate partnership and professional services	35	35	35	35
University of Cambridge	Professor Sir Christopher Bayly was 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 paid	0	14	0	0
EDF Energy Plc	Sir Richard Lambert is Chair of the EDF Energy Stakeholder Panel	Electricity	0	1,635	120	0
University of Oxford	David Norgrove is a member of the University of Oxford's Council	Research grants	0	46	0	0
DLA Piper LLP	Baroness Wheatcroft of Blackheath is an advisor to DLA Piper LLP	Legal services	0	2	0	0
London Review of Books	Professor Linda Colley is a board member of the London Review of Books	Advertisements	0	7	2	0
Royal Anthropological Institute	Professor Clive Gamble is a trustee of the Royal Anthropological Institute	Research grants	1	0	0	44
British Library	Andrew Prescott is a member of Council, Friends of British Library	Loan of exhibits	1	12	0	0
Royal Bank of Scotland Group Plc	Ms Penny Hughes CBE is a Non-Executive Director, Royal Bank of Scotland Group Plc	Interest, gain and loss on investments	1	0	0	0
Thriplow Trust	Professor Sir Christopher Bayly was a trustee, Thriplow Trust	Research grants	5	0	0	0
Foreign Office	Sir Richard Lambert is a member of the Supervisory Board, Foreign Office	Overseas training programme	30	0	0	0
Financial Times	Baroness Wheatcroft of Blackheath is the Chairman, Financial Times Complaints Committee	Advertisements	0	3	0	0

Three trustees and their family members are members of the British Museum Friends and eight 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.

Members of the Art Fund are given discounted entry to the special exhibitions of the British Museum.

18. CAPITAL COMMITMENTS

At the balance sheet date the value of capital commitments was £5.7m (2013/14: £11.2m). 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 6.85% of pensionable earnings for classic and 3.5% and 8.85% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years 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 www.civilservicepensionscheme.org.uk

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha

For 2014/15 employer's contributions of £4,582,050 (2013/14: £4,392,039) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers contributions of £122,540 were paid to the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £8,763, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £12,890.

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 were £136k (2014: £110k).

Defined Benefit Scheme

The Company operates a defined benefit pension scheme for its employees who commenced their employment prior to 1 January 2000, the British Museum Company Limited Retirement Benefits Plan. The assets of the scheme are held separately from those of the Company and are managed by the BM Co Pension Trustee Company Limited.

Actuarial valuation

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

As at 31 March 2014, the date of the last completed full actuarial valuation, the scheme had 104 members, and the market value of the scheme was £10,784,000. The actuarial value of those assets was sufficient to cover 79% of the benefits that had accrued to members, after allowing for expected future increases in earnings on a statutory funding objective basis. Current and future contributions reflect the deficiency.

With effect from 1 April 2015, a schedule of contributions has been put in place to fund the scheme's defined benefits at the rate of 28.7% per annum of pensionable salary for scheme members together with a deficit reduction payment of £356k per annum from 1 April 2015 to 31 March 2021.

Employer's pension contributions to the scheme during the year totalled £395k (2014: £400k). The company expects to contribute approximately £385k to its defined benefit pension scheme in the year ending 31 March 2016.

FRS17 valuation

There are different ways of valuing a pension scheme. The valuation included in these accounts is based on the results of the last completed triennial actuarial valuation of the Plan as at 31 March 2014, updated to 31 March 2015 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:

	2015	2014
	£000s	£000s
Fair value of scheme assets	11,740	10,860
Present value of funded obligations	(20,234)	(16,020)
	<hr/>	<hr/>
	(8,494)	(5,160)

Amounts in the balance sheet are as follows:

	2015	2014
	£000s	£000s
Assets	—	—
Liabilities	(8,494)	(5,160)
	<hr/>	<hr/>
	(8,494)	(5,160)

The amounts recognised in the SOFA are as follows:

	2015 £000s	2014 £000s
Current service cost	(49)	(50)
Expected return on scheme assets	742	650
Interest costs	(699)	(680)
Total	<u>(6)</u>	<u>(80)</u>
Actual return on scheme assets	<u>790</u>	<u>420</u>

Changes in the present value of the defined benefit obligation:

	2015 £000s	2014 £000s
Opening value of defined benefit obligation	16,020	15,140
Current service cost	49	50
Interest cost	699	680
Contributions by scheme participants	2	–
Actuarial loss	3,775	290
Benefits paid	(311)	(140)
Closing value of defined benefit obligation	<u>20,234</u>	<u>16,020</u>

Changes in the fair value of the scheme assets:

	2015 £000s	2014 £000s
Opening value of scheme assets	10,860	10,180
Expected return	742	650
Contributions by employer	395	400
Contributions by scheme participants	2	–
Actuarial gain/(loss)	52	(230)
Benefits paid	(311)	(140)
Closing value of scheme assets	<u>11,740</u>	<u>10,860</u>

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

	2015	2014
Cash	0%	1%
Property	16%	16%
Target return funds	84%	83%

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

	2015	2014
Discount rate at 31 March	3.4%	4.4%
Expected return on scheme assets at 31 March	6.8%	6.3%
Future salary increases	3.0%	3.3%
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	3.0%	3.3%
Post 31 December 2007	2.5%	2.5%
RPI inflation	3.0%	3.3%
CPI inflation	2.0%	2.3%
Mortality – base table	S2PA	S1PA
Mortality – future improvements	CMI_2014	CMI_2013
Life expectancy of male aged 60 now	1.0%	0.5%
Life expectancy of male aged 60 in 20 years	86.7	85.9
Life expectancy of female aged 60 now	88.2	86.6
Life expectancy of female aged 60 in 20 years	88.9	88.2
	90.5	89.0

Amounts for current and previous four periods are as follows:

	2015 £000s	2014 £000s	2013 £000s	2012 £000s	2011 £000s
Defined benefit obligation	(20,234)	(16,020)	(15,140)	(13,550)	(11,650)
Scheme assets	11,740	10,860	10,180	8,980	8,260
Deficit	(8,494)	(5,160)	(4,960)	(4,570)	(3,390)
Experience adjustment on scheme liabilities*	390	—	—	—	—
Experience adjustment on scheme assets**	50	(230)	280	(80)	(100)

* Where positive numbers represent increases to the liabilities

** Where positive numbers represent increases to the assets

20. CONTINGENT LIABILITIES

The British Museum has no contingent liabilities at the year end (2013/14: nil).

21. FINANCIAL INSTRUMENTS

Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 March 2015, together with net gains and losses for each classification.

Group	Measured at cost £000s	Measured at fair value £000s	Total £000s
Investments	—	67,020	67,020
Trade debtors	15,579	—	15,579
Short-term investments	5,869	—	5,869
Cash at bank and in hand	12,095	—	12,095
Trade creditors	4,631	—	4,631
	38,174	67,020	105,194

Gains/(losses) on investment assets

	2015 £000s
Gains on derecognition of investments	437
Gains on retranslation of foreign denominated cash and investments	49
Total investment gains, recognisable in SOFA	486
Net movement in fair value of investments, taken to reserves	1,670
	2,156

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 37% (2013/14: 30%) 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 £18 million as at 31 March 2015 (2013/14: £27 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 £60 million (2013/14: £43 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 £000s	Fixed rate £000s	Non-interest bearing £000s	2015 £000s	2014 Total £000s
Sterling	16,024	600	282	16,906	26,518
US \$	38	–	239	277	241
Euro	78	–	703	781	14
	16,140	600	1,224	17,964	26,773

The weighted average interest rate on fixed rate financial assets is 0.78% (2013/14: 0.2%) and the weighted average period of deposit is 120 days (2013/14: 16 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 0.4% (2013/14: 0.8%) 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

The BM has very limited foreign currency risk, with only approximately 6% (2013/14: 7%) of the BM's financial assets denominated in currencies other than pounds sterling, the base currency for the BM's operations.

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

Currency	Value 2015	Value 2014
	£000s	£000s
US\$	4,023	5,341
Euro	774	13
Other	7	1
	4,804	5,355

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 2015 and the date the accounts were authorised for issue.

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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