Natural History Museum Annual Report and Accounts 2019-2020

HC 630

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Any enquiries related to this publication should be sent to us at **Natural History Museum, Cromwell Road, London, SW7 5BD.**

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The Trustees' Annual Report

Reference and administrative details

The Natural History Museum is a non-departmental public body, sponsored by the Department for Digital, Culture, Media and Sport (DCMS), and is an exempt charity as listed in Part 3 of the Charities Act 2011.

Principal Address The Natural History Museum, Cromwell Road, London, SW7 5BD.

Board Members The Board of Trustees comprises the following:

	Appointment period	Appointed by
The Lord Green of Hurstpierpoint (Chair)	To 31 March 2022	Prime Minister
Professor Sir John Beddington CMG FRS	To 31 March 2021	Co-opted
Harris Bokhari OBE	To 10 May 2024	Prime Minister
Dame Frances Cairncross DBE FRSE	To 31 March 2024	Co-opted
Professor Yadvinder Malhi FRS	To 10 May 2024	Prime Minister
Hilary Newiss	To 4 January 2023	Prime Minister
Robert Noel	To 24 April 2024	Prime Minister
Simon Patterson	To 4 January 2023	Prime Minister
Professor Sir Stephen Sparks KBE FRS	To 31 December 2022	Royal Society
Professor Dame Janet Thornton DBE FRS	To 30 March 2024	Prime Minister
Dr Kim Winser OBE	To 17 February 2021	Prime Minister

The Trustees' register of interests is available at http://www.nhm.ac.uk/about-us/governance.html

Museum Director and Accounting Officer Sir Michael Dixon

Bankers National Westminster Bank plc, 186 Brompton Road, London, SW3 1HQ.

Auditors Comptroller and Auditor General, National Audit Office, 157-197 Buckingham Palace Road, London SW1W 9SP

Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD
(for subsidiary accounts)

Solicitors Farrer & Co., 66 Lincoln's Inn Fields, London, WC2A 3LH

Accounts Preparation The annual report and accounts have been prepared in accordance with the accounting policies set out in note 1 (page 40). They comply with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Government Financial Reporting Manual, and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Digital, Culture, Media and Sport, with the approval of HM Treasury.

Structure, governance and management

Status The Trustees of The Natural History Museum were established as a body corporate under the British Museum Act 1963, when the Museum was formally separated from the British Museum, of which it had been a part since the British Museum's establishment in 1753. The Museum is also an exempt charity as listed in Part 3 of the Charities Act 2011.

Statutory duties

Under Section 3 of the British Museum Act 1963, the Museum is responsible for keeping its collections and making them available for inspection by the public.

The Board of Trustees

The Museum is governed by a Board of 12 Trustees who are appointed by the Prime Minister (8), the Secretary of State for Digital, Culture, Media and Sport on recommendation by the President of the Royal Society (1) or co-opted by the Board of Trustees themselves (3). Those appointed by the Prime Minister are appointed by open competition.

Further details of Trustees who served during 2019-20 are included in the Governance Statement.

Organisational structure

During the year responsibility and delegated authority for the management of the Museum rested with the Executive Board, under the leadership of the Director of the Museum, who is appointed by the Trustees, and, as the Accounting Officer, is responsible to Parliament.

The Executive Board reflects the functional operation of the Museum and consists of:

Director of the Museum	Sir Michael Dixon
Executive Director of Finance and Corporate Services	Neil Greenwood
Executive Director of Development	Fiona McWilliams
Executive Director of Engagement	Clare Matterson CBE
Executive Director of Science	Dr. Tim Littlewood (from May 2019)
Interim Director of Science	Professor Richard Herrington (until May 2019)

Sir Michael Dixon will retire from the role of Director of the Museum and Accounting Officer on 30 September 2020. Dr Douglas Gurr has been appointed as his successor.

The Natural History Museum has three wholly owned subsidiaries.

The Natural History Museum Trading Company Ltd is a limited company and its directors are The Lord Green of Hurstpierpoint, Sir Michael Dixon, and Neil Greenwood.

The Natural History Museum Special Funds Trust and The Natural History Museum Benevolent Fund are entities administered by the Natural History Museum and governed by the Natural History Museum's Board of Trustees.

Staff and organisation

The Museum is an Equal Opportunity Employer and has agreed statements of policy under section 2(3) of the Health and Safety at Work Act, 1974.

Senior management communicate with staff through regular Museum wide presentations, Museum notices and team briefings, through the Museum's Health and Safety organisation and Whitley Council mechanisms as well as through informal meetings.

The Museum is a non-departmental public body and follows policy issued by the Cabinet Office on employment of disabled staff.

During the year the Museum employed 887 staff (average full time equivalents) (2019: 872), of which 689 (2019: 671) were on permanent contracts.

The average days' sickness per year for permanent and fixed term contract staff was 5.7 days per full time equivalent (2019: 4.3).

Pension benefits are predominantly provided through the Principal Civil Service Pension Scheme (see note 7 to the accounts). Since 1 April 2017, new employees

have been auto enrolled into the NHM Pension Scheme which is a defined contribution scheme provided by Aviva.

A volunteer force of c500 people assisted the Museum during 2019-20.

The split of permanent and fixed term staff (excluding agency staff) by gender at 31 March 2020 was:

	Female	Male
Directors	2	3
Other employees	540	391

Ten self-employed individuals (2019: eight) were engaged off-payroll during the year for more than £245 per day in arrangements spanning more than six months. Of these ten, five have been engaged for less than one year, including those that reached six months in duration between 1 April 2019 and 31 March 2020. One had been engaged for between one and two years, two have been engaged for between two and three years and two have been engaged for between three and four years. None were deemed to be applicable to IR35. None were reassessed for consistency / assurance purposes during the year and no engagements saw a change to their IR35 status.

Consultancy appointments related to training courses, public engagement shows, HR consultancy and collections storage work on an intermittent basis meaning it was not appropriate to administer these individuals through payroll. The Museum conducted risk-based assessments and obtained assurances that these individuals were meeting their Income Tax and National Insurance obligations.

No costs were incurred during the year (2019: none) on consultancy deemed to be of a strategic nature.

Five individual staff members (FTE: five) were relevant union officials during 2019-20. Working hours spent on facility time fell within the 1-50% band for all individuals and no hours were spent on paid trade union activities. The amount paid in respect of facility time to employees who were relevant union officials equated to 0.03% of the total pay bill.

Openness and accountability

The Museum is committed to openness and facilitating easy access to all types of recorded information about its collections, services and corporate activities. In particular, the Museum has a Publication scheme, in accordance with schedule 19 of the Freedom of Information Act 2000, which lists the information made available on a proactive basis.

The Publication scheme is only part of the provision for access to information available under the Act. Any information which is not covered by an exemption will be made available on request.

The minutes of Board meetings and the register of Board members' interests are open to inspection by the public.

The Museum operates and regularly publicises a whistleblowing service for staff. There were no calls to the service during 2019-20.

Relationship with DCMS

As a non-departmental public body, the Museum is sponsored by DCMS. This relationship is formalised via the Funding Agreement and a Management Agreement.

The Secretary of State for Digital, Culture, Media and Sport acts as the principal regulator for the Museum as an exempt charity.

Group entities

The Museum's accounts are a consolidation of the following:

- The Natural History Museum;
- The Natural History Museum Trading Company Ltd.;
- The Natural History Museum Special Funds Trust; and
- The Natural History Museum Benevolent Fund.

Objectives and Activities

Mission and Vision

Our mission is to create advocates for the planet.

Our vision is of a future where both people and the planet thrive. To achieve this, we will harness the powerful combination of our three key assets: our collection, our scientific research and our reach to a worldwide audience.

Objectives

We face a planetary emergency. Humanity's future depends on the natural world, but we are not taking effective action to combat our destructive impact on the planet's survival systems. Global warming, biodiversity loss and extinctions, habitat destruction, waste, plastic, air and water pollution, erosion, soil loss, deforestation, desertification, ocean acidification, the loss of coral reefs and other crises all flow from unsustainable human activity. By threatening Earth's natural systems, we threaten our own future. We must act now, we must act on scientific evidence and we must act together.

Our new strategy to 2031, the 150th anniversary of the Natural History Museum opening at South Kensington, was published in January 2020. It sets out the part the Natural History Museum will play as a global, scientific and cultural leader. Our five interlinked strategic priorities will drive our activities over the next 12 years. These are:

- Secure the future of our collection: ensuring our collection is safe, accessible and digitally available – for future innovations and generations.
- Transform the study of natural history: applying technological innovations to our collections, collecting and science, bringing benefits to people and planet. Training future generations of scientists.
- Develop our gardens and galleries: creating new spaces, inside and out, combining heritage and experience to connect to nature.
- Engage and involve the widest possible audience: reaching out nationally and globally, onsite and online to create advocates for the planet.
- Create a resilient and sustainable organisation: investing in people, technology and our estate. Striving towards financial and environmental sustainability.

New focus areas will enable us to combine our key assets and make a step change by 2031. Three early focus areas being developed are:

- UK Biodiversity: partnering in the Darwin Tree of Life Project to read the genomes of complex species in the UK as part of the Earth BioGenome Project, and, through our Urban Nature Project, working with partners and communities to tackle the pressing challenges being faced by the UK's urban nature.
- Lessons from the Dinosaurs: using dinosaurs to build understanding of critical concepts such as extinction, change, adaptation and diversity from a young age and working towards our long term ambition of creating a new world-leading dinosaur gallery which helps the public understand the present and the future that we are currently heading towards.

- The Age of Humans: explain how humans are the single most influential species on the planet, and focussing our science and engagement to help people understand what our planet has undergone in the past, how life has responded to environmental changes, and in so doing finding ways to more effectively predict, plan and effect change for the future.

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

Achievements and activities during 2019-20

The Museum buildings at South Kensington and Tring were closed to the visiting public from 18 March 2020 in response to the COVID-19 crisis. However, visits in total were still over 5.3m for the year and until closure were in line with last year's numbers.

There was the very welcome news in the Budget on 11 March 2020 that, the Government is pledging £180 million from 2020-21 onwards to the Museum to create a new science and digitisation centre at Harwell Science and Innovation Campus in Oxford, which will also provide collections storage facilities for a significant part of the collection. This is core to the Museum's purpose and reflects work undertaken over the last five years to determine the best way forward. As highlighted in previous annual reports the Museum faces a real and growing threat to safeguard the collection and deliver a world class experience for over five million UK and international visitors each year in to Victorian buildings at South Kensington which are in need of significant repair and investment. This remains a challenge but the move of collections will enable the masterplanning of the essential work at South Kensington to commence.

The inspiring exhibitions, partnerships and scientific advances of the past year speak to the dedication and talent of our staff and volunteers, and the valued support of our many donors, partners and funders. Highlights for 2019-20 included:

London

Inspiring Visitors

Visits to the Natural History Museum again broke the five million mark, with 5,189,751. Although historically this is high it is down 159,621 from last year, likely because we closed 14 days early as a result of the COVID-19 safety measures.

We remain in the top four UK visitor attractions. More than 2 million visitors enjoyed Luke Jerram's Moon installation and, over the Christmas season, our Ice Rink welcomed 221,000 skaters. The Wildlife Photographer of the Year Exhibition that opened in October 2019 had welcomed 130,000 visitors at the point of closure.

The Museum's Learning Volunteering Programme grew and diversified with more than 8,000 volunteering hours in 2019-20 from 85 volunteers. They helped the Museum to engage more than 150,000 people in collections-rich learning conversations, which are underpinned by learning research.

Partnerships

This year software company Adobe helped reveal the collection through 3D design, by creating 3D assets inspired by insects, which were then offered for free on Adobe Stock images. Our long-term hardware supplier DELL EMC continued as an associate sponsor for Dippy on Tour: A Natural History Adventure, supporting the web app, Dippy's Naturenauts, aimed at inspiring people to discover the nature on their doorstep. Leading specialised transporter of fine objects, Williams & Hill, continued to generously support the tour transporting Dippy around the country.

UK biodiversity was the focus for a number of our partnerships this year. In summer we joined forces with organic herbalists Pukka Herbs to run the Family

Festival: Nature's Champions. We engaged visitors to the Museum with a variety of biodiversity themed activities, aimed to inspire and educate.

Commercial property management and building consultancy firm Workman LLP became our first corporate sponsor for our Urban Nature Project, which aims to inspire UK communities to act for local wildlife. During the year we continued to work with the LEGO Group, to run activities for both families and school groups. To coincide with the 50th anniversary of the Moon landing we combined our joint expertise to help participants learn about space science through play.

2019 was the sixth year of renewable energy company Ørsted's sponsorship of the Wildlife Photographer of the Year exhibition in London, and the third year of our joint education initiative Generate: Scientists of the Future, building secondary school children's knowledge of science-related careers and the role of science in our lives. Leading electronics company Panasonic LUMIX continued to sponsor the Wildlife Photographer of the Year exhibition and the LUMIX People's Choice Award.

Exhibitions and Events

In its 55th year and still going strong the Wildlife Photographer of the Year exhibition, supported by Ørsted and LUMIX, had been on track to achieve a record number of visitors before the COVID-19 crisis.

A large model of the Moon drew thousands of visitors to the Jerwood Gallery. Museum of the Moon, a six-metre spherical sculpture suspended in the air, featured high-resolution NASA imagery of the lunar surface. The artwork by Luke Jerram offered a new and absorbing perspective of Earth's celestial neighbour, and was accompanied by a surround-sound composition by BAFTA and Ivor Novello award-winning composer Dan Jones. The piece celebrated the fact that while people around the world have different historical, cultural, scientific and religious experiences of the Moon, it somehow connects us all. Museum of the Moon coincided with the fiftieth anniversary of the Apollo 11 Moon landing, and was accompanied by a vibrant programme of events, performances and activities, including yoga under the Moon and interactive theatre.

In summer 2019, Tring celebrated Britain as the birthplace of dinosaur studies by opening British Dinosaurs: From Fossils to Feathers. The free exhibition displayed fossils never before seen by the public, and visitors could measure themselves up against an Iguanodon leg bone, or the real teeth of a *Megalosaurus bucklandii*.

As part of European Researchers' Night, a collaboration with other UK museums, we ran an evening of events celebrating the global network of scientists that work together to deepen our understanding of Earth. World Wild Webs: Our Interconnected Planet, was a free festival of science, where more than 150 experts explored networks in nature, sustainable solutions to today's environmental issues, how digital technologies give us access to the latest research and how delving into the past is key to protecting the future of our planet. Through talks, story-telling, pop-up demonstrations, discussions over drinks or as part of an audience, for one night only, the interconnectedness of our planet was explored.

Improving Access

Since April 2019, supported by funding from the Lord Leonard and Lady Estelle Wolfson Foundation, five Dawnosaurs events provided 2,183 neuro-diverse children and their families and carers opportunities to enjoy the Museum outside the usual crowded and noisy opening hours. We organised relaxed early access to most galleries, live animal shows and other science learning and creative activities. A Changing Places toilet was available for mobility disabled visitors and a sensory room opened for those needing quiet and contemplation to assist their visit. As part of the Museum's future commitment to diversity and inclusion, we commissioned a training provider to deliver access and inclusion awareness training across the Museum.

National

Dippy on Tour

Probably the most famous of all the Museum's specimens, Dippy the Diplodocus cast continued its UK tour in 2019 supported by the Garfield Weston Foundation, Dell EMC and Williams & Hill. The iconic skeleton stood at the Cromwell Road entrance for almost 40 years, and after 12 months careful conservation, the plaster-of-paris model left London in 2018. Since then it has drawn crowds at Dorset County Museum, Birmingham Museum and Art Gallery and Ulster Museum. During 2019-20, *Dippy on Tour* has been a major highlight at Kelvingrove Art Gallery and Museum in Glasgow, Great North Museum: Hancock in Newcastle upon Tyne and National Museum Cardiff before arriving in February 2020 at Number One Riverside in Rochdale.

New fight for urban wildlife

Our ambitious new Urban Nature Project is now in its planning stage, having secured funding from the National Lottery Heritage Fund and completed RIBA Stage 3 with public consultations beginning in 2020. The aim is to inspire communities to take action for urban wildlife through the transformation of the Museum's gardens and a network of regional and national partnerships, galvanising a national urban biodiversity movement. A national learning programme is already being developed through formal partnerships with London Wildlife Trust, the Prince's Trust and existing Real World Science partnerships. We have consulted volunteers, community groups and visitors, and tested new activities with more than 300 students and teachers. All this activity will inform strategic decisions to best engage audiences as we develop the project to the next phase.

During 2019-20 significant progress has been made to funding the project through key funders including the Evolution Education Trust, the Cadogan Charity, the Huo Foundation, the Hobson Charity, Workman LLP, Johnson Matthey, Garfield Weston Foundation and the National Lottery Heritage Fund.

First Light Festival

In June 2019, five Museum scientists participated alongside scientists and staff from CEFAS (Centre for Environment, Fisheries and Aquaculture Science) in a new 24-hour festival in the seaside town of Lowestoft in Suffolk. First Light Festival celebrated the first light of midsummer's weekend at Britain's most easterly point, and ran from midday on Saturday through the night to midday on the Sunday. The festival featured music, art, films, storytelling, walks, talks and science engagement, and was intended to bring vibrancy and attention to an unsung part of the country. Our scientists engaged local audiences with spotlight talks and pop-up stations with specimens relating to the local area. Approximately 30,000 visitors attended throughout the 24-hour period.

Real World Science

We convene the Real World Science network which are UK museums that use their collections to engage pupils and teachers with science. Together with the Grantham Institute, we have been considering the barriers to engaging audiences with climate change, and the potential of using our collections to communicate climate science. A set of workshops brought museums and researchers together to embed future collaborations to increase the quality and quantity of engagement on climate. We continue to partner with Peterborough Museum as part of the Arts Council England Museums and Schools Programme. In addition, Leeds Galleries and Museums continued successful delivery of STEM Careers for All (Science, Technology, Engineering and Mathematics), supported by the Eranda Rothschild Foundation, which aims to focus on young people with special educational needs and disabilities.

Citizen science

In April 2019, the Museum encouraged London residents and visitors to join the City Nature Challenge 2019, a competition in which cities across the globe compete to find and record as much wildlife as they can in just four days. We made more than 5,000 wildlife spots and over 1,100 species were recorded. We also joined Brilliant Butterflies, a volunteer project led by the London Wildlife Trust in partnership with the Natural History Museum and Butterfly Conservation, helping to restore patches of chalk grassland in Croydon, south London. The Museum will train volunteers to monitor and identify invertebrates in the area, and to gather DNA information, which will build an unprecedented understanding of the wealth of invertebrates that live on chalk grasslands, leading to a new approach to monitoring and improving the health of suburban green spaces.

The Museum has also been working with citizen scientists and staff from the London Wildlife Trust onsite and in Camley Street Natural Park, an urban oasis just behind King's Cross Station, gathering DNA fragments from soils and pondwater. This environmental DNA, or eDNA, may expose how new genomic methods can be tailored to support conservation in urban areas.

On a more national scale, we encouraged people to join the Big Seaweed Search, an ongoing partnership with the Marine Conservation Society to monitor the effects of environmental change on Britain's sea life, by exploring the seashore and recording the living seaweeds. Seaweeds are critical to protecting marine environments but are vulnerable to changes in sea temperature and carbon dioxide levels in the atmosphere. Since the project began in 2016, more than 370 surveys have been submitted from across the UK. We are also looking to the skies, working with the University of Sheffield to examine museum specimens to both measure and better understand why bird feathers are so dazzlingly varied in colour. Known as Project Plumage, Museum project staff took pictures of specimens using a camera that detects both visible and UV light – as birds themselves can see UV light, this has a big impact on our understanding of how birds see each other. Volunteers will help mark out specific areas for examination on each photo, which will help us extract data on the colour and pattern of each bird, helping us answer key questions about bird colour evolution.

International

In Davos

This year the Museum was invited by the World Economic Forum to participate in its annual meeting in Davos, Switzerland. Coinciding with our strategy launch, the four-day conference attended by world leaders gave us the opportunity to share our direction with the very people who shape the global agenda. Our presence included a powerful new digital display of Wildlife Photographer of the Year. We took images from this year's competition and created a large-scale projection right in the heart of the conference centre. The Museum's Head of Earth Sciences, Professor Richard Herrington, merit researcher Dr Sandra Knapp and one of the forum's Young Scientists of 2019, researcher Dr Adriana De Palma, hosted a Talk Nature station, giving fascinating insight into their respective areas of research – minerals, botany and biodiversity, that is helping to shape debate about the major issues facing the planet today. The scientists engaged with the world's political, business and other leaders, displayed specimens from the Museum's world-leading collection and participated in various sessions. Cruz Erdmann – our Young Wildlife Photographer of the Year – was in conversation with explorer Dr Sylvia Earle about the state of our oceans; and Dr Adriana De Palma explored data-based predictions of biodiversity loss and how these can promote behavioural change towards responsible consumption.

China

Over the past 12 months we have continued to develop links with various organisations across China. In June 2019 we opened Wildlife Photographer of the

Year at the Chengdu Museum. Supported by the Sichuan Newsnet Media Group the exhibition received significant media attention and was visited by 470,000 people over its two-month run. We have also developed our partnership with the new National Botanical Museum of China – to be opened in Kunming late 2020. In September, a team of senior museum representatives travelled to the region to explore collaborative exhibitions and public programming.

Touring exhibitions

Our perennially successful touring exhibitions programme continues to reach large and diverse audiences around the world. Over the past 12 months, we displayed 44 exhibitions across 12 countries. The programme not only helps us promote our brand around the globe but enables us to hold important conversations about the state of the natural world with international audiences. Wildlife Photographer of the Year opened at the Field Museum in Chicago in March. This was the first time the exhibition has been in Chicago and our first time partnering with this major peer institution. The exhibition also opened in various countries across the globe including China, Australia, France, Germany, Canada, New Zealand and Switzerland; Treasures of the Natural World opened at the Musee de la Civilisation in Quebec in May and has been seen by 160,000 visitors; T. Rex: The Killer Question opened at the Naturhistorisches Museum Bern and broke all visitor records, reaching more than 190,000 visitors. Our latest exhibition Dive into the Jurassic opened in December at the Bahrain National Museum. The exhibition was supported by the UK-Gulf Culture and Sport programme from the British Council, DCMS and the GREAT campaign. To accompany the exhibition, we developed learning resources for school groups and trained local staff in our approaches to pedagogy.

Brazil

We signed a five-year memorandum of understanding with the Museu Nacional Brazil to support them after the devastating fire that destroyed their museum and collection in 2018. The partnership, which has been supported by the British Council, has resulted in various staff exchanges, workshops on digitisation of collections and support in developing a new collections storage facility.

Seychelles

In October we hosted a visit from the President of the Republic of Seychelles, HE Mr Danny Faure. This included a behind-the-scenes tour of our collections, a meeting with our scientists on our work in the region and a visit to Wildlife Photographer of the Year. Throughout the visit we discussed issues around climate, its impact on the Seychelles, and how we could work together to mitigate upcoming challenges.

World-leading Science

A world leading research centre

Museum science transforms our knowledge of the natural world, using research on the past and the present to provide solutions to emerging global challenges. We are always redeveloping our collections and data for use by thousands of scientists, adding new potential for genomic, biodiversity and earth resources research, and using new technologies to gain deeper insight. Our international and UK partnerships create opportunities for multidisciplinary research, advanced training, increased funding, and impact for policy and societal needs. With our engagement teams, the expertise and enthusiasm of Museum scientists is essential to inspiring our visitors to act as advocates for the natural world.

Harwell

As part of the 2020 Budget, the Government pledged £180 million to the Museum to create a new science and digitisation centre at Harwell Science and Innovation Campus in Oxford. Open to scientists and researchers from around the world, the facility will house around 40 percent of the Museum's collections

as well as laboratories, digitisation suites and technology-enabled collaborative research spaces. This new facility will help safeguard the future of the Museum's unique collection, as well as generate big data and cutting-edge analysis from it. Relocating collections will release space at the Museum's South Kensington site, reopening and redeveloping historic galleries to inspire, inform and engage visitors with the natural world, helping the Museum meet its mission of creating advocates for the planet.

Threatened by extinction

Our work to protect nature begins with understanding it. Research leader Professor Andy Purvis was a lead author of a collaborative global assessment that concluded one million species of plant and animal are currently threatened with extinction. Working with the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, the scientists considered a wide range of taxonomic groups, and found on average 25% of species are threatened with extinction when assessed using the well-established and transparent IUCN Red List criteria. The Plants Under Pressure Project, led by researcher Dr Neil Brummit, supported this conclusion, estimating that 380,000 plant species are under threat. This project is funded by the Prince Albert II of Monaco Foundation with additional support from the John Spedan Lewis Foundation. The partnership with the IUCN, and the Royal Botanical Gardens, Kew, has already shown that one in five plants is threatened with extinction, and that the biggest impact comes from humanity.

The global price of going green

Head of Earth Sciences, Professor Richard Herrington, advised the Committee on Climate Change that government plans to widen green technologies must take into account the significant implications for our natural resources. In a letter, co-authored by fellow experts, he explains that to build enough electric cars to meet targets for 2050 would require doubling the current annual world cobalt production, as well as huge increases in the global production of neodymium, lithium and copper. To build enough wind farms or solar panels to create the electricity to power these cars would also require substantial demands for steel, aluminium, cement and glass. He argued that a wider group of scientists should contribute to the evidence for how best to move towards a zero-carbon economy, and that both new research and investment is urgently needed to evaluate the best way forward.

The Moons of Mars

Merit researcher in cosmic mineralogy and planetary sciences, Professor Sara Russell, joined an international science board developing a mission to better understand the moons of Mars. The Martian Moons Exploration (MMX) will launch in 2024, its aim being to collect the first ever samples from Mars' largest moon Phobos. Museum scientists will contribute to the mission by using our world-class meteorite collection to search for possible analogues to the Martian moons. Developed by the Japanese Aerospace Exploration Agency, MMX will also make flyby observations of Deimos, the second and smaller moon of Mars. The mission aims to provide key information on whether the Martian moons are captured asteroids or the result of a larger body hitting Mars.

India's new snakes

What lives in the forests of Asia has been understood a little better following the work of Dr Deepak Veerappan, Marie Curie Post-Doctoral Fellow at the Museum, who specialises in south Asian reptiles. Deepak was part of a team which identified a striking red pit viper from India's north-eastern border with Bhutan and Tibet, named *Trimeresurus arunachalensis*, and a new vine snake from its eastern and central region, *Ahaetulla laudankia*, with a rich chestnut brown belly. DNA work helped them also uncover the surprisingly close relationship between a group of burrowing snakes in the western mountains to tree-climbing species elsewhere in southeast Asia. Museum collections are crucial in verifying these discoveries, and

by publishing their findings the team's work can be used by researchers across the world.

Dinosaur second take in South Africa

Dinosaur researcher Professor Paul Barrett was part of a team that helped reveal a dinosaur skeleton held at the University of Witwatersrand, Johannesburg, was not what it seemed. For 30 years it was thought to be a *Massospondylus*, known from hundreds of specimens collected throughout southern Africa. The unusual skull of this herbivore was explained as an abnormality or because it was a juvenile. The team took meticulous CT scans from other *Massospondylus* fossils, both young and fully grown, to explore its growth pattern, and concluded it was a different genus and species entirely, now named *Ngwevu intloko*. If more *Massospondylus* are re-identified, it suggests life 200 million years ago was more diverse than previously thought.

Pigs in Europe

Genetic material from 40 pig skeletons in the Museum's collection informed a global study on the origin of the domestic pig in Europe. Pigs were first domesticated in the Middle East and farmers brought them to Europe about 8,500 years ago. But the DNA of modern European pigs is not from the Middle East, but from European wild boar. Mammal expert Richard Sabin was one of 100 contributing curators, researchers and archaeologists from around the world trying to uncover why. The research suggests that the pigs were interbred with wild boars either accidentally or deliberately by farmers. The study of domestic animals helps us better understand how humans have shaped the natural world, and historic collections play a vital role in this.

How potatoes grew big

When potatoes were introduced to Europe from South America in the sixteenth century, they were nothing like the crop we know today. Museum life sciences researcher Dr Sandy Knapp has been studying the evolution of potatoes far from their place of origin in the Andes. With colleagues from the Max Planck Institute in Tübingen, Germany, Sandy examined DNA from specimens in the collection, ranging in date from 1650 to the present, including some in the Sloane Herbarium. The formation of the starchy potato tuber we eat is regulated by day length. The Andes, near the equator, experience days and nights of equal length, but in Europe day length in the summer is much longer. Tuber development did not happen normally in these long days, and tubers only grew to the size of peas. Adapting to longer days involved key changes in the gene controlling tuberisation, which the team found happened quite rapidly once the potato reached Europe. Potatoes in Europe have also benefited from crossing with other varieties and with wild species from South America. This kind of research with historical collections helps us understand crop adaptation and can inform modern-day crop improvement.

A history of bees in Tibet

Many of the 260 known species of bumblebee live not in our gardens but in the remote mountains around Tibet, and entomologist Dr Paul Williams travelled to the region to help identify them and reconstruct their ancestral relationships. In collaboration with two students from the Chinese Academy of Agricultural Sciences, they identified one of the world's oldest and least known bumblebee species, *Bombus superbus*, using modern DNA techniques, mapping its distribution on a bumblebee atlas and assessing threat levels. *Bombus superbus* may have lived in the area for millions of years, before dispersing along Eurasian mountain ranges, and so understanding this relic will help us understand old world high alpine ecosystems.

Living with plastic in Australia

Plastic kills wildlife, but Dr Alex Bond, our senior curator in charge of birds, has been studying a population of shearwaters on Lord Howe Island to examine

its more subtle impacts. Tens of thousands nest on the island, off the eastern coast of Australia, feeding on fish and squid. Over the past decade, Alex and collaborators have found that in some years 80–90% of chicks they studied had at least one piece of plastic in their stomach, causing slower wing growth. Why the young birds are unable to distinguish the plastic from food is yet to be understood. Birds with plastic also had higher cholesterol, which in humans causes circulatory problems.

Early Humans in Europe

Modern humans may have reached Europe 150,000 years earlier than thought, according to new research by the Museum's Professor Chris Stringer, a lead merit researcher and expert on human evolution in the Museum's Centre for Human Evolution Research funded by the Calleva Foundation. By reanalysing a partial skull fragment discovered in Apidima Cave, southern Greece, in 1978, an international team of researchers now believe that an early modern human migration out of Africa may have reached Europe at least 210,000 years ago. The team also dated a Neanderthal skull found nearby, dating back 170,000 years, suggesting the early migratory group of humans was then replaced. Questions remain about where these people came from and what happened to them.

Skull scans and beyond

Professor Anjali Goswami, research leader at the Museum, joined scientists from the UK, USA, Germany and France to chart how snake and lizard skulls have evolved over time. Using cutting-edge imaging techniques, and hundreds of specimens from both extinct and living species, they were able to examine how skull shape between these two groups changed through time. This gave them unprecedented access to the evolutionary journey of some species and enabled them to delve so far into snake evolution that they could reconstruct the likely ancestral snake. The study, which used more than 180 digitised specimens, is the biggest of its kind ever completed and demonstrates the potential of digitised specimens. It is part of a larger 6-year project led by Professor Goswami to study the evolution of the vertebrate skull. With CT and laser scans for over 2,400 skulls (1,000 of which are already available on Phenome10k.org), this project covers everything from frogs to dinosaurs and hopes to uncover the universal rules shaping the evolution of the skull.

Darwin Tree of Life

A project to sequence the genome of every animal, plant, fungus and protozoan in the UK has received £9.4 million from the Wellcome Sanger Institute for its first phase. The Darwin Tree of Life Project will sequence DNA of 66,000 species, bringing invaluable new insights into their evolution, their future, and their possible use for biomedicine. The Museum was awarded £869k and will lead the review of the species list for the British Isles and sample acquisition of insects, other invertebrates and vertebrates. We are also one of the defined Genome Acquisition Laboratories (GALs) carrying out DNA barcoding, taking digital images, vouchering tissue, and producing samples ready for extraction and sequencing at Wellcome Sanger Institute and will archive samples in the Museum's molecular collection.

Commercial Activity and Raising revenue

The Museum had a successful year overall with self-generated income accounting for just under 50% of the Museum's gross income. This has been achieved despite the disrupted end to the year, which saw visitor numbers drop dramatically in the first two weeks of March, before we took the inevitable decision to close the Museum in response to the unfolding COVID-19 situation. Coupled with costs incurred for the development and delivery of temporary exhibitions, the contribution from visitor related activities was lower at £5.8m (2019: £7.9m). Venue Hire, including the ice rink, generated a contribution of £3.8m (2019:

£3.6m) with the effect of closure being limited to the last two weeks of March. Other commercial activities were impacted to a lesser degree.

The Museum's new vision and strategy has been enthusiastically adopted across our commercial operations. The Retail team have worked with their supplier base to introduce plush ranges that are filled with stuffing made from recycled PET plastic bottles, rather than traditional synthetic polyester. One of our newest brand partnerships is with clothing retailer Finisterre. This is a certified B Corporation, one that balances purpose with profit, and Finisterre is particularly inspired by a love of the ocean. The collection uses sustainable components such as organic cotton, Econyl (made from fishing nets) and recycled polyester throughout.

Throughout our commercial businesses we have been making changes to reduce our carbon footprint and protect the planet. We have removed all plastic water bottles, cutlery and straws from our cafes and where plastic food packaging has not yet been replaced it is now 70% recycled plastic. All new products are developed sustainably, with minimum packaging, and plastic only where it is required by law or where there is not yet a viable alternative. All new licensed clothing lines are made from the Better Cotton Initiative, the largest cotton sustainability programme in the world, as a minimum.

Our Venue Hire business, including the ice rink, has posted record results for the second consecutive year, delivering a contribution of £3.8m. The Museum hosted 160 events from a diverse range of private and corporate clients, who love the Museum for the spectacular backdrop that it provides, the renowned excellence of our team, and the synergy with their values and mission. We have made great strides with reducing the carbon impact of our venue hire business. In April 2019 we moved all our venue hire suppliers to a new waste management process, so that all waste is separated in line with the Museum's own practices. We also now run a venue hire package that is carbon-neutral and 100% vegan, which is proving increasingly popular with clients.

At the end of the year our total number of members stood at 30,000 (2019: 35,000) due to a reduction in new members. Member retention rates continued to hold at 72%.

Plans for 2020-21

Planning our recovery from COVID-19 will dominate the plans for 2020-21 and we will seek to reopen to the public in early August. However we face considerable uncertainty given the challenging environment and the business model is under threat. We depend on our self-generated income streams including visitor related income and we do not anticipate a return to our recent visitor levels for a considerable period, particularly those from overseas.

Notwithstanding these challenges, with our new strategy to 2031 now published, we will continue to work towards our objectives of securing the future of our collection, developing our galleries and gardens, engaging and involving the widest possible audience and transforming the study of natural history. Following the COVID-19 pandemic our mission to create advocates for the planet and our vision of a future where people and planet thrive has never been more relevant.

Our public programme includes the internationally popular *Wildlife Photographer of the Year* exhibition now in its 56th year. Later in the year the highly anticipated *Fantastic Beasts*™ exhibition will explore where the real and wizarding worlds intertwine, and how the wonders of the natural world have inspired myths, legends and magical creatures for generations.

We also plan to launch our first ever programme on the Anthropocene, telling the story of humanity's impact on the planet through specimens from our collection and our scientific research.

Having been awarded a £180 million government grant, we will progress plans for Harwell to safeguard the future of our 80 million specimens and create a world-

class research centre that will strengthen the UK's position in tackling global challenges including climate change, scarcity of resources, biodiversity loss and emerging diseases.

For the Urban Nature project we will be submitting the planning application, progressing through RIBA (Royal Institute of British Architects) Plan of Work Stage 4: Technical Design, building national partnerships and continuing fundraising. We will continue to work with our partners from the Real World Science Network to understand and protect biodiversity as part of our Urban Nature Project as well as the redevelopment of our gardens in South Kensington that lie at the heart of this initiative.

We will contribute directly to the United Nations Sustainable Development Goals through our research on food security, human health, life on land and below water, climate and environmental change, sustainable and responsible use of natural resources and clean energy. We are committed to making significant contributions to these goals through technological innovation, working in partnership and providing training for future generations of scientists.

Once the COVID-19 situation permits, *Dippy on Tour* will pick up where it left off with the Museum's most famous resident re-opening in its current lockdown stop in Rochdale before moving to Norwich Cathedral on his mission to reconnect people with nature.

Capitalising on the substantial increase in the reach of our website during lockdown we will continue to expand our digital offer to visitors, members, patrons and partners in the UK and beyond.

The Smithsonian National Museum of Natural History will open a custom Wildlife Photographer of the Year exhibition entitled *Unforgettable Behaviour* based on an existing book published by the Natural History Museum, London. We are also expanding Wildlife Photographer of the Year with new digital pieces for venues that are closed to the public and opening the exhibition at venues whose Museums are re-opening around the world to visitors.

Results of the Natural History Museum and consolidated subsidiaries

For the Natural History Museum consolidated accounts, there was an overall deficit for the year before gains and losses on investments and revaluation of £4.5m (2019: £7.2m deficit). After adjusting for depreciation, amortisation and loss on disposal of fixed assets (being non-cash items), which is considered a more meaningful indicator of in year financial performance, there was an overall surplus of net income amounting to £9.8m (2019: £8.5m) which was in line with expectations.

Income amounted to £91.8m (2019: £86.6m) primarily reflecting higher Grant-in-Aid, both resource and capital, and an increase in restricted donations.

Total expenditure (after adjusting for depreciation, amortisation and loss on disposal of fixed assets) increased in year to £82.0m (2019: £78.1m) which is primarily due to an increase in the employers' contribution to the Civil Service Pension Scheme and investment in our future temporary exhibitions programme.

Available reserves at 31 March 2020, as represented by current assets less liabilities, amounted to £11.6m (2019: £11.5m). This includes the general fund, the unrestricted and non-designated reserve, which amounted to £6.8m (2019: £7.2m). This is in excess of the minimum reserve figure of £4m approved by Trustees as part of the annual budgeting process and is held to manage cash flow and budgetary risks and underpin future expenditure plans. In addition, there were reserves of £1.2m held within the designated fund for future scientific research (2019: £1.2m), and £3.3m (2019: £1.0m) held within restricted funds for future investment in capital projects and activities.

These figures are summarised below:

	2020 £m	2019 £m
Net income for the year before depreciation, amortisation, losses on disposal, asset indexation and revaluation	9.8	8.5
General Fund	6.8	7.2
Current assets less liabilities	11.6	11.5

Capital expenditure for the year (tangible fixed assets) amounted to £8.6m (2019: £4.6m) including significant expenditure on the façade of the Ornithology Building at Tring, core estate infrastructure including fire precautions work, design and development of the gardens at South Kensington, and investment in scientific equipment and IT infrastructure.

Total net assets at 31 March 2020 amounted to £659m (2019: £641m) of which £100.2m is restricted (2019: £95.1m). Total fixed assets of £648m (2019: £629m) accounted for the majority of the total assets and predominantly reflect land and buildings such as the Waterhouse Building, and the Museum's collection. These buildings are not realisable assets and maintaining them creates an ongoing strain on resources.

The Natural History Museum Trading Company Limited

The Museum established a trading company, The Natural History Museum Trading Company Limited, on 1 April 1994. It comprises the activities of retailing, venue hire, catering, brand management, the picture library, touring exhibitions, the Wildlife Photographer of the Year Competition, catering and consultancy.

Profits from the Trading Company are paid to the Museum under Deed of Covenant. For 2019-20 this amounted to £6.7m (2019: £6.0m).

The key risks to business performance for the Trading Company are those which impact upon the volume of visitors to the Museum including tourism in London, those which relate to carrying out international business and the overall state of the economy, all of which will continue to be affected by the impact of COVID-19 for the foreseeable future even after the Museum re-opens to the general public and all other business activities recommence. The Directors of the Trading Company continue to adopt the going concern basis for preparing its accounts. However there remains a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern.

The results of the Trading Company are included in the Museum's consolidated accounts and are summarised in note 12.

The registered office of the Trading Company is at The Natural History Museum, Cromwell Road, London SW7 5BD.

The Benevolent Fund

The Benevolent Fund was established by the British Museum Trustees on 14 March 1936 having been passed to the Trustees by Dr G. E. Herbert Smith. The income from the fund is to be used "to assist members of staff, in particular those less well paid, who may fall upon misfortune". Assistance is usually given by way of small grants or interest free loans to members of staff.

The balance of funds held at 31 March 2020 was £42.9k (2019: £43.1k).

The Special Funds Trust

The Natural History Museum Special Funds Trust governs a scheme set up in 2000 to consolidate and administer a number of individual funds. The Trust applies the income in or towards the furtherance of the work of the Museum for which provision is not made from public funds. Funds are allocated with due consideration to the intentions of the original funds.

The balance of funds held at 31 March 2020 was £5.2m (2019: £5.4m).

The Funding Agreement

The Museum has a Funding Agreement with DCMS which sets out what the Government expects the Museum to deliver for the Grant-in-Aid it receives. The current funding allocation covers the period to 2020-21.

The Grant-in-Aid for the period 2018-19 to 2020-21 is as follows:

	2019 £'000	**2020** £'000	**2021** £'000
Resource Grant-in-Aid	39,515	40,872	41,614
Capital Grant-in-Aid			
Baseline	2,940	2,300	2,300
Museums Infrastructure Fund	–	3,500	2,000
Science and Digitisation Centre	–	–	2,640
National museums maintenance fund	–	–	2,700
Total	**42,455**	**46,672**	**51,254**

The Museum received additional capital Grant-in-Aid in 2019-20 of £3.5m under the Museum Infrastructure Fund to support investment in fire precautions measures and in the Ornithology Building at Tring (with a further £2.0m in 2020-21). In March 2020, the government committed funds to the Museum's new science and digitisation centre at Harwell and allocated £2.64m to 2020-21. A further allocation of capital grant in aid of £2.7m for 2020-21 has been allocated by DCMS from the national museums maintenance budget to fund specific projects to renovate Museum buildings and critical infrastructure.

In 2019-20 the Museum received additional Resource Grant-in-Aid of £1.357m to cover an increase in employers' contributions to the Civil Service Pension schemes. And, for the first time in ten years, the Resource Grant-in-Aid allocation for 2020-21 has been increased by inflation at approximately 1.84%. Not reflected in the numbers above is a further allocation of Resource Grant-in-Aid which will be available during 2020-21 as part of the Government's support package for the culture and heritage sector which was announced on 5 July 2020.

For the purposes of consolidated budgeting and monitoring with DCMS during the year, reflecting HM Treasury guidance, a budget of £4m for the Museum's net operational non-capital research spend is reallocated to Capital Grant-in-Aid, thereby reflecting budgeting totals for 2019-20 of £36.872m for Resource Grant-in-Aid and £9.8m for Capital Grant-in-Aid.

Financial risks arising from COVID-19

The Museum is dependent on self-generated income to fully deliver its strategic, charitable and statutory objectives. COVID-19 has had, and will continue to have, a significant impact on all of these income streams for the foreseeable future, and any projections for these income streams are highly uncertain. This includes all those that are related to public visitors, sponsorship and philanthropy, touring exhibitions, and others related to the state of the economy. The Government announcement on 5 July 2020 that additional Resource Grant-in-Aid would be made available in respect of the financial year ending 31 March 2021 mitigates the financial risk to that date. The ability to manage the risk thereafter will depend on the outcome of the Government's Spending Review scheduled for the late summer and autumn 2020 and on the recovery of income streams for the foreseeable future after the Museum re-opens to the general public and all other self-generated income business activities recommence.

Reserves policy

As part of the annual planning and budget setting process the Trustees review and approve the level of readily available reserves (i.e. those funds that are not restricted or tied up as fixed assets), in particular the unrestricted General Reserve, appropriate to the scale, complexity and risk profile of the Museum. This takes into consideration the funding base which consists predominantly of Grant-in-Aid under the funding agreement with DCMS which covers the period 2016-2021 and

self-generated trading income, scientific grant income and sponsorship, which can be variable.

The level of reserves was set to provide a comfort level for shortfalls in income and to underpin cash flow and budgetary risks particularly arising from capital expenditure projects, not the exceptional circumstances of COVID-19. Taking an overall view of the annual operational expenditure and level of comfort required the Trustees approved at their Board meeting in November 2019 a minimum level of unrestricted general fund of £4m. At 31 March 2020 the general fund amounted to £6.8m.

Trustees also designate funds for specific projects and activities. Designations currently include funds for scientific research which have been derived over a number of years from income from scientific activities exceeding an annual target.

Investment powers and policy

The Museum's investment powers are established in its Management Agreement with DCMS. This states that the Museum may not invest Grant-in-Aid income but that the Museum is free to invest non-Grant income in line with the relevant Charity Commission guidance on investments.

The Museum invests cash balances in accordance with its Investment Policy. The Policy addresses management of liquidity, credit, interest rate, procedural and foreign currency risk and the stated aim of the Policy is to achieve a balance between income and growth with moderate to low risk. Investments are currently held in mixed portfolio funds to achieve this aim.

Sustainability

A sustainability report including performance data, prepared in accordance with the Greening Government commitments and the Government Financial Reporting Manual can be found at https://www.nhm.ac.uk/about-us/reports-accounts.html

Key performance data

	2020	2019	2018
Greenhouse gas emissions Scope 1 & 2 (tonnes CO_2)	10,743	10,139	10,685
Energy consumption (MWh)	32,458	29,927	31,172
Water consumption (m^3)	91,985	99,921	98,319
Waste (tonnes)	669	620	733

The increase in Greenhouse gas emissions is primarily due the Combined Heat and Power unit being out of operation for three months. Energy consumption is also based on estimates due to issues with metering at South Kensington.

Specific activities undertaken during 2019-20 include:

- Solar panels at Tring – works on our first renewable energy installation commenced in 2019 and will comprise of 318 solar panels, capable of generating up to 75,835 kWh a year, enough to meet the electricity needs of the entire Ornithology building and potentially saving the Museum £9,000 per year in addition to a little over 21 tonnes of Carbon (CO2e); that's equivalent to planting 10,514 trees. So far on this project, over 95% of waste produced has been recycled.
- Green electricity – NHM was part of a 20+ strong consortium that set up the UK's first public sector Power Purchase Agreement buying our electricity from Scottish wind farms.
- Reduced printing and mailings – Evolve magazine is now being offered digitally.
- Food waste recycling – Currently our catering contractor segregates food waste in the kitchens of our cafes which is then sent for Anaerobic Digestion. In February, NHM commenced a food waste trial, extending the provision of food segregation to our main communal staff areas at South Kensington.

- Green Impact – The Museum undertook its fifth year of involvement with the National Union of Students' sustainable behaviour change programme. 188 members of staff were actively involved with four teams achieving Gold awards and 3 teams achieving Silver on the NHM programme.
- Furniture Reuse – we are now tracking all furniture reused at South Kensington and since January 2020 this collaboration has prevented over half a tonne of furniture going to waste and saved over £3,000 in new furniture costs.

Fundraising Regulation

The Natural History Museum Trustees oversee a range of fundraising activities which support the vital work of the Museum in a long-term and sustainable manner and in line with our mission and values. No professional agents are used for fundraising directly to the public and members of staff engaged in fundraising activities are subject to cross-Museum policies alongside departmental procedures, standards and guidelines. A Donor Stewardship Matrix is in place to ensure our supporters are communicated with appropriately and carefully, and all staff receive ongoing training to ensure they act in accordance with the highest legal, ethical and professional standards. This includes safeguarding people from unreasonable intrusion on their privacy and undue pressure to donate. The Museum has also signed up to receiving suppressions under the Fundraising Preference Service.

The Trustees receive progress reports throughout the year in order to review and oversee all aspects of fundraising as part of their statutory responsibilities. The Museum has a number of feedback mechanisms in place for the public as detailed on its website, and responds to all questions, complaints and comments in a timely and transparent way. No fundraising complaints have been received by the Museum in 2019-20 (2019: nil).

The Museum is registered with the Fundraising Regulator, pays its annual levy and reviews all relevant working practices in order to ensure full compliance with the regulator's Fundraising Promise and the Code of Fundraising Practice on an ongoing basis.

Payment of creditors

The Museum observes the principles of the Better Payment Practice Code in ensuring that creditors should be paid within the terms of credit. The Museum policy is that creditors are paid within 30 days of invoice date unless separate arrangements have been contractually agreed.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Sir Michael Dixon
Director and Accounting Officer

16 July 2020

Appendix 1
Performance indicator information, including those indicators listed in the Funding Agreement

Performance indicator	2020 Outturn	2019 Outturn	2018 Outturn	2017 Outturn	2016 Outturn
Visitors					
Total number of visitors (South Kensington and Tring) (k) #1 #2	5,304	5,493	4,712	4,606	5,352
Number of child visitors (k) #1 #3	1,252	1,512	1,192	1,099	1,328
Number of over 60s visitors (k) #3	437	343	291	245	308
Number of UK visitors from lower socio-economic groups (NS- SEC Groups 5-8) aged 16 and over (k) #3	198	227	219	253	182
% of visitors who thought the museum was excellent / good #3	99	98	96	97	96
Digital					
Number of unique website visits (m) #1	14.3	12.8	9.9	9.2	10.5
Learning					
Facilitated and self-directed visits by visitors under 18 years old and in formal education (k) #1 #4	259.9	231.2	209.7	252.0	254.8
The number of instances where visitors under 18 years old have participated in on-site activities (k) #1 #4	269.5	300.0	290.0	291.3	251.6
Science					
Number of peer reviewed research publications #5	511	482	530	692	831
Value of major research grants won (£m total value to the Museum) #6	6.8	4.4	5.4	4.3	6.1
Number of visitor days for visiting researchers	12,901	15,125	12,721	8,103	11,588
Number of UK loan venues #1	97	96	45	41	43
Number of enquiries to Science Group	7,061	4,501	7,787	6,675	8,253
Income generation					
Gross income from admissions (£m)	2.85	3.46	3.58	2.92	3.27
Net income from trading activities (£m) #1 #7	9.6	9.0	6.6	7.1	5.4
Fundraising income (£m)	6.9	6.6	6.3	9.1	5.6
Charitable giving					
Total income from charitable giving (£m) #1	8.7	7.7	6.9	6.4	6.3
Charitable giving as a % of Grant-in-Aid #1	19%	18%	17%	13%	15%

#1 DCMS key and additional performance indicators from the Management Agreement.
#2 2016-17 has been corrected to include visitors to Tring.
#3 Based on sampling.
#4 Previously reported the number of children aged 16 and under in on and offsite organised educational activities. 2017-18 reflects the impact of an incident in Exhibition Road in October 2017 and the terrorist threat more widely in London.
#5 From 2015-16 the focus has been on top tier publications.
#6 The 2015-16 figure has been revised to include the value to the Museum (excluding sub-contractors) of the DeWorm 3 project.
#7 Previously reported all self-generated income excluding depreciation.

Report on the Remuneration of Senior Management

The senior management of the Museum are considered to be the Executive Board, with whom responsibility and delegated authority for the management of the Museum rests. The Executive Board is under the leadership of the Director of the Museum, who is appointed by the Board of Trustees, and who, as the Accounting Officer, is responsible to Parliament. The Executive Board reflects the functional operation of the Museum.

The Trustees receive no remuneration.

Service contracts

Senior management appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

The senior management of the Museum hold appointments which are open-ended with a notice period of six months. Termination payments are in accordance with contractual terms. During the year 2019-20 there were no compensation or severance payments to senior management.

Remuneration Committee

The Board of Trustees has established a Remuneration Committee to support it in undertaking its responsibilities for overseeing the performance and remuneration of the Museum's senior management. In particular it oversees the performance and remuneration of the Museum Director and receives and approves recommendations from the Director with regard to the remuneration of other senior managers.

The membership of the Remuneration Committee for 2019-20 comprised:

The Lord Green of Hurstpierpoint
Professor Dame Janet Thornton DBE FRS
Professor Sir John Holman KBE

The Director and the Director of Human Resources attend any meetings which review senior management remuneration except for discussion concerning their own pay and performance.

Policy on the remuneration of senior managers for current and future financial year

At the beginning of the year, senior managers are set objectives based on the Museum's strategic plan. At the end of the year they are assessed by the Director on how far they have achieved their objectives and their performance is rated accordingly. The Chairman of Trustees assesses and rates the Director's performance. All ratings are then reviewed by the Remuneration Committee. All components of senior managers' remuneration, including an incentive bonus scheme, are dependent on delivery and performance.

When determining salary levels, a number of factors are taken into account:

- the projected budget for the annual staff settlement;
- salary levels internally and in the market place (through salary surveys);
- job size and whether this has changed over the period (through formal evaluation, where applicable);
- the performance and contribution of the individual over the period, assessed through performance appraisal; and
- issues of retention.

The Director is eligible for a bonus up to a maximum of 15% of gross salary. This is determined by an assessment of his performance and achievement of delivery targets carried out by the Chair of the Trustees which is reviewed and confirmed by the Remuneration Committee.

Senior management other than the Director are eligible for a bonus up to a maximum of 7.5% of their gross salary, based upon achievement of their objectives and their performance, as assessed by the Director and reviewed and confirmed by the Remuneration Committee.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management of the Museum.

Remuneration

	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)[1]		Total (£'000)	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Sir Michael Dixon *Museum Director, Accounting Officer*	175-180	170-175	20-25	20-25	5,800	5,700	55	54	260-265	255-260
Neil Greenwood *Executive Director of Finance and Corporate Services*	120-125	115-120	5-10	5-10	–	–	31	21	155-160	145-150
Fiona McWilliams. *Executive Director of Development*	120-125	115-120	5-10	5-10	–	–	47	46	175-180	170-175
Clare Matterson CBE *Executive Director of Engagement*	140-145	145-150	5-10	–	–	–	–	–	150-155	145-150
Richard Herrington *Interim Director of Science (until May 2019)*	10-15 (FTE 105-110)	25-30 (FTE 105-110)	–	–	–	–	17	6	30-35	30-35
Dr. Tim Littlewood *Executive Director of Science (from May 2019*	105-110 (FTE 120-125)	–	0-5	–	–	–	169	–	285-290	–

The above information has been subject to audit.

Salary

'Salary' includes gross salary; and any allowance to the extent that it is subject to UK taxation.

Bonus payments are shown separately in the remuneration table.

This presentation is based on payments made by the Museum and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. Sir Michael Dixon has use of the Lodge on the Museum's South Kensington site for accommodation.

The costs of utility services provided to the Lodge are met by Sir Michael Dixon.

Pay multiples

Reporting bodies are required to disclose the relationship between remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The remuneration of the highest-paid director in the financial year 2019-20 was £205,000-£210,000 (2019: £200,000-£205,000). This was 6.0 times the median salary of the workforce (based on permanent and fixed term appointment staff), which was £34,421 (2019: 6.0 times the median of £33,664).

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

In 2019-20, no employees received remuneration in excess of the highest paid director (2019: 0). Remuneration ranged from £20,282 – £147,500 (2019: £19,836 – £127,500).

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The above information has been subject to audit.

Pension benefits

	Accrued pension at pension age as at 31 March 2020 and related lump sum	**Real increase in pension and related lump sum at pension age**	**CETV[2] at 31 March 2020**	**CETV[2] at 31 March 2019**	**Real increase in CETV[2]**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Sir Michael Dixon *Museum Director, Accounting Officer*	40-45	2.5-5	818	763	51
Neil Greenwood *Executive Director of Finance and Corporate Services*	40-45 plus a lump sum of 130-135	0-2.5 plus a lump sum of 5-7.5	1,002	923	30
Fiona McWilliams *Executive Director of Development*	10-15	2.5-5	191	144	31
Clare Matterson CBE *Executive Director of Engagement*	–	–	–	–	–
Richard Herrington *Interim Director of Science (until May 2019)*	30-35 plus a lump sum of 95-100	0-2.5 plus a lump sum of 0-2.5	777	757	18
Dr. Tim Littlewood *Executive Director of Science (from May 2019)*	40-45 plus a lump sum of 125-130	7.5-10 plus a lump sum of 22.5-25	987	766	171

The above information has been subject to audit.

For the majority of staff who joined the Museum prior to the 1 April 2017, pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, Museum staff would have been in one of five defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos** or **alpha**). 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, nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. From 1 April 2015 new entrants were entered by default into the **alpha scheme** unless they have reserved rights, from previous Civil Service employment, to remain in one of the other schemes. All employees continue to have the option for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**Civil Service Pension Partnership Account**).

From 1 April 2019 employee contributions within PSCPS continued to be salary-related and ranged between 4.6% and 8.05% of pensionable earnings for **classic**, **premium**, **classic plus, nuvos** and **alpha** members. Increases to employee contributions will apply from 1 April 2019. Benefits in **classic** accrue at the rate of

2 Cash Equivalent Transfer value.

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 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 **alpha** pension accrual is similar to **nuvos** but the accrual rate is 2.32% of pensionable earnings. 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 defined contribution scheme. The employer makes a basic contribution as a percentage of pensionable earnings. 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.

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. The pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The pension age for **alpha** is the later of either the members State Pension Age (SPA), or age 65.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

From 1 April 2017, all new employees, who are not eligible for one of the Civil Service Pension schemes, are auto-enrolled into the NHM defined contribution Pension Scheme. The minimum employee contribution is 4% of salary and, subject to that contribution being made, the Museum makes a contribution of 8% of salary. If an employee chooses to contribute more than 4%, the Museum will match up to a further 2%. Further details can be found at http://avivapensiondocuments.co.uk/NaturalHistoryMuseum

Cash Equivalent Transfer Values (CETV)

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.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or 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.

Other information

None of the Directors held any other positions or had any business interests which represented a conflict of interest in connection with their position at the Museum.
The Trustees of the Natural History Museum are not remunerated. Expenses paid are disclosed in note 7 to the financial statements.

Reporting of Civil Service and other compensation schemes – exit packages

	2020			2019		
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
<£10,000	15	–	15	12	1	13
£10,000 – £25,000	–	1	1	–	2	2
£25,000 – £50,000	–	–	–	–	2	2
£50,000 – £100,000	–	–	–	–	3	3
£100,000 – £150,000	–	–	–	–	–	–
Total number of exit packages	15	1	16	12	8	20
Total resource cost (£)	81,958	21,790	103,748	78,011	313,646	391,657

The above information has been subject to audit.

Redundancy and other departure costs have arisen as a result of expiring fixed term contracts and restructuring within the Museum.

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. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department 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.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Sir Michael Dixon
Director and Accounting Officer

16 July 2020

Statement of Trustees' and Director's Responsibilities

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

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

- comply with the Government Financial Reporting Manual;
- 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; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

The Accounting Officer for DCMS has designated the Director as Accounting Officer for the Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records and for the safeguarding of the Museum's assets, are set out in Managing Public Money, issued by the Treasury.

The Trustees and Accounting Officer confirm that, as far as they are aware, there is no relevant audit information of which the external auditors are unaware. The Trustees and Accounting Officer have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the external auditors are aware of that information.

The Trustees and Accounting Officer confirm that the annual report and accounts as a whole is fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Sir Michael Dixon
Director and Accounting Officer

16 July 2020

* A copy of which is available from the Executive Director of Finance and Corporate Services, The Natural History Museum, Cromwell Road, London SW7 5BD.

Governance Statement

The Governance Framework

The Museum is governed by a Board of twelve Trustees who are appointed by the Prime Minister (8), the Secretary of State for Digital, Culture, Media and Sport on recommendation by the Royal Society (1) or co-opted by the Board of Trustees themselves (3). Those appointed by the Prime Minister are appointed by open competition.

The Board meets generally four times a year. In addition, strategy days are arranged with at least one taking place annually. The Board receives reports on a regular basis covering key performance indicators, financial performance, Science and Public Engagement activities, Audit and Risk Committee, health and safety, and an annual report on security (physical and information). In addition, the Board approves the annual budget and future financial plan and the strategic plan, receives periodic external visiting group reports on a major area of activity, usually Science based, and receives and approves major strategies and projects where appropriate.

During the year, the Board approved a new Museum strategy to 2031, which sets clear strategic objectives and the Board is satisfied that good plans are in progress for delivery. During the year 2019-20 the following served as Trustees:

	Attendance at Board Meeting (max 4)	Attendance at Audit and Risk Committee (max 4)	Attendance at Remuneration Committee (max 1)	Attendance at Property Committee (max 4)
The Lord Green of Hurstpierpoint *(Chair. Member of the Remuneration Committee and Property Committee)*	4/4	–	1/1	4/4
Professor Sir John Beddington CMG FRS	3/4	–	–	–
Dame Frances Cairncross DBE FRSE	4/4	–	–	–
Professor Christopher Gilligan CBE *(Member of the Audit and Risk Committee)*	0/0	1/1	–	–
Professor Sir John Holman KBE *(Member of the Remuneration Committee)*	2/2	–	1/1	–
Anand Mahindra *(Resigned 31 March 2020)*	2/4	–	–	–
Hilary Newiss *(Chair of the Audit and Risk Committee)*	4/4	4/4	–	–
Robert Noel *(Member of the Audit and Risk Committee. Chair of the Property Committee)*	3/4	4/4	–	4/4
Simon Patterson	3/4	–	–	–
Professor Sir Stephen Sparks CBE FRS	2/4	–	–	–
Professor Dame Janet Thornton DBE FRS *(Member of the Remuneration Committee)*	3/4	–	1/1	–
Dr Kim Winser OBE	3/4	–	–	–

An extraordinary board meeting was held on 2 April 2020 to consider the implications of and response to the COVID-19 crisis.

Harris Bokhari OBE and Professor Yadvinder Malhi FRS were appointed to serve as Trustees for periods of four years from 11 May 2020.

Colin Hudson serves as a co-opted member of the Audit and Risk Committee and attended four (of four) meetings during 2019-20.

Trustees are initially appointed for a four-year period and may be appointed to serve a second four-year term before standing down.

All Trustees attend a one-day induction and training course and are issued with documents relating to the Museum's corporate governance framework.

There are three regular formal sub-committees of the Board of Trustees as follows:

- **The Audit and Risk Committee** generally meets four times a year to receive reports on risk management, including on the management of specific major risks, on any internal control issues from the Risk and Assurance unit, on matters arising from external audits, to review progress on the implementation of recommendations, and to review the annual accounts and recommend their approval to the Board of Trustees. The Committee also reviews a sample of audit reports and those reviewed during 2019-20 included Key Financial Controls, Gifts and Hospitality, Project Management – Lessons Learned, Tier 2 Visa Sponsor Compliance; and Modern Slavery Act compliance. The Chair of the Audit and Risk Committee reports any matters arising directly to the Board.
- **The Remuneration Committee** generally meets once a year to review performance and consider performance related pay for the Museum Director and other members of the Executive Board (see Report on the Remuneration of Senior Management).
- **The Property Committee** provides support to the Board of Trustees regarding stewardship of the Museum's real estate including the development of a long term property strategy and developing and overseeing delivery of a masterplan. During the year the Committee met four times and received reports on the development of the masterplan, the Urban Nature Project, the science and digitisation centre at Harwell and the collections storage programme, protecting the collections and the Waterhouse Building terracotta façade.

A **Nominations Committee** is convened and meets as required to assist the Chair in making Trustee and senior appointments. There were no meetings during 2019-20.

In addition there are three advisory groups – the **Science Advisory Committee** to provide advice on the Museum's scientific activities; the **Commercial Advisory Committee** to provide advice on commercial activities; and the **Development Advisory Committee** to provide advice and support on fundraising activities.

The Board carries out an externally facilitated review of its performance and effectiveness every three years with an internal self-assessment carried out in intervening years. A review was carried out during 2019-20 which concluded that the Board operated effectively, with a plan being prepared for the implementation of recommendations.

Compliance with the Corporate Governance Code

The Museum is a non-departmental public body and a statutory charity. It is mindful of the Corporate Governance Code for central government departments and Trustees are content that the Museum complies where appropriate.

Scope of responsibility in respect of internal control

It is a responsibility of The Board of Trustees and the Accounting Officer to ensure that the Natural History Museum has a sound system of internal control that:

- supports the achievement of the aims and objectives of the Natural History Museum; and
- safeguards the assets and public funds for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Managing Public Money and specifically in the Management Agreement between the Museum and DCMS.

In practice the Trustees normally delegate responsibility to the Accounting Officer for the day to day management of all operational activities, which support the system of internal control.

The Executive Board is responsible for the day to day operation of the Museum, under the leadership of the Director. It formulates and monitors the strategic plan, approves policies and procedures, and has collective responsibility for delivering programmes and projects across all Museum activities. The Executive Board is supported by a Management Board consisting of senior managers from across the Museum.

The purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate risks to the achievement of aims and objectives; it can therefore only provide reasonable rather than absolute assurance of effectiveness.

The system of internal control is based on a process designed to identify the principal risks, to evaluate the nature and extent of the risks, and to manage them efficiently, effectively and economically. This process has been in place throughout the year ended 31 March 2020 and up to the date of signature of the accounts.

The risk management, risk profile, capacity to handle risk and the risk environment

The Museum has a risk management policy, comprehensive guidance on risk management and a robust risk assessment methodology which have been widely disseminated and implemented. The risk management policy sets out the Museum's attitude to risk, and responsibilities including those of the Trustees, the Director, the Head of Risk and Assurance, managers and staff, and the Executive Board which has overall responsibility for risk management during the year.

Specifically the Executive Board has responsibility for:

- developing and monitoring the implementation of the risk management strategy; and
- assessing, reviewing and monitoring the key inherently significant and emerging risks to the achievement of aims and objectives.

Additionally, the Executive Board has responsibility for overall strategy development and implementation, and for overall Museum management.

A risk profile highlighting the key risks is prepared annually by the Executive Board, taking account of a risk universe based on a comprehensive view of the activities undertaken by the Museum over both the short and long term. The risk universe is updated annually at the start of the financial year and as new or emerging risks are identified, and the risks from the risk universe which have the highest scores for levels of residual risk are treated as the major risks for the coming year. This is reviewed and endorsed by the Audit and Risk Committee and the Board of Trustees.

At the detailed level, responsibility for each key risk is allocated to managers as risk owners, and the risk owners are required to report quarterly to the Executive Board and selectively to the Audit and Risk Committee on the progress of action taken to manage these risks using a Board Assurance Framework which includes reporting on the risk mitigation processes in place and progress, and future plans to ameliorate risk. The Director also reports progress in managing the risks to the Audit and Risk Committee, and significant changes and developments in the risk profile including new risks are reported to both the Audit and Risk Committee and the Board of Trustees.

The most significant key strategic risks strategic facing the Museum arise from the condition of the estate and the need for investment in public and collections spaces, the funding environment including government funding and the need to grow all areas of self-generated income, the requirement to increase the rate of databasing and digitizing of collections, and the recovery from the impact of COVID-19.

The executive directors and managers are responsible for assessing risk appetite, using a framework of key documents including the Financial Regulations, Collections Management Policies, the Procurement Policy, the Staff Handbook and Health and Safety guidelines. The risk appetite is generally regarded as low particularly where this relates to statutory and legal obligations. The risk appetite for a given risk may, however, differ from a low category, for example for commercial activities where we may accept a higher risk appetite, recognising that there is a risk of failure.

Significant internal control activity during the year

A number of specific actions have occurred during the year which have strengthened the internal control framework and helped in the managing of the major and inherent risks:

- Continuing investment in Museum wide security and fire safety infrastructure and further embedding of physical security systems and processes.
- Continuing investment in IT systems resilience.
- An additional post reporting to the Information Security Manager has been created and appointed to.
- A revised Data Protection Officer role was created and recruited.
- An external assessment against the Cyber Essentials Scheme Test Specification Level of certification: Cyber Essentials – Scope External Facing Infrastructure Services was carried out.
- OHSAS 18001 certification was maintained for the occupational health and safety management system.
- IS0 14001 was re awarded for the environmental management system.

- There was regular reporting to and liaison with DCMS on the Museum's preparations for the impact of Brexit.
- Significant work continued on the implementation of the General Data Protection Regulation (GDPR), overseen by the Information Management Group.
- Completion of the Counter Fraud Functional Standard GovS 013 annual assessment, and devising and implementing a Counter Fraud, Bribery and Corruption and Action Plan.
- Reviewing and updating the high level and detailed fraud, bribery and corruption risk assessments.
- Online training for staff on health and safety, and information management, including cyber security, fraud and bribery awareness, and counter terrorism is mandated on a continuous basis.
- A joint exercise with the London Fire Brigade was carried out to test the response to a major incident.
- A Communications Crisis plan was approved.

Significant internal control matters arising during the year

There were no significant control matters which occurred during the year.

Risks to data and information

Risks to data and information held by the Museum are managed by individuals responsible as information asset owners. There is a Senior Information Risk Owner (SIRO) responsible for the information risk policy and risk assessment, and for ensuring that the Museum complies with the Cabinet Office protocols it has assessed as being appropriate for the management of information risk.

A GDPR readiness audit was undertaken by an external reviewer during the year and an action plan developed. This is being taken forward by the Data Protection Officer who took up position in May 2019.

There were 4 sensitive personal data incidents during the year which required reporting to the Information Commissioner. In all cases, the ICO considered that the Museum had taken the appropriate technical and organisation security measures to prevent the breach and mitigate its impacts as far as possible, and therefore did not seek to investigate further or apply enforcement action.

Review of effectiveness

We have responsibility for reviewing the effectiveness of the system of internal control and this review for 2019-20 has been informed by the work of the Museum's Risk and Assurance Unit including the review of the controls in place for effective management of information risk and:

(a) the programme of audits carried out by the Health and Safety Unit and the Health and Safety Manager's annual report to Trustees and the Audit and Risk Committee;

(b) the Annual Security Report to Trustees including information risk management and assurance; by the Head of Security and the Chief Information Officer; and

(c) comments made by the external auditors in their management letter.

The Risk and Assurance Unit is responsible for examining and reporting on the adequacy and effectiveness of the risk management, control and governance processes. It takes a risk based approach to audits and focuses on the major corporate risks to the achievement of the Museum's strategic objectives.

The Risk and Assurance Unit works to Public Sector Internal Audit Standards and an audit and risk strategy the purpose of which is to put in place an approach that will enable the Head of Risk and Assurance to manage the work of the unit in a way which will deliver: (a) an overall opinion each year to the Museum Director (Accounting Officer) on the whole of the Museum's risk management, control and governance processes in order to inform and support the preparation of the annual Governance Statement; (b) risk based audit plans that afford suitable priority to the Museums objectives and risks; and (c) audit recommendations to improve risk management, control and governance.

The audit and risk strategy and annual audit plan are approved by the Audit and Risk Committee. The risk universe is used to inform the plan which is set within a five year timescale.

The annual report on audit activity, which includes the Head of Risk and Assurance's opinion on the adequacy and effectiveness of the risk management, control and governance processes is considered by the Audit and Risk

Committee. The Committee reviewed and agreed with the report for 2019-20 which concluded that the overall level of assurance was substantial, and this was also reviewed and endorsed by the Board of Trustees. The Committee also reviewed and confirmed that it was satisfied with the quality, professionalism and thoroughness of the internal audit work during the year.

The Board has gained assurance on the quality of the information it receives through a mix of internal audit work and its own challenge of information presented.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Sir Michael Dixon
Director and Accounting Officer

16 July 2020

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Natural History Museum for the year ended 31 March 2020 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 Statement of cash flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as adopted by the European Union. I have also audited the information in the Report on the Remuneration of Senior Management that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Natural History Museum's affairs as at 31 March 2020 and of its net expenditure 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.

Opinion on regularity

In my opinion, in all material respects the income and expenditure 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.

Emphasis of Matter

I draw attention to Note 8 to the financial statements, which describes the basis for valuing the Museum's property. Management consider that due to the impact of COVID-19, there is a 'material valuation uncertainty' associated with this balance. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. My opinion is not modified in respect of this matter.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Natural History Museum in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Natural History Museum's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Natural History Museum have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Natural History Museum's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Trustees and Director

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Trustees and the director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Natural History Museum's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- Conclude on the appropriateness of the Natural History Museum's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Natural History Museum ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Natural History Museum to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Trustees and Director are responsible for the other information. The other information comprises information included in the Trustees' Annual Report, but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any

form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Report on the Remuneration of Senior Management to be audited have been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustees' Annual Report; and
- the information given in the Trustees' Annual Report which I provide a positive consistency opinion on 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 parts of the Report on the Remuneration of Senior Management 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.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

16 July 2020

Consolidated Statement of Financial Activities for the year ended 31 March 2020

	Notes	Unrestricted Funds Designated £000	Unrestricted Funds General £000	Restricted Funds £000	Permanent Endowment Funds £000	**Total Funds 2020 £000**	Unrestricted Funds Designated £000	Unrestricted Funds General £000	Restricted Funds £000	Permanent Endowment Funds £000	**Total Funds 2019 £000**
Income and endowments from											
Donations and legacies											
Grant-in-Aid	3	–	46,672	–	–	**46,672**	–	42,455	–	–	**42,455**
National lottery		–	–	47	–	**47**	–	–	55	–	**55**
Donations		–	2,523	4,183	–	**6,706**	–	2,908	2,745	–	**5,653**
Donations in kind		–	–	215	–	**215**	–	–	376	–	**376**
Charitable activities											
Admissions and memberships		–	3,850	–	–	**3,850**	–	4,560	–	–	**4,560**
Scientific and other grants		–	–	9,524	–	**9,524**	–	–	8,985	–	**8,985**
Other trading activities											
Trading activities	4	–	20,590	–	–	**20,590**	–	19,959	–	–	**19,959**
Sponsorship	4	–	800	–	–	**800**	–	595	–	–	**595**
Shared services		1,921	100	–	–	**2,021**	2,576	91	–	–	**2,667**
Other income	5	–	808	299	–	**1,107**	–	765	299	–	**1,064**
Investments	5	146	88	7	–	**241**	142	64	–	–	**206**
Total income		2,067	75,431	14,275	–	**91,773**	2,718	71,397	12,460	–	**86,575**
Expenditure on											
Raising funds											
Costs of generating voluntary income	7	628	2,559	133	–	**3,320**	593	2,242	131	–	**2,966**
Trading activities	7	2,076	11,177	–	–	**13,253**	2,800	11,177	–	–	**13,977**
Charitable activities											
Public Engagement	7	5,533	29,729	2,255	–	**37,517**	5,959	28,120	1,439	–	**35,518**
Scientific curation and research	7	6,802	23,830	11,552	–	**42,184**	7,497	22,412	11,364	–	**41,273**
Other											
Loss on disposal of fixed assets	7	–	–	–	–	**–**	44	–	–	–	**44**
Total expenditure		15,039	67,295	13,940	–	**96,274**	16,893	63,951	12,934	–	**93,778**

	Notes	Unrestricted Funds Designated £000	General £000	Restricted Funds £000	Permanent Endowment Funds £000	**Total Funds 2020 £000**	Unrestricted Funds Designated £000	General £000	Restricted Funds £000	Permanent Endowment Funds £000	**Total Funds 2019 £000**
Net (expenditure)/income before gains and losses on investments		(12,972)	8,136	335	–	**(4,501)**	(14,175)	7,446	(474)	–	**(7,203)**
Net (losses)/gains on investments	11	(23)	–	(147)	(112)	**(282)**	55	–	–	259	**314**
Net (expenditure)/income after gains and losses on investments		(12,995)	8,136	188	(112)	**(4,783)**	(14,120)	7,446	(474)	259	**(6,889)**
Transfers											
Gross transfers between funds	20	8,956	(8,890)	(66)	–	**–**	5,534	(4,478)	(1,056)	–	**–**
Net (expenditure)/income before other recognised gains and losses		(4,039)	(754)	122	(112)	**(4,783)**	(8,586)	2,968	(1,530)	259	**(6,889)**
Other recognised gains/(losses)											
Gains on indexation and revaluation of fixed assets for charity's own use	8	18,068	–	4,975	–	**23,043**	58,444	–	900	–	**59,344**
Gain/(loss) on foreign exchange		–	333	–	–	**333**	–	(72)	–	–	**(72)**
Net movement in funds		14,029	(421)	5,097	(112)	**18,593**	49,858	2,896	(630)	259	**52,383**
Reconciliation of funds											
Total funds brought forward		534,866	7,216	95,064	3,548	**640,694**	485,008	4,320	95,694	3,289	**588,311**
Total funds carried forward	20	548,895	6,795	100,161	3,436	**659,287**	534,866	7,216	95,064	3,548	**640,694**

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period.

All recognised gains and losses are included in these accounts and the Museum has no recognised gains or losses other than the above.

The notes on pages 39 to 67 form part of these accounts.

Consolidated and Museum Balance Sheets as at 31 March 2020

	Note	**Group 2020 £000**	Group 2019 £000	**Museum 2020 £000**	Museum 2020 £000
Fixed assets					
Tangible assets	8	**634,210**	616,568	**633,637**	616,283
Intangible assets	9	**719**	712	**689**	600
Heritage assets	10	**7,840**	7,656	**7,840**	7,656
Investments	11	**4,923**	4,285	**300**	300
Total fixed assets		**647,692**	629,221	**642,466**	624,839
Current assets					
Stock	13	**1,068**	984	**323**	260
Debtors	14	**7,964**	8,018	**7,078**	5,912
Cash at bank and in hand	15	**19,420**	22,680	**17,484**	20,483
Total current assets		**28,452**	31,682	**24,885**	26,655
Liabilities					
Creditors: amounts falling due within one year	17	**(15,958)**	(18,729)	**(12,386)**	(14,797)
Net current assets		**12,494**	12,953	**12,499**	11,858
Total assets less current liabilities		**660,186**	642,174	**654,965**	636,697
Creditors: amounts falling due after more than one year	18	**(546)**	(1,092)	**(546)**	(1,092)
Provision for liabilities and charges	23	**(353)**	(388)	**(353)**	(388)
Net assets		**659,287**	640,694	**654,066**	635,217
The funds of the charity					
Permanent endowment funds	20	**3,436**	3,548	**–**	–
Restricted funds					
Restricted income funds		**59,308**	59,186	**58,527**	58,265
Restricted revaluation reserve		**40,853**	35,878	**40,853**	35,878
Total restricted funds	20	**100,161**	95,064	**99,380**	94,143
Unrestricted funds					
Designated funds	20	**209,466**	213,505	**208,161**	212,402
Designated revaluation reserve		**339,429**	321,361	**339,429**	321,361
General funds	20	**6,795**	7,216	**7,096**	7,311
Total unrestricted funds		**555,690**	542,082	**554,686**	541,074
Total charity funds	20	**659,287**	640,694	**654,066**	635,217

The notes on pages 39 to 67 form part of these accounts.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Sir Michael Dixon
Director and Accounting Officer

16 July 2020

Statement of Cash Flows and Consolidated Statement of Cash Flows for the year ending 31 March 2020

	Note	**Group 2020 £000**	Group 2019 £000	**Museum 2020 £000**	Museum 2019 £000
Cash flows from operating activities:					
Net cash provided by operating activities	22	**6,605**	13,324	**5,738**	12,272
Cash flows from investing activities:					
Interest income received	5	**88**	64	**88**	64
Investment income received	5	**153**	142	**–**	–
Purchase of tangible fixed assets	8	**(8,644)**	(4,607)	**(8,283)**	(4,512)
Purchase of intangible fixed assets	9	**(284)**	(57)	**(284)**	(57)
Purchase of heritage assets	10	**(40)**	(44)	**(40)**	(44)
Purchase of investments	11	**(920)**	–	**–**	–
Net cash used in investing activities		**(9,647)**	(4,502)	**(8,519)**	(4,549)
Cash flows from financing activities:					
Loan received from DCMS	18	**–**	–	**–**	–
Loan repayment to DCMS		**(551)**	(552)	**(551)**	(552)
Net cash used in financing activities		**(551)**	(552)	**(551)**	(552)
Net increase/(decrease) in cash and cash equivalents	15	**(3,593)**	8,270	**(3,332)**	7,171
Cash and cash equivalents at the beginning of the year		**22,680**	14,482	**20,483**	13,384
Change in cash and cash equivalents due to exchange rate movements		**333**	(72)	**333**	(72)
Cash and cash equivalents at the end of the year		**19,420**	22,680	**17,484**	20,483

The notes on pages 39 to 67 form part of these accounts.

Notes to the Financial Statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified for the inclusion of certain fixed assets at their value to the business by reference to current costs and of investments at market value. The accounts comply with the requirements of the Government Financial Reporting Manual, the Financial Reporting Standard Applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015), and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Digital, Culture, Media and Sport (DCMS), with the approval of H.M.Treasury in accordance with the Museums and Galleries Act 1992.

Consolidated accounts have been prepared for the Museum which include the results of the Natural History Museum charity, its wholly-owned subsidiary company The Natural History Museum Trading Company Ltd (company number 02909192), and the results of the trust funds administered by the Natural History Museum known as the Benevolent Fund and the Special Funds. They do not include accounts for the International Friends of the Natural History Museum London which is a fund raising organisation based in the USA, nor do they include The Natural History Museum Development Trust which is based in the UK, both of which are run by separate and independent trustee bodies which the Museum does not control.

The address of its registered office is the Natural History Museum, Cromwell Road, London, SW7 5BD.

The financial statements are prepared in sterling, which is the functional currency of the Museum. Monetary amounts in these financial statements are rounded to the nearest thousand.

The Natural History Museum is a public benefit entity.

Going concern status

The accounts have been prepared on the going concern basis. Under Section 3 of the British Museum Act 1963, the Museum has a statutory responsibility for keeping its collections and making them available for inspection by the public, and the Trustees and Accounting Officer have assumed in making the going concern assessment that sufficient Government funding support will continue to be made available to fulfil this responsibility.

Incoming resources

All income is accounted for on a receivable basis and is net of Value Added Tax.

Grant-in-Aid from DCMS is shown in its entirety in the Statement of Financial Activities. Grant-in-Aid for specific projects or activities is credited to Restricted Funds and all other Grant-in-Aid income is credited to General Funds. However, within the Statement of Funds (Note 20), Grant-in-Aid income allocated to capital expenditure other than specific projects is transferred from General Funds to Unrestricted Designated Funds and Grant-in-Aid income allocated to acquisitions for the collection is transferred from General Funds to Restricted Funds.

Grants and other income that are awarded subject to specific performance conditions, including scientific grants and income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met and, where appropriate, income is deferred accordingly. The substance of other contractual conditions attached to scientific grants and the nature of the arrangement with the funder are considered when determining the periods in which income is recognised.

Donations, shared services and sponsorship income is recognised as income when the conditions for its receipt have been met.

The Museum recognises the income of a charged exhibition in the year(s) in which the exhibition takes place. Income received for an exhibition taking place in a future period is treated as deferred income in the Balance Sheet. Expenditure for the related exhibition is charged in the period in which the goods and services have been received.

Membership income is recognised in the period it is received.

Donations in kind, including donated collections, are recognised when received and valued at their value to the Museum. The contribution of volunteers is excluded from the Statement of Financial Activities as the value of their contribution cannot be reasonably quantified in financial terms.

Income from trading activities predominantly relates to income generated within the Natural History Museum Trading Company Ltd and paid to the Museum under Deed of Covenant annually (see note 12). The accounts of the Company set out the income recognition policies applied.

Expenditure

All expenditure is accounted for on an accruals basis.

Expenditure has been classified according to the main activities of the Museum and aggregates all costs related to each activity. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources. Support costs are allocated according to the number of permanent staff directly employed in each activity as an appropriate measure of the use of these resources by activity.

Costs of generating voluntary income include all costs associated with the development of the Museum's non-scientific income and in particular, support the generation of donations, income from trading activities, admissions, membership and sponsorship. Costs purely relating to generating philanthropic fundraising are separately identified in Note 7.

Support costs are those functions that assist the work of the Museum but do not directly undertake charitable activities. Support costs have been allocated between costs of generating voluntary income, public engagement, and scientific curation and research based on headcount.

Significant accounting estimates

In the application of the Museum's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Amortisation

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

Depreciation

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

Provisions

Provisions are made for early retirement and severance obligations. These provisions require management's best estimate of the costs that will be incurred based on legislative requirements. In addition, the timing of the cash flows and the discount rates used to establish the new present value of the obligations require management's judgement.

Valuation of property, plant and equipment

Property, plant and equipment represents a significant proportion of the Museums balance sheet and therefore the estimates and assumptions made to determine their carrying value and related depreciation are important to the Museums reported financial position and total expenditure.

Due to the outbreak of COVID-19, and the unprecedented set of circumstances it presents, the the valuation of property, plant and equipment is reported as subject to 'material valuation uncertainty'. Further information on valuation can be found in Note 8.

Valuation of heritage assets

Heritage assets are valued in accordance with FRS102 (Heritage Assets). The museum accepts donations of heritage assets which require management to make a judgement on the valuation placed on the specimens donated. Further information on heritage assets can be found on the followin page and in Note 10

Fund accounting

The Museum's accounts are a consolidation of a number of individual funds which divide into distinct categories which are defined as follows:

Unrestricted funds general

The General Funds consist of the accumulated surplus or deficit on the Statement of Financial Activities. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum.

Unrestricted funds designated

These funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. They consist mainly of the following:

Special Funds – a collection of funds which have arisen from various legacies and donations, largely held as investments, the income from which is used for scientific purposes.

Capital Projects – expenditure funded from non restricted sources which has been capitalised.

Future Scientific Research – a fund set aside from income derived from the Museum's scientific activities to be used to fund research.

Future Projects – monies set aside to fund agreed projects during the next financial year, not funded out of income expected to be generated in that year.

Restricted funds

These funds are subject to specific restriction imposed by the donor, by the purpose of an appeal or are received for a specific purpose. They consist mainly of the following:

Scientific Grants – grant awards for specific scientific projects.

Sponsored Assets – buildings and collections which have been funded at least in part by sponsorship or donations.

Equipment Reserve – a fund established for replacement of shared services equipment – see note 1 (provision for shared services) and note 23.

Permanent endowment funds

These comprise funds donated on condition that the original funds be held permanently by the Museum, although the constituent assets may change.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation.

Depreciation is provided on all tangible fixed assets, other than freehold land and collection items, at rates calculated to write off the cost or valuation, less estimated residual value, on a straight line basis for each asset over its expected useful life as follows:

Freehold buildings	– between 8 and 100 years depending on the building.
Plant and machinery	– between 5 and 35 years depending upon the nature of the asset.
Permanent exhibitions	– between 10 and 20 years depending on the exhibition.
Equipment	– between 3 and 20 years depending on the nature of the asset
Furniture and fittings	– between 4 and 20 years depending on the nature of the asset
Vehicles	– between 5 and 10 years depending on the nature of the asset

Tangible fixed assets are reviewed annually for evidence of impairments of value and, where there is evidence that recoverable value has fallen below carrying value, a calculation of the recoverable value is made. Any

excess of the carrying value over the recoverable value is written off, either within depreciation in the Statement of Financial Activities, or to the revaluation reserve to the extent that it relates to a previously revalued asset.

Including assets at their value to the business by reference to current costs is achieved as follows:

Land and buildings – by external professional valuation at least every five years and using professionally supplied indices in the intervening periods.

Exhibitions are not revalued but are stated at historic depreciated cost.

Equipment/furniture and fittings are not revalued but are stated at depreciated value.

Tangible fixed assets with an original cost of under £5,000 are written off in the year of acquisition.

Capital expenditure on permanent exhibitions includes only the cost of materials and externally contracted services. No allocations are made of related internal labour costs.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual values of their esimated useful lives, as follows:

Image rights	– 5 years
Software and website	– between 3 and 10 years depending on the nature of the asset

Intangible assets with an original cost of under £5,000 are written off in the year of acquisition.

Heritage assets

The Museum's collections which are assets of historical and scientific importance held to advance the Museum's scientific and educational objectives and, through public access, contribute to the nation's culture and education, are recognised as heritage assets in accordance with FRS102 (Heritage Assets) which requires such assets to be reported in the Balance Sheet where information is available on cost or value. Prior to the financial year 2001-02 these assets were not capitalised. Reliable cost information is not available and conventional valuation approaches lack sufficient reliability, with the cost of providing such information unaffordable and unmanageable, and deemed to outweigh the benefits to the users. Accordingly these assets are not capitalised in the Balance Sheet. However since 1 April 2001 collections acquisitions in excess of the capitalisation threshold of £5,000 have been capitalised at acquisition value, and treated as non depreciable heritage assets in the Balance Sheet. A description of the collections, their management and developments in the year are given in note 10.

Investments

Investments are stated at market value. Valuations are kept up to date such that when investments are sold there is no accounting gain or loss arising. As a result the Statement of Financial Activities only includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year.

Market value is taken to be the middle market price ruling at the balance sheet date.

Financial instruments

The Museum only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

Stocks

Stocks are stated at the lower of cost price or net realisable value and consist of goods for resale and work in progress.

Leases

The Museum has no finance leases. Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease. Forward liabilities are disclosed in note 19.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rate at the time of the transaction. All exchange differences are taken to the Statement of Financial Activities.

Provisions

Provisions are measured at the best estimate of their settlement amount at the balance sheet date.

Taxation

The charitable activities of the Museum are exempt from corporation tax. Profits from trading activities within the trading subsidiary are subject to corporation tax to the extent that they are not paid to the Museum under Deed of Covenant. The Museum and its subsidiaries are registered for Value Added Tax and have agreed a scheme for recovery of certain proportions of VAT on expenditure.

Pension costs

The operating costs of providing retirement benefits are recognised in the accounting periods in which the benefits are earned by the employees, and the related costs and changes in value of the assets and liabilities are recognised in the accounting period in which they arise.

Prior to April 2017 staff of the Museum were employed under the same conditions of service as civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is unfunded, and within which the Natural History Museum is unable to identify its share of the underlying assets/liabilities. Although the scheme is a defined benefit scheme, liability for the payment of future benefits is a charge to the PCSPS. The Museum, and other bodies covered by the PCSPS, meet the cost of the pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The Museum is required to meet the cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Museum provides in full for this cost when the early retirement has been announced and is binding on the Museum.

From 1 April 2017 the majority of new entrants will join the Natural History Museum Pension Scheme which is a defined contribution scheme.

Shared services

During 2019-2020 the Museum supplied electricity and heating to the Victoria and Albert Museum. The Museum also supplied electricity to the Science Museum. The costs of these supplies are recharged on a not-for-profit basis. Each type of supply is accounted for separately and is ring-fenced within the accounts. The funds accumulated for the replacement of the facilities are shown as restricted funds titled Equipment Reserve.

Contributions to and releases from the Equipment Reserve are shown in the Statement of Financial Activities, Restricted Funds and note 23.

2 Summary of results for the Natural History Museum only

	2020	2019
	£000	£000
Income and endowments		
Grant-in-Aid	**46,672**	42,455
National lottery	**47**	55
Donations	**6,706**	4,732
Donations in kind	**215**	376
Trading activities	**1,288**	1,132
Shared services	**2,021**	2,667
Other income	**1,107**	1,064
Investment income	**88**	64
Admissions and memberships	**3,850**	4,560
Scientific and other grants	**9,524**	8,985
Payment under Deed of Covenant from the Natural History Museum Trading Company	**6,654**	6,037
	78,172	72,127
Expenditure		
Costs of generating voluntary income	**3,320**	2,966
Fundraising trading: costs of goods sold and other costs	**2,302**	3,032
Public engagement	**37,517**	35,518
Scientific curation and research	**42,057**	41,158
Recharge to the Natural History Museum Trading Company	**(2,497)**	(2,440)
Loss on disposal of fixed assets	**–**	44
	82,699	80,278
Net (expenditure)/income before other recognised gains/(losses)	**(4,527)**	(8,151)
Gains/(losses) on foreign exchange	**333**	(72)
Gains on revaluation of fixed assets	**23,043**	59,344
Net movement in funds	**18,849**	51,121

3 Grant-in-Aid

	2020	2019
	£000	£000
DCMS		
Resource Grant-in-Aid	**40,872**	39,515
Capital Grant-in-Aid:		
Baseline	**2,300**	2,940
Museums Infrastructure Fund	**3,500**	–
	46,672	42,455
General Funds	**46,672**	42,455
	46,672	42,455

Grant-in-Aid income credited to General Funds is available for running costs, capital improvements and collection purchases.

For the purposes of consolidated budgeting and monitoring by DCMS during the year, reflecting HM Treasury guidance, a budget of £4m for the Museum's operational non-capital research spend is transfered to Capital Grant-in-Aid, thereby reflecting budgeting totals of £9,800k for Capital Grant-in-Aid and £36,872k for Resource Grant-in-Aid.

4 Trading activities income

	2020	2019
	£000	£000
Brand Management	**276**	247
Retail	**8,711**	9,065
Catering and Functions	**6,874**	6,722
Touring Exhibitions	**1,792**	1,389
Consultancy	**1,496**	1,238
Other	**1,441**	1,298
	20,590	19,959

This reconciles to the Trading Company income in note 12 as follows:

Trading subsidiary turnover	**20,102**	19,422
Commercial sponsorship	**(800)**	(595)
Add: Other trading activities income (Museum income)	**1,288**	1,132
	20,590	19,959

5 Investments and other income

	2020	2019
	£000	£000
Income from UK equities	**153**	142
Bank interest	**88**	64
	241	206
Other income		
Rentals	**144**	137
Other	**963**	927
	1,107	1,064

Investment income is shown inclusive of tax credits reclaimed in the year.

6 Net (expenditure)/income before transfers

	2020	2019
	£000	£000
is stated after crediting:		
Scientific grants from the European Union	**1,356**	1,587
and after charging:		
Expenditure in respect of scientific grants from the European Union	**1,356**	1,587
Auditors' remuneration – Museum auditors		
Museum audit	**60**	51
Auditors' remuneration – subsidiaries auditors		
Trading Company audit	**23**	23
Special Funds and Benevolent Fund audit	**2**	2
Other services	**2**	2
Hire of plant and machinery	**651**	613
Travel, subsistence and hospitality	**920**	801
Depreciation	**14,045**	15,216
Amortisation	**277**	403
Stock recognised as an expense	**4,214**	4,388

7 Total resources expended

	Activities undertaken directly £000	Support costs £000	**Total 2020 £000**	Activities undertaken directly £000	Support costs £000	**Total 2019 £000**
Costs of generating voluntary income	1,770	1,550	**3,320**	1,639	1,327	**2,966**
Trading activities	13,253	–	**13,253**	13,977	–	**13,977**
Public Engagement	23,870	13,647	**37,517**	22,193	13,325	**35,518**
Scientific curation and research	27,704	14,480	**42,184**	26,742	14,531	**41,273**
Loss on disposal of fixed assets	–	–	**–**	44	–	**44**
	66,597	29,677	**96,274**	64,595	29,183	**93,778**

During the year, grants of £2,976,000 (2019: £3,028,000) were awarded to institutions within scientific curation and research.

Support costs by activity

2019-2020	Generating voluntary income £000	Public Engagement £000	Scientific £000	**Total £000**
Management	74	652	691	**1,417**
Human resources	91	800	848	**1,739**
Estates	486	4,282	4,544	**9,312**
Finance	77	679	720	**1,476**
Information technology	207	1,819	1,931	**3,957**
Governance	8	73	77	**158**
Depreciation	607	5,342	5,669	**11,618**
	1,550	13,647	14,480	**29,677**

2018-2019	Generating voluntary income £000	Public Engagement £000	Scientific £000	**Total £000**
Management	68	683	744	**1,495**
Human resources	72	722	788	**1,582**
Estates	402	4,041	4,406	**8,849**
Finance	55	550	600	**1,205**
Information technology	168	1,691	1,844	**3,703**
Governance	8	78	86	**172**
Depreciation	554	5,560	6,063	**12,177**
	1,327	13,325	14,531	**29,183**

All support costs are allocated according to the number of permanent staff directly employed in each activity as an appropriate measure of the use of these resources by activity.

Staff costs

	Permanent contracts £000	Other contracts £000	**2020 Total £000**	2019 Total £000
Salaries and wages	26,158	5,901	**32,059**	30,869
Superannuation	5,707	696	**6,403**	5,344
National Insurance	2,710	556	**3,266**	3,130
Cost of agency staff	–	1,460	**1,460**	1,976
	34,575	8,613	**43,188**	41,319

Included in the above staff costs are redundancy costs of £109,290 (2019: £405,693).

The Museum accounts for exit costs in the year of the individual's departure being agreed. Where employees have been given retirement benefits under the early retirement and severance scheme operated by the Museum, the full provision is made in the year of retirement and released annually to cover payments made to the employee (note 23).

The majority of present and past employees 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 Museum is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details are available in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. During 2019-20, the rates were in the range 26.6% and 30.3%. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Payments of £5,200,000 (2019: £4,813,000) were made during the year. The Natural History Museum is only liable for the contribution it has made directly.

From 1 April 2017, new entrants are enrolled into the Natural History Museum Pension Scheme, a defined contribution scheme with an employer contribution. Payments of £760,000 (2019: £531,000) were made during the year. The minimum employee contribution is 4% of salary and, subject to that contribution being made, the Museum makes a contribution of 8% of salary. If an employee chooses to contribute more than 4%, the Museum will match up to a further 2%.

Pension costs are allocated to activities on the same basis as those staff costs to which they relate. At 31 March 2020 a balance of £128,000 (2019: £88,000) was due to be paid in relation to the Natural History Museum Pension Scheme.

The Chair and Board of Trustees received no remuneration for their services during the year (2019: nil). Travel and subsistence expenses of £2,258 (2019: £2,579) were reimbursed to 4 (2019: 4) Trustees.

The following number of senior employees, including the senior management, received remuneration falling within the ranges below:

	2020	2019
£190,001 – £200,000	**1**	1
£150,001 – £160,000	**1**	–
£140,001 – £150,000	**–**	1
£120,001- £130,000	**3**	2
£110,001 – £120,000	**1**	1
£100,001 – £110,000	**2**	2
£90,001 – £100,000	**2**	2
£80,001 – £90,000	**6**	8
£70,001 – £80,000	**12**	11
£60,001 – £70,000	**20**	14

The total pension contributions payable for the senior employees included above were £1,060,850 (2019: £741,921).

No employees received any benefit in kind except as disclosed in the Report on the Remuneration of Senior Management.

The key management personnel comprise the Museum Director, the Executive Director of Finance and Corporate Services, the Executive Director of Science, the Executive Director of Engagement and the Executive Director of Development. The total employee benefits of the key management personnel of the Museum were £1,061,358 (2019: £891,733).

The Remuneration of key management personnel of the Museum, including details of bonuses and pensions, are disclosed in the Report on the Remuneration of Senior Management.

The average number of employees during the year was 887 (2019: 872) organised into the following categories:

	Permanent contracts	Other contracts	**2020 Total**	2019 Total
Costs of generating voluntary income	26	1	**27**	25
Trading activities	80	9	**89**	91
Public Engagement	229	75	**304**	287
Scientific curation and research	243	104	**347**	351
Support	109	11	**120**	118
	687	200	**887**	872

8 Tangible fixed assets

Group	Land & buildings £000	Plant & machinery £000	Assets under construction £000	Permanent exhibitions £000	Furniture & fittings £000	Equipment £000	Vehicles £000	**Total £000**
Value								
Balance at 1 April 2019	510,101	89,198	300	36,433	13,069	22,377	4	**671,482**
Additions	279	787	7,358	–	50	170	–	**8,644**
Disposals	–	–	–	(40)	–	(574)	–	**(614)**
Revaluation	16,359	7,592	–	–	–	–	–	**23,951**
Transfers in/(out)	259	–	(259)	–	–	–	–	**–**
Balance at 31 March 2020	526,998	97,577	7,399	36,393	13,119	21,973	4	**703,463**
Depreciation								
Balance at 1 April 2019	–	–	–	30,209	8,185	16,516	4	**54,914**
Charge for year	5,398	5,499	–	1,038	901	1,209	–	**14,045**
Disposals	–	–	–	(40)	–	(574)	–	**(614)**
Revaluation	451	457	–	–	–	–	–	**908**
Transfers in/(out)	–	–	–	–	–	–	–	**–**
Balance at 31 March 2020	5,849	5,956	–	31,207	9,086	17,151	4	**69,253**
Net Book Value 31 March 2020	**521,149**	**91,621**	**7,399**	**5,186**	**4,033**	**4,822**	**–**	**634,210**
Net Book Value 31 March 2019	510,101	89,198	300	6,224	4,884	5,861	–	616,568

Land and Buildings includes the Natural History Museum at Tring, residential properties at Tring, premises at Wandsworth, London, and the main Museum site at South Kensington. The freehold interest in the South Kensington site was transferred to the Trustees by the Secretary of State for the Environment, Transport and the Regions in August 2001. In accordance with Treasury Guidance all land and building assets are revalued at least quinquennially on a depreciated replacement cost basis and indexed using indices from professional sources in the intervening years. The most recent full valuation was performed by Gerald Eve LLP, Chartered

Surveyors, as at 31 March 2019, in accordance with the RICS Valuation- Professional Standards, January 2017 edition and Financial Reporting Standard (FRS) 102. An intervening revaluation was carried out at 31 March 2020 based on price indices prepared by Gerald Eve LLP.

Due to the outbreak of COVID-19, Gerald Eve LLP considered that at the indexation date of 31 March 2020, less weight can be attached to previous market evidence for comparison purposes, to inform opinions on the indexation of property, plant and equipment.

Due to the unprecedented set of circumstances on which the indexation judgement is based the valuation is being reported as subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' disclosure above does not mean that the valuation cannot be relied upon. Rather, the disclosure has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. This material uncertainty disclosure is to serve as a precaution and does not invalidate the valuation.

The freehold properties comprising the Natural History Museum Estate were valued as at 31 March 2019 by Gerald Eve LLP. The valuation was prepared in accordance with the RICS Valuation- Professional Standards, January 2017 edition and Financial Reporting Standard (FRS) 102. The valuation of the non-specialised properties was undertaken on an Existing Use Value (EUV) basis. Specialised properties were valued on a Depreciated Replacement Cost (DRC) basis.

The professional valuations at 31 March 2019 were as follows:

Property	**Value 31 March 2020** £000	**Basis of Valuation**
The Natural History Museum, South Kensington	567,752	Land at market rate for restricted use, buildings at depreciated replacement cost
Natural History Museum at Tring	13,871	Land at market rate for restricted use, buildings at depreciated replacement cost
Residential properties, Tring	3,102	Existing use basis
Premises in Wandsworth, London	14,574	Existing use basis and depreciated replacement cost. Freehold purchase 1991.

At 31 March 2019 the valuers were of the opinion that the valuation of the premises in Wandsworth, London at market value for general storage and distribution would be significantly lower than the valuation at existing use value, reflecting specialist adaptions for the storage of Museum collections at the property. The specialist adaptions are not likely to have any value for a prospective purchaser. The valuers have stated their opinion that the market value of the main museum site at South Kensington would be significantly lower than the depreciated replacement cost value reported because of the restrictive covenants contained in the Museum's title. For all other properties, the valuers considered that the difference between market value and the stated value would not be significant.

No indexation has been applied to fixture and fittings, equipment assets and permanent exhibitions as management consider that there is no material difference between current cost and actual cost. The life of these assets is reviewed annually to reflect their true value.

	2020	2019
	£000	£000
The current cost depreciation shown above is charged in the Statement of Financial Activities as follows:		
Depreciation included in Total Resources Expended	**14,045**	15,216
	14,045	15,216

	2020	2019
	£000	£000
Gains on indexation and revaluation of fixed assets shown above are recognised in the Statement of Financial Activities as follows:		
Revaluation value	**23,951**	2,752
Prior year depreciation adjustment arising from revaluation	**(908)**	56,592
	23,043	59,344

Museum

	Land & buildings £000	Plant & machinery £000	Assets under construction £000	Permanent exhibitions £000	Furniture & fittings £000	Equipment £000	Vehicles £000	**Total £000**
Value								
Balance at 1 April 2019	510,101	89,198	300	36,432	12,635	21,844	4	**670,514**
Additions	279	787	7,015	–	50	152	–	**8,283**
Disposals	–	–	–	(40)	–	(530)	–	**(570)**
Revaluation	16,359	7,592	–	–	–	–	–	**23,951**
Transfers in/(out)	259	–	(259)	–	–	–	–	**–**
Balance at 31 March 2020	526,998	97,577	7,056	36,392	12,685	21,466	4	**702,178**
Depreciation								
Balance at 1 April 2019	–	–	–	30,209	7,930	16,088	4	**54,231**
Charge for year	5,398	5,499	–	1,038	858	1,179	–	**13,972**
Disposals	–	–	–	(40)	–	(530)	–	**(570)**
Revaluation	451	457	–	–	–	–	–	**908**
Transfers in/(out)	–	–	–	–	–	–	–	**–**
Balance at 31 March 2020	5,849	5,956	–	31,207	8,788	16,737	4	**68,541**
Net Book Value 31 March 2020	**521,149**	**91,621**	**7,056**	**5,185**	**3,897**	**4,729**	**–**	**633,637**
Net Book Value 31 March 2019	510,101	89,198	300	6,223	4,705	5,756	–	616,283

9 Intangible assets

Group	Image rights £000	IT software £000	Assets under construction £000	**Total £000**
Value				
Balance at 1 April 2019	480	2,289	–	**2,769**
Additions	–	63	221	**284**
Disposals	–	–	–	**–**
Transfers in/(out)	–	–	–	**–**
Balance at 31 March 2020	480	2,352	221	**3,053**
Amortisation				
Balance at 1 April 2019	424	1,633	–	**2,057**
Charge for year	56	221	–	**277**
Disposals	–	–	–	**–**
Balance at 31 March 2020	480	1,854	–	**2,334**
Net Book Value 31 March 2020	–	498	221	**719**
Net Book Value 31 March 2019	56	656	–	**712**

Museum	IT software £000	Assets under construction £000	**Total £000** £000 **£000**
Value			
Balance at 1 April 2019	2,017	–	**2,017**
Additions	63	221	**284**
Disposals	–	–	**–**
Transfers in/(out)	–	–	**–**
Balance at 31 March 2020	2,080	221	**2,301**
Amortisation			
Balance at 1 April 2019	1,417	–	**1,417**
Charge for year	195	–	**195**
Disposals	–	–	**–**
Balance at 31 March 2020	1,612	–	**1,612**
Net Book Value 31 March 2020	468	221	**689**
Net Book Value 31 March 2019	600	–	**600**

Depreciation and amortisation costs are allocated across SOFA headings as part of the central support cost allocation.

10 Collections assets

	Group	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Net book value at 1 April 2019	**7,656**	7,323	**7,656**	7,323
Additions in year	**184**	333	**184**	333
Net book value at 31 March 2020	**7,840**	7,656	**7,840**	7,656

Acquisitions Summary 2015-20

	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
	£000	£000	£000	£000	£000
Acquisitions >£5k	–	35	8	44	40
Donations > £5k	–	3,799	620	289	144

Valuation

As stated in note 1 the Museum has only capitalised expenditure since 1 April 2001 for acquisitions in excess of the capitalisation threshold of £5,000. They have been capitalised at acquisition value, and treated as non depreciable heritage assets in the Balance Sheet.

The Museum, under statute, maintains its collections for inspection by the public but also for scientific value and scientific research potential. As there is no ready commercial market for the majority of scientific natural history specimens the Museum's approach to valuation is based on the pragmatic adoption of theoretical valuation factors. However any valuation is completed within the confines of the Museum's approach to Valuation Control given in the NHM Collections Information and Access Policy and the valuation methodologies outlined in the Museum's Valuation Control General Procedures.

For these reasons the Museum has never assigned a financial value to its natural history specimens and collections. A full valuation of the entire inventory of approximately 80 million items is considered impractical, lacking in reliability and of no benefit.

The total number of collection items which have been capitalised amounts to less than 1% of the Museum's total collection.

Scope of the collections

The life, earth science and library collections of the Museum are comprised of over 80 million specimens or items. These collections cover virtually all groups of animals, plants, rocks, meteorites, minerals and fossils, rare books and art works. They represent the natural variation that exists within and between groups. The foundation collections were those of Sir Hans Sloane, which formed the basis of the British Museum in 1753. These scientific collections are complemented by the collections of the Museum's Library. Brief summary details of the collections of each of the Museum's Life and Earth Science departments and the Library and Archives are given below.

Life Sciences

Botanical collections

The botanical collection comprises an estimated 6 million specimens including seed plants, pollen and spores, ferns and lycophytes, bryophytes, diatoms, algae, lichens and slime moulds, and is one of the most comprehensive collections in the world.

Collections are worldwide in origin with around 10% from Britain and Ireland.

The collections span a period from the 17th century to the present and include a number of historically important 17th and 18th century collections such as those of Sir Hans Sloane, Sir Joseph Banks, R. K. Greville and F. T. Kützing, the Linnaean herbariums of John Clayton and George Clifford as well as 19th century collections by Robert Brown and Charles Darwin.

Most collections are arranged systematically, some alphabetically and important historical collections such as the Sloane and Linnaean Herbariums are kept as separate entities.

Entomological collections

The entomological collections comprise an estimated 33 million prepared specimens of insects and non-insect hexapods*. They include named representatives of about half of the more than one million described species.

The collections are worldwide in origin and contain approximately 10% from the British Isles.

The oldest specimens were collected in the mid to late 17th century, but the major part of the material is of 20th century origin.

The collections are arranged systematically with the exception of two important historical collections of Sir Hans Sloane and Sir Joseph Banks, which are kept as separate entities.

* A prepared specimen is usually an individual, often adult, mounted on a pin, but it can be a microscope slide preparation (of a part, or a whole, or several individuals), or one or a sample of a species in a vial of alcohol, or the work of an insect (such as a leaf mine, a nest or a wood boring).

Invertebrate Collections

The collections in the Invertebrates (non-insects) Division include an estimated 24.5 million specimens across 28 phyla in marine, freshwater and terrestrial environments, making this the most diverse part of the NHM holdings.

The earliest parts of the Invertebrate collection include dried tick specimens from an ancient Egyptian tomb between 1400 and 4000 years old and a 1743 pre-Linnaeus type specimen from the “Herbarium Gronoviarum.” The collection holds material from significant early UK naturalists such as William Elford Leach (Arthropoda, Malacology), Col. George Montagu (Malacology, Crustacea), George Brettingham Sowerby (Malacology) and Thomas Pennant (Invertebrates) (Ingle, 1991).

The scope of the collection is international across all phyla with collections from over 50 major expeditions from the 1800s to 2019. The Malacology library is of international significance with over 6,000 bound volumes and 30,000 reprints.

Vertebrate Collections

The Vertebrate collection consists of all the major groups of vertebrates, e.g. fishes (both cartilaginous and bony), amphibians, reptiles, birds and mammals.

These major groups are arranged in four main sections within Vertebrates each with a responsible curator. The collection is arranged primarily in sections but then according to the preservation of each specimen, including specimens preserved in methylated spirits, dry, skeletal and specialised preparations including eggs and nests.

The Vertebrate collection at the Natural History museum is one of the most important, if not single most important collection in the world. It has been growing since the 17th Century and is a key collection, numbering ca. 3.2 million specimens.

The collection consists of specimens assembled by some of the most eminent explorers and biologists, including Captain Cook, Charles Darwin and Alfred Russell Wallace, and therefore of primary importance in the history of science.

The overall footprint of the Vertebrate collection is significant, constituting 8466 m2, equivalent to nearly 3 football fields in floorplan space, and over 9 Olympic size swimming pools in volume. Overall, Vertebrates as a division constitutes ca. 45% of the total footprint of all the museums estates.

Earth Sciences

Mineralogical collections

The mineralogical collection comprised approximately half a million specimens and consists of four main strands: minerals, including gems, (about 280,000 specimens), rocks, including building stones and ocean bottom deposits, (about 345,500 specimens), meteorites and impact rocks (about 16,000 specimens) and ores

(about 31,500 specimens). The collection contains examples of about two thirds of all known mineral species, is worldwide in coverage and has a particular strength in British and European classical material and in specimens from Commonwealth countries.

The collections span a period from 1753 to present day. The mineral and economic collections have been greatly enhanced by the incorporation of the substantial collections of the British Geological Survey in 1985.

The minerals collection is arranged systematically with the exception of various stand-alone collections, notably the Russell Collection of British Minerals and the Ashcroft Swiss collection which have specific terms of bequest to be kept as separate entities.

Palaeobiological collections

The palaeobiological collection consists of recent and fossilised fauna and flora from across the spectrum of life. Although a clear strength is material from the British Isles, there are also extensive collections from across the globe making this one of the most comprehensive international fossil repositories.

The invertebrate collections contain over 5 million mollusc specimens with more than 20,000 type specimens making it the largest of its kind in the world. The fossil coral, bryozoan, echinoderm, arthropod, brachiopod, annelid and sponge collections are all abundant, diverse and important collections holding over 2 million specimens between them.

There are over 300,000 specimens within the palaeobotany collection consisting of full specimens, hand specimens, fruits, seeds and glass slides. This collection includes fossils collected by Captain Scott on the Terra Nova Expedition to Antarctica in 1912.

Vertebrates amass over 600k specimens covering the Palaeozoic to recent. This group contains extensive fossil fish, amphibian, reptile and bird collections which includes the neotype Archaeopteryx. The mammal collection itself contains nearly 400k specimens with the British Plio-Pleistocene being a strength.

The Museum's anthropology collections contain the UK's largest assemblage of fossil hominins (~400 specimens) including Neanderthals from Gibraltar; the fossil primate collection incorporates over 1,000 specimens and casts, and finally, a collection of over 25,000 human remains used internationally for various research activities.

The micropalaeontology collection consists of over 2.5 million curatorial objects covering the range of microfossil groups; Foraminifera, forming a large proportion of the collection and is of great international importance; ostracods; conodonts; nannofossils; radiolaria and palynomorphs. The collection is a mixture of research, university, industrial and type & figured collections formed around the Heron-Allen collection of foraminifera and the type material of Brady from the HMS Challenger expedition.

Library and Archives

The Museum's Library houses several million items and collection includes is the world's largest collection of natural history literature, original primary material and art, ranging from 1469 to the present day. The collection has a comprehensive coverage of most aspects of natural history and is international in content. The collection complement and in many cases included the detailed descriptive information relating to the specimen collections and where possible it is arranged in systematic order. The Library applies an online policy for new serial acquisitions.

In addition more than 4 million documents are preserved in the Museum Archives, providing a unique resource of the institution's "corporate memory" containing a record of its activities and interaction with the world of natural history since the late 18th Century to the present day. The archives include manuscripts, typescripts, correspondence, photographs, artworks and printed ephemera. The Museum is recognised by The National Archives as a place of deposit under the Public Record Act for the records it creates. The Museum is a Registered Archive under the National Archives Accreditation Scheme and was awarded Accredited Status on 26th March 2018.

Storage, preservation of materials and associated standards

In broad terms, the science collections use three main ways of preservation: dry (usually pressed, pinned, boxed, slides, articulated skeletons, disarticulated skeletons, study skins or mounted), in fluid (primarily in alcohol, as Industrial Methylated Spirit), or at extreme low temperatures (for example, in freezers at –80 deg C).

The preservation of items in the collections is influenced by practical considerations and contemporary developments. The Museum is always open to new possibilities of exploiting information in specimens and the need to develop and exploit new methods of preservation. For example, cryopreservation, at extremely low temperatures, is increasingly being used for tissue samples and whole specimens, in order to preserve DNA and other bio-molecules.

The Museum does not maintain any cultures of live organisms as part of its permanent collections. The Museum, however, does maintain such cultures as part of ongoing, long-term research programmes.

The museum aims to maintain its collections in the best environmental conditions possible to aid long term preservation. These are guided for collections in storage and display by the Collections Storage Infrastructure Project (CSIP) environmental standards (2018). These standards comply as far as possible with PD5454:2012, PAS 198:2012, PAS 197:2009, PD 5454: 2012, DC recommendations (2009). In addition the museum actively protects its collections by applying a comprehensive Integrated Pest Management programme which complies with BS EN 16790:2016 Conservation of cultural heritage. Integrated pest management (IPM) for protection of cultural heritage.

The Museum is a Registered Museum under the Arts Council Museums Accreditation Scheme. In financial year 2014-15 the Museum submitted its Museums Accreditation return to the Arts Council. In October 2015 the Museum received confirmation of its re-approval under the Accreditation Scheme.

During the year, The Museum continued discussions with DCMS and Treasury regarding funding for the Museum's Collections Programme; planning for this programme started in September 2017. In March 2020 the Government approved an investment of £180 million to create a science and digitisation centre at the Harwell Science and Innovation Campus in Oxfordshire. This is part of the Government's commitment to increase spending on R&D and UKRI's infrastructure road map. The Museum's new 30,000 m2 building will house existing and new collections, new laboratories for innovative research collaboration, and facilities to scale up digitisation.

The Protecting the Collections initiative was launched in response to the issues identified following a critical flooding incident in 2018. A three-pronged approach was set out to minimise the likely reoccurrence of such events, to improve the Museum's preparedness and to ensure that appropriate systems and management are put in place. A priority list for 2019-20 was developed that focussed on areas prone to flooding or where there were significant environmental fluctuations. A total of £290,000 was allocated to be spent in these priority areas on remedial measures and investigations to understand and plan future works.

Over the last two years the Museum has been developing a project to refurbish the Ornithology Building at Tring, which houses the Museum's Bird Collection. The building was constructed in the 1970s and roof and cladding has been failing for several years putting the collection at risk. The project is valued at £2.5 million and will upgrade the external elements of the building to extend its life and to achieve modern standards of insulation and airtightness and incorporates a large photovoltaic array. This work will reduce the risks to the collection from water ingress and will provide more stable environmental conditions. Funding to advance the project was awarded from the DCMS infrastructure fund in May 2019. The project is due for completion in the summer of 2020.

Collections management policy

The Museum has a comprehensive series of policies covering all aspects of the collections and their management. They set the tone and framework for ensuring that the institution acts legally and ethically whilst aspiring to the highest professional standards. The Policies were approved by Trustees in February 2019 and are due to be reviewed in financial year 2023-24.

Disposal is only permitted within the limits of British Museum Act (1963), Museums & Galleries Act (1992), Human Tissue Act (2004), Holocaust (Return of Cultural Objects) Act 2009 and the NHM Collections Development Policy. Any money raised must be used to purchase items to be added to the collection.

Immunity from seizure

The Museum received Approved Status for immunity from seizure purposes on 9th April 2014. During the financial year 2019-20 no loans were made to the Museum which required immunity.

Human remains

The Museum holds a licence from the Human Tissue Authority (HTA). The HTA has a statutory function to ensure compliance with relevant legislation, codes of practice and directions and conduct inspections of licenced establishments to examine the suitability of premises, practices and procedures, governance arrangements and to meet staff working under the authority of the licence. The Museum was last inspected in 2016 and the report is publicly available on their website https://www.hta.gov.uk/establishments/natural-history-museum-london-12186

Access to the collections

Increasing access to the collections whether physically or virtually is one of the highest priorities for the Museum. The Museum is actively working towards greater access to its collections by providing opportunities to use, enjoy and learn from collections.

The opening of the second phase of the Darwin Centre in September 2009 enabled increased public engagement with both the Museum's science and collections.

Over 27,000 specimens are on public display and the Museum welcomed over 5.3 million visitors to its public galleries during 2019-20.

On average more than 7,000 scientific researchers spend 12,000 – 15,000 research days per year in the Museum's facilities.

Documentation and digitisation

The Museum hosts all its Earth and Life science specimen collections intelligence in a single centralised system – known as a Collections Management System (CMS). The CMS is organic and will continue to evolve. Its value enhances the ability to recover reliable details about our collections, including their extensive attributes. Historically each department was autonomous in choosing and managing its database systems and some had bespoke database systems. The centralisation of the independent systems was developed 10 years ago and since then the collections have been managed through a centralised system that meets the requirements of modern-day collections documentation and management.

In the last financial year 356,894 catalogue records were added, of which 343,465 are specimen or Index Lot records. This means there are now 8,333,643 catalogue records, of which 7,491,651 are specimen or Index Lot records in the CMS, detailing everything from elephants to echinoderms, gemstones to giraffes, rocks to rockhopper penguins. One of the challenges is making this vast quantity of information about the natural world accessible in a meaningful way to both specialists and the public.

The Digital Collections Programme has continued to unlock the collection and release data on to the Museum's Data Portal which is open access by default. The Museum's data are vital resources to answer some of the big challenges facing science and society including maintaining food security, solutions for healthcare, reducing the loss of biodiversity and tackling climate change.

There are currently 4.6 million specimen records from our collection on data.nhm.ac.uk and a further 6 million records from other research datasets. This includes 3D scans, images and audio recordings as well as other structured data in tables. Since 2015, 22 billion records have been downloaded in 287,000 download events. More than 400 scientific publications have cited data from the Data Portal, either directly or through aggregators such as the Global Biodiversity Information Facility (GBIF), though there are many more citations that it is currently not possible to track.

The latest news about the digital collections programme can be found at www.nhm.ac.uk/digitalcollections or @NHM_Digitise on twitter.

Library and Archives holds all its collections intelligence in a Library Management System (ALMA) and Archives Management System (CALM), the content of both is discoverable via the Library's Discovery Layer and through national and internal collaborative research library networks. Examples include the UK's National Knowledge Base (NKB), the global Biodiversity Heritage Library (BHL) and Europeana.

Library and Archives continued its digitisation programme. This includes collection audit and catalogue enhancement to improve the discovery of collection items, as well as digitisation of the physical collection to provide access to collections via the Museum website and collaborative portals. Over 5 million pages of content are available via the Library's discovery layer and in the Biodiversity Heritage Library www.biodiversitylibrary.org

Specimens loaned

Under the British Museum Act 1963, the Museum can make loans for research as well as exhibition purposes. Loans are made in accordance with the Museum's Collections Access and Information Policy approved by the Trustees in February 2019. Each year Science group undertakes hundreds of research loans comprising many thousands of items which are used in research projects on every continent. Study of these items contributes to countless conference talks, books, monographs, papers and PhDs and is an essential way in which the Museum makes its collections available across the globe. During the year 28,510 (2019: 42,481) specimens were loaned towards research purposes.

Significant developments during 2019-20

During the year approximately £14,000 was spent on collections purchases below the capitalisation threshold. Additionally, £40,000 was spent on purchases that have been added to the asset register. Collections valued at approximately £144,000 from the donation of private collections, have also been added to the asset Register.

11 Investments

	Market value at 1 April 2019 £000	Additions £000	Increase / (decrease) in market value £000	Disposals £000	**Market value at 31 March 2020 £000**
Group					
CCLA COIF – Charities Investment Fund	4,285	–	(136)	–	**4,149**
CCLA COIF – Charities Ethical Investment Funds	–	920	(146)		**774**
	4,285	920	(282)	–	**4,923**
Museum					
UK investment in Subsidiary	300	–	–	–	**300**
	300	–	–	–	**300**

The Museum has a wholly owned investment of 300,000 fully paid Ordinary Shares of £1 in the Natural History Museum Trading Company Ltd, valued at £300,000 in the Museum balance sheet.

12 Trading Subsidiary

The Museum owns the whole of the issued share capital of The Natural History Museum Trading Company Ltd, a company registered in England and Wales. The Company's principal activities are retailing, catering, venue hire, touring exhibitions, consultancy, image sales, licensing and the organisation of commercial promotions.

Trading Company profits are paid to the Museum annually under Deed of Covenant.

A summary of the results of the subsidiary is shown below:

	Total	Total
	2020	2019
Income and expenditure	**£000**	£000
Turnover	**20,102**	19,422
Cost of sales	**(8,618)**	(8,700)
Gross profit	**11,484**	10,722
Other expenses	**(4,830)**	(4,685)
Operating profit	**6,654**	6,037
Amount of payment under Deed of Covenant to the Museum	**(6,654)**	(6,037)
Loss on ordinary activities before taxation	**–**	–
Taxation	**–**	–
Retained in subsidiary	**–**	–

	2020	2019
Balance Sheet	**£000**	£000
Fixed assets (tangible and intangible)	**603**	397
Current assets	**4,609**	5,112
Current liabilities	**(4,912)**	(5,209)
Net assets	**300**	300
Share capital and reserves	**300**	300

13 Stock

	Group	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Finished goods and goods for resale	**1,006**	955	**261**	231
Work in progress	**62**	29	**62**	29
	1,068	984	**323**	260

14 Debtors

	Group	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade debtors	**2,528**	2,507	**646**	348
Other debtors	**1,624**	1,044	**1,620**	1,044
Amounts due from subsidiary undertaking	**–**	–	**1,508**	1,318
Prepayments	**1,677**	1,186	**1,588**	1,089
Accrued income	**2,135**	3,281	**1,716**	2,113
	7,964	8,018	**7,078**	5,912

	Group	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Debtors include the following financial instruments:				
Gross trade debtors	**2,584**	2,567	**646**	348
Less: provision for impairment	**(56)**	(56)	**–**	–
	2,528	2,507	**646**	348
Other debtors	**1,624**	1,044	**1,620**	1,044
	4,152	3,551	**2,266**	1,392

As the Museum receives a substantial part of its income from DCMS, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of similar size. None of the above financial instruments are complex or play a significant medium to long-term role in the financial profile of the Museum. Trade debtors include amounts due to the Museum in foreign currency, mostly US Dollar and Euro, which are not significant to the overall financial risk of the Museum.

The age profile of non-impaired trade debtors is as follows:	**2020**	2019
	£000	£000
Not due	**1,877**	2,085
up to 30 days past due	**430**	274
30-60 days past due	**195**	50
Over 60 days past due	**26**	98
	2,528	2,507

15 Cash at bank and in hand

	Group	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Balances held with the Government Banking Service	**11,437**	11,405	**11,437**	11,405
Balances held with commercial banks and cash in hand	**7,983**	11,275	**6,047**	9,078
	19,420	22,680	**17,484**	20,483

Included in the above are balances in Euros equivalent to £2,329,000 (2019: £2,793,000) and US Dollars equivalent to £883,000 (2019: £3,945,000). These balances do not expose the Museum to any significant exchange rate risk as they are primarily held in connection with grants received from funders where onward payments are to be made in the same currency.

During the year, cash surplus to daily requirements was either deposited with the Government Banking Service or invested short term with leading European financial institutions. Cash must be invested and managed in accordance with the Museum's Investment Policy which was approved by Trustees in February 2017. In the event of financial failure at a financial institution at which the Museum holds term deposits, the Museum would be exposed to the risk of losing the investments.

16 Cash held as under agent relationships

The Museum acts as project lead on a number of consortium grants where cash is received and subsequently paid out to other consortium beneficiaries. These cash funds are not recognised as a Museum asset and do not appear in the Museum's Balance Sheet. During the year the Museum did not receive any cash to distribute to partners (2019: the Museum received cash totalling £4,010,000 from the European Commission to distribute). During the year £2,859,000 (2019: £1,038,000) was distributed. At 31 March 2020 the Museum held £113,000 (2019: £2,972,000) to be transferred in future periods.

17 Creditors: amounts falling due within one year

	Group	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade creditors	**1,843**	1,841	**1,542**	1,784
Other creditors	**1,223**	847	**790**	312
Taxation and social security	**868**	832	**868**	832
Deferred income	**5,998**	10,224	**3,633**	7,184
Accruals	**5,476**	4,434	**5,003**	4,134
DCMS loan falling due in less than 1 year	**550**	551	**550**	551
	15,958	18,729	**12,386**	14,797

Amounts classified above as trade creditors and other creditors fall within the definition of financial instruments. The Museum does not borrow funds on the money markets and accordingly financial instruments play a more limited role in creating risk than would apply to a non-public sector body of similar size. None of the above financial instruments are complex, play a significant medium to long-term role in the financial profile of the Museum or fall due in more than one year other than the remaining balance on the loan payable to DCMS (note 18). Trade creditors include amounts due by the Museum in foreign currency, mostly US Dollars and Euros, which are not significant to the overall financial risk of the Museum.

Deferred income	**Group**	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
As at 1 April 2019	**10,224**	6,319	**7,184**	3,710
Deferred in current year	**4,657**	9,171	**2,434**	6,629
Released from previous year	**(8,883)**	(5,266)	**(5,985)**	(3,155)
As at 31 March 2020	**5,998**	10,224	**3,633**	7,184

Deferred income represents income received on contracts and performance related grants where the work required by the contract or the performance clauses of the grant has not been completed.

18 Creditors: amounts falling due after one year

	Group	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
DCMS Loan falling due in less than 5 years	**546**	1,092	**546**	1,092
	546	1,092	**546**	1,092

In 2015-16, DCMS approved a loan to the Museum totalling £2,730,000 towards the development of the Members' and Patrons' Room. The first instalment of £305,000 was received in 2015-16 and the balance of £2,425,000 was received in 2016-17. The loan is repayable in five instalments over the period April 2017 to April 2021. Interest is being accrued at a fixed rate of 0.89% on the first instalment and a fixed rate of 0.33% on the second instalment. Interest is based on the National Loans Fund published rates. Included in the creditor balances is accrued interest to date.

19 Commitments under operating leases

The Museum has entered into a series of operating leases for the use of premises and equipment in its operations. The minimum payments due under these contracts within each of the following periods are:

	Land and buildings	Other assets	**Total 2020**	Total 2019
Payments due	£000	£000	**£000**	£000
within one year	140	100	**240**	251
in second to fifth year	193	25	**218**	199
over 5 years	–	–	**–**	–
	333	125	**458**	450

During the year, payments of £251,000 (2019: £240,000) were made under operating leases.

20 Statement of Funds

Museum	At 1 April 2019	Income	Expenditure	Gains/ (losses)	Revaluation/ indexation	Transfers	At 31 March 2020
	£000	£000	£000	£000	£000	£000	**£000**
Restricted funds							
Scientific grants	–	9,823	(9,823)	–	–	–	**–**
Grant-in-Aid	82	–	(82)	–	–	–	**–**
Sponsored assets	88,205	3,933	(3,409)	–	4,975	(66)	**93,638**
Projects/other funds	729	297	(507)	–	–	–	**519**
Donations in kind	4,900	215	(119)	–	–	–	**4,996**
Equipment reserve	227	–	–	–	–	–	**227**
Special Funds	921	7	–	(147)	–	–	**781**
	95,064	14,275	(13,940)	(147)	4,975	(66)	**100,161**
General funds	7,216	75,431	(67,295)	333	–	(8,890)	**6,795**
	7,216	75,431	(67,295)	333	–	(8,890)	**6,795**
Unrestricted funds – designated							
Special Funds	1,009	146	(127)	(23)	–	–	**1,005**
Shared services	–	1,921	(1,921)	–	–	–	**–**
Future scientific research	1,203	–	(804)	–	–	754	**1,153**
Capital projects	532,654	–	(12,187)	–	18,068	8,202	**546,737**
	534,866	2,067	(15,039)	(23)	18,068	8,956	**548,895**
Permanent endowment funds	3,548	–	–	(112)	–	–	**3,436**
	3,548	–	–	(112)	–	–	**3,436**
Total funds	640,694	91,773	(96,274)	51	23,043	–	**659,287**

The Scientific grants fund represents income and expenditure from grant awards restricted for specific projects.

Restricted sponsored assets funds represent fixed assets, predominantly land and built infrastructure, previously funded by donations and bequests.

Restricted donations in kind funds represent items donated to the Museum, predominantly comprising donations to the Museum's collection (note 10). This includes donations under the Arts Council Acceptance in Lieu scheme.

Designated Special Funds are a collection of 17 funds which have arisen from various legacies and donations to the Museum, and which are consolidated and administered by the Museum, plus the Benevolent Fund. These are designated for work in line with the objectives of the Special Funds Trust and the Benevolent Fund, with due regard to the original aim of the funds.

Shared services funds represent the income and expenditure related to supplying electricity and heating to the V&A and Science Museum. The costs of these supplies are recharged on a not-for-profit basis (note 1).

Designated future scientific research funds are allocated to individual Museum science departments for investment in research projects.

Capital projects designated funds are unrestricted funds formally designated against unrealisable fixed assets such as the Waterhouse Building and the Museum's Collection, representing funds that are not readily available to the Trustees.

Permanent endowment funds represent funds donated to be held as capital. The income generated from these funds is to be applied in accordance with the donor's wishes.

The transfer from sponsored assets reflects an asset brought into use in year which was funded from restricted funds. The use of the asset itself is not restricted.

The transfer from general funds to designated future scientific research funds reflects the decision of the Trustees to fund future scientific research from the Museum's own resources.

The transfer from future projects reflects the work on these projects in year meaning funds are no longer designated for future project spend.

The transfers between general funds and designated capital projects funds reflect the acquisitions, net of disposals, of those assets which have been funded from the Museum's own resources during the year.

21 Analysis of group net assets between funds

	Designated funds £000	General funds £000	Restricted funds £000	Permanent endowment funds £000	**Total £000**
Fund balances at 31 March 2020 are represented by					
Tangible and heritage fixed assets	546,022	–	96,028	–	**642,050**
Intangible assets	719	–	–	–	**719**
Investments	1,487	–	–	3,436	**4,923**
Current assets	1,776	19,589	7,087	–	**28,452**
Liabilities	(1,109)	(12,794)	(2,954)	–	**(16,857)**
Total net assets	548,895	6,795	100,161	3,436	**659,287**
Unrealised gains included in the above:					
On tangible fixed assets	339,429	–	40,853	–	**380,282**
Total unrealised gains at 31 March 2020	339,429	–	40,853	–	**380,282**

22 Net cash from operating activities

	Group 2020 £000	Group 2019 £000	**Museum 2020 £000**	Museum 2019 £000
Net (expenditure)/income before gains and losses	**(4,501)**	(7,203)	**(4,527)**	(8,151)
Donated heritage assets	**(144)**	(289)	**(144)**	(289)
Investment income received	**(241)**	(206)	**(88)**	(64)
Interest paid	**5**	6	**5**	6
Depreciation	**14,045**	15,216	**13,972**	15,134
Amortisation	**277**	403	**195**	261
Loss on disposal of fixed assets	**–**	44	**–**	44
Decrease/(increase) in stock	**(84)**	119	**(63)**	55
Decrease/(increase) in debtors	**54**	(127)	**(1,166)**	277
Increase /(decrease) in creditors	**(2,771)**	5,402	**(2,411)**	5,040
Net movement in provisions	**(35)**	(41)	**(35)**	(41)
Net cash from operating activites	**6,605**	13,324	**5,738**	12,272

Group analysis of changes in net debt

	At start of year	Cash-flows	Foreign exchange movements	Other non-cash changes	**At end of year**
Cash	22,680	(3,593)	333	–	**19,420**
DCMS loan falling due in less than 1 year	(551)	551	–	(550)	**(550)**
DCMS Loan falling due in less than 5 years	(1,092)	–	–	546	**(546)**
Total	21,037	(3,042)	333	(4)	**18,324**

23 Provision for liabilities and charges

The Museum has operated an early retirement and severance scheme from 1990-91 which gives retirement benefits on redundancy terms to qualifying employees. Under this scheme the Museum bears the costs of these benefits until the normal retiring age. Provision is made for these costs in the year of retirement of the employee and released annually to cover payments made until the employee reaches normal retiring age. The provision covers a period to 2021.

The Museum employs a number of staff on fixed term appointments, the end date of which is usually determined by a funding agreement for the post. Under employment legislation, the Museum is liable to pay redundancy costs on the termination of these appointments unless the appointment is extended or alternative employment is offered. Provision is made for these costs when the contract is within 3 months of its termination and there is no reasonable certainty that the contract will be extended or replaced.

The equipment reserve provision relates to an excess energy savings pool which is derived from the energy services contracts. The provision is available to be released to the Museum to underpin any shortfall in the energy savings which the contractor is required to deliver each year over the life of the contract. Any balance remaining at the conclusion of the contract is shared equally between the contractor and the Museum.

Detail of these provisions and the movement in year are as follows:

Early Retirement

	Group 2020 £000	Group 2019 £000	**Museum 2020 £000**	Museum 2019 £000
Balance at 1 April 2019	**50**	100	**50**	100
Payments against provision	**(41)**	(50)	**(41)**	(50)
Balance at 31 March 2020	**9**	50	**9**	50

Redundancy Provision

	Group 2020 £000	Group 2019 £000	**Museum 2020 £000**	Museum 2019 £000
Balance at 1 April 2019	**49**	35	**49**	35
Addition to provision	**55**	49	**55**	49
Payments against provision	**(49)**	(35)	**(49)**	(35)
Balance at 31 March 2020	**55**	49	**55**	49

Equipment Reserve Provision

	Group 2020 £000	Group 2019 £000	**Museum 2020 £000**	Museum 2019 £000
Balance at 1 April 2019	**289**	294	**289**	294
Addition to provision	**–**	(5)	**–**	(5)
Balance at 31 March 2020	**289**	289	**289**	289

Total Provision for liabilities and charges

	Group	Group	**Museum**	Museum
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Balance at 1 April 2019	**388**	429	**388**	429
Addition to provision	**55**	44	**55**	44
Payments against provision	**(90)**	(85)	**(90)**	(85)
Adjustment to existing provision	**–**	–	**–**	–
Balance at 31 March 2020	**353**	388	**353**	388

24 Capital commitments

Outstanding capital commitments at 31 March 2020 amounted to £795,000 (2019: £61,000).

25 Contingent liability

The Museum outsourced the provision of soft maintenance services to Servest Ltd. in 2009. This required a number of employees to be transferred out of the Museum's employment and into the employment of Servest under the Transfer of Undertakings (Protection of Employment) Regulations 2006. These employees had to be enrolled by the new employer into a pension scheme broadly comparable to the Civil Service Pension scheme which they were enrolled in whilst in the Museum's employment. The contract was retendered and awarded to Total Support Services Ltd in July 2016 which under the New Fair Deal Policy triggered the opportunity for the transferred staff to transfer the pension benefits earned in the Servest scheme back into the Civil Service Pension scheme. As the contracting authority the Museum will have a liability to pay any shortfall between the transfer in and transfer out values. The value of the liability will depend on negotiation with the Servest scheme provider and the number of individuals who take up the option to transfer.

The Government Actuary's Department have been engaged to undertake this process on the Museum's behalf.

26 Commitments under energy services and energy management services contracts

i) On the 19th July 2006 a contract was signed between the Natural History Museum and Vital Energi Utilities Limited for the provision of energy and energy management services at the Natural History Museum and the Victoria and Albert Museum. Under the contract Vital Energi Utilities Limited designed, supplied, installed, and commissioned plant and equipment to provide co-generation of electrical power and heating, and chilling services. They also are responsible for the on going operation and maintenance of the plant and equipment for a 15 year period commencing on 19 December 2006. At the end of the contract any equipment that comprises a fixture will automatically transfer to the Museum.

The accounting treatment whereby the monthly fee payable to Vital Energi Services Limited is charged to expenditure as it occurs over the life of the contract has been determined in accordance with FRS 102.

In addition there is a separate interface agreement between the Natural History Museum and the Victoria and Albert Museum which governs the relationship between them in relation to the energy services and energy management services contract.

ii) On the 22nd October 2010 a contract was signed between the Natural History Museum and Total Gas Contracts Limited for the provision of energy and energy management services at the Museum's sites at South Kensington, Wandsworth and Tring. Under the contract Total Gas Contracts Limited designed, supplied, installed and commissioned plant and equipment to deliver electrical power, lighting, heating, low temperature hot water, and chilling services. In 2017 the contract was sold by Total Gas Contracts Limited to Cynergin Contracts Limited. All terms within the contract remain the same. Cynergin Contracts Limited were then acquired by Veolia ES Energy Performance (UK) Ltd in January 2017. Veolia ES Energy Performance (UK) Ltd are responsible for the on going operation and maintenance of the plant and equipment for a 15 year period commencing on 31 October 2011. At the end of the contract any equipment that comprises a fixture will automatically transfer to the Museum.

The accounting treatment whereby the monthly fee payable to Veolia ES Energy Performance (UK) Ltd is charged to expenditure as it occurs over the life of the contract has been determined in accordance with FRS 102.

Future minimum commitments under the contracts at 31 March 2020 amounted to £4,187,000 (2019: £5,366,000).

27 Losses and special payments

There were no losses or special payments made during the year ended 31 March 2020 (2019: nil).

28 Related party transactions

The Natural History Museum is a non-departmental public body of DCMS.

DCMS and its arm's length bodies are regarded as related parties. During the year the Museum has had various material transactions with the Department and with other entities for which the Department is regarded as the parent department. These are as follows:

Grant-in-Aid (note 3) was received totalling £46,672,000 (2019: £42,455,000).

At 31 March 2020 there was an outstanding loan balance to DCMS of £1,096,000 (2019: £1,643,000) including accrued interest for the year ending 31 March 2020.

Income relating to the supply of power to the Science Museum Group totalled £870,000 (2019: £918,000). At 31 March 2020, there was a balance of £407,000 due from the Science Museum Group in respect of these services (2019: £251,000).

Income relating to the supply of heat and power to the Victoria and Albert Museum totalled £1,211,000 (2019: £1,152,000). At 31 March 2020, there was a balance of £226,000 due from the Victoria and Albert Museum in respect of these services (2019: £303,000).

Payments of £46,000 (2019: £53,000) were made to the Victoria and Albert Museum for security management services and training. At 31 March 2020, £8,000 was owed (2019: £2,000) in respect of these services.

Payments of £27,000 (2019: £19,000) were made to the British Library in respect of transfers and rental.

Payments of £100 (2019: Nil) were made to the Horniman Public Museum and Public Park Trust, of which Clare Matterson is a Trustee.

Sir John Beddington CMG FRS is president and Sir Michael Dixon is a Fellow of the Zoological Society of London. Income of £44,000 (2019: £44,000 for staff costs) was received for science consultancy services. Payments of £1,000 (2019: nil) were made during the year.

Simon Patterson is a board member at Dell. Payments of £330,000 (2019: £164,000) were made for the supply of computers and accessories. Income of £114,000 was received for Flett Theatre costs and sponsorship (2019: £128,000).

Professor Stephen Sparks KBE FRS is a member of the Council of the Royal Society and Sir John Beddington CMG FRS is Chair of the Audit Committee. No payments were made during the year (2019: £100).

Professor John Holman is the Adviser in Education at the Wellcome Trust. No payments were made during the year (2019: £1,000). Income of £2,000 was received for open access page charges (2019: nil).

Sir John Beddington CMG FRS is an advisor for the Food Division of Marks and Spencer Group Plc. During the year the Museum received £8,000 in respect of commercial income (2019: nil).

Tim Littlewood is an honorary senior lecturer at University College London (UCL). Payments of £18,000 were made in respect of analysis, fees and funding. Income of £142,000 was received in respect of fees. There was a balance due in respect of this of £3,000.

Sir Michael Dixon is a member of Court at Imperial College. During the year the Museum worked with Imperial College on a number of scientific projects.

Neil Greenwood is a Board member of the London Universities Purchasing Consortium. Payment of £5,000 (2019: £5,000) was made in respect of membership.

Sir Michael Dixon is Co-Chair of the Exhibition Road Cultural Group. Payments of £22,000 was made in respect of membership (2019: £21,000).

Sir Michael Dixon is a Fellow of the Linnean Society of London. Income of £200 (2019: £400) was received in respect of student conference sponsorship.

Christopher Gilligan CBE is professor of Mathematical Biology at Cambridge University. Income of £5,000 in respect of commercial income (2019: £29,000). Payments totalling £100 were made to Cambridge University Library and Cambridge University Press. (2019: £3,000).

Professor Dame Janet Thornton DBE FRS is part of the GSK Data Advisory group. The museum received a payment of £25,000 in respect of commercial income (2019: £31,000).

Professor Dame Janet Thornton DBE FRS and Professor Stephen Sparks KBE FRS are members of the European Research Council. The Natural History Museum is a participant in Council-funded research projects entitled 'Colonisation and cultural diversification in unfamiliar landscapes' and 'Analysing diversity with a phenomic approach: trends in vertebrate evolution'.

Tim Littlewood is a member of the executive steering committee at the Earlham Institute. Payment of £345,000 was made in respect of science grants projects. Income of £110,000 was received in respect of science grants projects.

Dame Frances Cairncross DBE FRSE serves on the Board of Trustees of the Natural History Museum Development Trust. As at 31 March 2020 there was a balance of £5,000 (2019: £4,000) due from the Trust in respect of administrative services and income received of £3,000 (2019: nil).

Lord Stephen Green and Dame Frances Cairncross DBE FRSE are honorary Fellows at Exeter College. Income of £9,000 was received in respect of venue hire (2019: nil).

Clare Matterson is a council member of The Natural Environmental Research Council (NERC). Payments of £14,000 were made in the year. Income of £1,485,000 was recognised on scientific grants received from NERC during the year.

29 Post Balance Sheet Events

The annual report and accounts were approved and authorised for issue by the Accounting Officer and Trustees. The authorised date for issue of these accounts is the date on which the accounts are certified by the Comptroller and Auditor General.

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