

Natural History Museum Annual Report and Accounts 2018-2019

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Presented to Parliament pursuant to Section 9(8) of the Museums and Galleries Act 1992

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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
Dame Frances Cairncross DBE FRSE	To 31 March 2020	Co-opted
Professor Sir John Holman KBE	To 18 September 2019	Prime Minister
Anand Mahindra	To 31 December 2022	Co-opted
Hilary Newiss	To 4 January 2023	Prime Minister
Robert Noel	To 24 April 2020	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 2020	Prime Minister
Dr Kim Winser OBE	To 17 February 2021	Prime Minister

At the date of signing the accounts there was one vacancy on the Board of Trustees following the retirement of Professor Christopher Gilligan CBE on 18 May 2019.

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

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 36). 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	<p>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.</p> <p>Further details of Trustees who served during 2018-19 are included in the Governance Statement.</p>														
Organisational structure	<p>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.</p> <p>The Executive Board reflects the functional operation of the Museum and consists of:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Director of the Museum</td> <td>Sir Michael Dixon</td> </tr> <tr> <td>Director of Finance and Corporate Services</td> <td>Neil Greenwood</td> </tr> <tr> <td>Director of Development and Communications</td> <td>Fiona McWilliams</td> </tr> <tr> <td>Director of Engagement</td> <td>Clare Matterson CBE</td> </tr> <tr> <td>Director of Science</td> <td>Professor Ian Owens (until Jan 2019)</td> </tr> <tr> <td></td> <td>Dr. Tim Littlewood (from May 2019)</td> </tr> <tr> <td>Interim Director of Science</td> <td>Professor Richard Herrington (from Jan 2019 until May 2019)</td> </tr> </table> <p>During June 2019 Sir Michael Dixon announced his intention to retire in March 2021.</p> <p>The Natural History Museum has three wholly-owned subsidiaries.</p> <p>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.</p> <p>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.</p>	Director of the Museum	Sir Michael Dixon	Director of Finance and Corporate Services	Neil Greenwood	Director of Development and Communications	Fiona McWilliams	Director of Engagement	Clare Matterson CBE	Director of Science	Professor Ian Owens (until Jan 2019)		Dr. Tim Littlewood (from May 2019)	Interim Director of Science	Professor Richard Herrington (from Jan 2019 until May 2019)
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	Dr. Tim Littlewood (from May 2019)														
Interim Director of Science	Professor Richard Herrington (from Jan 2019 until May 2019)														
Staff and organisation	<p>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.</p> <p>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.</p> <p>The Museum is a non-departmental public body and follows policy issued by the Cabinet Office on employment of disabled staff.</p>														

During the year the Museum employed 872 staff (average full time equivalents) (2018: 898), of which 671 (2018: 642) were on permanent contracts.

The average days' sickness per year for permanent and fixed term contract staff was 4.3 days per full time equivalent (2018: 4.5).

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 (formerly Friends Life).

A volunteer force of c500 people assisted the Museum during 2018-19.

The split of permanent and fixed term staff (excluding agency staff) by gender at 31 March 2019 was:

	Female	Male
Directors	2	3
Other employees	513	394

Eight self-employed individuals (2018: seven) were engaged off-payroll during the year for more than £245 per day in arrangements spanning more than six months. Of these eight, two have been engaged for less than one year, two have been engaged for between one and two years, three have been engaged for between two and three years and one has been engaged for between three and four years. Two of the eight were new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019 and none were caught by IR35. None were engaged directly on the Museum payroll, none were reassessed for consistency / assurance purposes during the year and no engagements saw a change to their IR35 status.

Engagements related to training courses, entertainment shows and storage consultations 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 (2018: none) on consultancy deemed to be of a strategic nature.

Five individual staff members (FTE: five) were relevant union officials during 2018-19. 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 2018-19.

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 The Natural History Museum's purpose is to inspire a love of our natural world and unlock answers to the big issues facing humanity and the planet.

Objectives The Natural History Museum is one of the world's great museums and research institutions and is the guardian of the national collection of more than 80 million cultural and scientific natural history specimens. This includes unrivalled collections of biological and geological specimens, the world's finest natural history library and a magnificent collection of natural history art. Many of these treasures are housed in the famous Waterhouse Building in South Kensington. They represent an important part of the nation's heritage, but more importantly, Museum scientists actively work with the collections, and by opening up access and participation for all, make it possible to address some of the big issues and challenges facing humanity and the planet:

- The origins of our planet and life on it, and the impact of change
- The diversity of life and the delicate balance of ecosystems that ensure the survival of our planet
- The security of our food supply, the eradication of disease and the management of mineral and ore scarcity

One of the country's leading visitor attractions, the Museum is also dedicated to making natural history as accessible as possible to a wide range of people in this country and worldwide. It does so by means of its special exhibitions, publications, and its teaching and outreach programmes, including via the web. It supports all of these activities with high quality staff, services and facilities.

In addition to the main Museum site in South Kensington, there is the Natural History Museum at Tring, Hertfordshire, which houses the collections bequeathed by Lionel Walter Rothschild and is also home to the world-class collections of the Natural History Museum's Bird Group.

The Museum's Strategy to 2020 concludes in the year to come, and we will publish a new Strategic Framework to 2031, the year in which the Museum will celebrate the 150th anniversary of the opening of the Waterhouse Building. Our existing strategy set out an ambition to redefine the Museum and its impact on society – in London, nationally, internationally and digitally:

London We will build on our position as one of the world's great public museums in a truly global city to enhance the experience of our visitors through a series of major capital developments to improve the grounds, the Hintze Hall, galleries and learning centre.

National We will create national networks to support citizen science in schools, engage society with UK biodiversity through citizen science and open up the UK's natural history collections by sharing skills and facilities.

International

We will develop our global relationships to create new commercial opportunities, build capacity among our partners, and tackle major scientific challenges, such as biodiversity loss, the spread of diseases and the supply of scarce minerals.

Digital

We will use technology to deepen engagement with the collection, including mass digitisation of specimens, engaging virtual communities worldwide and creating innovative digital platforms.

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 2018-19

A boost to visitor numbers in South Kensington helped generate an operating surplus of £8.5m in 2018-19. However, the Museum faces a real and growing challenge to safeguard the collection and deliver a world class experience for over five million UK and international visitors each year in Victorian buildings in need of significant repair and investment. 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 2018-19 included:

London

Inspiring Visitors

Visits to the Natural History Museum in London rose from 4.5 million to 5.3 million – a 17% increase from 2017-18, making it the fourth most-visited attraction in the UK in 2018. Visitor records were broken in four months – August, September, October and December and the Museum recorded the busiest day in its history with 28,000 visitors on 30 December 2018.

The temporary exhibitions programme at South Kensington, which included the critically-acclaimed exhibition *Life in the Dark*, was seen by over 378,000 visitors. The world-renowned photography exhibition *Wildlife Photographer of the Year*, is supported in South Kensington by associate sponsors renewable energy company Ørsted and leading photography brand LUMIX, has been seen by over 140,000 visitors this year.

The Museum's Learning Volunteering Programme grew and diversified with over 8,000 volunteering hours in 2018-19 from 85 volunteers, helping the Museum to engage over 150,000 people in collections-rich learning conversations, which are underpinned by learning research.

Partnerships

Working with the Natural Environment Research Council led to the creation of an evening of events and activities celebrating environmental science research featuring cutting-edge science to engage adults with contemporary issues. In partnership with Ørsted, the Museum has been evaluating the first year of the *Generate: Scientists of the Future* programme; gathering evidence to develop and grow future opportunities for school children to raise aspirations in science.

The Museum is collaborating with University College London, which received a grant from the Heritage Lottery Fund on behalf of the Culture, Health and Wellbeing Alliance. The initiative *Give: Volunteering for Wellbeing*, in partnership with Valance House and the Horniman Museum and Gardens, explores how collections-led volunteering programmes can improve personal wellbeing and support a wider range of people to volunteer.

In September 2018, the Museum worked with the Roald Dahl Story Company to develop and host *James and the Giant Weekend*, a family festival celebrating Roald Dahl's beloved story *James and the Giant Peach*.

Exhibitions and Events

The spectacular *Life in the Dark*, which ran until 24 February 2019, received critical acclaim from the media. Showcasing more than 130 specimens from the Museum's collections, this multi-sensory show pushed the boundaries of temporary exhibitions at the Museum, creating atmospheric environments that brought specimens and habitats to life.

For the first time, a traditional performance theatre was created inside the Museum. The 357-seat auditorium hosted the award-winning show *The Wider Earth*, which tells the story of Charles Darwin's five-year voyage on the HMS Beagle. The Museum holds many specimens collected by Darwin on his expeditions, and Museum scientists worked with the show's creative producers to ensure it was rooted in authenticity.

The European Researchers' Night is an internationally recognised annual Europe-wide event that enhances researchers' public recognition and aims to stimulate interest in research careers. It is an EU-funded initiative across all member states. In 2018, the Museum was the London host, presenting a range of interactive exhibits under the theme *Planet 2.0* that explored the impact of humans on the planet and how scientists are helping move us towards a future where people and the natural world thrive.

Improving Access

At the heart of the Museum is the objective to make discovering and learning about the natural world accessible and inclusive for all. This year, we have launched new projects and grown existing programmes to enhance access for diverse and under-represented audiences. These include relaxed performances, early openings, multi-sensory events and live animal shows for autistic children, specialist puppetry workshops for blind audiences, D/deaf-led British Sign Language tours and ticket concessions.

National

Tring

During 2018-19 over 140,000 visitors enjoyed the Victorian collections of Lord Walter Rothschild at Tring, Hertfordshire, alongside the Rothschild Library and the Natural History Museum's ornithological collection. In 2018 the Museum's staged the free, family-friendly exhibition *What's in the Woods* (8 February to 24 June 2018), a dynamic showcase of UK nature staged across indoor and outdoor spaces with content that changed with the seasons.

Dippy on Tour

Supported by the Garfield Weston Foundation, *Dippy on Tour: A natural history adventure* is the Museum's biggest-ever UK partnership activity. With stops in Scotland, Wales, Northern Ireland and five English regions, the tour has already been seen by over one million visitors and will run until 2020.

In less than three months during 2018, the Dorset County Museum tripled its annual visitor figures and its local economy was given a £2.25m boost. Dippy has broken records in every other venue he has visited so far. The hosts in Birmingham, Belfast and Glasgow, have, like the Dorset County Museum, reported not only astonishing results for visitor figures, but also for engagement and economic impact during the tour's run.

Dippy has also been a catalyst for innovation, motivating valuable partnerships between museums and local organisations and businesses, new Science, Technology, Engineering, and Mathematics (STEM) learning approaches in Birmingham, and the trialing of making donations via contactless payments at the Ulster Museum (Northern Ireland's first venue to do so).

Real World Science and schools

Learning from a successful trial funded by the Foyle Foundation at the Great North Museum: Hancock in Newcastle, the Museum piloted Continuing Professional Development (CPD) training for primary science teachers in London in November 2018. The training gives primary school teachers the skills and confidence to become curriculum leaders in science, using museums and collections to enhance science learning in and outside the classroom, and helps teachers support their colleagues' development.

STEM Careers for All

An initiative led by the Museum's Real World Science partner, Leeds Galleries and Museums, aims to address the STEM gap for young people with special educational needs and disabilities (SEND), who make up around 1.24% of pupils. The specialist approach required to address their needs means they are often left out of careers programmes, limiting opportunities to pursue STEM careers.

UK citizen science

The Museum's Citizen Science Programme has enabled nearly 10,000 people across the UK to contribute to real scientific research this year. A free Identification and Advisory Service at the Museum also helps thousands of people each year to learn more about their natural history finds. This year the team answered 2,300 enquiries.

International

International Impact

As a world-leading scientific institution, collaboration across borders is core to the Museum's work, and with Brexit on the horizon the Museum has redoubled efforts to work with international organisations to engage audiences with the natural world. From touring major exhibitions to a new partnership with the World Economic Forum, the Museum has aimed to influence the global agenda and pioneer ways for institutions to bring local, national and global communities together.

In Davos

In January 2019, the Museum presented the 100 images from its 54th *Wildlife Photographer of the Year* competition at the World Economic Forum's Annual Meeting in Davos, where global leaders come together to shape international, industrial and regional agendas.

Young Wildlife Photographer of the Year winner Skye Meaker spoke at the event alongside internationally renowned conservationist Dr Jane Goodall. This initiative provided further international recognition for *Wildlife Photographer of the Year*, which has been shown at 34 venues in 14 countries and attracted 1.1 million visitors over the last year.

Touring treasures

One of the Museum's most ambitious international touring exhibitions yet attracted large audiences in key Asian cities this year. *Treasures of the Natural World* featured more than 200 spectacular artefacts, specimens and artworks from the collection; among them one of Darwin's Galápagos finches, and the fossil *Iguanodon* bone described by the Museum's founder, Sir Richard Owen, in his ground breaking paper that coined the term dinosaur.

The exhibition ran from 4 July to 19 September 2018 in Taipei, where it received 146,000 visitors in just over two months, making it the most popular exhibition in the country that summer.

SPARK Festival of Ideas

A team from the Museum travelled to Hong Kong in January 2019 to participate in the British Council's inaugural SPARK Festival of Ideas, celebrating creativity in art, science and education across more than 30 events over three days.

Museum staff delivered activities showcasing thought leadership and expertise in public engagement; including the Hong Kong BioBlitz in which 600 scientists, students, naturalists and members of the public created a snapshot of the wildlife on Hong Kong Island.

A new museum in Sarawak

The Museum held its final peer review workshop with the Sarawak Museum, Kuching, Malaysia in March 2019, part of a series of agreed workshops included in preparations for the new Sarawak Museum Campus complex. The Museum team studied the Sarawak Museum Campus's new building design and business plan to advise on its future operations.

Commonwealth spouses event

The Museum teamed up with the Foreign and Commonwealth Office in April 2018 to host a landmark event for the spouses of the Commonwealth Heads of Government and the spouses of their respective Foreign Ministers. In the Atrium of the Darwin Centre, 33 guests were able to explore a series of mini science exhibits and table-top displays highlighting the Museum's work and collection from across the Commonwealth.

Heritage is GREAT

Hintze Hall and Hope, the Museum's spectacular blue whale skeleton, featured in the UK's global GREAT campaign this year, launched at the annual Museums and Heritage Show in London and run by the Department of International Trade.

Digging for dinosaurs

In March it was announced that the Museum will join forces with The Children's Museum of Indianapolis and the Naturalis Biodiversity Center in Leiden to excavate a square mile of land in Wyoming, USA. This 'Mission Jurassic' project is named after an area known as the "Jurassic Mile", which is rich in extraordinary Jurassic dinosaur and fish fossils, trackways and fossilised plants.

Global citizen science

A \$2.2 million grant from Wellcome, US National Science Foundation and the UK Economic and Social Research Council is supporting the LEARN CitSci international research collaboration, enabling the Museum to study the learning processes of people aged five to 19 that take part in Museum-led citizen science projects, and identify routes to enhancing the broader outcomes and impacts for these audiences.

World-leading Science

A world leading research centre

The Museum is home to more than 350 scientists who use its collection of more than 80 million specimens for pioneering research across a wide range of scientific fields. We are embracing the latest developments in digital and genomic technologies in order to unlock data from our collection and continue to advance global understanding of the natural world. Our research is tackling some of the big issues facing humanity and the planet, such as food security, resource scarcity and diseases such as schistosomiasis, which affects more than 200 million people worldwide each year.

A new look at deep time

Over the last four years, a multi-stranded project titled *Adaptive* and led by Natural Sciences Research Leader Anjali Goswami has examined what shapes

biodiversity. Focusing on morphology, the study of organisms' structures and forms, it explores evolution through time and works on a macro scale, using thousands of 3D images and analysing extensive datasets. The ultimate goal of the project is to reconstruct with unprecedented resolution the factors that have shaped the diversity of life on the planet to date, and give us the power to predict how animals might change in their anatomy in response to future changes in the global environment and ecosystems.

The secrets of wheat and soil

Major strands of research that will feed innovation and improvements in agriculture are being driven by scientists at the Natural History Museum this year. The Museum is leading an international investigation, funded by Biotechnology and Biological Sciences Research Council (BBSRC), into the exceptionally complex genome of bread wheat (*Triticum aestivum L.*), which is little understood despite the fact that it is the UK's most important crop and the world's most widely cultivated cereal.

Riches from the deep

Thousands of specimens from the ocean floor joined the Museum collection in 2018, gathered on a marine survey of UK overseas territories Tristan da Cunha and St Helena. Discovery Expedition 100 aimed to learn more about ocean life there and how to protect it. The expedition was a joint Cefas Blue Belt Programme and British Antarctic Survey Overseas Development Assistance project.

Human Evolution

A new study co-authored by the Museum's Professor Chris Stringer has placed Anatomically Modern Humans in South Western Europe some 10,000 years earlier than is usually believed. Based on the evidence of their stone tools, Neanderthals were replaced by modern humans at Bajondillo Cave, southern Spain, approximately 44,000 years ago, and the site's location supports the idea of coastal corridors as routes for modern humans out of Africa.

Alien Species

A Europe-wide team that included the Museum's seaweed specialist Professor Juliet Brodie identified 66 alien species that risk becoming the greatest threats to European biodiversity in the next decade. Unique in its breadth and reach, the project used horizon-scanning to pinpoint species most likely to arrive, establish, spread and have an impact.

Banking on genetics

The Natural History Museum joined forces with leading UK institutions to launch the CryoArks Biobank in July 2018, the first of its kind in the country. The cryopreservation facility will hold zoological tissue from laboratories, zoos, aquariums and museums, giving unprecedented centralised access to cells and DNA from endangered species and other wildlife and greatly aiding conservation research. CryoArks was created with a £1 million grant from the BBSRC's Bioinformatics and Biological Resources Fund.

Science Funding wins

Museum scientists have seen continued success in securing research grants in collaboration with university, industrial and other partners.

NHM scientists have secured €908k in the EU-funded Excalibur collaboration to find out how the diversity of soil microbes helps to deliver the food that we need. The Museum also leads a number of important Research Council-funded projects and has been awarded £475k from BBSRC for international collaboration on the genome of wheat.

Beyond a wider range of research grants, external funds have supported the annual European Research Night programmes in London and in other UK cities in partnership with local museums, while others are driving new development

in citizen science, involving wider groups of the public in science with higher value impact.

Raising Revenue and the capital investment challenge

The sustained reduction in real terms in our government grant over recent years means self-generated income and the need to generate an operating surplus to fund critical capital investment is more important than ever.

During 2018-19 self-generated income from visitor related income including retail, catering, donations on site and membership reached record levels, outperforming the increase in visitors during the year. There was also a record performance from venue hire, including revenue from the popular Hintze Hall space and from the ice rink, and from visitor events. The Licensing department launched its first ever womenswear collection with clothing retailer Oasis and a deal was also confirmed with Fat Face for childrenswear. Multiyear deals were signed with Ørsted and LUMIX for sponsorship of the Wildlife Photographer of the Year competition and exhibition.

The surplus from these activities supplemented the capital grant in aid allocation to underpin capital investment including for the anthropology store, the conservation unit, some remedial measures to protect the collections and a minimum level of core estate infrastructure replacement. However this is insufficient to adequately meet the challenges of an ageing estate and in particular to provide the level of investment required for maintaining and improving even the basic storage facilities and environmental conditions required to protect and care for the Museum's collections. To address this issue a collections programme has been established, the key element of which is the development of a business case and plans for a major offsite collections storage facility. This will require significant funding and will be subject to a bid to the Spending Review during 2019-20.

Plans for 2019-20

The Museum will publish its new strategy to 2031 this year. It will set out our plans to secure the future of our collection, develop our galleries and gardens, engage and involve the widest possible audience and transform the study of natural history – unleashing the Museum's potential to help create a future where people and the planet thrive.

Our public programme for 2019-20 features the perennially popular *Wildlife Photographer of the Year* exhibition and *Museum of the Moon*, an artwork by UK artist Luke Jerram which uses meticulously detailed NASA imagery of the lunar surface.

A new free exhibition at the Natural History Museum at Tring, *British Dinosaurs: from fossils to feathers*, is exploring the dinosaurs of the British Isles and encouraging children to visit the Museum's bird galleries to discover their modern-day descendants.

The Museum will also join with 19 cultural institutions in South Kensington to host *The Great Exhibition Road Festival* in June 2019 and will be the London host for the EU-funded festival of science, *European Researchers' Night*.

We will continue to enhance our digital visitor experience, with regular *NHM Live* shows for Facebook and Twitter and a brand new immersive experience will bring dinosaurs to life in our galleries next year, using the latest mixed-reality technology.

Work continues on our ambitious Urban Nature Project. We will transform the Museum's gardens to tell the story of profound and extraordinary change over time on our planet, enabling everyone to connect to nature, place themselves in that story and be a part of national action for future sustainability.

Our mission to reconnect the nation with nature will continue with the enormously successful *Dippy on Tour*. After opening in May 2019 at the Great North Museum

in Newcastle, the tour will move to the National Museum in Cardiff in October 2019 and then to Number One Riverside in Rochdale in February 2020.

We will reinvigorate the *Real World Science* network of museums with natural history collections and connections with science and discovery centres across the UK through a renewed focus on human impact on the planet.

Among international highlights, the acclaimed touring exhibition *Treasures of the Natural World* will open at The Musée de la Civilization in Quebec in May 2019 and continue to be exhibited there until January 2020. *Wildlife Photographer of the Year* will be showcased for a second time at the World Economic Forum meeting in Davos in 2020.

As custodians for nature, we preserve and grow our globally important scientific collections for use in the present day and for the benefit of generations to come. We will continue to develop our plans to ensure the collections will be better protected, developed and used by both the public and visiting scientists in future-proofed facilities, providing improved physical and digital access.

The Museum will further strengthen its scientific collaborations, working with the Wellcome Sanger Institute, Royal Botanic Gardens, Kew, and others on the *Darwin Tree of Life Project* to sequence the genomes of all species of animal, plant, fungi and protozoa in the UK. Our planetary scientists will also continue to contribute to NASA's *OSIRIS-REx* project which will bring back a sample from a near-Earth asteroid for study. Museum researchers will drive forward research addressing the biggest challenges facing the world today, from food security and resource scarcity, to ecological breakdown and biodiversity loss.

As we face the growing urgency of the climate and environmental crisis, we will implement an ambitious new Sustainability Strategy, challenging the Museum to innovate and lead the way in minimising carbon emissions.

We will also place a renewed focus on championing diversity through the recently-launched *Diversity and Inclusion Strategy*.

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 £7.2m (2018: £9.3m 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 £8.5m (2018: £4.6m) which exceeded expectations.

Income amounted to £86.6m (2018: £85.5m). This primarily reflects the increase in trading income offsetting reductions in other income streams.

Total expenditure (after adjusting for depreciation, amortisation and loss on disposal of fixed assets) decreased in year to £78.1m (2018: £80.8m) reflecting cost control measures and rescheduled investment in the exhibitions programme.

Available reserves at 31 March 2019, as represented by current assets less liabilities, amounted to £11.5m (2018: £8.1m). This includes the general fund, the unrestricted and non-designated reserve, which amounted to £7.2m (2018: £4.3m). 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 (2018: £1.2m), and £1.0m (2018: £1.3m) held within restricted funds for future investment in capital projects and activities.

These figures are summarised below:

	2019	2018
	£m	£m
Net income for the year before depreciation, amortisation, losses on disposal, asset indexation and revaluation	8.5	4.6
General Fund	7.2	4.3
Current assets less liabilities	11.5	8.1

Capital expenditure for the year (tangible fixed assets) amounted to £4.6m (2018: £9.2m) including significant expenditure on the Anning Rooms, the Anthropology Store, Conservation Centre, core estate infrastructure and some small scale interventions to protect the collections.

Total net assets at 31 March 2019 amounted to £641m (2018: £588m) of which £95.1m is formally restricted (2018: £95.7m). Total fixed assets of £629m (2018: £580m) 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 2018-19 this amounted to £6.0m (2018: £3.5m).

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 2019 was £43.1k (2018: £40.4k).

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 2019 was £5.4m (2018: £4.2m).

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 2019-20.

The Grant-in-Aid for the period 2018-19 to 2019-20 is as follows:

	2019	2020
	£'000	£'000
Resource Grant-in-Aid	39,515	40,316
Capital Grant-in-Aid	2,940	5,800
Total	42,455	46,116

The Museum received additional capital Grant-in-Aid in 2018-19 of £640k towards remedial collections care measures.

The Museum will also receive additional Resource Grant-in-Aid of £801k in 2019-20 to contribute to a large increase in employers contributions to the Civil Service Pension schemes and has been awarded an additional £3.5m of Capital Grant-in-Aid (with a further £2.0m in 2020-21) by DCMS under the Museum Infrastructure Fund to support investment in fire precautions measures and in the Ornithology Building at Tring.

For the purposes of consolidated budgeting and monitoring with DCMS during the year, reflecting HM Treasury guidance, a budget of £5m for the Museum's net operational non-capital research spend is reallocated to Capital Grant-in-Aid, thereby reflecting budgeting totals for 2018-19 of £34,515k for Resource Grant-in-Aid and £6,940k for Capital Grant-in-Aid.

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 2016-2020 and also self-generated trading income, scientific grant income and sponsorship, which are changeable.

The level of reserves is set to provide a comfort level for shortfalls in income and to underpin cash flow and budgetary risks particularly arising from capital expenditure projects. Taking an overall view of the annual operational expenditure and level of comfort required the Trustees approved at their Board meeting in November 2018 a minimum level of unrestricted general fund of £4m. At 31 March 2019 the general fund amounted to £7.2m. At the Board Meeting in November 2018 the Trustees also approved a budget for 2019-20 which maintained the current level of general fund in excess of the minimum level of reserve, with growth thereafter based on increased self-generated income, control of expenditure, and a minimum level of capital investment.

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

	2019	2018	2017
Greenhouse gas emissions Scope 1 & 2 (tonnes CO ₂)	10,139	10,685	10,556
Energy consumption (MWh)	29,927	31,172	30,392
Water consumption (m ³)	99,921	98,319	92,902
Waste (tonnes)	620	733	547

Specific activities undertaken during 2018-19 include:

- The Environmental Management System was certified to the new international standard ISO 14001:2015.
- The Museum acquired a zero-emission hydrogen fleet vehicle.
- The increase in water consumption in 2019 is a result of visitor numbers increasing by 17% during the year.
- Single use plastic bottled water was removed from café and retail outlets, single use plastic straws and cutlery were removed from cafes, and two new water fountains were installed to reduce the amount of disposable items included in our public offer and enable our visitors to refill water bottles for free.
- The Museum undertook a fourth year of involvement with the National Union of Students' Green Impact sustainable behaviour change programme with a total of 395 sustainability actions completed by staff over the year.

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 2018-19 (2018: 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

2 July 2019

Appendix 1

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

Performance indicator	2019 Outturn	2018 Outturn	2017 Outturn	2016 Outturn	2015 Outturn
Visitors					
Total number of visitors (South Kensington and Tring) (k) #1 #2	5,493	4,712	4,606	5,352	5,426
Number of child visitors (k) #1 #3	1,512	1,192	1,099	1,328	1,421
Number of over 60s visitors (k) #3	343	291	245	308	312
Number of UK visitors from lower socio-economic groups (NS-SEC Groups 5-8) aged 16 and over (k) #3	227	219	253	182	240
% of visitors who thought the museum was excellent/good #3	98	96	97	96	96
Digital					
Number of unique website visits (m) #1	12.8	9.9	9.2	10.5	10.3
Number of impressions (m) #4	231.8	350.9	209.4	–	–
Learning					
Facilitated and self-directed visits by visitors under 18 years old and in formal education (k) #1 #5	231.2	209.7	252.0	254.8	249.2
The number of instances where visitors under 18 years old have participated in on-site activities (k) #1 #5	300.0	290.0	291.3	251.6	263.2
Science					
Number of peer reviewed research publications #6	482	530	692	831	867
Value of major research grants won (£m total value to the Museum) #7	4.4	5.4	4.3	6.1	5.1
Number of visitor days for visiting researchers	15,125	12,721	8,103	11,588	14,574
Number of UK loan venues #1	96	45	41	43	95
Number of enquiries to Science Group	4,501	7,787	6,675	8,253	10,494
Income generation					
Gross income from admissions (£m)	3.46	3.58	2.92	3.27	3.56
Net income from trading activities (£m) #1 #8	9.0	6.6	7.1	5.4	6.2
Fundraising income (£m)	6.6	6.3	9.1	5.6	11.2
Charitable giving					
Total income from charitable giving (£m) #1	7.7	6.9	6.4	6.3	11.5
Charitable giving as a % of Grant-in-Aid #1	18%	17%	13%	15%	26%

#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 Based on Facebook and Twitter for which data is only fully available from 2016-17.

#5 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.

#6 From 2015-16 the focus has been on top tier publications.

#7 The 2015-16 figure has been revised to include the value to the Museum (excluding sub-contractors) of the DeWorm 3 project.

#8 Previously reported all self-generated income excluding depreciation.

The performance indicators are subject to annual review and have been updated to align more closely with strategic objectives and reflect DCMS requirements.

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 2017-18 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 2018-19 comprised:

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

The Director and the Head 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) ¹¹		Total (£'000)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Sir Michael Dixon <i>Museum Director, Accounting Officer</i>	170-175	165-170	20-25	20-25	5,700	5,500	54	35	255-260	230-235
Neil Greenwood <i>Director of Finance and Corporate Services</i>	115-120	115-120	5-10	5-10	–	–	21	13	145-150	135-140
Professor Ian Owens <i>Director of Science (to January 2019)</i>	90-95 (FTE 115-120)	115-120	5-10	5-10	–	–	36	46	135-140	170-175
Fiona McWilliams <i>Director of Development and Communications</i>	115-120	115-120	5-10	5-10	–	–	46	45	170-175	165-170
Clare Matterson CBE <i>Director of Engagement</i>	145-150	1-5 (FTE 140-145)	–	–	–	–	–	–	145-150	1-5
Richard Herrington <i>Interim Director of Science (from January 2019)</i>	25-30 (FTE 105-110)	–	–	–	–	–	6	–	30-35	–

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 2018-19 was £200,000 – £205,000 (2018: £195,000 – £200,000). This was 6.0 times the median salary of the workforce (based on permanent and fixed term appointment staff), which was £33,664 (2018: 6.0 times the median of £33,085).

In 2018-19, no employees received remuneration in excess of the highest paid director (2018: 0). Remuneration ranged from £19,836 – £127,500 (2018: 18,923 – £127,500).

¹¹ 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.

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 2019 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2019 £'000	CETV at 31 March 2018 £'000	Real increase in CETV £'000
Sir Michael Dixon <i>Museum Director, Accounting Officer</i>	35-40	2.5-5	763	668	51
Neil Greenwood <i>Director of Finance and Corporate Services</i>	40-45 plus a lump sum of 120-125	0-2.5 plus a lump sum of 2.5-5	923	815	20
Professor Ian Owens <i>Director of Science</i>	20-25	0-2.5	262	208	19
Fiona McWilliams <i>Director of Development and Communications</i>	10-15	2.5-5	144	95	30
Clare Matterson CBE <i>Director of Engagement (from March 2018)</i>	–	–	–	–	–
Richard Herrington <i>Interim Director of Science (from January 2019)</i>	25-30 plus a lump sum of 85-90	0-2.5 plus a lump sum of 2.5-5	707	622	26

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 2018 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 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

Exit package cost band	2019			2018		
	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	12	1	13	9	–	9
£10,000 – £25,000	–	2	2	6	–	6
£25,000 – £50,000	–	2	2	1	–	1
£50,000 – £100,000	–	3	3	–	–	–
£100,000 – £150,000	–	–	–	–	–	–
Total number of exit packages	12	8	20	16	–	16
Total resource cost (£)	78,011	313,646	391,657	158,578	–	158,578

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. The increase in total exit packages in 2018-19 is due to a minor restructuring exercise undertaken in the year. 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

2 July 2019

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

2 July 2019

* A copy of which is available from the 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.

The Board approved the current Museum strategy, Strategy to 2020, which sets clear strategic objectives in 2014-15 and is satisfied that good progress in delivery is being made. A revised strategy to be launched in 2019 is in preparation.

During the year 2018-19 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 <i>(Chair. Member of the Remuneration Committee and Property Committee)</i>	4/4	–	1/1	4/4
Professor Sir John Beddington CMG FRS	2/4	–	–	–
Dame Frances Cairncross DBE FRSE	4/4	–	–	–
Professor Christopher Gilligan CBE <i>(Member of the Audit and Risk Committee)</i>	4/4	4/4	–	–
Professor Sir John Holman KBE <i>(Member of the Remuneration Committee)</i>	4/4	–	1/1	–
Anand Mahindra	3/4	–	–	–
Hilary Newiss <i>(Chair of the Audit and Risk Committee)</i>	4/4	4/4	–	–
Robert Noel <i>(Member of the Audit and Risk Committee. Chair of the Property Committee)</i>	4/4	4/4	–	4/4
Simon Patterson	4/4	–	–	–
Professor Sir Stephen Sparks CBE FRS	4/4	–	–	–
Professor Dame Janet Thornton DBE FRS <i>(Member of the Remuneration Committee)</i>	3/4	–	1/1	–
Dr Kim Winser OBE	4/4	–	–	–

Subsequent to 31 March 2019, Professor Christopher Gilligan has retired as a Trustee.

Colin Hudson serves as a co-opted member of the Audit and Risk Committee and attended four (of four) meetings during 2018-19.

Ian Henderson and Hugh Seaborn stepped down as co-opted members of the Property Committee for part of the year and attended one and three meetings (of three) respectively during 2018-19 for the period in which they served.

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 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, and to review progress on the implementation of recommendations. The Committee also reviews a sample of audit reports and those reviewed during 2018-19 included legal compliance mechanisms in Estates Operations, external infrastructure penetration testing; Tier 2 Visa sponsor compliance; and Modern Slavery Act compliance. The Committee also received regular reports on readiness for General Data Protection Regulations (GDPR) and Brexit. The Audit and Risk committee review the annual accounts and recommend their approval to the Board of Trustees. 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 4 times and received reports on the development of the masterplan, the grounds redevelopment plan, 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 was no meeting during 2018-19.

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. The most recent external review was carried out in early 2016-17 and concluded that the Board operated effectively, with a plan agreed for the implementation of some minor 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 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 2019 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 key risks for the Museum include those relating to:

- The care and safeguarding of the current and future collections;
- Security (both physical and information) and fraud
- Fire, health & safety, and failure of estate infrastructure; and
- Long term financial planning

The current major corporate risks being managed focus on the need to:

- increase commercial, scientific grant and development income from all sources;
- urgently develop a realisable and comprehensive solution for the collections in order to ensure their preservation; and
- Masterplan and space plan, including investment in public galleries and significant backlog and routine maintenance in order to provide a safe environment for employees and over 5m visitors a year.

Further major risks focus on:

- The ongoing development of digital products and services including databasing and digitisation of the collections
- The development of science centres of excellence;
- Managing and maximising the power of the Museum's brand; and
- Cyber security and resilience

The 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.
- Cyber Essentials Certification was achieved.
- An Information Security Manager role has been created and appointed to, and a revised Data Protection Officer role created.
- OHSAS 18001 certification was maintained for the occupational health and safety management.
- ISO 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 preparatory work for the implementation of the General Data Protection Regulation (GDPR) was overseen by the Information Management Group.
- Refresher on line training for staff on health and safety, and information management, including cyber security has taken place.
- 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 will be taken forward by the Data Protection Officer who took up position in May 2019.

There were no sensitive personal data incidents during the year which required reporting to the Information Commissioner.

Review of effectiveness

We have responsibility for reviewing the effectiveness of the system of internal control and this review for 2018-19 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 Health and Safety Manager's annual report to Trustees;
- (b) the Annual Security Report to Trustees, including information risk management and assurance; 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 2018-19 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

2 July 2019

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 2019 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Statement of Cash Flows and 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 2019 and of its net income/(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.

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 and group 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 am required to conclude on the appropriateness of management'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 group's and the Natural History Museum's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's 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 auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

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 1992.

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.

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' report but does not include the report on remuneration of senior management, 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 part of the Report on the Remuneration of Senior Management to be audited has 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' and Accounting Officer's annual report; and

- the information given in the Trustees' report which we 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 part 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

5 July 2019

Consolidated Statement of Financial Activities for the year ended 31 March 2019

	Notes	Unrestricted Funds		Permanent	Total Funds 2019 £000	Unrestricted Funds		Permanent	Total Funds 2018 £000		
		Designated £000	General £000	Restricted Funds £000		Endowment Funds £000	Designated £000	General £000		Restricted Funds £000	Endowment Funds £000
Income and endowments from											
Donations and legacies											
Grant-in-Aid	3	–	42,455	–	–	42,455	–	41,815	–	–	41,815
National lottery		–	–	55	–	55	–	–	126	–	126
Donations		–	2,908	2,745	–	5,653	–	2,072	3,189	2,500	7,761
Donations in kind		–	–	376	–	376	–	–	1,060	–	1,060
Charitable activities											
Admissions and memberships		–	4,560	–	–	4,560	–	4,605	–	–	4,605
Scientific and other grants		–	–	8,985	–	8,985	–	–	9,246	–	9,246
Other trading activities											
Trading activities	4	–	19,959	–	–	19,959	–	17,636	–	–	17,636
Sponsorship	4	–	595	–	–	595	–	223	–	–	223
Shared services		2,576	91	–	–	2,667	1,885	40	–	–	1,925
Other income	5	–	765	299	–	1,064	–	776	180	–	956
Investments	5	142	64	–	–	206	77	33	1	–	111
Total income		2,718	71,397	12,460	–	86,575	1,962	67,200	13,802	2,500	85,464
Expenditure on											
Raising funds											
Costs of generating voluntary income	7	593	2,242	131	–	2,966	549	2,700	146	–	3,395
Trading activities	7	2,800	11,177	–	–	13,977	2,118	11,231	–	–	13,349
Charitable activities											
Public Engagement	7	5,959	28,120	1,439	–	35,518	4,967	29,275	2,096	–	36,338
Scientific curation and research	7	7,497	22,412	11,364	–	41,273	6,865	22,890	11,919	–	41,674
Other											
Loss on disposal of fixed assets	7	44	–	–	–	44	21	–	–	–	21
Total expenditure		16,893	63,951	12,934	–	93,778	14,520	66,096	14,161	–	94,777

	Notes	Unrestricted Funds		Permanent	Total Funds 2019 £000	Unrestricted Funds		Permanent	Total Funds 2018 £000		
		Designated £000	General £000	Restricted Funds £000		Endowment Funds £000	Designated £000	General £000		Restricted Funds £000	Endowment Funds £000
Net (expenditure)/income before gains and losses on investments		(14,175)	7,446	(474)	-	(7,203)	(12,558)	1,104	(359)	2,500	(9,313)
Net (losses)/gains on investments	11	55	-	-	259	314	11	-	-	(29)	(18)
Net (expenditure)/income after gains and losses on investments		(14,120)	7,446	(474)	259	(6,889)	(12,547)	1,104	(359)	2,471	(9,331)
Transfers											
Gross transfers between funds	20	5,534	(4,478)	(1,056)	-	-	11,385	(5,222)	(6,163)	-	-
Net (expenditure)/income before other recognised gains and losses		(8,586)	2,968	(1,530)	259	(6,889)	(1,162)	(4,118)	(6,522)	2,471	(9,331)
Other recognised gains/(losses)											
Gains on indexation and revaluation of fixed assets for charity's own use	8	58,444	-	900	-	59,344	32,066	-	8,105	-	40,171
Gain/(loss) on foreign exchange		-	(72)	-	-	(72)	-	(218)	-	-	(218)
Net movement in funds		49,858	2,896	(630)	259	52,383	30,904	(4,336)	1,583	2,471	30,622
Reconciliation of funds											
Total funds brought forward		485,008	4,320	95,694	3,289	588,311	454,104	8,656	94,111	818	557,689
Total funds carried forward	20	534,866	7,216	95,064	3,548	640,694	485,008	4,320	95,694	3,289	588,311

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 35 to 61 form part of these accounts.

Consolidated and Museum Balance Sheets as at 31 March 2019

	Note	Group 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Fixed assets					
Tangible assets	8	616,568	567,841	616,283	567,569
Intangible assets	9	712	1,094	600	840
Heritage assets	10	7,656	7,323	7,656	7,323
Investments	11	4,285	3,971	300	300
Total fixed assets		629,221	580,229	624,839	576,032
Current assets					
Stock	13	984	1,103	260	315
Debtors	14	8,018	7,891	5,912	6,189
Cash at bank and in hand	15	22,680	14,482	20,483	13,384
Total current assets		31,682	23,476	26,655	19,888
Liabilities					
Creditors: amounts falling due within one year	17	(18,729)	(13,327)	(14,797)	(9,757)
Net current assets		12,953	10,149	11,858	10,131
Total assets less current liabilities		642,174	590,378	636,697	586,163
Creditors: amounts falling due after more than one year	18	(1,092)	(1,638)	(1,092)	(1,638)
Provision for liabilities and charges	23	(388)	(429)	(388)	(429)
Net assets		640,694	588,311	635,217	584,096
The funds of the charity					
Permanent endowment funds	20	3,548	3,289	–	–
Restricted funds					
Restricted income funds		59,186	60,716	58,265	60,716
Restricted revaluation reserve		35,878	34,978	35,878	34,978
Total restricted funds	20	95,064	95,694	94,143	95,694
Unrestricted funds					
Designated funds	20	213,505	222,091	212,402	220,941
Designated revaluation reserve		321,361	262,917	321,361	262,917
General funds	20	7,216	4,320	7,311	4,544
Total unrestricted funds		542,082	489,328	541,074	488,402
Total charity funds	20	640,694	588,311	635,217	584,096

The notes on pages 35 to 61 form part of these accounts.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Sir Michael Dixon
Director and Accounting Officer

2 July 2019

Statement of Cash Flows and Consolidated Statement of Cash Flows for the year ending 31 March 2019

	Note	Group 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Cash flows from operating activities:					
Net cash provided by operating activities	22	13,324	1,183	12,272	(1,493)
Cash flows from investing activities:					
Interest income received	5	64	34	64	34
Investment income received	5	142	77	–	–
Purchase of tangible fixed assets	8	(4,607)	(9,215)	(4,512)	(9,190)
Purchase of intangible fixed assets	9	(57)	(175)	(57)	(175)
Purchase of heritage assets	10	(44)	(8)	(44)	(8)
Purchase of investments	11	–	(2,500)	–	–
Net cash used in investing activities		(4,502)	(11,787)	(4,549)	(9,339)
Cash flows from financing activities:					
Loan received from DCMS	18	–	–	–	–
Loan repayment to DCMS		(552)	(553)	(552)	(553)
Net cash used in financing activities		(552)	(553)	(552)	(553)
Net increase/(decrease) in cash and cash equivalents	15	8,270	(11,157)	7,171	(11,385)
Cash and cash equivalents at the beginning of the year		14,482	25,857	13,384	24,987
Change in cash and cash equivalents due to exchange rate movements		(72)	(218)	(72)	(218)
Cash and cash equivalents at the end of the year		22,680	14,482	20,483	13,384

The notes on pages 35 to 61 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 HM 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. It is the view of the Trustees that the Museum has sufficient reserves and anticipated government grant funding and self generated income to meet future commitments. There are no material uncertainties about the Museum's ability to continue as a going concern.

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.

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 following 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 15 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 as at 1 April 2018.

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 estimated 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 2018-2019 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

	2019	2018
	£000	£000
Income and endowments		
Grant-in-Aid	42,455	41,815
National lottery	55	126
Donations	4,732	5,261
Donations in kind	376	1,060
Trading activities	1,132	1,187
Shared services	2,667	1,925
Other income	1,064	956
Investment income	64	34
Admissions and memberships	4,560	4,605
Scientific and other grants	8,985	9,246
Payment under Deed of Covenant from the Natural History Museum Trading Company	6,037	3,470
	72,127	69,685
Expenditure		
Costs of generating voluntary income	2,966	3,395
Fundraising trading: costs of goods sold and other costs	3,032	2,480
Public engagement	35,518	36,338
Scientific curation and research	41,158	41,660
Recharge to the Natural History Museum Trading Company	(2,440)	(2,333)
Loss on disposal of fixed assets	44	21
	80,278	81,561
Net (expenditure)/income before other recognised gains/(losses)	(8,151)	(11,876)
Gains/(losses) on foreign exchange	(72)	(218)
Gains on revaluation of fixed assets	59,344	40,171
Net movement in funds	51,121	28,077

3 Grant-in-Aid

	2019	2018
	£000	£000
DCMS		
Resource Grant-in-Aid	39,515	39,515
Capital Grant-in-Aid	2,940	2,300
	42,455	41,815
General Funds	42,455	41,815
	42,455	41,815

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 £5m for the Museum's operational non-capital research spend is transferred to Capital Grant-in-Aid, thereby reflecting budgeting totals of £7,940k for Capital Grant-in-Aid and £34,515k for Resource Grant-in-Aid.

4 Trading activities income

	2019	2018
	£000	£000
Brand Management	247	223
Retail	9,065	7,948
Catering and Functions	6,722	4,984
Touring Exhibitions	1,389	1,666
Consultancy	1,238	1,465
Other	1,298	1,350
	19,959	17,636

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

Trading subsidiary turnover	19,422	16,672
Commercial sponsorship	(595)	(223)
Add: Other trading activities income (Museum income)	1,132	1,187
	19,959	17,636

5 Investments and other income

	2019	2018
	£000	£000
Income from UK equities	142	77
Bank interest	64	34
	206	111
Other income		
Rentals	137	74
Other	927	882
	1,064	956

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

6 Net (expenditure)/income before transfers

	2019	2018
	£000	£000
is stated after crediting:		
Scientific grants from the European Union	1,587	1,039
and after charging:		
Expenditure in respect of scientific grants from the European Union	1,587	1,039
Auditors' remuneration – Museum auditors		
Museum audit	51	47
Auditors' remuneration – subsidiaries auditors		
Trading Company audit	23	22
Special Funds and Benevolent Fund audit	2	2
Other services	2	5
Hire of plant and machinery	613	889
Travel, subsistence and hospitality	801	1,137
Depreciation	15,216	13,539
Amortisation	403	377
Stock recognised as an expense	4,388	4,176

7 Total resources expended

	Activities undertaken directly £000	Support costs £000	Total 2019 £000	Activities undertaken directly £000	Support costs £000	Total 2018 £000
Costs of generating voluntary income	1,639	1,327	2,966	2,044	1,351	3,395
Trading activities	13,977	–	13,977	13,349	–	13,349
Public Engagement	22,193	13,325	35,518	24,126	12,212	36,338
Scientific curation and research	26,742	14,531	41,273	27,131	14,543	41,674
Loss on disposal of fixed assets	44	–	44	21	–	21
	64,595	29,183	93,778	66,671	28,106	94,777

During the year, grants of £3,028,000 (2018: £3,089,000) were awarded to institutions within scientific curation and research.

Support costs by activity

	Generating voluntary income £000	Public engagement £000	Scientific £000	Total £000
2018-2019				
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

	Generating voluntary income £000	Public engagement £000	Scientific £000	Total £000
2017-2018				
Management	73	656	781	1,510
Human resources	69	621	740	1,430
Estates	437	3,950	4,704	9,091
Finance	65	591	703	1,359
Information technology	179	1,620	1,930	3,729
Governance	9	80	95	184
Depreciation	519	4,694	5,590	10,803
	1,351	12,212	14,543	28,106

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	2019 Total £000	2018 Total £000
Salaries and wages	25,859	5,010	30,869	29,539
Superannuation	4,807	537	5,344	5,682
National Insurance	2,665	465	3,130	3,070
Cost of agency staff	–	1,976	1,976	2,831
	33,331	7,988	41,319	41,122

Included in the above staff costs are redundancy costs of £405,693 (2018:£167,854).

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 2018-19, the rates were in the range 20% to 24.5%. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Payments of £4,813,000 (2018: £5,423,000) 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 £531,000 (2018: £184,000) 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 2019 a balance of £88,000 (2018: £40,000) 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 (2018: nil). Travel and subsistence expenses of £2,549 (2018: £3,563) were reimbursed to 4 (2018: 4) Trustees.

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

	2019	2018
£190,001 – £200,000	1	1
£140,001 – £150,000	1	–
£120,001 – £130,000	2	3
£110,001 – £120,000	1	1
£100,001 – £110,000	2	2
£90,001 – £100,000	2	3
£80,001 – £90,000	8	4
£70,001 – £80,000	11	13
£60,001 – £70,000	14	14

The total pension contributions payable for the senior employees included above were £741,921 (2018: £743,530).

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 Director of Finance and Corporate Services, the Director of Science, the Director of Engagement and the Director of Development and Communications. The total employee benefits of the key management personnel of the Museum were £891,733 (2018: £758,436).

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 872 (2018: 898) organised into the following categories:

	Permanent contracts	Other contracts	2019 Total	2018 Total
Costs of generating voluntary income	22	3	25	31
Trading activities	80	11	91	93
Public Engagement	221	66	287	312
Scientific curation and research	241	110	351	342
Support	106	12	118	120
	670	202	872	898

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 2018	499,557	91,347	3,302	36,433	12,158	21,767	4	664,568
Additions	1,960	1,054	259	–	601	733	–	4,607
Disposals	–	–	–	–	(20)	(425)	–	(445)
Revaluation	5,955	(3,203)	–	–	–	–	–	2,752
Transfers in/(out)	2,629	–	(3,261)	–	330	302	–	–
Balance at 31 March 2019	510,101	89,198	300	36,433	13,069	22,377	4	671,482
Depreciation								
Balance at 1 April 2018	22,662	21,971	–	29,006	7,481	15,603	4	96,727
Charge for year	6,311	5,648	–	1,203	724	1,330	–	15,216
Disposals	–	–	–	–	(20)	(417)	–	(437)
Revaluation	(28,973)	(27,619)	–	–	–	–	–	(56,592)
Transfers in/(out)	–	–	–	–	–	–	–	–
Balance at 31 March 2019	–	–	–	30,209	8,185	16,516	4	54,914
Net Book Value 31 March 2019	510,101	89,198	300	6,224	4,884	5,861	–	616,568
Net Book Value 31 March 2018	476,895	69,376	3,302	7,427	4,677	6,164	–	567,841

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. All land and building assets are revalued at least quinquennially on a depreciated replacement cost basis and indexed using indices supplied by 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.

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 2019 £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 adaptations for the storage of Museum collections at the property. The specialist adaptations 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.

	2019	2018
	£000	£000
The current cost depreciation shown above is charged in the Statement of Financial Activities as follows:		
Depreciation included in Total Resources Expended	15,216	13,539
	15,216	13,539
	2019	2018
	£000	£000
Gains on indexation and revaluation of fixed assets shown above are recognised in the Statement of Financial Activities as follows:		
Revaluation value	2,752	44,862
Prior year depreciation adjustment arising from revaluation	56,592	(4,691)
	59,344	40,171

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 2018	499,557	91,347	3,302	36,432	11,788	21,159	4	663,589
Additions	1,960	1,054	259	–	519	720	–	4,512
Disposals	–	–	–	–	(2)	(337)	–	(339)
Revaluation	5,955	(3,203)	–	–	–	–	–	2,752
Transfers in/(out)	2,629	–	(3,261)	–	330	302	–	–
Balance at 31 March 2019	510,101	89,198	300	36,432	12,635	21,844	4	670,514
Depreciation								
Balance at 1 April 2018	22,662	21,971	–	29,006	7,246	15,131	4	96,020
Charge for year	6,311	5,648	–	1,203	686	1,286	–	15,134
Disposals	–	–	–	–	(2)	(329)	–	(331)
Revaluation	(28,973)	(27,619)	–	–	–	–	–	(56,592)
Transfers in/(out)	–	–	–	–	–	–	–	–
Balance at 31 March 2019	–	–	–	30,209	7,930	16,088	4	54,231
Net Book Value 31 March 2019	510,101	89,198	300	6,223	4,705	5,756	–	616,283
Net Book Value 31 March 2018	476,895	69,376	3,302	7,426	4,542	6,028	–	567,569

9 Intangible assets

Group	Image rights £000	IT software £000	Assets under construction £000	Total £000
Value				
Balance at 1 April 2018	480	2,424	20	2,924
Additions	–	57	–	57
Disposals	–	(212)	–	(212)
Transfers in/(out)	–	20	(20)	–
Balance at 31 March 2019	480	2,289	–	2,769
Amortisation				
Balance at 1 April 2018	328	1,502	–	1,830
Charge for year	96	307	–	403
Disposals	–	(176)	–	(176)
Balance at 31 March 2019	424	1,633	–	2,057
Net Book Value 31 March 2019	56	656	–	712
Net Book Value 31 March 2018	152	922	20	1,094

Museum	IT software £000	Assets under construction £000	Total £000
Value			
Balance at 1 April 2018	2,129	20	2,149
Additions	57	–	57
Disposals	(189)	–	(189)
Transfers in/(out)	20	(20)	–
Balance at 31 March 2019	2,017	–	2,017
Amortisation			
Balance at 1 April 2018	1,309	–	1,309
Charge for year	261	–	261
Disposals	(153)	–	(153)
Balance at 31 March 2019	1,417	–	1,417
Net Book Value 31 March 2019	600	–	600
Net Book Value 31 March 2018	820	20	840

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

10 Collections assets

	Group	Group	Museum	Museum
	2019	2018	2019	2018
	£000	£000	£000	£000
Net book value at 1 April 2018	7,323	6,695	7,323	6,695
Additions in year	333	628	333	628
Net book value at 31 March 2019	7,656	7,323	7,656	7,323

Acquisitions Summary 2014-19

	2014-15	2015-16	2016-17	2017-18	2018-19
	£000	£000	£000	£000	£000
Acquisitions >£5k	120	–	35	8	44
Donations > £5k	–	–	3,799	620	289

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 collections comprise an estimated six 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 including insects and other terrestrial and freshwater arthropods including spiders, mites and myriapods.* 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 8466m², 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 collections comprise approximately half a million specimens and consist of four main elements: minerals, including gems, (about 180,000 specimens), rocks, including building stones and ocean bottom deposits, (about 180,000 specimens), meteorites (about 3,000 specimens) and ores (about 30,000 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 palaeontological collections comprise approximately 9 million specimens including microfossils, macro-invertebrates, vertebrates and plants.

The geographical range is worldwide, with British material predominant and well represented, and extensive foreign material, especially from ex-colonial areas, and regions of economic importance.

The collections are arranged systematically.

Library and Archives

The Museum's Library houses several million items; it is the World's largest collection of natural history literature 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. 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, artwork 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.

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°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.

The Museum is a Registered Museum under the Arts Council Museums Accreditation Scheme. In FY 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.

The Museum is a Registered Archive under the National Archives Accreditation Scheme. The Museum was awarded Accredited Status on 26th March 2018.

Collections Storage Programme aims to:

- To provide suitable storage for all collections with respect to physical and environmental conditions and security;
- To rationalise use of collections space and resources wherever possible;
- To act as an enabler to the wider masterplan and provide the opportunity to return gallery spaces to public use.

Strategic Outline Case for the NHM's storage solution was submitted to Government in October 2018 in preparation for the Spending Review in 2019.

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 2023-2024.

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 2018-19 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 publically 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 5.4 million visitors to its public galleries during 2018-19.

On average more than 7,000 scientific researchers spend 15,000–20,000 research days per year in the Museum's facilities.

Documentation and digitisation

The NHM hosts all its 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 many had bespoke database systems. The centralisation of the independent systems was developed 10 years ago. Whilst this was highly successfully in delivering a single centralised CMS it is only in the past 5 years, with the advent of a clear digital strategy and funding that the NHM have been able to deliver such a system.

454,366 records catalogue records, of which 443,029 are specimen or Index Lot records, were added in 2018, meaning there are now 7,987,553 catalogue records, of which 7,159,167 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.

There has been a focus this year on improving accessibility through the standardisation of geographical referencing information. Projects include:

- Georeferencing the Botanical Types – the Museum has digitised and scanned approx. 137,000 Botanical type specimens adding a geographical hierarchy and coordinates to the Botanical type localities for the most important specimens is making them more accessible to botanists globally.
- Georeferencing the iCollections Butterfly and Moths collections – by rationalising and creating accurate master site records geographical information relating to 183,000 Butterfly specimens and 500,000 Moth specimens is now available.
- Geo-referencing the micro-palaeontology slides – by providing Latitude and Longitude data, we can both map and model species distributions in the present day and in the past.

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 4.2 million specimen records from our collection on data.nhm.ac.uk and a further 5.5 million records from other research datasets. This includes 3D scans, images and audio recordings as well as other structured data in tables. Since 2015, 16bn records have been downloaded in 200k download events. More than 250 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_Digitse 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 COPAC, Biodiversity Heritage Library, Europeana.

Library and Archives continued its digitisation programme. 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 2014. 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, 42,481 specimens were loaned towards research purposes.

Significant developments during 2018-19

During the year approximately £30,000 was spent on collections purchases below the capitalisation threshold. Additionally £44,000 was spent on acquisitions that have been added to the asset register. Collections valued at approximately £289,000 from the donation of private collections, have also been added to the asset Register.

During 2018-19, the Museum returned the remains of 32 individuals to Australia. This return is undertaken through provisions in the Human Tissue Act 2004.

Future Plans

DCMS gave approval in November 2018 for NHM to keep developing a major bid for capital investment, on the basis of a Strategic Outline Case (SOC). Initial discussions have started on taking forward a bid for the 2019 Spending Review.

11 Investments

Group	Market Value at 1 April 2018 £000	Additions £000	Increase/ (decrease) in market value £000	Disposals £000	Market Value at 31 March 2019 £000
CCLA COIF – Charities Investment Fund	3,971	–	314	–	4,285
	3,971	–	314	–	4,285
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, banqueting, 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 2019 £000	Total 2018 £000
Income and expenditure		
Turnover	19,422	16,672
Cost of sales	(8,700)	(8,552)
Gross profit	10,722	8,120
Other expenses	(4,685)	(4,650)
Operating profit	6,037	3,470
Amount of payment under Deed of Covenant to the Museum	(6,037)	(3,470)
Loss on ordinary activities before taxation	–	–
Taxation	–	–
Retained in subsidiary	–	–
	2019 £000	2018 £000
Balance Sheet		
Fixed assets (tangible and intangible)	397	526
Current assets	5,112	4,571
Current liabilities	(5,209)	(4,797)
Net assets	300	300
Share capital and reserves	300	300

13 Stock

	Group 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Finished goods and goods for resale	955	1,079	231	291
Work in progress	29	24	29	24
	984	1,103	260	315

14 Debtors

	Group 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Trade debtors	2,507	2,734	348	572
Other debtors	1,044	1,437	1,044	1,437
Amounts due from subsidiary undertaking	–	–	1,318	1,252
Prepayments	1,186	1,153	1,089	1,044
Accrued income	3,281	2,567	2,113	1,884
	8,018	7,891	5,912	6,189

	Group 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Debtors include the following financial instruments:				
Gross trade debtors	2,567	2,803	348	581
Less: provision for impairment	(60)	(69)	–	(9)
	2,507	2,734	348	572
Other debtors	1,044	1,437	1,044	1,437
	3,551	4,171	1,392	2,009

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:

	2019 £000	2018 £000
Not due	2,085	2,248
up to 30 days past due	274	374
30-60 days past due	50	27
Over 60 days past due	98	85
	2,507	2,734

15 Cash at bank and in hand

	Group 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Balances held with the Government Banking Service	11,405	8,218	11,405	8,218
Balances held with commercial banks and cash in hand	11,275	6,264	9,078	5,166
	22,680	14,482	20,483	13,384

Included in the above are balances in Euros equivalent to £2,793,000 (2018: £957,000) and US Dollars equivalent to £3,945,000 (2018: £2,046,000). 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 received cash totalling £4,010,000 from the European Commission to distribute to partners. During the year £1,038,000 was distributed. At 31 March 2019 the Museum held £2,972,000 to be transferred in future periods.

17 Creditors: amounts falling due within one year

	Group	Group	Museum	Museum
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade creditors	1,841	1,000	1,784	909
Other creditors	847	790	312	383
Taxation and social security	832	799	832	799
Deferred income	10,224	6,319	7,184	3,710
Accruals	4,434	3,866	4,134	3,403
DCMS loan falling due in less than 1 year	551	553	551	553
	18,729	13,327	14,797	9,757

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
	2019	2018	2019	2018
As at 1 April 2018	6,319	5,813	3,710	4,438
Deferred in current year	9,171	5,367	6,629	3,112
Released from previous year	(5,266)	(4,861)	(3,155)	(3,840)
As at 31 March 2019	10,224	6,319	7,184	3,710

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 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
DCMS Loan falling due in less than 5 years	1,092	1,638	1,092	1,638
	1,092	1,638	1,092	1,638

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 £000	Other assets £000	Total 2019 £000	Total 2018 £000
Payments due within one year	136	115	251	223
in second to fifth year	99	100	199	398
	235	215	450	621

During the year, payments of £240,000 (2018: £192,000) were made under operating leases.

20 Statement of Funds

	At 1 April 2018 £000	Income £000	Expenditure £000	Gains/ (losses) £000	Revaluation/ indexation £000	Transfers £000	At 31 March 2019 £000
Restricted funds							
Scientific grants	–	9,284	(9,284)	–	–	–	–
Grant-in-Aid	88	–	(6)	–	–	–	82
Sponsored assets	89,708	1,400	(2,747)	–	900	(1,056)	88,205
Projects/other funds	1,012	479	(762)	–	–	–	729
Donations in kind	4,659	376	(135)	–	–	–	4,900
Equipment reserve	227	–	–	–	–	–	227
Special Funds	–	921	–	–	–	–	921
	95,694	12,460	(12,934)	–	900	(1,056)	95,064
General funds	4,320	71,397	(63,951)	(72)	–	(4,478)	7,216
	4,320	71,397	(63,951)	(72)	–	(4,478)	7,216
Unrestricted funds – designated							
Special Funds	927	142	(115)	55	–	–	1,009
Shared services	–	2,576	(2,576)	–	–	–	–
Future scientific research	1,234	–	(883)	–	–	852	1,203
Capital projects	482,847	–	(13,319)	–	58,444	4,682	532,654
	485,008	2,718	(16,893)	55	58,444	5,534	534,866
Permanent endowment funds	3,289	–	–	259	–	–	3,548
	3,289	–	–	259	–	–	3,548
Total funds	588,311	86,575	(93,778)	242	59,344	–	640,694

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 2019 are represented by					
Tangible and heritage fixed assets	531,946	–	92,278	–	624,224
Intangible assets	712	–	–	–	712
Investments	737	–	–	3,548	4,285
Current assets	2,355	20,006	9,321	–	31,682
Liabilities	(884)	(12,790)	(6,535)	–	(20,209)
Total net assets	534,866	7,216	95,064	3,548	640,694
Unrealised gains included in the above:					
On tangible fixed assets	321,361	–	35,878	–	357,239
Total unrealised gains at 31 March 2019	321,361	–	35,878	–	357,239

22 Net cash from operating activities

	Group 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Net (expenditure)/income before gains and losses	(7,203)	(9,313)	(8,151)	(11,876)
Donated heritage assets	(289)	(620)	(289)	(620)
Investment income received	(206)	(111)	(64)	(34)
Interest paid	6	7	6	7
Depreciation	15,216	13,539	15,134	13,448
Amortisation	403	377	261	235
Loss on disposal of fixed assets	44	21	44	21
Decrease/(increase) in stock	119	81	55	(34)
Decrease/(increase) in debtors	(127)	(1,148)	277	318
Increase/(decrease) in creditors	5,402	(1,583)	5,040	(2,891)
Net movement in provisions	(41)	(67)	(41)	(67)
Net cash from operating activities	13,324	1,183	12,272	(1,493)

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 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Balance at 1 April 2018	100	188	100	188
Payments against provision	(50)	(84)	(50)	(84)
Adjustment to existing provision	–	(4)	–	(4)
Balance at 31 March 2019	50	100	50	100

Redundancy Provision

	Group 2019 £000	Group 2018 £000	Museum 2019 £000	Museum 2018 £000
Balance at 1 April 2018	35	21	35	21
Addition to provision	49	35	49	35
Payments against provision	(35)	(21)	(35)	(21)
Balance at 31 March 2019	49	35	49	35

Equipment Reserve Provision

	Group	Group	Museum	Museum
	2019	2018	2019	2018
	£000	£000	£000	£000
Balance at 1 April 2018	294	287	294	287
Addition to provision	(5)	7	(5)	7
Balance at 31 March 2019	289	294	289	294

Total Provision for liabilities and charges

	Group	Group	Museum	Museum
	2019	2018	2019	2018
	£000	£000	£000	£000
Balance at 1 April 2018	429	496	429	496
Addition to provision	44	42	44	42
Payments against provision	(85)	(105)	(85)	(105)
Adjustment to existing provision	-	(4)	-	(4)
Balance at 31 March 2019	388	429	388	429

24 Capital commitments

Outstanding capital commitments at 31 March 2019 amounted to £61,000 (2018:£1,090,000).

25 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 2019 amounted to £5,366,000 (2018: £6,431,000).

26 Losses and special payments

There were no losses or special payments made during 2018-19 (2018: nil).

27 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 £42,455,000 (2018: £41,815,000).

During the year no further grants were received from DCMS (2018: £100,000).

At 31 March 2019 there was an outstanding loan balance to DCMS of £1,643,000 (2018: £2,191,000) including accrued interest for the year ending 31 March 2019.

Income relating to the supply of power to the Science Museum Group totalled £918,000 (2018: £657,000). At 31 March 2019, there was a balance of £251,000 due from the Science Museum Group in respect of these services (2018: £129,000).

Income relating to the supply of heat and power to the Victoria and Albert Museum totalled £1,562,000 (2018: £1,156,000). At 31 March 2019, there was a balance of £303,000 due from the Victoria and Albert Museum in respect of these services (2018: £226,000).

Payments of £53,000 (2018: £105,000) were made to the Victoria and Albert Museum for security management services and training. At 31 March 2019, £2,000 was owed (2018:nil) in respect of these services.

No payments were made to the British Museum (2018: £183,000) in respect of research projects.

Payments of £19,000 (2018: £27,000) were made to the British Library in respect of transfers and rental.

No Payments (2018: £300) 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 (2018: £3,000 for staff costs) was received for science consultancy services. No payments (2018: £27,000) were made during the year.

Simon Patterson is a board member at Dell. Payments of £164,000 (2018: £239,000) were made for the supply of computers and accessories.

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. A payment of £100 was made during the year for the use of an image (2018: nil).

Professor John Holman is the Adviser in Education at the Wellcome Trust. Payments of £1,000 were made during the year (2018: £1,000).

Sir Michael Dixon is a member of Court at the University of Reading. During the year the Museum received £18,000 in scientific grant income and £5,000 in respect of commercial income (2018: £1,000 in respect of visitor fees).

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 (2018: £6,000) was made in respect of membership.

Sir Michael Dixon is Co-Chair of the Exhibition Road Cultural Group. Payment of £21,000 was made in respect of membership (2018: £25,000). No income was received during the year (2018: £1,000).

Sir Michael Dixon is a Fellow of the Linnean Society of London. Income of £400 (2018: £200) was received in respect of student conference sponsorship.

Christopher Gilligan CBE is professor of Mathematical Biology at Cambridge University. Income of £500 was received in respect of workshop fees and £28,000 in respect of commercial income (2018: £1,000). Payments of £3,000 were made for a specimen loan and copyright licences. (2018: £1,000).

Professor Dame Janet Thornton DBE FRS is part of the GSK Data Advisory group. The museum received a payment of £20,000 for membership fees and £11,000 in respect of commercial income (2018: £20,000 - restated to net of VAT).

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'.

Dame Frances Cairncross DBE FRSE is chair of University Court, Heriot Watt University. No payments were received during the year (2018: £2,000 in respect of sequencing) .

Dame Frances Cairncross DBE FRSE serves on the Board of Trustees of the Natural History Museum Development Trust. As at 31 March 2019 there were balances of £4,000 (2018: £4,000) due from the Trust in respect of administrative services.

28 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.

