

The British Museum

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

The British Museum

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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

Ordered by The House of Commons to be printed on 11 July 2019

© **The British Museum** copyright **2019**

The text of this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as British Museum copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at information@britishmuseum.org.

This publication is available at www.gov.uk/official-documents.

ISBN 978-1-5286-1466-5

CCS0619502192 07/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

Trustees' and Accounting Officer's Annual Report	3
Chairman's Foreword	3
Structure, governance and management	4
Constitution and operating environment	4
Subsidiaries	4
Friends' organisations	4
Strategic direction and performance against objectives	4
Collections and research	4
Audiences and Engagement	5
Investing in our people	12
Plans for future periods	14
Fundraising and finance	15
Support for the BM	15
Grant-in-Aid	16
Capital expenditure	16
Grants	16
Reserves	17
Investments and financial risks	18
Public benefit, sustainability, social and community issues	19
Public benefit	19
Estates management	19
Sustainability report	20
Suppliers	22
Activity under immunity from seizure	23
Reference and administrative details	24
The Board of Trustees	24
Trustee committees and membership	25
Trustee membership of related Councils and Boards	26
Official addresses as at 31 March 2019	26
DCMS' performance indicators	27
Remuneration Report	28
Statement of Trustees' and Accounting Officer's responsibilities	30
Governance statement	31
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	35
Consolidated Statement of Financial Activities	38
Consolidated Balance Sheet	40
Museum Balance Sheet	41

Consolidated Statement of Cash Flows

42

Notes to the Accounts

43

Trustees' and Accounting Officer's Annual Report

Chairman's Foreword

This has been an action-packed year at the British Museum. Spectacular additions to the permanent exhibition spaces – the Albukhary Foundation Gallery of the Islamic world and the Mitsubishi Corporation Japanese Galleries – have been opened, and wonderful temporary exhibitions have included *Rodin and the art of ancient Greece*, and the BP exhibition *I am Ashurbanipal: king of the world, king of Assyria*. The BM welcomed over 300,000 pupils to Bloomsbury, and an extraordinary range of events for adults included the BM's first major music festival: *Europe and the world: a symphony of cultures*.

Around the UK, the BM loaned over 2,800 objects to 105 locations, where they were seen by more than ten million people. The Portable Antiquities Scheme, which records archaeological finds made by the public in England and Wales and is administered by the BM and National Museum Wales, reported around 70,000 finds.

The BM lent more than 2,400 objects to 79 venues outside the UK. The International Training Programme, now in its 13th year, continued to expand and has a network of 276 alumni from 43 countries. The BM's Iraq Scheme continued to bring Iraqi museum professionals for training in London and then in their home country. Funded by the Department for Digital, Culture, Media and Sport, this remains one of the most important of the BM's many projects.

Looking to the future, BM people have continued to strengthen their network of colleagues around the world and especially in sub-Saharan Africa, where there is scope to do more to share our collections. Back in the UK, planning permission has been secured for the 15,000 square metre British Museum Archaeological Research Collection – the BM_ARC – in Berkshire. This will be a major research, storage and teaching facility. And plans are well advanced in Bloomsbury for developing the Museum's masterplan – the Rosetta project. We will have more to report on this in the year ahead.

These are uncertain political times in the UK and around the world. But the Trustees are convinced that as an institution of global significance located in London, the role of the British Museum will be more important than ever in the years ahead.

Key to this is the commitment and hard work of the Museum's staff, volunteers and supporters of every kind. This palace of global wonders depends on all these people, and the Trustees are truly grateful to them.

Sir Richard Lambert
Chairman of the Trustees

Structure, governance and management

Constitution and operating environment

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

The BM is now governed in accordance with the British Museum Act 1963 and Museums and Galleries Act 1992. The BM is an exempt charity under schedule 3 of the Charities Act 2011. The Secretary of State for Digital, Culture, Media and Sport is the principal regulator under the Charities Act 2011.

The BM is also an executive Non-Departmental Public Body funded by a combination of grant-in-aid allocated by the Department for Digital, Culture, Media and Sport (DCMS) and income secured through commercial, fundraising, sponsored and charging activities.

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

Subsidiaries

The main retailing, off-site trading and publishing activities of the BM are carried out by the British Museum Company Limited (BMCo, company number 1079888), a company wholly owned by the Trustees, together with its subsidiary, British Museum Ventures Limited (BMV, company number 1442912).

Conferences, education and other income generating activities were carried out during the year by the British Museum Great Court Limited (BMGC, company number 4098945), also a company wholly owned by the Trustees.

Friends’ organisations

The work of the BM is supported by two ‘friends’ associations. The British Museum Friends (BMF) is a registered charity (charity number 1086080) and a company (company number 4133346) limited by guarantee that provides grants to the BM out of the surplus it generates from membership subscriptions, fundraising, and members’ activities. The Trustees of the BM are also the Trustees and the company law directors of the Friends. BMF’s results are consolidated within these accounts.

The American Friends of the British Museum (AFBM) supports the BM’s development by raising funds in the United States. It is separately administered and independent of the BM, and therefore not consolidated within these accounts.

Strategic direction and performance against objectives

“Towards 2020” (published on the BM’s website) sets out the priorities for the BM in pursuit of its strategic objectives to 2020. During 2018/19 the BM continued to make significant progress in working towards these objectives.

Collections and research

Collection

Additions to the collection in 2018/19 ranged from an Italian ceramic of the *Madonna della Marina* (c.1600) to a 2012 painting by Kimathi Donkor. The British-Ghanaian artist’s work – part of his series *Queens of the Undead* – celebrates female military commanders from Africa. As part of the Treasure process, three bronze bracelets of

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

1400 to 1100 BC were acquired from a hoard discovered at Hurstborne Priors in Kent. A history of Bollywood over the past three decades was represented in a single collection of over 900 printed items of cinema memorabilia.

Donations included Egyptian striker Mo Salah's football boots, a tenner with the face of Princess Diana by Banksy, and a silver coronation medal of Edward VI of 1547. A collection of textiles from across Africa was given, as was a 19th-century 'montre à tact' watch by Breguet which allows the time to be determined by touch. Prints by contemporary Chinese artists were generously donated, as was a complete set of prints by British artist Geoffrey Clarke, accepted in lieu of inheritance tax by the UK government. The Japanese collection acquired a major gift of 19th-century portraits of Kabuki actors by Utagawa Kunisada. Bequests included the Lloyd collection of clocks, among them 11 London-pattern table clocks built by emigré Huguenot makers in the 17th and 18th centuries.

Conservation and research

One of only two surviving cartoons by Michelangelo is in the BM collection. The artist drew the *Epifania* in the 1550s for his collaborator and biographer Ascanio Condivi. At 233 x 166 cm, the depiction of the Madonna and Child and attendant figures is formed of 26 joined sheets of paper mounted on a heavy pine panel. In 2018, a major project began to assess Michelangelo's work with a view to evaluating its long-term conservation. High-resolution mapping of its condition will determine future treatment as well as provide detailed information about the drawing's composite structure. The project was supported by a gift made in memory of Melvin R. Seiden.

Developing scientific research at the BM creates new materials that can be used worldwide. In 2018, a BM scientist prepared a new resource to identify natural dyes in textiles from the Silk Road. A broad palette of dyes was used in ancient China but few scientific works accurately name them. Following a study of 7th- to 10th-century textiles from Dunhuang, the BM collected plant materials and created a series of scientific databases which give the botanical origins of Chinese dyes. The published results will be used around the world so scholars can identify the dyes in archaeological textiles.

Working with ancient Egyptian textiles, the BM pioneered a new non-destructive technique using different wavelengths of light to produce images that show the distribution of various dyes. Formerly, a tiny sample of the textile would have to be taken, if analysis was required. Using the new method, a child's sock of AD 200–400 revealed cheerful stripes made from madder (red), woad (blue) and weld (yellow). As the *Guardian* reported the story, also published in the scientific journal PLOS ONE in October 2018, 'the ancient Egyptians famously gave us paper and the pyramids, but were also early adopters of the stripy sock.'

In January 2019, the BM launched the Santo Domingo Centre of Excellence for Latin American Research, made possible by the generosity of Alejandro & Charlotte Santo Domingo, and Mrs Julio Mario Santo Domingo with Andrés & Lauren Santo Domingo. The BM cares for an important collection of Latin American archaeological, historical and contemporary material, which spans more than 10,000 years of human history. These objects encapsulate some of the most remarkable narratives of cultural development on the planet. The Centre at the BM will support work on this collection through collaboration with research communities in Latin America and the UK, ensuring the conversation about the artefacts draws on a great variety of voices from around the world.

Future research into the collection is set to be transformed by a brand new BM facility, as part of an exciting new research partnership with the University of Reading. The British Museum Archaeological Research Collection (BM_ARC), located in Berkshire, is a significant new storage centre that will preserve and provide access to many objects from the Museum's world-renowned collections of ancient sculpture, mosaics, archaeological assemblages and historic casts. The collaboration will encourage innovative research into the collection, from Palaeolithic prehistory to later archaeology and archaeological science. Study facilities will give students and academics from around Britain and the world and the public enhanced access to the artefacts. A loans hub will allow the BM to lend objects directly to local, national and international venues. In November 2018, Wokingham Borough Council granted planning permission for the 15,000sq.m. single-storey building designed by John McAslan + Partners. Construction is due to begin in 2019.

Audiences and Engagement

Galleries

In October 2018, the BM opened the Albukhary Foundation Gallery of the Islamic world to enthusiastic public acclaim. The refurbished rooms, designed by architects Stanton Williams using sustainably sourced European

oak, were generously funded by the Albukhary Foundation and allow visitors to engage with the objects as never before. Interior windows feature screens specially designed for the gallery by Saudi artist Ahmad Angawi. New cases permit the display of light-sensitive objects – works on paper, textiles – which will be changed regularly.

The new gallery redisplay the BM's world-class collection of Islamic material culture from the beginnings of Islam through to its wide dissemination since the 7th century from Nigeria to Indonesia. The great medieval dynasties are explored in the first room, highlighting connections with nearby galleries relating to Byzantium, the Vikings and Islamic Spain. The second room introduces the three major dynasties that dominated the Islamic world from the 16th century: the Ottomans, Safavids and Mughals. An area for special exhibitions explored in its opening display the arabesque, organised by the Islamic Arts Museum Malaysia. 'This gallery is a kind of miracle,' concluded the *Guardian*. 'It sees beyond individual objects to grasp and communicate the principles and intellectual power that give Islamic art its infectious harmony and abundance.'

Generous support from the Mitsubishi Corporation permitted the BM to undertake a nine-month transformation of the Mitsubishi Corporation Japanese Galleries, which reopened in September 2018. Improvements include an elegant new ceiling, a new oak floor, LED lighting and upgraded air conditioning. The BM's Japanese collection is the most comprehensive in Europe and the updated galleries tell the history of Japan through outstanding objects, whilst retaining their most popular exhibits, including the Urasenke Foundation teahouse. Mitsubishi, who have supported the gallery for ten years, committed to a further ten years' support.

Exhibitions

The great French sculptor Auguste Rodin confessed that he was profoundly influenced by his Greek predecessor Pheidias, the 5th-century BC artist who conceived the Parthenon sculptures. In *Rodin and the art of ancient Greece*, sponsored by Bank of America Merrill Lynch, the BM moved a selection of the Greek originals out of the Parthenon gallery and juxtaposed them with 90 works in marble, bronze and plaster by Rodin, almost all on loan from the Musée Rodin in Paris. Rodin regularly visited London to seek inspiration. 'In my spare time,' he declared, 'I simply haunt the British Museum.' The show was critically acclaimed. The *Guardian*, naming it one of the top art shows of 2018, called it 'a life-changing delight'. Nearly 120,000 people attended.

Some of the most beautiful and world-renowned objects in the BM come from ancient Assyria. For the BP exhibition *I am Ashurbanipal: king of the world, king of Assyria* – supported by BP, with logistics partner IAG Cargo – the BM complemented its collection with loans from Armenia, Cyprus, France, Germany, Italy and Russia to show the life and legacy of Assyria's last great ruler. Delicate ivories and extravagant gold ornaments conveyed how the elite lived in ornate splendour. Wall paintings and glazed bricks evoked the glory of Assyria's great palaces and cities such as Nineveh and Nimrud. Large carved reliefs were brought to life by illuminating details to tell the stories of battles, conquest and political wrangling. The state of these Iraqi sites today – and BM-supported measures to save and recover cultural heritage in Iraq – were described in the final displays. As the *Evening Standard* noted: 'In 2014 [Daesh] . . . wilfully destroyed more than 70 percent of the archaeology of the city of Ashurbanipal. Be grateful, then, as you go round this exhibition, that these things, at least, survive.' The show was seen by 140,000 people.

Objects that made a protest were given a platform in the Citi exhibition *I object: Ian Hislop's search for dissent*, which was supported by Citi and seen by 72,000 visitors. *Private Eye* editor Ian Hislop delved into the BM collection looking for objects that 'question the official narrative and put an alternative view'. Some were overtly political – sharply satirical prints of the 18th century; defaced pennies of the early 20th circulating the message 'Votes for Women'. Others insinuated dissent more subtly: the symbolic objection of carrying a yellow umbrella in Hong Kong. Protest was revealed as an essential human expression of individual freedom or as a collective fight against oppression, often humorous, at times revolutionary.

Artists took the centre stage in a number of free exhibitions. *Witnesses: emigré medallists in Britain*, sponsored by Spink, showed over six centuries how British figures and events were commemorated through the skills and sensibility of immigrant artists. Around 150 prints and drawings from the collection featured in *New acquisitions: Gozzoli to Kara Walker*, supported by Mr & Mrs Edward D. Baker and the late Mrs Marigold Ann Chamberlin. The selection of graphic works added to the collection over the last five years showcased the growth in the BM's holdings of Picasso prints, thanks largely to Hamish Parker's donation of the *347 Series*, and the expanded representation of Italian 19th- and 20th-century prints, due to the generosity of an anonymous donor. In 2019, a display on Rembrandt marked the 350th anniversary of the great Dutch artist's death, while the use of the postcard as an art form since the 1960s could be appreciated in an exhibition of political, often playful works

by Jasper Johns, Gilbert & George, Rachel Whiteread and others. A catalogue of the postcards written by the collection's donor, Jeremy Cooper, was also published.

The Asahi Shimbun Displays take a fresh look at artefacts in light of contemporary debates or introduce an unusual corner of the collection. New discoveries about ancient Iraq juxtaposed with photographs by Ursula Schulz-Dornburg featured in *No Man's Land*, while modern Egypt's use of its past to reinvent itself – from posters to food packets – was shown in *The past is present: becoming Egyptian in the 20th century*. Porcelain, prints and other objects from Japan, China and South Asia suggested how encounters with Europeans were perceived in *What is Europe? Views from Asia*. *Feeding history: the politics of food* looked at the control of food resources, from ancient Egypt to contemporary reflections on conflicts triggered by the partitioning of land.

Events and education

The BM delivers accessible, world-class learning experiences for all. By connecting and representing diverse audiences, BM programmes enable visitors to learn from one another through our shared histories.

Over 300,000 pupils visited the BM as part of formal education programmes. For teachers, the BM organises preview events to enable teachers to plan prior to visiting with pupils. For the exhibition *Rodin and the art of ancient Greece*, 100 teachers attended to hear talks by the curators and learning staff, discuss the curriculum links and access teaching resources. The BM's innovative Relationship and Sex Education programme for secondary schools attracted a growing number of bookings. Linked to the National Curriculum, the gallery-based workshops explore sex and identity through time and across cultures, using the collection to provoke discussions between staff and students on contemporary issues.

In 2018/19 the BM introduced a new strand of language courses in collaboration with the adult-education college City Lit. They include Mandarin Chinese, Japanese and Arabic as well as ancient Egyptian hieroglyphics, Latin and Sanskrit. Each year over 3,000 people, many of whom are new to the UK, also attend the BM's ESOL (English for Speakers of Other Languages) programme.

Over 50,000 adults attended lectures, debates, courses, workshops and performances at the BM this year and over 1,000 young adults took part in mass meditation and mindfulness events. Guest speakers over the year included Michael Palin, Grayson Perry, Artemis Cooper, Janina Ramirez, David Olusoga, Peter Frankopan, Bettany Hughes, Jenny Uglow, Dan Snow and Japanese Living National Treasure Murose Kazumi.

In April 2018, the BM staged a major music festival. *Europe and the world* was supported by the German Federal Foreign Office and organised in collaboration with the Staatliche Kunstsammlungen Dresden. Two weeks of concerts from across the globe were presented in association with BBC Radio 3 and featured on its flagship contemporary music programme, *Music Matters*. A five-star *Observer* review praised the festival's 'visionary ambition and flair, its style of programming unlike any existing UK festival.'

Many events marked political occasions and cultural connections. For the meeting of the Commonwealth Heads of Government in London in April 2018, the BM organised gallery talks about the nations of the commonwealth and a concert by the Commonwealth Youth Orchestra and Choir. Dance performances in the Great Court, a sold-out film screening and a panel on inspired leadership marked the 100th anniversary of Nelson Mandela's birth.

Family programmes throughout the year provided fun for all ages. For under-fives, Little Feet included its first bilingual session in French and English in connection with the exhibition on Rodin. The Helen Hamlyn Trust kindly renewed its funding to update and print the BM's Museum-wide family trails, which are free to visitors. Two new trails are being developed exploring the cultures of Africa and Japan.

To celebrate the opening of the Albukhary Foundation Gallery of the Islamic world, a large-scale weekend of events attracted over 6,000 visitors, including young BAME (Black, Asian and minority ethnic) visitors and their families, many of whom were British Muslims. Activities included talks, storytelling, crafts, whirling dervishes and music from the London Syrian Ensemble. A specially devised Halal food menu was available, as were dedicated prayer spaces. Audience feedback was very positive.

New programming to widen access included 'relaxed' talks and drawing workshops for those with autistic spectrum conditions, sensory and communication disorders and learning disabilities. The events were supported by the Lord Leonard and Lady Estelle Wolfson Foundation. Activities for people with whom the BM has traditionally found it hard to engage included free community viewings of special exhibitions and the new Albukhary Foundation Gallery of the Islamic world. The events welcomed over 3,500 people from supplementary schools, charities, adult learning centres, refugee support groups and community centres local to the BM.

A regular programme of outreach workshops is offered across London, engaging those who cannot access the physical site easily. The workshops take place in care homes, hospices and community centres. Special events included a dance work created and performed by older adults with Counterpoint Dance Company and an art installation in the Great Court created over three months by ten community organisations in partnership with the Mary Ward Centre.

Volunteer-led activities remain a crucial engagement for a wide range of visitors: 40,000 people participated in Eye-Opener tours of the BM in 2018/19. At Hands-on desks, they can handle real objects in the galleries. In 2018, the BM volunteers marked 25 years of leading tours in the BM. The tours have expanded from a single gallery in 1993 to more than 15 tours daily across the BM today.

Media and publications

The BM is pleased to announce the continuation of its partnership with Samsung for the next five years to provide digital learning experiences for schools, teachers and families. In April 2018, the award-winning Samsung Digital Discovery Centre (SDDC) won first place in the 'Best Science & Technology' category for London in the first annual Hoop Awards. This year over 17,000 schoolchildren have participated. Schools can choose from 16 interactive workshops, including three self-led sessions supplied on Samsung Galaxy Tab A 10.1 tablets, and three virtual visits delivered remotely to schools from the BM using video-conferencing technology.

The SDDC weekend programme hosted over 2,200 families throughout the year. Activities include *Colour the collection*, where visitors get to see museum sculptures in their original colourful splendour and then create their own inspired designs, and *Build Roman Britain in Minecraft*, inspired by Hadrian's wall and other Roman constructions.

Digital engagement inside the galleries is increasing. Special BM sound and visual materials were created to enhance the visitor experience in the new Al-Bukhari Foundation Gallery of the Islamic world and the Mitsubishi Corporation Japanese Galleries. Self-led tours using the BM Audio Guide, sponsored by Korean Air, continued to be popular. The Mandarin version now outsells all other languages combined. For the BP exhibition *I am Ashurbanipal: king of the world, king of Assyria*, the BM launched a Curators' Commentary. Over 3,000 people downloaded the commentary from iTunes, Google Play Music and Spotify.

The BM's overall social media audience grew by 12%, with fresh content on the YouTube channel attracting nearly twice the number of followers. Interest in the forthcoming Manga exhibition was strong. Other popular posts took in Banksy and Beatrix Potter (Facebook), Mo Salah's football boots (Twitter) and the Rosetta Stone and a Japanese landscape by Kawase Hasui (Instagram). A video trailer on Facebook for the Ashurbanipal exhibition was viewed 368,000 times. For the Rodin exhibition, the BM for the first time encouraged photography inside the gallery: visitors posted images of *The Kiss* and other works across a variety of social media platforms.

Online visitors found a range of information on the BM website. The most popular short articles on the BM blog attracted over 40,000 page views each, including posts on the Rosetta Stone, Manga and the Assyrian king Ashurbanipal. New pages were designed for the Japanese and Islamic world galleries, as well as a section highlighting the BM's work in Africa. During the course of the year good progress was made in preparing the ground for the updating of the BM's Collections Online with new and revised records.

The BM's Chinese-language website (www.britishmuseum.org.cn), sponsored by UnionPay, was relaunched in August 2018. With redesigned content, the website now integrates seamlessly with the BM's WeChat account and features content tailored to its Chinese audiences. In addition to highlighting Chinese collections at the Museum, the website showcases ways of connecting with the BM within China – including scholarly works published in Chinese and retail opportunities. This website is visited by an average of 1.26m users monthly from across mainland China.

A broader online presence could be found on Google Arts & Culture, where BM digital displays included an exhibition on Buddhist art in Myanmar. The BM-designed website for the international exhibition *India and the world* was handed over to the museum partners in India. The BM welcomed colleagues from Iraq in 2018 to provide training in increasingly essential digital skills. The Iraq Digitisation Training Project was supported by the Gerda Henkel Stiftung.

Media ties included a three-part BBC Radio 4 series – *I, Object!* – in which Ian Hislop discussed dissent with fellow satirists Armando Iannucci, Roger Law and others. Three new BM films, for the series *Making Beauty* made possible with support from JTI, introduced artists from Japan on the BM's YouTube channel. Other BM short films broadcast on YouTube ranged from a lesson in how to write cuneiform to the conservation of a Japanese

hanging scroll by Kitagawa Utamaro. Popular features include *Curator's Corner* and a cooking series, *Pleasant Vices*, with food historian Tasha Marks.

BM publications were featured by book bloggers and print media from the *Daily Mail* to the *New Statesman*. Kate Kellaway in the *Guardian* admired the BM children's book *Mixed Up Masterpieces: Funny Faces* for its 'endless fun'. *So You Think You've Got it Bad: A Kid's Life in Ancient Egypt* was shortlisted for the 2019 Teach Primary Awards. Praising the catalogue for *Rodin and the art of ancient Greece*, co-published with Thames & Hudson with support from the Henry Moore Foundation, the *Literary Review* concluded that the BM 'is doing what every great museum should: using its collection to illuminate the continuity of human creativity, enabling one part to shine light on another'. BBC journalist Mishal Husain chose *The Islamic world: A history in objects* as one of her books of the year for 2018.

National

Touring exhibitions from the BM were seen around the country, supported by the Dorset Foundation in memory of Harry M Weinrebe. Shown in Salisbury and Ulster was a new collaboration between Salisbury Museum and the BM, *Hoards: a hidden history of ancient Britain*. The exhibition examined the many archaeological treasures that have made the news over the years, including one just discovered in 2018, to ask fundamental questions about who buried them and why. Celebrated hoards from both collections featured and finds dispersed among several museums were reunited. The tour continues in 2019/20.

Desire, love identity: exploring LGBTQ histories was a BM exhibition that proved so popular in London that a touring show was created. The exhibits – from protest badges to an 11,000-year-old stone sculpture of two lovers found in Bethlehem – created what the *Oxford Mail* called 'a tour-de-force of global queer history'. After Oxford, the exhibition journeyed to Nottingham and Bolton.

Vikings: rediscover the legend, a collaboration with York Museums Trust, has been seen by more than 100,000 people since its launch in 2017. *Dressed to impress: netsuke and Japanese men's fashion* continued its tour, during which visitors could try Japanese textile dyeing, at the Museum of East Asian Art, Bath, or soap-carving of netsuke, at the Worthing Museum & Art Gallery. Nearly 90,000 people saw the exhibition of portraits and other works by German artist Käthe Kollwitz, a BM collaboration with the Ikon Gallery in Birmingham. The tour has proved so popular, it will be shown in London in 2019.

In 2018/19 the BM loaned over 2,800 objects to 105 venues around the UK. The loans were used in special displays, exhibitions and thematic galleries in other museums to enhance what they showed. In Newmarket, at the National Heritage Centre for Horseracing and Sporting Art, an exhibition on English artist James Ward drew on the collections of the Fitzwilliam Museum and Tate as well as the BM's substantial body of prints by Ward, which the artist donated to the Museum in 1818.

Object Journeys invited UK community partners to explore museum collections and work collaboratively with museum staff, devising displays and events that broaden the stories museums tell. The three-year project was funded by the National Lottery Heritage Fund. In 2018, the final stages were presented in London and Brighton. At the BM, where earlier exhibits were developed in partnership with members of the Kiribati and Somali diaspora, a multi-cultural group of London residents created a display showcasing the importance of family across the globe. In Brighton, with support from the BM, community curators created three new displays as part of the *Fashioning Africa* programme.

Longer-term partnership galleries combine BM artefacts and expertise with that of other museums and are supported by the Dorset Foundation. The goal is to produce the best possible displays around the UK. Ongoing gallery partnerships included work with Manchester Museum, Norwich Castle and Auckland Castle in County Durham, where a new Faith Museum is being constructed.

A new national Skills for the Future training programme, supported by the Heritage Fund, was launched in 2018. For Museum Futures, eight young people, aged 18–24, were selected for a year-long paid traineeship that focused on digital skills in museum collections. They worked in museums across the country, from Liverpool to Stowmarket. Over the next three years, Museum Futures will work with 27 trainees based in at least 20 partner museums across Britain.

The BM's Knowledge Share programme strives to widen expertise around the country by sharing skills, often in a peer-to-peer context. It is supported by the Vivmar Foundation, who generously agreed to renew their funding until 2021. One scheme, Knowledge Exchange, is now in its ninth year. It offers professional development for museum staff around the UK, who spend time at other institutions to see how they operate. A pilot scheme aimed specifically at Visitors Services staff began in 2018.

The Money and Medals Network, supported by Arts Council England, shares expertise on the UK's numismatic collections. Training sessions in 2018/19 examined military and commemorative medals in Liverpool and Belfast and Scottish coins and medals in Glasgow.

Other learning events supported UK museum staff in a variety of areas. The BM held seminars in London on Egyptian papyri and on the conservation of Renaissance drawings. Delegates from 17 museums and universities attended a seminar on working with collections from the ancient Mediterranean. Interns from Suffolk were welcomed to the BM in summer 2018, while a two-day visit by curators and visitor experience staff from Tullie House Museum & Art Gallery looked at how the BM engages the public in its galleries. To support public health outcomes and widen access to the cultural sector, the BM is a lead partner in the Age Friendly Museums Network, supported by the Baring Foundation.

The BM undertakes extensive research around Britain. With the Jorvik Viking Centre and Ashmolean Museum, staff have been studying the Watlington Hoard of Viking silver coins, discovered in Oxfordshire in 2017. A display and lecture in York shared the latest findings, and talks from a study day in Oxford will appear as a research publication setting the hoard in its historical context.

Fieldwork on ancient Britain is looking at areas of early human occupation, some over 800,000 years old, with support from the Calleva Foundation, Leverhulme Trust and others. The collaborative work with Queen Mary University of London and University College London takes place at sites in Suffolk, Norfolk and Jersey. Additionally, with the Universities of Reading and Manchester, the BM is researching what grave goods can tell us about the belief systems of prehistoric communities, with funding from the Arts and Humanities Research Council.

Archaeological finds made by the public in England and Wales are recorded through the Portable Antiquities Scheme (PAS), administered by the BM with National Museum Wales. In 2018, nearly 70,000 finds were recorded. The 2018 PAS conference, *Recording Britain's Past*, celebrated 15 years of the scheme. Held in Peterborough, the PAST Explorers conference *The Bigger Picture*, supported by the Heritage Fund, examined the many ways in which PAS data is being used in research, and how the work of volunteers and self-recorders is shaping our understanding of the past. Wider interest in the PAS model has spread around the world. Activities in 2018 included an international conference in Slovenia and the establishment in Finland of a public finds recording system, on which PAS experts from the BM are advising.

International

The BM recently collaborated with two museums in India – Chhatrapati Shivaji Maharaj Vastu Sangrahalaya (CSMVS) in Mumbai and the National Museum in Delhi – to produce *India and the world: a history in nine stories*. The groundbreaking exhibition marked 70 years since India's Independence, and united artefacts from all three collections, along with loans from more than 20 Indian museums. The result was a show of unprecedented scale and reach: over 250,000 people visited in the two cities, while a further 138,000 saw replica objects via a children's exhibition bus. By drawing on the BM's world collection, the collaboration enabled the partners to set a history of India within a global context.

International touring exhibitions from the BM showed the collection to audiences across the globe. At the Hong Kong Museum of History, 220,000 visitors attended *An age of luxury: the Assyrians to Alexander* to see outstanding objects from the Middle East, Greece and beyond.

Cultural exchange is an important benefit of tours based on the BM collection. In Brisbane, an exhibition that used non-invasive technology to delve inside Egyptian mummies attracted 155,000 visitors. Exhibitions in Europe presented ideas about Islamic pilgrimage and American art in the Netherlands and France. *A History of the World in 100 Objects* was loaned to the Musée de Beaux-Arts de Valenciennes, where in three months it doubled the annual number of visitors.

Highlights of European cultural history, on the other hand, travelled to North America and Australia: an exhibition on medieval Europe drew 170,000 visitors in Quebec; in Nashville and Canberra, over 200,000 people were able to get up close to a marble head of the emperor Augustus and other displays in *Rome: City and Empire*.

An enormously successful international partnership with "la Caixa" Banking Foundation was renewed and will now run until 2024. As part of the collaboration, two BM exhibitions toured Spain in 2018/19. *Ancient Greeks: athletes, warriors and heroes* drew more than 110,000 people in Sevilla, Zaragoza and Palma, while in Barcelona and Madrid, the first two venues for *Pharaoh: King of Egypt*, nearly 350,000 people came to the CaixaForum exhibitions.

Overall, in 2018/19 the BM drew on the far reaches of the collection to circulate over 2,400 objects to 79 venues outside the UK. Material relating to the Grand Ronde indigenous community of Oregon was loaned to the Chachalu Museum and Cultural Center in the USA. In Tasmania, works by the expatriate English artist Thomas Bock shaped an exhibition of his important drawings of Australia and its people in the 19th century. To mark the anniversary of the Korean Kingdom of Goryeo, founded in 918, the BM loaned artefacts to the National Museum of Korea. From neanderthals in Paris to the Age of Reason in Mexico City, exhibitions around the world drew on the BM collection to enhance the stories they wished to tell.

The BM's extensive international ties support efforts to identify and protect antiquities in places of conflict. In 2018 the BM was instrumental in helping the Iraqi authorities retrieve artefacts that had been looted in 2003 from the site of Tello (ancient Girsu). The 5,000-year-old objects had been seized in a Metropolitan Police operation. In Kabul, a decorated silver flask of 2300 to 2000 BC was returned, after the UK Border Force asked the BM to identify it. Both stories received worldwide media coverage. 'Working closely with police, the UK Border Force and other agencies,' reported the *Telegraph*, the British Museum 'has helped to recover thousands of looted antiquities from Afghanistan alone since 2003.'

The BM is an active player in Iraq, not just in studying the past, but in trying to assist Iraqi colleagues today. The BM's Iraq Scheme, funded by DCMS, trains visiting Iraqi professionals in all aspects of rescue archaeology, beginning with training in London and extending through fieldwork in Iraq.

The International Training Programme (ITP), now in its 13th year, continued to expand. With 276 alumni from 43 countries, the ITP welcomed colleagues from Azerbaijan, Nepal, Philippines and Rwanda for the first time in 2018. For the annual summer school in the UK, 23 fellows visited the BM and one of 11 partner museums around Britain, looking for new ideas and skills to develop their museum services at home. ITP+ courses carried that training abroad. A four-day workshop at the Nubia Museum in Aswan, Egypt looked at recent trends in museum interpretation. A course at CSMVS in Mumbai focused on the role museums can have in education and social change.

Key research projects involve dialogue with experts around the globe. The International Parthian Coin Project finalised a forthcoming research publication on early coins from Iran with colleagues from the Kunsthistorisches Museum, Vienna and the National Museum in Tehran. Collaborative scholarship on the ancient Middle East won two American book awards in 2018, from the American Schools of Oriental Research and the Archaeological Institute of America.

A major conservation project dedicated to Korean art in the BM, supported by Amorepacific Corporation, has been drawing on the expertise of colleagues in Korea. A Chinese art forum, funded by the Robert H. N. Ho Family Foundation, was attended by 35 scholars from Taipei, Los Angeles and elsewhere.

Recording African culture drew in several projects in 2018/19. A six-month curatorship funded by the Ruddock Foundation for the Arts enabled the BM to catalogue important collections of historical photographs from West Africa. Collaborative doctoral research looked at the history of collecting in East and West Africa.

Archaeological work took place in Sudan, Egypt and further afield. At Dangeil, Sudan, a wall painting discovered on a monumental gate in 2015 was conserved and removed for eventual display in a local museum. Fieldwork in Naukratis, Egypt's first Greek-Mediterranean port city, unearthed the earliest levels of the site in the areas of the Egyptian and Greek sanctuaries and the port's harbour.

In southern Siberia, the BM took part in an archaeological project to document an important cemetery at Oglakhty. The work followed on from last year's BP exhibition *Scythians: warriors of ancient Siberia*. Surveys of the area – a protected nature reserve to which access is normally forbidden – were accompanied by study visits to museums at Krasnoyarsk and Abakan, as well as the State Hermitage Museum in St Petersburg, where previously excavated finds were kept.

Investing in our people

Employees

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

As set out in note 6(e) to the accounts, the British Museum employs about a thousand people. The male:female ratio of staff is 45:55 (2017/18: 43:57). The BM endeavours to safeguard the quality of its work by ensuring staff of the highest calibre are recruited and retained, that they are appropriately trained, and that they are well managed and work in a supportive environment. The BM creates this environment by ensuring that employees are well informed about plans and activities; by providing opportunities for employee participation and feedback; by encouraging managers to provide goals and development opportunities for their staff and by providing a fair and equitable employment framework supported by relevant policies and procedures.

The BM engages with its employees in a number of ways, coordinated through a Staff Engagement Plan which was developed and has recently been updated in collaboration with representative staff groups. The following initiatives all help to keep staff informed, involved and enthused about key Museum activity:

- Written communications are channelled via the intranet, enabling the BM to keep staff informed about key activities, updates from the Director, and a real-time news and information page. Regular features include a quarterly round-up of matters discussed at the BM's Directorate Group meetings.
- The British Museum Consultative Committee (BMCC) provides a formal opportunity for management and union representatives to discuss issues raised by staff. The Director and a trustee attend one meeting each year. Sub Committees of that group support major change projects.
- Information from Management Group meetings is disseminated through departmental meetings and weekly breakfast presentations on topical issues are open to all staff. Recordings of breakfast presentations by the Director or Trustees are made available.
- Behind the scenes events enable staff to visit other departments.
- Staff are encouraged to pass on feedback via a biennial Employee Opinion Survey. The survey produces a regular action plan for improvements which feed in to the BM's Operating Plan.
- Feedback can also be provided at any time via an anonymous online submission tool.
- Workshops and focus groups are used within key projects to enable staff engagement.
- The BM's performance management process helps employees plan their work, further their personal development and assess their achievements. It also ensures that the work and objectives of employees are aligned with departmental and BM plans.
- A programme of learning and development activities is designed in response to individual and organisational needs.
- An Employee Assistance Programme is in place, complemented by regular Health and Wellbeing events for staff and Personal Resilience and Mental Health Awareness for Managers training courses.
- An Engaging Managers training course aims to help managers understand the importance of engaging with their staff and provides an opportunity for some of the required skills to be developed.
- An Employee Recognition Scheme has been developed following a successful pilot.
- Staff social groups and events are encouraged, supported and well attended.

The BM acknowledges its responsibility for, and commitment to, a management policy that ensures matters relating to health and safety for visitors, staff, and contractors will receive due priority at all times. A Health and Safety and Fire Safety Consultative Committee meets twice a year to support improvements in Health and Safety performance and the safety culture of the BM, through open communication with employee representatives. Completion of relevant Health and Safety and Fire Safety training is mandatory with progress against targets monitored through the Operating Plan.

In 2018/19, the average number of days lost for sickness and absenteeism was 4.2 days per person, compared with 4.1 in 2017/18.

The pay and grading system is based on job families and market rates. Pension scheme membership is available to British Museum and British Museum Company staff, as described in note 20 to the financial statements.

Diversity

The BM has diversity as a core value and it is striving to improve in this area. Over the last twelve months an Equality & Diversity Steering group, established in 2017, has continued to meet approximately every six weeks. This cross-departmental group is working towards the development of a more strategic approach to diversity across the organisation.

Over the last year the Museum has continued to support various initiatives and programmes that positively sustain and develop the organisation's relationship with its diverse audiences. Each year we regularly consult with the public, community members and community organisations to help shape the direction and content of permanent galleries, special exhibitions and event programming.

The Museum has a relationship with hundreds of community organisations across London. This year we welcomed over 3,500 people to our special community-only exhibition viewings.

Engagement programmes include increasing access to and understanding of the collection through our exhibitions, community projects and events, sheltered sessions for those new to the museum or in need of additional support and facilitated outreach sessions for groups less able to visit in person. The Museum also increases opportunities for engaging with older people through our management of the Age Friendly Museum Network.

During 2018 a new permanent trail, *Desire, love, identity: LGBTQ history*, was created and launched. The trail highlights 15 objects, each of which has an audio commentary associated with it. The BM flew the Rainbow Flag over Pride Weekend, and staff from the Museum took part in the parade. In addition a national touring exhibition, *Desire, love, identity: exploring LGBTQ histories*, visited the Ashmolean Museum, Oxford (25 September – 2 December 2018), and the National Justice Museum, Nottingham (14 December 2018 – 3 March 2019).

The Object Journeys project, supported by the Heritage Lottery Fund grant to the World Conservation and Exhibitions Centre, co-created its final two displays during 2018. One at the BM exploring the theme of 'family' with a group of multi-cultural Londoners and the other, at Brighton Museum and Art Gallery, investigating South African and Asoke fashion and textiles which was co-curated by local community experts.

The family, schools, adult and volunteer programming strands continue to work collaboratively to diversify the audiences engaging with our core programme. This is reflected in accessible programming, supported visiting, reserved spaces at events for community members and relationship building with local schools. The BM's work with the Lord Leonard and Lady Estelle Wolfson Foundation continues with a commitment to provide high quality programming and resources for secondary aged school children and adults with Autistic Spectrum Disorder.

Volunteers

Last year over 500 people offered their time freely to support the BM in almost every area of activity. The BM's large team of behind-the-scenes volunteers continued to provide support with administration and varied projects in almost every department. Front of house, the volunteers delivered up to 15 tours almost every day, ran the Hands On programme and supported various public events, helping vast numbers of visitors to make sense of the collection.

During 2018, over 218,000 visitors took part in a volunteer-led tour or handled an original artefact at one of our eight Hands On desks. The volunteers also played an important role in ensuring that public events and family activities ran smoothly. Visitor feedback about the excellence of volunteer-led tours remains consistently high.

The volunteer-led Room 4: Egyptian sculpture touch tour for blind and visually impaired visitors has continued to attract high praise from participants. Work continued throughout 2018 to extend this new touch tour approach to the Parthenon, making use of the casts in Room 18b.

The Museum continued its innovative youth volunteering work, building on work undertaken over the previous two years. A third youth volunteering programme took place over the summer of 2018. The participants were recruited via community organisations and partners. The project generated very positive feedback from participants.

During 2018 two new free tours were added on South Asia and China respectively. Additionally, the volunteers allowed the Museum to continue to run a series of highly successful income-generating early morning tours in the Enlightenment, Collecting the World and Waddesdon Bequest galleries, with new early tours focused on China and ancient Egypt also added to the portfolio.

The accounts do not provide for any notional costs for the value of these volunteers' services.

The Trade Union (Facility Time Publication Requirements) Regulations 2017

Table 1, Relevant union officials: what was the total number of your employees who were relevant union officials during the relevant period (1 April 2018 – 31 March 2019)?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
10	10.00

Table 2, Percentage of time spent on facility time: How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	2
1-50%	8
51-99%	-
100%	-

Table 3, Percentage of pay bill spent on facility time

Total cost of facility time	£26k
Total pay bill	£36m
Percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period	0.07%

Table 4, Paid trade union activities: as a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: $(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$	0%
---	----

Plans for future periods

The key priorities for the BM in 2019/20 include:

- delivering major exhibitions, including:
 - *Edvard Munch: love and angst*, which focuses on Munch's remarkable and experimental prints – an art form which made his name and at which he excelled throughout his life – and examines his unparalleled ability to depict raw human emotion;
 - *Manga*, which brings together graphic visual story-telling from Japan in the largest collection of manga ever to be displayed outside the country; and
 - a show telling Troy's legendary stories, with a diverse range of objects including archaeological discoveries.

- continuing work on a major multi-year programme which will increase access to collections currently stored at Blythe House, through the construction of the new British Museum Archaeological Research Collection in partnership with the University of Reading; and
- further developing plans that renew the BM's estate.

Fundraising and finance

Support for the BM

Much of the work of the BM benefits from the support of companies, individuals, trusts and foundations. The new Albukhary Foundation Gallery of the Islamic world, which opened in October 2018, was made possible by a generous donation from the Albukhary Foundation.

The Mitsubishi Corporation Japanese Galleries reopened in September 2018. The nine-month refurbishment was made possible by the generous support of Mitsubishi Corporation, who have sponsored the galleries since 2008. Several new acquisitions in the galleries were made possible by the JTI Japanese Acquisition Fund. JTI's partnership with the BM has grown this year with support for two posts – the Japanese Paintings Conservator and the Diversity and Equality Manager.

A number of benefactors continue to support the BM in caring for and enhancing its collection. Conservation of three boxes of the Sarah Sophia Banks Archive of ephemera has been made possible by the Idlewild Trust following a pilot project supported by the Leche Trust. The Dr Lee MacCormick Edwards Charitable Foundation is enabling the BM to catalogue the John Christian Archive, while the Elizabeth Cayzer Charitable Trust will be supporting work on the 15th- to 20th-century volumes of bound prints. It has also been possible to begin work on the conservation of a set of 20th-century Ethiopian and Tanzanian paintings thanks to gifts from the Ahmanson Foundation and Jack Ryan. The J. Paul Getty Jr Charitable Trust is supporting new storage for the Japanese collections, as are Mr and Mrs Selwyn Alleyne for the Chinese Collections.

The BM will be able to expand its collection in a new direction thanks to an Art Fund New Collecting Award, which will be used to build a collection of contemporary drawings by emerging artists in the UK. The BM received from the Getty Foundation an inaugural Paper Project Curatorship award to develop expertise in this area. The Eyre Family Foundation has enabled the BM to acquire and conserve 75 Roman writing tablets excavated from Vindolanda in Northumberland. The BM remains grateful to the American Friends of the British Museum, both for their support of acquisitions and for the wider scope of our work.

Support for research publications is enabling new scholarship at the BM to be shared more widely. *Sicily: Heritage of the World* was generously funded by the McCorquodale Charitable Trust. A programme of the J.M. Kaplan Fund supported *Makira: A Pictorial History from the Solomon Islands*, which explores the vivid history of the Melanesian island. The Rothschild Foundation, alongside the Goldsmiths' Company Charity, is supporting publication of conference proceedings on the Royal Tudor Clock Salt. BM research continues to be supported by the European Research Council, Wellcome Trust, Arts and Humanities Research Council and the Leverhulme Trust.

The Museum continues to provide training and development opportunities, both internationally and in the UK, thanks to private support. The International Training Programme benefits from the generosity of a wide range of trusts and individuals, with lead support from the Marie-Louise von Motesiczky Charitable Trust.

Renewed public funding by Arts Council England will enable the expansion of the Money and Medals Network to cover the whole of England. National exhibitions and spotlight loans are supported by the Dorset Foundation in memory of Harry M Weinrebe, which has agreed to underpin UK activity for a further three years. The Headley Trust continues to support a series of internships in the Portable Antiquities Scheme (PAS), and the ongoing generosity of Graham and Johanna Barker provides vital support for the work of the PAS in advancing knowledge of the history and archaeology of England.

The BM continues to welcome new Patrons. In 2018/19 the Patrons' expanded events and travel programme included trips accompanied by BM curators to Russia, Greece and Jordan. In January 2019, following consultation with Patrons, the Patrons programme introduced three new Patron Circles, providing more ways for Patrons to engage with the BM. The collective contribution of Patrons to the BM's work continues to be

significant. The BM is grateful for the continued support of the British Museum Friends. In 2018/19 the Members' exclusive events programme was enhanced to include early morning exhibition openings, tours and art days.

The BP exhibition *I am Ashurbanipal: king of the world, king of Assyria* marked the first exhibition sponsorship in a new five-year partnership between BP and the BM, while Citi continues its relationship with the BM with the launch of a five-year exhibition sponsorship series. The success of the first Citi exhibition *I object: Ian Hislop's search for dissent* in 2018 will be followed by the Citi exhibition *Manga* in 2019, expected to be the largest exhibition of manga ever held outside of Japan.

The British Museum Trustees have agreed a strategy which aims to increase the net contribution from fundraising sustainably over the long-term. No agents are used for fundraising. Museum staff involved in fundraising are subject to the BM Code of Conduct. The Trustees have agreed fundraising principles and receive progress reports quarterly in the BM's management accounts. The BM has a number of feedback channels and responds to questions from its supporters and visitors. The British Museum pays the annual levy to the fundraising regulator and works according to the fundraising promise.

Donations and legacies of £18.1 million were received during the year (£15.9 million in 2017/18), including donations and legacies received from individuals, trusts and foundations and gifts in kind. A further £13.0 million (£13.0 million in 2017/18) was received from other trading activities and £21.3 million (£21.6 million in 2017/18) from charitable activities.

The BM's total expenditure for the year was £96.2 million (£101.2 million in 2017/18). Expenditure on raising donations and legacies was £1.3 million (£1.5 million in 2017/18) and expenditure on other trading activities was £9.2 million (£9.6 million in 2017/18). Expenditure on charitable activities was £85.5 million (£83.8 million in 2017/18).

Grant-in-Aid

The British Museum received £39.4 million revenue and £13.1 million capital grant-in-aid from the DCMS in 2018/19 (£40.2 million and £13.4 million in 2017/18).

Capital expenditure

Capital expenditure, mainly on plant, building fabric, gallery refurbishments and software, amounted to £19.1 million, compared with £20.0 million in 2017/18. Significant capital additions during the year included work on technical security; life and fire safety; infrastructure mechanical and electrical equipment; the perimeter properties; the BM Archaeological Research Collection; and the Albukhary Foundation Gallery of the Islamic World. A further £0.8 million was spent on acquiring heritage assets, with donated heritage assets during the year of £7.3 million.

Grants

The British Museum made grants totalling £9.2 million during the financial year (£12.1 million in 2017/18). This includes grants of £1.0 million (£1.0 million in 2017/18) to support the work of find liaison officers throughout the UK working on the Portable Antiquities Scheme, the only proactive mechanism in England and Wales for recording archaeological finds made by the public. Also included are grants of £7.9 million (£10.7 million in 2017/18), restricted for furtherance of the BM's charitable objectives, to the British Museum Trust Limited, an independent registered charity (registration: 1140844).

Reserves

At 31 March 2019 the BM's reserves were as follows:

	£m
Collection items acquired since 31 March 2001	99
Museum land, buildings, plant and equipment	799
Permanent endowment	20
Expendable endowment	7
Restricted funds	35
Investment estate	22
Unrestricted funds	9
Unrestricted funds: subsidiaries	9
Total	<u>1,000</u>

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

The permanent endowment funds are restricted funds where the Trustees do not have the power to convert the capital to income. Expendable endowment funds are donations that have been given to a charity to be held as capital, where the trustees do have a discretionary power to use the funds as income.

The investment properties reserve represents freehold properties owned but not occupied by the BM.

The restricted funds represent disposal proceeds and donations over which there are specific conditions or legal restrictions relating to their application. Note 16 to the accounts summarises the value and purposes of the BM's principal restricted funds.

Reserves policy

During the year, and with reference to guidance from the Charity Commission, the Trustees re-confirmed their commitment to the reserves policy to hold unrestricted and undesignated reserves of between one and three months' expenditure in order to ensure financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities. This would represent a sum of £8.0m – £24.1m (2017: £8.4m – £25.3m). The balance at March 2019 of £9.0m represents cover of just over 1 month (2018: £8.7m, just over 1 month).

Monitoring levels of reserves

The Standing Committee monitors the levels of reserves at the BM on a quarterly basis as part of their review of the Management Accounts.

During the year, the total level of reserves was affected by the upward revaluation of the BM's tangible fixed assets (£81.1 million), gains on investments (£5.2 million) and loss on the defined benefit pension scheme (£0.5 million).

Maintaining reserves

The Operating Plan and Budget ensure adequate levels of reserves are maintained.

Reviewing the reserves policy

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

Designations

Note 16 to the accounts sets out the Trustees' designation of funds, including the quantity, and purpose of expenditure from the funds.

Investments and financial risks

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

- General portfolio: the total return on the general minimum reserves required under the reserves policy should be maximised, within the constraints of a low risk investment portfolio and high liquidity requirement. The total return on funds in excess of these requirements should be maximised, within the constraints of a medium to low risk investment portfolio.
- Restricted portfolio: funds must be able to deliver specific purposes. Total return should therefore be maximised within the constraint that capital value should, as far as possible, be preserved.
- Endowment portfolio: the objective is to maximise the total return on the funds within the constraints of the requirement to maintain funds to meet the needs of future beneficiaries.

The financial risks relating to investments are managed by:

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

The Investment Sub-Committee (ISC) appointed Newton and BNY Mellon to manage its investments in accordance with the agreed investment policy. Apart from certain legacy holdings in unlisted equity and investment funds (£0.03m general portfolio and £2.3m endowment and restricted portfolios), all funds are invested in UK and Ireland investment funds.

During the financial year, the endowment and general investments held in Newton funds delivered a return of +12.2%, outperforming the benchmark of +7.1%.

The BNY Mellon fund in which the restricted and general portfolios are invested also outperformed its benchmark over the last year, with the share class returning +0.75% compared to its +0.51% benchmark. Overall, the Trustees remain satisfied with the performance of the fund managers in a difficult environment.

During the year interest, dividends and rent of £0.5m (2017/18: £0.2m) were received and net realised and unrealised gains were made on investments of £5.1m (2017/18: £1.5m), together with a £0.1m gain (2017/18: £2.6m loss) on the revaluation of the investment properties.

Permanent endowments

On 2 July 2015, the Trustees resolved to adopt a total return approach to the investment of the permanent endowments under powers included in section 104A-B Charities Act 2011. Under a total return approach to investment, an endowment has two distinct components:

- the value of the original and any subsequent gifts made to the capital of the endowment which is termed the 'trust for investment'; and
- the 'unapplied total return' which represents the accumulated investment returns from the investment of the endowment less any amounts which have been allocated to income for spending.

The initial values of the trust for investment and the unapplied total return were based on the value of the funds as at 31 March 2015. Historic paperwork was reviewed in order to determine the value of original and subsequent gifts; in some instances and in line with Charity Commission guidance, only a reasonable estimate was possible because of the limited information available for some of the older funds dating back to, for example, the eighteenth century.

On the recommendation of the ISC, the Trustees have approved an investment policy which aims to maximise the total return on the endowment funds within the constraints of the requirement to maintain funds to meet the needs of future beneficiaries.

The Trustees then determined how much of the 'unapplied total return' is released for spending and how much is retained for investment as a component of the endowment. This allocation must be made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to

produce investment returns for the future. The Trustees agreed a spending rate of 3.3% of a five year moving average total fund value, designed in order to provide for as much spending as possible without depleting the fund's real value. This represents the BM's best estimate of the long-term real rate of return on endowment investments and is reviewed regularly.

In determining this spending rate, the Trustees were advised by the BM's investment manager, Newton Investment Management Limited, and by the BM's Investment Sub-Committee.

Expendable endowments

Expendable endowment funds are donations that have been given to a charity to be held as capital, where the trustees do have a discretionary power to use the funds as income. The Trustees may, therefore, decide to spend the full value of the fund.

The expendable endowments are invested as part of the endowment portfolio with expenditure determined on a case by case basis in order to deliver the funds' charitable objects.

Further information on the BM's financial risk management, including quantitative disclosures, is included in note 22 to the accounts.

Public benefit, sustainability, social and community issues

Public benefit

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

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

The BM is one of the marvels of the Enlightenment. Access to the greatest achievements of humanity was made free to all, and what was once the preserve of privilege became the right of everyone. Annual visitors grew; a few thousand in the 18th century; there were nearly 300,000 a year by the mid-1830s; 6.0 million visited in 2018/19.

The BM is a world collection for the world – for experts and the general public, for anyone who chooses to enter its doors. And those doors are not merely a gateway in Bloomsbury. Beyond the BM's popularity in London, 9 million people across the UK saw BM artefacts outside of London, and it is accessed online by millions of visitors annually. Their presence increasingly redefines the BM today as an international online space where records of more than 4 million objects can be freely seen and downloaded by anyone at any time. The collection is also taken across the UK and the globe.

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

Estates management

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

Current visitor numbers at Bloomsbury are a measure of the BM's enormous success, but they create severe points of congestion and put a strain on the building. Over the coming years significant investment in the BM estate is required to maintain appropriate conditions for the collection, improve public access and accommodate the growing number of visitors, and ensure long-term sustainability.

Sustainability report

The BM recognises that its activities impact on society and the environment at local, regional and global levels through the resources it consumes, the waste it produces, the travel and work patterns it encourages amongst its staff and the products it buys.

The following figures reflect the BM's best estimates of its impact.

Greenhouse gas emissions		2018/19	2017/18	2016/17	2015/16
Non-financial indicators (tonnes CO ₂ e)	Scope 1: Gas, gas oil and owned vehicles	2,353	2,278	2,428	4,125
	Scope 2 : Electricity	4,313	5,658	6,465	7,357
	Scope 3: Electricity transmission and distribution	368	529	585	607
	Scope 3: Official business travel	46	51	56	53
	Total emissions	7,080	8,516	9,534	12,142
	Emission per million visitors	1,180	1,468	1,538	1,760
Energy consumption (thousand kWh)	Scope 1: Gas	12,012	11,398	12,245	21,594
	Scope 2: Electricity	15,238	16,094	15,689	15,918
	Total gas & electricity consumption	27,250	27,492	27,934	37,512
	Consumption per million visitors	4,542	4,740	4,505	5,437
Financial indicators (£ million)	Total energy cost	2.2	2.0	1.9	2.1
	Energy cost per million visitors	0.4	0.3	0.3	0.3
	Cost of official business travel	0.2	0.2	0.2	0.2
	Cost of official business travel per million visitors	0.02	0.03	0.02	0.02

Total energy consumption remains broadly consistent across the estate. The carbon emissions associated with that energy usage have decreased by 17% during the year. This drop is a consequence of the continuing shift in the UK electricity generation mix from coal to gas and renewables which reduces the carbon intensity of the power grid.

Waste minimisation and management		2018/19	2017/18	2016/17	2015/16
Non-financial indicators (tonnes)	Waste sent to landfill	Nil	Nil	Nil	Nil
	Waste recycled/reused	279	57	212	185
	Waste incinerated	386	456	438	407
	Total waste arising	665	513	650	592
	Waste per million visitors	111	88	105	86
Financial indicators (£k)	Total disposal cost	125	137	131	134
	Cost per million visitors	21	24	21	19

Total waste arising has increased by 152 tonnes (or 30%) in 2018/19 compared to 2017/18. The proportion of this waste that is recycled has increased to 42% in 2018/19 from 11% in 2017/18. The low figure in the prior year is largely attributable to disruption caused by the then incumbent facilities management provider entering liquidation. Since their replacement in June 2018 the new provider has been able to improve rates. Under the current waste management processes, the BM continues to achieve zero waste to landfill.

Finite resource consumption		2018/19	2017/18	2016/17	2015/16
Non-financial indicators ('000 m ³)	Total water consumption	109	101	98	127
	Consumption per million visitors	18	17	16	18
Financial indicators (£k)	Total water cost	210	237	213	265
	Cost per million visitors	35	41	34	38

The current year's consumption data is based on estimates provided by the supplier.

Water consumption figures reported for 2015/16 were elevated as a consequence of the correction of prior period meter readings.

Biodiversity action planning

Minimising the impact of the new BM_ARC on local biodiversity has been a factor throughout the design process. Extensive site surveys were conducted as part of the site selection process and an ecological consultant was employed to support these assessments and the design elements completed to date.

The site adjoins St John's Copse which is an area of protected ancient woodland. The construction footprint will maintain a clear separation from that boundary to prevent any impact on the Copse. Fencing around the site has been designed to meet the joint requirements of providing the necessary level of security while enabling the free movement of wildlife, such as a local population of badgers that was identified in initial site surveys. Existing hedgerows will be retained and enhanced by the planting of additional trees to reduce the visual impact of the facility.

Management of water runoff from roofing areas will be achieved through landscaping features including swales to reduce the volumes that could be directed into the local waste water network. These swales provide an opportunity to enhance local biodiversity through creation of new habitat types within the site.

Sustainable procurement

The BM policy on Sustainable Development states that the procurement of goods and services which have the least environmental impact in terms of their production, delivery, installation, use and disposal will be considered wherever practical and appropriate. Contractors and suppliers are encouraged to develop environmentally preferable goods and services and to be aware of sustainability issues and comply with statutory legislation.

Notes:

1. This report has been prepared in accordance with guidelines laid down by HM Treasury published at <https://www.gov.uk/government/collections/public-sector-annual-reports-sustainability-reporting-guidance>.
2. The data relate to consumption on the main Museum site in Bloomsbury, its perimeter properties, and at off-site workshops and storage in Hoxton and Hammersmith. They do not include the off-site storage in Wiltshire.
3. Emissions accounting include the following emission streams:
 - a. Scope 1 reflects direct emissions, and only includes fuels combustion, for which Defra conversion factors have been used. The data are based on the invoices received from energy suppliers as set out in the Carbon Reduction Commitment Data Management Process. Emissions from physical or chemical processing and fugitive emissions have not been included; robust estimates are not possible at this point, but the BM does not consider the values to be material.
 - b. Scope 2 reflects indirect emissions, and includes purchased electricity. The British Museum does not have any purchased heat, steam and cooling. The data are based on the invoices received from energy suppliers.
 - c. Scope 3 electricity transmission and distribution emissions are calculated based on the energy consumption data provided by electricity suppliers using Defra conversion factors.
 - d. Scope 3 emissions relate to official business travel directly paid for by the BM. They are estimated on the basis of information from the BM's major suppliers and using the Defra conversion factors, and do not include international travel by air or rail, in line with GGC.
4. Waste data are based on information from the Facility Services provider, who is responsible within the contract for disposal of all site waste, with the exceptions listed below. The figure provided does not include construction waste, refurbishment programmes or hazardous waste i.e. chemical or laboratory wastes. Reporting of operational construction waste is not a minimum requirement as laid out in the Public Sector Sustainability guidelines.

Suppliers

The BM aims to settle bills within 30 days or by the due date. In 2018/19 it paid 85% of all invoices within the target (79% in 2017/18).

Activity under immunity from seizure

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

During the 2018/19 financial year, the British Museum has granted protection under Part 6 Tribunals, Courts and Enforcement Act 2007 to objects brought into the UK for the following exhibitions:

<i>Living with Gods: people, places, and worlds beyond</i>	
2 November 2017 – 8 April 2018	32 objects
<i>Ashurbanipal: king of the world, king of Assyria</i>	
8 November 2018 – 24 February 2019	42 objects

A wide variety of objects have been protected, including prehistoric ivory sculpture, metalwork, textiles, costume, works on paper, contemporary artwork, large stone reliefs, archaeological assemblages and material, wood carvings, and anthropological material from museums, other public institutions, and private collections.

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

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

During the period from 1 April 2018 to 31 March 2019 the British Museum received no requests for information from potential claimants pursuant to article 7 of the Protection of Cultural Objects on Loan (Publication and Provision of Information) Regulations 2008.

Reference and administrative details

The Board of Trustees²

Trustees	Attended / Meetings Held	Trustees	Attended / Meetings Held
Sir Richard Lambert (Chair) (C)	4/4	Mr John Micklethwait CBE (A)	4/4
The Hon Nigel Boardman (A) (Deputy Chair)	4/4	Sir Paul Nurse FRS (F)	4/4
Ms Cheryl Carolus (B)	2/4	Mr Gavin Patterson (A)	3/4
Dame Elizabeth Corley (A)	3/4	Mr Mark Pears CBE (C)	3/4
Miss Patricia Cumper MBE (A)	2/4	Mr Grayson Perry CBE RA (G)	4/4
Ms Clarissa Farr (A)	3/4	Sir Paul Ruddock (A)	3/4
Professor Clive Gamble (E) (retired 1 August 2018)	1/1	Lord Sassoon (A)	4/4
Professor Chris Gosden (E) (appointed 2 August 2018)	3/3	Professor Amartya Sen (C) (retired 18 July 2018)	1/1
Ms Muriel Gray (A)	4/4	Dame Nemat (Minouche) Shafik (A) (Deputy Chair from 2 August 2018)	3/4
Dame Vivian Hunt (A) (appointed 25 March 2019)	0/0	Ms Ahdaf Soueif (A)	4/4
Professor Nicola Lacey CBE FBA (D)	4/4	Lord Turner of Ecchinswell FRS (C)	2/4
Sir Deryck Maughan (A)	4/4	Baroness Wheatcroft of Blackheath (A) (Deputy Chair) (retired 1 August 2018)	1/1
Sir Charlie Mayfield (A) (appointed 1 June 2018)	4/4	Mr George Weston (A) (appointed 25 March 2019)	0/0

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

The remaining Trustees are appointed by:

(B) the Sovereign;

(C) the Board of Trustees; or

the Secretary of State on the nomination of:

(D) the British Academy

(E) the Society of Antiquaries of London

(F) the Royal Society

(G) the Royal Academy

A register of Trustees' interests is maintained by the Governance and Planning Manager and is available on application to him. Details of related party transactions are disclosed in note 18 to the accounts.

² The fractions reflect attendance at meetings each Trustee was eligible to attend during the year.

Trustee committees and membership

Standing Committee

Sir Richard Lambert (Chair)	6/6
The Hon Nigel Boardman	5/6
Dame Elizabeth Corley (appointed 1 January 2019)	1/2
Professor Clive Gamble (retired 1 August 2018)	2/2
Mr Gavin Patterson	3/6
Sir Paul Ruddock	5/6
Dame Nemat (Minouche) Shafik	5/6
Lord Turner of Ecchinswell	3/6
Baroness Wheatcroft of Blackheath (retired 1 August 2018)	2/2

Audit Committee

Lord Turner of Ecchinswell (Chair)	4/4
Mr Hywel Ball (co-opted)	4/4
The Hon Nigel Boardman	4/4
Sir Ian Johnston (co-opted) (reappointed 1 October 2018)	2/4
Lord Sassoon	4/4
Mr Keith Williams (co-opted)	1/4
Baroness Wheatcroft of Blackheath (retired 1 August 2018)	1/1

Research Committee

Sir Paul Nurse (Chair)	3/3
Professor Linda Colley (co-opted)	1/3
Miss Patricia Cumper	0/3
Professor Clive Gamble (retired 1 August 2018)	0/1
Professor Chris Gosden (appointed 2 August 2019)	2/2
Professor Sir Richard Brook (co-opted)	3/3
Professor Andrew Prescott (co-opted)	1/3
Professor Greg Woolf (co-opted)	1/3
Professor Nicola Lacey	3/3
Professor Amartya Sen (retired 18 July 2018)	0/1

Nominations and Remuneration Committee

Baroness Wheatcroft of Blackheath (Chair) (retired 1 August 2018)	1/1
The Hon Nigel Boardman	4/4
Miss Patricia Cumper	2/4
Professor Nicola Lacey	3/4
Sir Richard Lambert (Acting Chair from 2 August 2018)	4/4
Dame Nemat (Minouche) Shafik (appointed 2 August 2018)	2/3

Investment Sub-committee

Baroness Wheatcroft of Blackheath (Chair) (retired 1 August 2018)	1/1
The Hon Nigel Boardman	2/2
Dame Elizabeth Corley (Chair from 2 August 2018)	2/2
Mr Stephen Fitzgerald (co-opted)	1/2
Lord Sassoon	2/2
Sir Paul Ruddock	2/2

Trustee membership of related Councils and Boards

British Museum Friends Advisory Council

Professor Clive Gamble (Chair)
(retired 1 August 2018)

Ms Clarissa Farr (Chair) (Member from 12 February 2018,
Chair from 2 August 2018)

The American Friends of the British Museum

Mr John Micklethwait (Chair)

Sir Deryck Maughan

Sir Richard Lambert (ex officio Director)

Official addresses as at 31 March 2019

Principal address:	The British Museum, Great Russell Street, London WC1B 3DG
The British Museum Great Court Limited:	The British Museum, Great Russell Street, London WC1B 3DG
The British Museum Company Limited:	The British Museum, Great Russell Street, London WC1B 3DG
Auditors:	
The Museum and the group	The Comptroller and Auditor General, The National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP
The British Museum Company Limited, The British Museum Great Court Limited	Grant Thornton UK LLP, 30 Finsbury Square, London EC2A 1AG
The British Museum Friends Limited	Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD
Bankers:	National Westminster Bank Plc, 214 High Holborn, London WC1V 7BX
Solicitor:	In-house legal services, The British Museum
Investment advisers:	Newton Investment Management Limited, 160 Queen Victoria Street, London EC4V 4LA

DCMS' performance indicators

The BM's Management Agreement with DCMS includes a requirement to report on a number of performance indicators in place since 2008/09 to facilitate consistent reporting across national museums and galleries.

	2018/19	2017/18	2016/17	2015/16	2014/15
Number of visits to the Museum (excluding virtual visits)	6.0m	5.8m	6.2m	6.9m	6.7m
Number of unique website visits ³	33.6m	37.5m	34.7m ⁴	32.5m	33.7m
Number of visits by children under 16	988k	888k	800k	1.0m	987k
Number of overseas visitors	3.8m	3.7m	4.0m	4.4m	4.3m
Number of facilitated and self-directed visits to the Museum by children under 18 in formal education	301k	323k	271k	259k	271k
Number of instances of children under 18 participating in on-site organised activities	118k	127k	126k	146k	143k
% of visitors who would recommend a visit	96%	96%	96%	97%	97%
Admissions income	£2.0m	£2.2m	£3.0m	£2.5m	£3.7m
Trading income ⁵	£7.6m	£7.8m	£14.8m	£16.4m	£15.4m
Fundraising ⁶	£22.8m	£23.3m	£27.1m	£30.8m	£37.6m
Number of UK loan venues ⁷	147	165	156	166	170

³ This includes visits to all BM websites.

⁴ The figure for 2016/17 has been amended from 30.9m previously reported following discovery of a data analysis error.

⁵ Defined by DCMS as net profit from activities which involve selling a product or service to a customer, and including international touring exhibitions, consultancy and retail. From 2013/14 the calculation includes the profit of the British Museum Company Ltd rather than the contribution paid to the British Museum during the year.

⁶ Defined by DCMS as activities which involve seeking financial support, e.g. from sponsors, private benefactors, charitable trusts.

⁷ The figure quoted in the Chairman's Foreword reflects the number of unique loan venues. In line with DCMS guidance, the figures here include venues to which the BM has loaned more than once in the year as multiple instances.

Remuneration Report

The BM has prepared this Remuneration Report in accordance with the *Government Financial Reporting Manual*, which requires disclosure of information about directors' remuneration, where 'directors' is interpreted to mean those who influence the decisions of the BM as a whole. In the BM's opinion this means the Trustees and the Director, Hartwig Fischer. As an additional disclosure, the remuneration of the Deputy Director with oversight responsibility for Finance and HR is also presented below (Christopher Yates).

The Chair and Board of Trustees neither received nor waived any remuneration for their services during the year (2017/18: £nil). Further details about the Trustees are included within the Governance Statement.

Remuneration policy

The Chair assesses the performance of the Director each year. The Nominations and Remuneration Committee makes recommendations to the Board on the Director's remuneration, including the value of any bonus.

Service contracts

The officials covered by this report all have open-ended appointments. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Hartwig Fischer and Christopher Yates are members of the Civil Service pension scheme. Further details about the Civil Service pension arrangements can be found at note 20 and on the website <http://www.civilservice.gov.uk/pensions>

Remuneration (including salary) and pension entitlements

Single total figure of remuneration										
	Salary ⁸ (£'000)		Bonus payments (£'000) ⁹		Benefits in kind (to nearest £100) ¹⁰		Pension benefits (to nearest £1000) ¹¹		Total (£'000)	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Hartwig Fischer Director	185-190	180-185	28	27	1,200	1,200	72,000	69,000	285-290	275-280
Christopher Yates Deputy Director	140-145	135-140	-	-	-	-	53,000	48,000	195-200	185-190

Pay multiples

The banded remuneration of the highest-paid employee at the reporting period end date was £215-220k (2017/18: £205-210k). This was 8.0 times the median remuneration of the workforce (2017/18: 8 times) at the reporting period end date, which was £27.0k (2017/18: £25.8k).

The BM complies as appropriate with the Civil Service pay guidance, as modified by the Museum Freedoms. Remuneration for the workforce at the reporting end date, including fees paid, agency staff, apprentices and excluding the highest-paid employee, ranged from £16k to £142k (2017/18: £16k – £140k). Total remuneration includes salary, performance related pay, and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

⁸ Salary comprises gross salary payable during the year.

⁹ Under his contract, Hartwig Fischer is entitled to receive an annual bonus of up to 15% of annual gross salary, entirely at the discretion of the Trustees. The timing of the appraisal process is such that the bonus reported in 2018/19 relates to performance in 2017/18.

¹⁰ The monetary value of benefits in kind covers any benefits provided and treated by HM Revenue and Customs as a taxable emolument. From 7 November 2016, Hartwig Fischer received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988.

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.

Pension Benefits

	Accrued pension at pension age ¹² as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV ¹³ at 31/3/19	CETV at 31/3/18	Real increase in CETV ¹⁴
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Hartwig Fischer Director	10 – 15	2.5 – 5	176	105	44
Christopher Yates Deputy Director	40 – 45 plus a lump sum of 90 – 95	2.5 – 5 plus a lump sum of 0	731	616	26

The figures in the remuneration report have been audited.

Hartwig Fischer
Accounting Officer
4 July 2019

Sir Richard Lambert
Chair

¹² The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

¹³ 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.

¹⁴ This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Statement of Trustees' and Accounting Officer's responsibilities

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

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

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

Hartwig Fischer is the Accounting Officer designated by the Accounting Officer of the Department for Digital, Culture, Media and Sport.

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

Hartwig Fischer
Accounting Officer
4 July 2019

Sir Richard Lambert
Chair

Governance statement

The governing body of the BM is the Board of Trustees whose members are appointed for fixed terms of service. They are non-executive and unpaid. Under the terms of the British Museum Act 1963, the Board may consist of up to 25 members, of whom 15 are appointed by the Prime Minister; one by the Sovereign; four by the Secretary of State on the nomination of the Royal Academy, the British Academy, the Society of Antiquaries of London and the Royal Society respectively; and five by the Board of the British Museum. The Chair is appointed by the Board from its members. The names of Trustees serving during the year are listed in the 'Reference and administrative details' section.

The British Museum's governance framework is set out in its *Governance Principles and Procedures* which is published on the website. The BM follows governance best practice for public service and charitable bodies, and insofar as it applies, the BM complies with the principles of the *Corporate Governance in Central Government Departments: Code of Good Practice*.

The induction of new Trustees is primarily through a programme of department visits and meetings with the Director, Deputy Directors, and members of the senior management team. An introductory pack of key documents and publications including the Governance Principles and Procedures, the BM Strategy and Operating Plan, the Annual Report and Accounts, and the organisation chart is provided. Induction programmes and training are further tailored to the individual needs and interests of the Trustee. A programme of training and briefing sessions is available to all Trustees throughout their term of appointment. Induction is also provided for co-opted members of Trustee committees.

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

Board / Committee	Hierarchy	Remit
Board of Trustees	Board	To discharge statutory duties under the British Museum Act 1963 and Museums and Galleries Act 1992 for the general management and control of the BM. The Board appoints the Director with the approval of the Prime Minister, defines the strategic direction of the BM, and approves its execution in an operating plan drawn up in consultation with the Director.
Standing Committee	Board Committee	To discharge the functions of the Board between quarterly Board meetings, including monitoring achievement of the operating plan.
Director	Accounting Officer	All Board authority granted to the management and staff of the BM is delegated through the Director, so that all authority and accountability is considered to be the authority and accountability of the Director so far as the Board is concerned. The Director attends Board meetings. The Director as the Accounting Officer is accountable to Parliament for the stewardship of the resources within the BM's control.
Audit Committee	Board Committee	To support the Board and the Accounting Officer in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances provided to them.
Nominations and Remuneration Committee	Board Committee	To advise on succession planning for Trustees, recommend candidates as Trustees for appointment, carry out an evaluation of the Board's and Chair's performance, and make recommendations to the Board on the Director's remuneration.

Board / Committee	Hierarchy	Remit
Investment Sub-Committee	Sub-committee of the Standing Committee	To advise the Standing Committee on the investment of the BM's funds and the performance of investment managers, and recommend an investment policy to the Board of Trustees.
Research Committee	Sub-committee of the Standing Committee	To provide expert advice and oversight of the BM's research programme, to monitor the implementation of the research strategy and provide quality assurance.
Directorate Group	Executive Committee	To lead the BM's planning process, manage risk and oversee operational activity. Its membership during the year comprised the Director and the Deputy Directors.
BM Management Group	Executive Committee	To raise and discuss current and emerging issues relating to BM activity and external developments; and act as an information sharing group for heads of department. Its membership is drawn from the Directorate Group and the heads of BM departments. During the year this comprised of the following: <ul style="list-style-type: none"> ■ <i>Collection & Research:</i> Africa, Oceania & the Americas; Asia; Britain, Europe & Prehistory; Collection Care; Collections Projects & Resources; Collection Services; Coins & Medals; Egypt & Sudan; Greece & Rome; Middle East; Prints & Drawings; Scientific Research. ■ <i>Audiences & Engagement:</i> Exhibitions; International Engagement; Learning & National Partnerships; Press & Marketing. ■ <i>Operations:</i> Capital Planning & Programme Management; Development; Finance; Human Resources; Information Services; Legal Services; Membership & Customer Relationship Management; Property & Facilities Management; Retail Buying & Sales; Security and Visitor Services.

Some Trustees are also advisory members of executive groups covering issues such as advocacy, marketing and digital.

Board effectiveness

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

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

A report of findings is considered by the Nominations and Remuneration Committee and action points agreed by the Board. At least every three years, the review includes an element of independent assessment – the last independent review was carried out in 2016/17. The 2018/19 review concluded that the Board was effective or highly effective in all areas except fundraising where, in the context of falling government funding and plans for developing the building, Trustees recognised the need to strengthen capacity – this has been addressed to some extent by the recent appointment of three new Trustees by the Prime Minister.

The British Museum's strategy is supported by an Operating Plan and Budget. The Trustees receive quarterly reports on the BM's performance against its key objectives. A summary of performance is included above in the section 'Strategic direction and performance against objectives'.

The Board has high standards in terms of the data it expects to receive to support it in discharging its duties. Data relating to the delivery of the BM's objectives, including financial control and the management of risk, are regularly reviewed by the Board and its committees. The 2018/19 review of Board performance showed

that the Trustees agreed that they received an appropriate level of information and that there were effective mechanisms in place to measure performance.

Reports from Board committees

- *Audit Committee:* in addition to its on-going review of the risk register, during 2018/19 the Committee considered in detail the management of risks relating to the UK's exit from the EU, Human Resources, increases in employer pension contributions, safeguarding and the British Museum Archaeological Research Collection project. It received regular updates on security, operations and collections management, and received reports on external and internal audits.
- *Nominations & Remuneration Committee:* during 2018/19, the committee reviewed the Board's skills needs and submitted role specifications to ministers resulting in the appointment of three Trustees; it supported recommendations to the Secretary of State to reappoint the Royal Academy's nominee and to appoint a new Trustee on the nomination of the Society of Antiquaries of London; and it made a recommendation to the Board on the Director's remuneration and agreed his objectives for the year.
- *Standing Committee:* the committee continued to discharge the functions of the Board between quarterly Board meetings.

Reports from the Chairs of the Audit Committee and Nominations and Remuneration Committee are recorded in the minutes of Board meetings which are published on the BM's website. Standing Committee business is reported to the Board by the Chairman after each meeting. Sub-committee business is reported to the Standing Committee.

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

Risk management framework and risk assessment

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

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

- identifying and assessing risks (the "inherent risks");
- assigning each of those risks to an individual risk owner;
- setting an agreed risk appetite (the "risk targets");
- evaluating the effectiveness of relevant mitigating controls;
- assessing the risks remaining given the controls in place (the "residual risks"); and
- agreeing, implementing and monitoring controls to reduce the variance between residual and target risks.

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

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

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

The Audit Committee supports the Board and the Accounting Officer in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances provided to them. The Audit Committee reviews the risk register and actions taken at each of its meetings. In addition to a rolling programme of review, the committee focuses on the highest rated residual risks in terms of their

likelihood and impact taken together, and topical risks. The Audit Committee challenges the BM's officers for evidence of good management and routinely requires managers to provide assurance that risk management and internal controls are thoroughly understood and effectively implemented at operating level. The Chairman of the Audit Committee reports to the Board of Trustees annually with regard to the effectiveness of risk management and the system of internal control and as required for emerging issues related to risk management.

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

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

Internal Audit acts as an independent review of the internal control framework, including risk management. In addition to reports on individual reviews, Internal Audit produces an annual report that contains the Head of Internal Audit's opinion of the overall adequacy and effectiveness of the risk management, control and governance processes.

During the year the BM's risk management policy was reviewed and no changes were made. Security of the site remains a high priority for the Trustees. The most significant residual risks currently facing the BM arise from the condition of the estate; reductions in government funding; ambitious strategies for increasing income generation; and the movement of the collection between storage sites. The actions required in each case to achieve target risk levels are recorded in the risk register and their delivery is monitored by the Audit Committee.

The British Museum has an adequate and effective framework for risk management, governance and internal control, and appropriate plans to ensure continuous improvement. The BM continues to focus its efforts on scrutinising areas of perceived higher risk and, in particular, is focussing on strengthening controls operating around the documentation of acquisitions. Discussions with staff are under way about potential changes to the visitor services and security functions.

During 2018/19 the BM suffered no significant losses or thefts of personal or other protected data and made no report to the Information Commissioner's Office. The BM has a whistleblowing policy which is approved by the Board of Trustees and published on the website. The policy is formally reviewed every four years, or as circumstances require. The policy is supported by a whistleblowing procedure made available to all staff and published on the Museum's intranet.

Hartwig Fischer
Accounting Officer
4 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 British 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 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) as adopted by the European Union. I have also audited the information in the Remuneration Report 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 British Museum's affairs as at 31 March 2019 and of its net income 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 British 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 British 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 Accounting Officer

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

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 British 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 Accounting Officer are responsible for the other information. The other information comprises information included in the Trustee's and Accounting Officer's Annual Report, other than 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 Remuneration Report 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 British Museum and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustee's and Accounting Officer's Annual Report; and
- the information given in the Trustee's and Accounting Officer's Annual 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 Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

9 July 2019

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

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

	Note	Revenue Funds		Capital Funds		Total Funds			Total 2018 £000s	Total 2017 £000s
		Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Collection Acquisitions £000s	Restricted Endowments £000s		
Income and endowments from										
Grant-in-aid	2	38,690	750	39,440	13,103	12,978	13,103	13,853	-	53,573
Donations and legacies		2,741	2,296	5,037	5,650	7,328	7,328	15,274	37	18,052
Charitable activities	3	20,350	998	21,348	-	-	-	998	-	21,348
Other trading activities	11(b)	13,033	-	13,033	-	-	-	13,033	-	13,033
Investments	4	308	333	641	48	48	48	308	-	12,997
										330
Total income and endowments		75,122	4,377	79,499	18,801	7,328	7,328	30,506	37	104,425
Expenditure on Raising funds										
Expenditure on raising donations and legacies	6	(1,264)	-	(1,264)	(27)	(27)	(27)	(27)	-	(1,465)
Expenditure on other trading activities	6, 11(b)	(9,185)	-	(9,185)	(19)	(19)	(19)	(9,204)	-	(9,204)
Investment management costs	6	(120)	(3)	(123)	(25)	(25)	(25)	(94)	(30)	(162)
Charitable activities	6	(62,335)	(6,875)	(69,210)	(444)	(15,542)	(15,986)	(62,779)	(281)	(83,757)
Loss on Disposal of Blythe House	7	-	-	-	-	-	-	-	-	(6,173)
Total expenditure	6	(72,904)	(6,878)	(79,782)	(463)	(15,594)	(16,057)	(22,472)	(94)	(101,181)
Net gains/(losses) on investments	10	1,170	279	1,449	115	770	885	1,049	2,216	(1,116)
Net income/(expenditure)	5	3,388	(2,222)	1,166	(348)	3,977	10,957	9,083	2,159	14,678
Transfers between funds	16	(1,428)	533	(895)	355	383	812	1,728	(562)	-
Other recognised gains/(losses)										
Gain on revaluation of fixed assets	7	-	-	-	-	81,128	81,128	81,128	-	54,869
Actuarial gains/(losses) on defined benefit pension scheme	20	(559)	-	(559)	-	-	-	(559)	-	910
Other gains/(losses)		89	(5)	84	(3)	(3)	(8)	89	-	(68)
Net movement in funds		1,490	(1,694)	(204)	7	85,485	93,632	1,497	1,597	57,839
Reconciliation of funds:										
Total funds brought forward as at 1 April	16(a)	16,727	22,918	39,645	22,738	727,790	91,286	841,994	18,459	848,526
Total funds carried forward as at 31 March	16(a)	18,217	21,224	39,441	22,745	813,275	99,426	933,925	20,056	906,365

All operations of the British Museum continued throughout 2018/19 and 2017/18 and none were discontinued in either period. The British Museum has no recognised gains and losses other than those above. The accompanying notes form part of these accounts.

Consolidated Statement of Financial Activities for the year ended 31 March 2018

	Note	Revenue Funds		Capital Funds			Total Funds			Total 2017 £000s		
		Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Collection Acquisitions £000s	Unrestricted £000s	Restricted £000s		Expendable Endowments £000s	Total 2018 £000s
Income and endowments from												
Grant-in-aid	2	39,230	990	40,220	13,353	14,343	—	13,353	14,343	—	53,573	53,569
Donations and legacies		2,603	7,481	10,084	4,679	1,125	—	5,804	13,285	—	15,888	21,994
Charitable activities	3	19,557	1,663	21,220	417	—	—	417	2,080	—	21,637	20,662
Other trading activities	11(b)	12,997	—	12,997	—	—	—	—	12,997	—	12,997	20,444
Investments	4	49	179	228	101	—	—	101	280	—	330	1,061
Total income and endowments		74,436	10,313	84,749	18,550	1,125	—	19,675	29,988	—	104,425	117,730
Expenditure on												
Raising funds												
Expenditure on raising donations and legacies	6	(1,361)	(75)	(1,436)	(27)	—	—	(28)	(1,362)	(102)	(1,465)	(1,422)
Expenditure on other trading activities	6, 11(b)	(9,598)	(11)	(9,609)	(13)	—	—	(15)	(9,600)	(24)	(9,624)	(10,658)
Investment management costs	6	(80)	(3)	(83)	(14)	—	—	(14)	(80)	(17)	(162)	(9)
Charitable activities	6	(60,995)	(8,051)	(69,046)	(452)	(14,047)	—	(14,499)	(61,447)	(22,098)	(83,757)	(87,716)
Loss on Disposal of Blythe House	7	—	—	—	(6,173)	—	—	(6,173)	—	(6,173)	(6,173)	—
Total expenditure	6	(72,034)	(8,140)	(80,174)	(20,274)	—	—	(20,729)	(72,489)	(28,414)	(101,181)	(99,805)
Net gains/(losses) on investments	10	204	114	318	268	—	—	(2,310)	(2,374)	382	(1,116)	11,626
Net income/(expenditure)	5	2,606	2,287	4,893	(3,033)	1,125	—	(3,364)	(427)	1,956	2,128	29,551
Transfers between funds	16	121	(258)	(137)	376	1,112	—	750	497	116	—	—
Other recognised (losses)/gains												
Gain/(loss) on revaluation of fixed assets	7	—	—	—	54,869	—	—	54,869	—	54,869	54,869	(13,437)
Actuarial gains/(losses) on defined benefit pension scheme	20	910	—	910	—	—	—	—	910	—	910	(5,215)
Other gains/(losses)		(56)	(5)	(61)	(6)	—	—	(6)	(56)	(11)	(68)	89
Net movement in funds		3,581	2,024	5,605	(2,657)	2,237	—	52,249	924	56,930	57,839	10,988
Reconciliation of funds:												
Total funds brought forward as at 1 April	16(a)	13,146	20,894	34,040	25,395	89,049	—	789,565	38,541	785,064	18,410	837,538
Total funds carried forward as at 31 March	16(a)	16,727	22,918	39,645	22,738	91,286	—	841,814	39,465	841,994	18,459	848,526

All operations of the British Museum continued throughout 2017/18 and 2016/17 and none were discontinued in either period. The British Museum has no recognised gains and losses other than those above. The accompanying notes form part of these accounts.

Consolidated Balance Sheet as at 31 March 2019

	Note	2019 £000s	2018 £000s
Fixed assets			
Tangible assets	7(a)	796,789	712,367
Intangible assets	8(a)	2,969	2,537
Heritage assets	9(c)	99,426	91,286
Investments	10(a)	87,875	79,589
Investment properties	10(b)	22,306	22,191
Total fixed assets		1,009,365	907,970
Debtors due in more than one year	12	3,452	7,016
Current assets			
Stock-goods for resale	11(c)	2,003	1,918
Debtors due within one year	12	18,570	18,441
Investments	10(c)	9,796	9,755
Cash at bank and in hand	10(d)	16,636	20,650
Total current assets		47,005	50,764
Creditors due within one year	13	(25,098)	(45,289)
Provisions due within one year	14	(522)	(1,054)
Net current assets		21,385	4,421
Total assets less current liabilities		1,034,202	919,407
Creditors due after more than one year	13	(19,523)	(301)
Net assets excluding pension liability		1,014,679	919,106
Defined benefit pension scheme liability	20	(12,986)	(12,741)
Total net assets		1,001,693	906,365
The funds of the group:			
Permanent endowments		20,056	18,459
Expendable endowments		6,750	6,447
Restricted funds		933,925	841,994
Unrestricted funds			
Designated funds		400	402
General funds		31,368	30,892
General funds held in subsidiaries		9,194	8,171
		40,962	39,465
Total group funds	16(a)	1,001,693	906,365

The accompanying notes form part of these accounts.

Hartwig Fischer
Accounting Officer

Sir Richard Lambert
Chair

4 July 2019

Museum Balance Sheet as at 31 March 2019

	Note	2019 £000s	2018 £000s
Fixed assets			
Tangible assets	7(b)	796,416	711,882
Intangible assets	8(b)	2,905	2,475
Heritage assets	9(c)	99,426	91,286
Investments	10(a)	87,875	79,589
Investment properties	10(b)	22,306	22,191
Investment in subsidiaries	11(a)	1,250	1,250
Total fixed assets		1,010,178	908,673
Debtors due in more than one year	12	3,452	7,016
Current assets			
Debtors due within one year	12	18,829	19,020
Cash at bank and in hand	10(d)	4,141	11,113
Total current assets		22,970	30,133
Creditors: amounts falling due within one year	13	(24,179)	(46,426)
Provisions: amounts falling due within one year	14	(522)	(1,054)
Net current liabilities		(1,731)	(17,347)
Total assets less current liabilities		1,011,899	898,342
Creditors: amounts falling due after more than one year	13	(19,400)	(148)
Total net assets		992,499	898,194
The funds of the charity:			
Permanent endowments		20,056	18,459
Expendable endowments		6,750	6,447
Restricted funds		933,925	841,994
Unrestricted funds			
Designated funds		400	402
General funds		31,368	30,892
		31,768	31,294
Total charity funds	16(a)	992,499	898,194

The accompanying notes form part of these accounts.

Hartwig Fischer
Accounting Officer

Sir Richard Lambert
Chair

4 July 2019

Consolidated Statement of Cash Flows For the year ended 31 March 2019

	Note	2019 £000s	2018 £000s
Cash flows from operating activities			
Net cash provided by operating activities	17	14,464	21,579
Cash flows from investing activities			
Dividends, interest and rents from investments	4	454	195
Purchase of fixed asset investments	10(a)	(15,656)	(114,057)
Proceeds from the sale of fixed asset investments	10(a)	12,509	124,010
Purchase of tangible fixed assets	7(a)	(14,333)	(19,151)
Purchase of intangible fixed assets	8	(680)	(806)
Purchase of heritage assets	9	(812)	(1,112)
Net cash used in investing activities		(18,518)	(10,921)
Change in cash and cash equivalents in the year		(4,054)	10,658
Cash and cash equivalents at the beginning of the year		30,405	19,815
Change in cash and cash equivalents due to exchange movements		81	(68)
Cash and cash equivalents at the end of the year		26,432	30,405
Analysis of cash and cash equivalents			
Current asset investments	10(c)	9,796	9,755
Cash at bank and in hand	10(d)	16,636	20,650
Total cash and cash equivalents		26,432	30,405

The accompanying notes form part of these accounts.

Notes to the Accounts

1. ACCOUNTING POLICIES

Accounting Conventions

- (a) The accounts comply with the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (effective 1 January 2015), FRS 102, the Government Financial Reporting Manual (FRoM), Museum and Galleries Act 1992, the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport, and, in the case of the subsidiaries, the Companies Act 2006. A copy of the Direction is available from the Department for Digital, Culture, Media and Sport. Where there is a conflict between the requirements of the SORP and the FRoM, the SORP has been followed with additional disclosure provided to comply with the FRoM.
- (b) The financial statements are prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the treatment of investments, which have been included at fair value.

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

The Trustees have considered the implications of recent reductions in the government grant, and believe that there are no material uncertainties about the Museum's ability to continue and the accounts have therefore been prepared on the going concern basis.

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

- (i) This statement discloses the totality of the resources receivable by the BM during the year and their disposition. The BM provides enhanced disclosure in the Statement of Financial Activities beyond the requirements of the SORP in order to allow readers of the accounts to distinguish between the ongoing revenue income and costs of operating the BM, and the impact of donations in support of capital expenditure and collection acquisitions. The value of such donations is often material, and can vary significantly from year to year. Donations and grants in support of capital expenditure and collections acquisitions are recognised in the SOFA when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. But the associated capital expenditure is depreciated over the expected useful life of the asset, and heritage assets are not depreciated at all. The mismatch between the treatment of funding and expenditure gives the misleading appearance of an increase in funds during the year, and of a consequent reserve carried forward to the future, when in reality the funding has already been used, often to acquire an inalienable asset. Aggregation of capital and revenue funding therefore disguises the funding of running costs, limiting any assessment of future financial performance.
- (ii) In general, income is accounted for when a transaction or other event results in an increase in the BM's assets or a reduction in its liabilities. Grant-in-aid is taken to the SOFA in the year in which it is recoverable. Income from grants and donations is recognised in the SOFA when there is evidence of entitlement (for example, when the conditions for their receipt have been met), receipt is probable and its amount can be reliably measured. Legacies are recognised as income when there has been grant of probate, there are sufficient assets in the estate, evidence of entitlement has been received from the executor, and the amount receivable can be measured with sufficient accuracy.

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

The income and profit on long term contracts are accounted for in accordance with FRS 102. Attributable profit is calculated on a prudent basis, and the amount recognised in the accounts reflects the proportion of work carried out at the accounting date. Income included in the SOFA is calculated on the basis of time spent as a proportion of total time expected to be spent in fulfilling the contract. The costs incurred

in reaching this stage of completion are matched with the income. The difference between the amount recognised in the SOFA and the cash received is disclosed in either debtors or creditors as prepayments and accrued income or accruals and deferred income.

- (iii) Expenditure is recognised in the financial statements when a present legal or constructive obligation exists, it is more likely than not that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured or estimated reliably.

Grants payable are recognised when the criteria for a constructive obligation are met, payment is probable, values can be measured reliably, and there are no conditions attaching to its payment that limit its recognition.

Expenditure is classified in the SOFA under the principal categories of expenditure on raising funds and expenditure on charitable activities.

Where costs cannot be directly attributed, they are allocated to activities according to the method described in note 6. Expenditure on raising funds comprises costs incurred in raising donations and legacies and other trading activities and investment management costs. Expenditure on charitable activities comprises resources applied to meet the charitable objectives of the BM, namely care, research and conservation, public access and events and charitable trading activities. Governance costs are those costs incurred in connection with the general governance of the British Museum including compliance with constitutional and statutory requirements.

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

(d) *Gifts in Kind*

Heritage Assets

The BM accounts for the objects in its collection as non-operational heritage assets. A heritage asset is defined as "a tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture."

Heritage assets acquired since 1 April 2001

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

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

Heritage assets acquired before 1 April 2001

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

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

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

Donated Services

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

The BM also engages with unpaid volunteers to support the BM's activities over the course of the year. Due to the absence of a reliable measurement basis, the contributions of volunteers are not included as income in the accounts. The details of the roles played by these volunteers and the nature of their contributions can be found in the section 'Investing in our people'.

(e) Tangible Fixed Assets

Assets with an economic life of more than one year and value greater than £5,000 are capitalised. All the BM's land, properties and plant and machinery are revalued for accounting purposes by external chartered surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institute of Chartered Surveyors and with FRS 102. A full valuation of the BM's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2019. The valuation included the main BM site at Great Russell Street, its perimeter buildings, two properties used for storage at Orsman Road and land at Cutbush Lane. The main BM site is valued on a depreciated replacement cost basis and the Orsman Road properties and the perimeter buildings are valued on an existing use basis. Between the quinquennial valuations, Gerald Eve undertakes a desktop valuation to update the values of land, buildings and plant and machinery.

Galleries are revalued annually using relevant indices provided by the Office for National Statistics.

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

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

Freehold buildings	15 to 100 years
Galleries	10 to 25 years
Plant and machinery	10 to 35 years
Furniture, fit out and equipment	2 to 20 years

A full year of depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal. Impairment reviews are carried out at the end of each reporting period to ensure that the carrying values of the assets do not exceed their recoverable amounts.

(f) Intangible Fixed Assets

Intangible assets with an economic life of more than one year and value greater than £5,000 are capitalised. All intangible assets are measured at cost.

Costs relating to assets developed internally are capitalised in accordance with the requirements of FRS102.

Amortisation is provided on all intangible assets, at rates calculated to write off the value of each asset evenly over its expected useful life with no residual value assumed.

Purchased software licences	the contractual period
Websites	2 to 5 years
Developed software	2 to 5 years

A full year of amortisation is charged in the year when the asset is ready for use and no amortisation is charged in the year of disposal.

Impairment reviews are carried out at the end of each reporting period in accordance with FRS102 to ensure that the carrying values of the assets do not exceed their recoverable amounts.

*(g) Financial instruments**Recognition, measurement and impairment*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the BM's balance sheet when the BM becomes a party to the contractual provisions of the instrument. Assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the BM has transferred

substantially all risks and rewards of ownership. Liabilities are derecognised when all obligations in respect of them have been discharged. Where material, assets and liabilities falling due after more than one year are discounted to their present value.

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

An assessment of whether there is objective evidence of impairment is carried out for material financial assets at the balance sheet date. Objective evidence includes, for example, significant financial difficulty of the issuer or debtor, disappearance of an active market for the financial asset, or data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition. Where there is objective evidence that a financial instrument is impaired, its loss is reflected in the SOFA.

Investment properties

Freehold investment properties are carried at open market value and are not depreciated. A formal valuation of the investment properties is carried out annually by independent valuers in accordance with the RICS Appraisal and Valuation manual.

Investments in subsidiaries

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

(h) Stocks and work in progress

Stock is stated at the lower of cost and estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. All stocks relate to BMCo's retail activities.

(i) Liabilities

Liabilities are recognised when a present legal or constructive obligation exists, it is more likely than not that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured or estimated reliably.

(j) Provisions

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

(k) Cash and cash equivalents

Cash and cash equivalents, as referred to in the statement of cash flows, include cash at bank and in hand and current asset investments. Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes. Current asset investments comprise cash on deposit and cash equivalents with a maturity of less than one year held for investment purposes rather than to meet short-term cash commitments as they fall due.

(l) Leases

The BM has no finance leases. Costs relating to operating leases are charged on a straight line basis over the life of the lease.

(m) Foreign Currencies

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

(n) Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” are unfunded multi-employer defined benefit schemes but the BM is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk)

The BM has, in the past, operated an early retirement scheme which gives retirement benefits to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme. The BM bears the costs of these benefits until the normal retirement age of the employees concerned.

BMCo operates both defined benefit and defined contribution pension schemes. For the defined contribution scheme the amount charged to the statement of financial activities reflects the contributions payable to the scheme in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet. The defined benefit scheme requires contributions to be made to a separately administered fund. The amounts charged to operating profit are the current service costs (included within staff costs) and the net interest on the net defined benefit liability. Actuarial gains and losses are recognised immediately on the face of the SOFA. The defined benefit scheme is subject to a full actuarial valuation every three years by an independent qualified actuary. Pension scheme assets are measured at fair value. Scheme liabilities are measured using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

Further details can be found in note 20 to the accounts.

(o) Taxation

The BM, BMCo and BMF are eligible under Part 11 Corporation Tax Act 2010, section 25 Inheritance Tax Act 1984, and section 271 Taxation of Chargeable Gains Act 1992 to exemption from taxes on income, donations and capital gains arising from the pursuit of their charitable objectives. BMV and BMGC donate their profits to their respective charitable parents.

(p) Funds Structure

The BM has the following categories of funds:

- restricted permanent endowment funds which the donors have stated are to be held as capital.
- restricted expendable endowment funds, which trustees have the power to convert into income.
- restricted funds whose investment or usage is subject to specific restriction.
- designated funds which have been set aside at the discretion of the Trustees for specific purposes.
- general funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the BM.

The major funds comprising each category, the summary results for the year and a description of the movements between the funds are described in note 16.

(q) Significant judgements and estimates

The significant judgements and estimates made in preparing these accounts are disclosed throughout the document, and include those with respect to depreciation (note 1e), the valuation of fixed assets (note 7), investment property (note 10) and heritage assets (note 9), and the actuarial valuation of the defined benefit pension liability (note 20).

2. GRANT-IN-AID

	2019	2018
	£000s	£000s
Unrestricted revenue	38,690	39,230
Restricted revenue	750	990
Restricted capital	13,103	13,353
	<u>52,543</u>	<u>53,573</u>

3. ANALYSIS OF INCOME AND ENDOWMENTS FROM CHARITABLE ACTIVITIES

	2019	2018
	£000s	£000s
Care, research and conservation	743	1,462
Public access and events	2,617	2,447
Charitable trading	17,988	17,728
	<u>21,348</u>	<u>21,637</u>

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

EU funding of £497k is included in income in the current year. EU funding of £159k was included in the prior year.

4. INCOME FROM INVESTMENTS

	2019	2018
	£000s	£000s
Income from UK bank deposits	107	69
Income from UK fixed interest investments	4	3
Income from UK investment funds	–	–
Income from overseas investment funds	288	68
Other interest	–	–
	<u>399</u>	<u>140</u>
Interest receivable from discount unwinding	238	135
Rents receivable	55	55
	<u>692</u>	<u>330</u>

Interest receivable from discount unwinding represents net present value adjustments on the discounting of long-term deferred income.

5. NET INCOME

is stated after charging:	2019	2018
	£000s	£000s
Auditors' remuneration: Comptroller and Auditor General audit fee	56	53
Auditors' remuneration: Subsidiary companies audit fee	51	51
Operating lease rentals: Hire of plant and machinery	93	93
Operating lease rentals: Land and buildings	105	105
Loss on disposal of fixed assets	489	6,380
Movement on bad debt provision	(31)	18
Stock recognised as an expense	5,114	5,461

There were no non-audit services provided by the Comptroller and Auditor General during 2018/19 (2017/18: nil). The auditors of BMF provided iXBRL accounts tagging services of £250 (2017/18: £200). They also provided additional corporation tax return support to the Museum of £3k (2017/18: nil).

6. ANALYSIS OF EXPENDITURE

6(a)	Direct Costs £000s	Grants £000s	Depreciation & Amortisation £000s	Support Costs £000s	Total 2019 £000s
Raising donations and legacies	1,108	–	27	156	1,291
Other trading activities	8,417	–	19	768	9,204
Investment management costs	266	–	–	6	272
Care, research and conservation	30,214	9,155	8,187	3,583	51,139
Public access and events	14,277	51	6,068	2,029	22,425
Charitable trading	10,599	–	475	839	11,913
Charitable activities	55,090	9,206	14,730	6,451	85,477
Total expenditure	64,881	9,206	14,776	7,381	96,244
	Direct Costs £000s	Grants £000s	Depreciation, Amortisation & Loss on Disposal £000s	Support Costs £000s	Total 2018 £000s
Raising donations and legacies	1,256	–	25	184	1,465
Other trading activities	8,843	–	196	585	9,624
Investment management costs	156	–	–	6	162
Care, research and conservation	27,894	11,981	7,777	3,813	51,465
Public access and events	14,741	89	5,607	1,403	21,840
Charitable trading	9,487	–	248	717	10,452
Charitable activities	52,122	12,070	13,632	5,933	83,757
Loss on Disposal of Blythe House	–	–	6,173	–	6,173
Total expenditure	62,377	12,070	20,026	6,708	101,181

Grants are made for the furtherance of the BM's charitable objectives. Of the total grants of £9.2m (2017/18: £12.1m), £9.0m (2017/18: £11.9m) were made to institutions and £0.2m were made to individuals (2017/18: £0.2m).

The main elements of the grant figure are as follows:

- Grants of £7.9m (2017/18: £10.7m) to the British Museum Trust Limited (BMT), restricted for furtherance of the British Museum's charitable objectives. BMT is a separate, independent registered charity (registration number: 1140844). It has no Trustees in common with the BM. Its objectives are to advance, in a manner in which the trustees of BMT see fit, the charitable objects of the Trustees of the British Museum; and to advance culture, heritage, science, education and the arts for public benefit throughout the world in any manner incidental, conducive to or compatible with the charitable objects of the Trustees of the British Museum. The Museum provides administrative support for BMT under terms governed by a commercial service level agreement;
- Grants of £1m (2017/18: £1m) under the Portable Antiquities Scheme. The scheme is the only proactive mechanism in England and Wales for recording archaeological finds made by the public. The grants are made to local authorities to support the work of Find Liaison Officers. Details of these grants are obtainable from the Portable Antiquities Scheme administrator at the British Museum.

6(b) Costs of the BM and the BMGC that cannot be directly attributed to one of the BM's objectives are allocated to activities on a basis consistent with the use of resources. Finance costs, including irrecoverable VAT, and governance costs are allocated using the proportion of direct expenditure spent on each of the objectives. Human resources and legal services costs are allocated based on staff numbers. Information Systems costs are allocated using staff numbers adjusted for non-computer based roles. Support costs related to grant-making activities are considered minimal and hence no support costs have been included in the grant figure. Depreciation and amortisation have been allocated according to the proportion of space occupied by each activity.

	Finance Information		Human	Legal	Governance	2019
	Services	Services	Resources	Services	Costs	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Care, research and conservation	895	1,482	759	258	189	3,583
Public access and events	446	659	616	210	98	2,029
Charitable trading	234	322	173	59	51	839
Charitable activities	1,575	2,463	1,548	527	338	6,451
Raising donations and legacies	25	73	39	13	6	156
Other trading activities	180	319	171	58	40	768
Investment management costs	5	-	-	-	1	6
	1,785	2,855	1,758	598	385	7,381
	Finance Information		Human	Legal	Governance	2018
	Services	Services	Resources	Services	Costs	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Care, research and conservation	678	1,912	792	283	148	3,813
Public access and events	339	332	485	173	74	1,403
Charitable trading	214	255	106	38	104	717
Charitable activities	1,231	2,499	1,383	494	326	5,933
Raising donations and legacies	30	95	39	14	6	184
Other trading activities	221	203	84	30	47	585
Investment management costs	5	-	-	-	1	6
	1,487	2,797	1,506	538	380	6,708

6(c) Governance costs

	2019	2018
	£000s	£000s
Staff costs	202	199
British Museum auditors' remuneration	56	53
Subsidiary charities auditors' remuneration	51	51
Professional services	4	3
Internal audit costs	33	53
Cost of meetings	35	14
Reimbursement of trustee expenses	4	7
	385	380

6(d) Staff costs

	2019	2018
	£000s	£000s
Wages and salaries	27,413	27,550
Social security costs	2,815	2,731
Pension costs (note 20)	5,197	5,186
Agency staff costs	3,576	3,391
Early retirement and redundancy costs	426	290
	39,427	39,148

In addition to the total above, £440k (2017/18: £617k) of staff costs has been capitalised.

There was no expenditure on consultancy during 2018/19 (2017/18: nil).

The number of employees whose full time equivalent emoluments as defined for taxation purposes amounted to over £60,000 (2018: over £60,000) in the year was as follows:

	2019	2018
£60,001 – £70,000	22	22
£70,001 – £80,000	9	7
£80,001 – £90,000	1	2
£90,001 – £100,000	2	1
£100,001 – £110,000	–	1
£110,001 – £120,000	1	–
£120,001 – £130,000	1	1
£130,001 – £140,000	–	1
£140,001 – £150,000	1	–
£200,001 – £210,000	–	1
£210,001 – £220,000	1	–

34 staff (2017/18: 31) whose emoluments amounted to more than £60,000 in the year are members of a defined benefit scheme and 3 staff (2017/18: 4) are members of a defined contributions scheme. Contributions of £541k (2017/18: £521k) were paid on behalf of the members of the defined benefit scheme and £20k (2017/18: £24k) on behalf of the members of the defined contributions scheme.

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

2019	Agency and contract		Total
	Staff	staff	
Care, research and conservation	424	5	429
Public access and events	241	104	345
Charitable trading	81	16	97
Raising donations and legacies	19	2	21
Other trading activities	85	10	95
	850	137	987

2018	Agency and contract		Total
	Staff	staff	
Care, research and conservation	422	9	431
Public access and events	261	96	357
Charitable trading	85	15	100
Raising donations and legacies	22	2	24
Other trading activities	87	10	97
	877	132	1,009

The average head count during the year excluding agency and contract staff was 972 (2017/18: 1,010).

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

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

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages for 2018/19	Total number of exit packages for 2017/18
0 – 24,999	8	6	14	8
25,000 – 49,999	–	5	5	5
50,000 – 74,999	–	2	2	3
75,000 – 99,999	–	–	–	–
>£100,000	–	–	–	1
Total	8	13	21	17
Total cost (£000)	72	375	447	608

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

6(g) Trustees:

None of the trustees have been paid any remuneration or received any other benefits during 2018/19 (2017/18: £nil). All Trustees are entitled to be reimbursed for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2018/19, travel and subsistence expenses of £36k (2017/18: £22k) were paid, including £3k (2017/18: £8k) reimbursed to two Trustees (2017/18: one) and £33k (2017/18: £14k) paid directly to third parties.

6(h) Off-payroll engagements

a For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months:

No. that have existed for less than one year at time of reporting	–
No. that have existed for between one and two years at time of reporting	–
No. that have existed for between two and three years at time of reporting	–
No. that have existed for between three and four years at time of reporting	–
No. that have existed for four or more years at the time of reporting	–
	–

b For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months:

No. of new engagements, or those reaching 6 months in duration, during the period	–
Of which:	
No. assessed as caught by IR35	–
No. assessed as not caught by IR35	–
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	–
No. of engagements reassessed for consistency / assurance purposes during the year.	–
No. of engagements that saw a change to IR35 status following the consistency review	–

c For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019:

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	–
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.	28

6(i) Losses

In 2018/19 there were no losses above the reporting threshold (2017/18: £nil).

7. TANGIBLE ASSETS

7(a) Group tangible assets

	Land £000s	Buildings £000s	Assets in the Course of Construction £000s	Galleries £000s	Plant and Machinery £000s	Equipment £000s	Total £000s
Cost							
At 1 April 2018	149,480	406,081	14,671	39,274	121,846	12,039	743,391
Additions during the year	4,400	1,213	10,280	16	2,358	146	18,413
Disposals during the year	–	–	(453)	–	–	(883)	(1,336)
Transfer from assets under construction	–	492	(15,087)	13,498	1,097	–	–
Impairment	–	(102)	–	–	–	–	(102)
Revaluation adjustment	47,729	16,591	–	(348)	5,129	–	69,101
At 31 March 2019	201,609	424,275	9,411	52,440	130,430	11,302	829,467
Accumulated depreciation							
At 1 April 2018	–	–	–	(21,122)	–	(9,902)	(31,024)
Disposals during the year	–	–	–	–	–	847	847
Provided during the year	–	(4,821)	–	(2,070)	(7,067)	(570)	(14,528)
Revaluation adjustment	–	4,821	–	139	7,067	–	12,027
At 31 March 2019	–	–	–	(23,053)	–	(9,625)	(32,678)
Net Book Value							
At 31 March 2019	201,609	424,275	9,411	29,387	130,430	1,677	796,789
At 31 March 2018	149,480	406,081	14,671	18,152	121,846	2,137	712,367

7(b) Museum tangible assets

	Land £000s	Buildings £000s	Assets in the Course of Construction £000s	Galleries £000s	Plant and Machinery £000s	Equipment £000s	Total £000s
Cost							
At 1 April 2018	149,480	406,081	14,671	39,274	121,846	8,150	739,502
Additions during the year	4,400	1,213	10,280	16	2,358	69	18,336
Disposals during the year	–	–	(453)	–	–	(669)	(1,122)
Transfer from assets under construction	–	492	(15,087)	13,498	1,097	–	–
Impairment	–	(102)	–	–	–	–	(102)
Revaluation adjustment	47,729	16,591	–	(348)	5,129	–	69,101
At 31 March 2019	201,609	424,275	9,411	52,440	130,430	7,550	825,715
Accumulated depreciation							
At 1 April 2018	–	–	–	(21,122)	–	(6,498)	(27,620)
Disposals during the year	–	–	–	–	–	633	633
Provided during the year	–	(4,821)	–	(2,070)	(7,067)	(381)	(14,339)
Revaluation adjustment	–	4,821	–	139	7,067	–	12,027
At 31 March 2019	–	–	–	(23,053)	–	(6,246)	(29,299)
Net Book Value							
At 31 March 2019	201,609	424,275	9,411	29,387	130,430	1,304	796,416
At 31 March 2018	149,480	406,081	14,671	18,152	121,846	1,652	711,882

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

A full valuation of the BM's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2019. The valuations included the main BM site at Great Russell Street, its perimeter buildings, the WCEC building, two properties used for storage at Orsman Road and land at Cutbush Lane. The British Museum owns the freehold on all land and buildings apart from Cutbush Lane which is on a 999 year lease.

Blythe House is currently occupied by the British Museum, the Science Museum and the Victoria and Albert Museum on a shared basis with the rights and obligations of ownership accruing to the occupants. In 2017/18 a lease agreement was signed formally confirming that the occupying Museums would be required to vacate Blythe House by 31st March 2023 as it will be sold. The lease is an operating lease with a peppercorn rent. The Museums derecognised the value of Blythe House land and buildings in 2017/18. For the BM, land previously valued at £2.2m, buildings previously valued at £3.7m and plant previously valued at £0.3m was derecognised.

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

Of the fixed asset additions, £4.1m was unpaid as at year end.

8. INTANGIBLE ASSETS

8(a) Group intangible assets

	Software Licences £000s	Websites £000s	Assets in the Developed Software £000s	Course of Construction £000s	Total £000s
Cost					
At 1 April 2018	181	30	802	2,167	3,180
Additions during the year	–	–	–	680	680
Disposals during the year	–	–	–	–	–
Transfer from assets under construction	–	93	70	(163)	–
Revaluation adjustment	–	–	–	–	–
At 31 March 2019	181	123	872	2,684	3,860
Accumulated amortisation					
At 1 April 2018	(148)	(18)	(477)	–	(643)
Disposals during year	–	–	–	–	–
Provided during the year	(17)	(35)	(196)	–	(248)
Revaluation adjustment	–	–	–	–	–
At 31 March 2019	(165)	(53)	(673)	–	(891)
Net Book Value					
At 31 March 2019	16	70	199	2,684	2,969
At 31 March 2018	33	12	325	2,167	2,537

8(b) Museum intangible assets

	Software Licences £000s	Websites £000s	Assets in the Developed Software £000s	Course of Construction £000s	Total £000s
Cost					
At 1 April 2018	181	30	802	2,105	3,118
Additions during the year	–	–	–	649	649
Disposals during the year	–	–	–	–	–
Transfer from assets under construction	–	–	70	(70)	–
Revaluation adjustment	–	–	–	–	–
At 31 March 2019	181	30	872	2,684	3,767
Accumulated amortisation					
At 1 April 2018	(148)	(18)	(477)	–	(643)
Disposals during year	–	–	–	–	–
Provided during the year	(17)	(6)	(196)	–	(219)
Revaluation adjustment	–	–	–	–	–
At 31 March 2019	(165)	(24)	(673)	–	(862)
Net Book Value					
At 31 March 2019	16	6	199	2,684	2,905
At 31 March 2018	33	12	325	2,105	2,475

9. HERITAGE ASSETS – GROUP AND MUSEUM

9(a) Nature and scale of the collection

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

The BM records its collection on a database that includes a description of the objects and often image, age, location and other information. Currently, more than 4 million objects are available to review online at: http://www.britishmuseum.org/research/search_the_collection_database.aspx. The BM continues to enhance the database to expand the information recorded on each asset, add objects not yet included and improve the functionality of the database.

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

Africa, Oceania & the Americas	This department holds a wide range of historical, archaeological, ethnographic and contemporary collections from the peoples of Africa, Australia and the Pacific, and the whole of the Americas. It also has important pictorial collections, including photographs, drawings and prints, relating to these regions.
Egypt & Sudan	The collection illustrates every aspect of the cultures of the Nile Valley, from the Neolithic period (about 10,000 BC) until the modern day. Highlights include the important collection of the Book of the Dead, papyri, coffins, mummies and monumental sculptures such as the colossus of Rameses II. The Rosetta Stone, inscribed with hieroglyphics, demotic and Greek, provided the key to decipher hieroglyphs.
Asia	The collection includes material from a vast geographical area embracing all of East Asia, South Asia, Southeast Asia, and parts of Central Asia and covers a broad chronological range from humanity's earliest artefacts to contemporary times. The collections encompass archaeological materials, artworks, and objects that reflect daily life and social structure and issues. Among the many special highlights of the collection are Chinese antiquities, ceramics, and graphic arts; Japanese antiquities, graphic arts, and modern crafts; Korean ceramics and lacquer; Indian paintings and sculpture; and Indonesian shadow puppets.
Coins & Medals	The collection includes coinage from its origins in the seventh century BC to the present day and related material such as coin weights, tokens and money boxes, the national collection of paper money ranging from one of the first Chinese banknotes to the euro, and a world-class collection of commemorative art medals from the Italian Renaissance to the present.
Greece & Rome	This is one of the most comprehensive collections of antiquities from the Classical world which range in date from the beginning of the Greek Bronze Age (about 3200 BC) to the reign of the Roman emperor Constantine in the fourth century AD. The Cycladic, Minoan and Mycenaean cultures are represented and the Greek collection includes important sculpture from the Parthenon in Athens as well as elements of two of the Seven Wonders of the Ancient World: the Mausoleum at Halikarnassos and the Temple of Artemis at Ephesos. The collection also includes ancient jewellery and bronzes, Greek vases and Roman glass and silver.
Middle East	The collection includes a wide range of archaeological material, ancient and contemporary art from Mesopotamia (Iraq), Iran, the Levant (Syria, Jordan, Lebanon, Palestine and Israel), Anatolia (Turkey), Arabia and the Gulf, Central Asia and the Caucasus. Highlights of the collection include the Assyrian reliefs, treasures from the cemetery of Ur, the Oxus Treasure, Phoenician ivories from Nimrud, the Cyrus Cylinder and the library of cuneiform tablets from Nineveh.
Britain, Europe & Prehistory	This department is responsible for collections that cover a vast expanse of time from human tools in Africa and Asia two million years ago to the art and archaeology of Europe from the earliest times to the present day including the history of Britain under the Roman occupation.
Prints & Drawings	This is the national collection of Western prints and drawings dating from the beginning of the fifteenth century to the present day. The collection covers the history of drawing and print making as fine arts with large holdings of the works of important artists such as Durer, Michelangelo, Rembrandt, Goya and Picasso, large documentary collections of historical, satirical and topographical prints and important collections of printed ephemera such as trade and visiting cards, fans and playing cards.

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

Acquisition

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

Preservation and Management

The BM has a Collection Care Department, a Collection Projects and Resources Department and a Conservation & Scientific Research department.

The Collection Projects and Resources department is responsible for departmental administration across the Museum's collections departments, and administration of the Museum's research programme and resources, including the library and archive. The department is responsible for development of the long-term plan for storage of the collection, library and archive, and the delivery of major cross-museum projects in support of the Museum masterplan.

The Collection Care department is responsible for collection management, conservation, collection documentation (including Photography and Imaging) and loans administration.

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

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

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

The World Conservation and Exhibitions Centre provides additional state of the art conservation and storage facilities.

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

When complete, the database will contain a record of every object in the BM collection with associated conservation and scientific reports. The current database is the result of 30 years work but it is still in its early stages. The database of more than 4 million objects can be found on the BM website at: http://www.britishmuseum.org/research/collection_online/search.aspx

Disposal

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

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

9(c) Heritage assets capitalised

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

	2018/19 – £000s		
	Donated	Purchased	Total
Opening balance	58,216	33,070	91,286
Additions	7,328	812	8,140
Closing balance	<u>65,544</u>	<u>33,882</u>	<u>99,426</u>
	2017/18 – £000s		
	Donated	Purchased	Total
Opening balance	57,091	31,958	89,049
Additions	1,125	1,112	2,237
Closing balance	<u>58,216</u>	<u>33,070</u>	<u>91,286</u>
	2016/17 – £000s		
	Donated	Purchased	Total
Opening balance	50,349	30,224	80,573
Additions	7,492	1,734	9,226
Write-off*	(750)	–	(750)
Closing balance	<u>57,091</u>	<u>31,958</u>	<u>89,049</u>
	2015/16 – £000s		
	Donated	Purchased	Total
Opening balance	48,472	29,141	77,613
Additions	1,877	1,083	2,960
Closing balance	<u>50,349</u>	<u>30,224</u>	<u>80,573</u>
	2014/15 – £000s		
	Donated	Purchased	Total
Opening balance	45,443	26,104	71,547
Additions	3,029	3,037	6,066
Closing balance	<u>48,472</u>	<u>29,141</u>	<u>77,613</u>

* In 2016/17, one item from the collection valued at £750,000 was declared lost under the Procedure for the Reporting of Unlocated and Lost Objects. It was written-off in the accounts.

10. INVESTMENTS

10(a) Fixed asset investments – Group and Museum

Investments comprised the following:

	2019	2018
	£000s	£000s
Investment assets in the UK:		
Investment funds	43,135	39,112
Investment assets outside the UK:		
Investment funds	42,483	37,699
Unlisted equities	2,257	2,778
	87,875	79,589
Investments at 1 April	79,589	88,080
Additions	15,656	114,057
Disposals	(12,509)	(124,010)
Transfer to tangible fixed assets	–	–
Gain in value	5,139	1,462
Investments at 31 March	87,875	79,589

All investments are stated at fair value at 31 March 2019. Valuations for investments with an active market are based on published quoted prices at or close to the balance sheet date. Valuations for investments where there is no active market have been estimated with reference to recent valuation reports.

The BM has entered into a long term commitment to invest a further \$0.5m (2018: \$0.6m) in unlisted equities outside the UK under subscription agreements with one investment manager.

Details of the BM's investment policy can be found in the investments and financial risks section in the Annual Report.

10(b) Investment properties – Group and Museum

	2019	2018
	£000s	£000s
Investments at 1 April	22,191	24,769
Additions	–	–
Transfer in from tangible fixed assets	–	–
Gain/(loss) in value	115	(2,578)
Investments at 31 March	22,306	22,191

The investment properties comprise buildings on the perimeter of the Bloomsbury site. During 2018/19 and 2017/18 the majority were subject to long leases on low or peppercorn rents. No new leases for these properties were signed during the year.

The valuation of the investment properties at open market value as at 31 March 2019 was carried out by chartered surveyors Montagu Evans. The valuation is in accordance with the RICS Appraisal and Valuation Manual. The Museum is subject to historic restrictions and central government controls relating to the disposal of and retention of proceeds of investment properties.

10(c) Current asset investments

	Group 2019 Cost £000s	Group 2018 Cost £000s	Museum 2019 Cost £000s	Museum 2018 Cost £000s
Short term cash deposits	9,796	9,755	–	–

10(d) Cash at bank and in hand

	Group 2019 £000s	Group 2018 £000s	Museum 2019 £000s	Museum 2018 £000s
Balance with commercial banks and in hand	16,636	20,650	4,141	11,113

11. TRADING SUBSIDIARIES

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

The BM owns 100% of the issued share capital of the BMGC. The BMGC has an authorised share capital of 10 million ordinary shares at £1 each, 500,001 of which have been issued at par.

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

11(b) Summary of results of consolidated entities

	BMF 2018/19 £000s	BMCo 2018/19 £000s	BMGC 2018/19 £000s	BM 2018/19 £000s	Intercompany Transactions 2018/19 £000s	Total 2018/19 £000s
Income and endowments from						
Grant-in-aid	–	–	–	52,543	–	52,543
Donations and legacies	959	–	–	20,967	(3,874)	18,052
Charitable activities	4,746	6,294	–	16,263	(5,955)	21,348
Other trading activities	–	9,980	4,203	–	(1,150)	13,033
Investments	8	83	24	594	(17)	692
	5,713	16,357	4,227	90,367	(10,996)	105,668
Expenditure on						
Raising donations and legacies	(2)	–	–	(1,289)	–	(1,291)
Other trading activities	–	(6,621)	(2,649)	–	66	(9,204)
Investment management costs	–	–	–	(272)	–	(272)
Charitable activities	(3,364)	(4,206)	–	(80,964)	3,057	(85,477)
Contribution/grants to the BM	(2,294)	(4,000)	(1,579)	–	7,873	–
	(5,660)	(14,827)	(4,228)	(82,525)	10,996	(96,244)
Net gains on investments	–	–	–	5,254	–	5,254
Net income/(expenditure)	53	1,530	(1)	13,096	–	14,678
Gain on revaluation of fixed assets	–	–	–	81,128	–	81,128
Actuarial loss on defined benefit scheme	–	(559)	–	–	–	(559)
Other gains	–	–	–	81	–	81
Net movement in funds	53	971	(1)	94,305	–	95,328

In the Consolidated Statement of Financial Activities, expenditure on other trading activities includes a corporation tax charge of £6k (2017/18: £nil) for BMGC. Retained earnings carried forward for BMGC is £nil (2017/18: £1k).

	BMF	BMCo	BMGC	BM Intercompany Transactions		Total
	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18
	£000s	£000s	£000s	£000s	£000s	£000s
Income and endowments from						
Grant-in-aid	–	–	–	53,573	–	53,573
Donations and legacies	1,098	–	–	24,627	(9,837)	15,888
Charitable activities	5,652	6,863	–	11,002	(1,880)	21,637
Other trading activities	–	9,477	4,610	15	(1,105)	12,997
Investments	4	37	23	266	–	330
	<u>6,754</u>	<u>16,377</u>	<u>4,633</u>	<u>89,483</u>	<u>(12,822)</u>	<u>104,425</u>
Expenditure on						
Raising donations and legacies	(14)	–	–	(1,451)	–	(1,465)
Other trading activities	–	(6,419)	(2,669)	(536)	–	(9,624)
Investment management costs	–	–	–	(162)	–	(162)
Charitable activities	(1,461)	(4,629)	–	(80,652)	2,985	(83,757)
Disposal of Blythe House	–	–	–	(6,173)	–	(6,173)
Contribution/grants to the BM	(4,843)	(3,000)	(1,994)	–	9,837	–
	<u>(6,318)</u>	<u>(14,048)</u>	<u>(4,663)</u>	<u>(88,974)</u>	<u>12,822</u>	<u>(101,181)</u>
Net losses on investments	–	–	–	(1,116)	–	(1,116)
Net (expenditure)/income	<u>436</u>	<u>2,329</u>	<u>(30)</u>	<u>(607)</u>	<u>–</u>	<u>2,128</u>
Gain on revaluation of fixed assets	–	–	–	54,869	–	54,869
Actuarial gain on defined benefit scheme	–	910	–	–	–	910
Other losses	–	–	–	(68)	–	(68)
Net movement in funds	<u>436</u>	<u>3,239</u>	<u>(30)</u>	<u>54,194</u>	<u>–</u>	<u>57,839</u>

In the Consolidated Statement of Financial Activities, expenditure on other trading activities includes a corporation tax charge of £nil (2016/17: £nil) for BMGC. The profit for the year before taxation of BMGC is £1k (2016/17: £17k).

11(c) Balance sheet of consolidated entities

Net assets at 31 March 2019 comprise:

	BMF	BMCo	BMGC	BM	Intercompany Transactions	Total
	2019	2019	2019	2019	2019	2019
	£000s	£000s	£000s	£000s	£000s	£000s
Fixed assets	–	413	26	1,010,178	(1,252)	1,009,365
Current assets	4,742	22,820	3,604	22,970	(7,131)	47,005
Debtors due after one year	–	–	–	3,452	–	3,452
Creditors due within one year	(2,513)	(2,482)	(3,057)	(24,701)	7,133	(25,620)
Creditors due after one year	(50)	(12,986)	(73)	(19,400)	–	(32,509)
Net assets	<u>2,179</u>	<u>7,765</u>	<u>500</u>	<u>992,499</u>	<u>(1,250)</u>	<u>1,001,693</u>

Net assets at 31 March 2018 comprise:

	BMF	BMCo	BMGC	BM	Intercompany Transactions	Total
	2018	2018	2018	2018	2018	2018
	£000s	£000s	£000s	£000s	£000s	£000s
Fixed assets	–	502	45	915,689	(1,250)	914,986
Current assets	2,967	21,158	4,231	30,133	(7,725)	50,764
Creditors due within one year	(786)	(2,125)	(3,677)	(47,480)	7,725	(46,343)
Creditors due after one year	(55)	(12,741)	(98)	(148)	–	(13,042)
Net assets	<u>2,126</u>	<u>6,794</u>	<u>501</u>	<u>898,194</u>	<u>(1,250)</u>	<u>906,365</u>

The current assets of BMCo include £2,003k (2017/18: £1,918k) of stock which comprises £29k (2017/18: £18k) of work in progress and £1,974k (2017/18: £1,900k) of finished goods and goods for resale.

12. DEBTORS

	Group 2019 £000s	Group 2018 £000s	Museum 2019 £000s	Museum 2018 £000s
Amounts falling due within one year:				
Trade debtors	2,110	2,635	1,010	1,381
Other debtors	1,616	1,581	206	235
Prepayments and accrued income	14,844	12,052	13,539	10,987
Taxation and social security	–	2,173	1,172	2,627
Amount due from subsidiaries	–	–	2,902	3,790
	18,570	18,441	18,829	19,020
	Group 2019 £000s	Group 2018 £000s	Museum 2019 £000s	Museum 2018 £000s
Amounts falling due after more than one year:				
Accrued income	3,452	7,016	3,452	7,016
Total debtors	22,022	25,457	22,281	26,036

Accrued income falling due to the Group and the Museum after more than one year relates to income from grants and donations. This is recognised where a formal offer of funding has been communicated to the Museum and terms and conditions have been met.

13. CREDITORS

	Group 2019 £000s	Group 2018 £000s	Museum 2019 £000s	Museum 2018 £000s
Amounts falling due within one year:				
Trade creditors	1,928	3,250	1,305	2,797
Other creditors	1,378	2,228	1,114	2,089
Taxation and social security	1,416	858	–	814
Accruals	15,500	13,441	15,136	13,072
Deferred income	4,876	25,512	3,580	24,177
Amount due to subsidiaries	–	–	3,044	3,477
	25,098	45,289	24,179	46,426
	Group 2019 £000s	Group 2018 £000s	Museum 2019 £000s	Museum 2018 £000s
Amounts falling due after more than one year:				
Deferred income	19,523	301	19,400	148

The Group deferred income falling due after more than one year relates to sponsorship, loan fees and corporate partners, recognised over the term of the contracts, and life membership fees which are recognised over the expected length of the lifetime memberships. The Museum deferred income falling due after more than one year relates to sponsorship and loan fees, recognised over the term of the contract.

The movement on the deferred income account is as follows:

	Group 2019 £000s	Group 2018 £000s	Museum 2019 £000s	Museum 2018 £000s
Deferred income brought forward	25,813	25,864	24,325	24,303
Released in year	(4,627)	(2,287)	(3,398)	(2,202)
Deferred in year	3,213	2,236	2,053	2,224
Deferred income carried forward	24,399	25,813	22,980	24,325

14. PROVISION FOR LIABILITIES AND CHARGES – GROUP AND MUSEUM

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

	Group 2019 £000s	Group 2018 £000s	Museum 2019 £000s	Museum 2018 £000s
Early retirement provision brought forward	–	286	–	286
Provision made in year	–	–	–	–
Payments in year	–	(7)	–	(7)
Reversed unused	–	(279)	–	(279)
	–	–	–	–
Less current portion – included in creditors amounts falling due within one year	–	–	–	–
	–	–	–	–

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

	Group 2019 £000s	Group 2018 £000s	Museum 2019 £000s	Museum 2018 £000s
Other provisions brought forward	1,054	937	1,054	937
Arising during the year	528	183	528	183
Utilised during the year	(83)	(66)	(83)	(66)
Reversed unused	(977)	–	(977)	–
Other provisions carried forward	522	1,054	522	1,054
Less current portion	(522)	(1,054)	(522)	(1,054)
	–	–	–	–
Total provision for liabilities and charges falling due after more than one year:	–	–	–	–

Of the five provisions included here, four relate to legal claims and one relates to the potential return of funds to a donor.

15. FINANCIAL COMMITMENTS

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

	Land and Buildings		Plant and Machinery	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
Leases which expire: within one year	105	105	93	93
in the second to fifth year	419	419	69	162
over five years	331	436	–	–
	855	960	162	255

16(a) STATEMENT OF FUNDS

		At 1 April 2018	Income	Expenditure	Net movement on investments and revaluation	Movement during year	Transfers between funds	At 31 March 2019
SOFA Classification		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Permanent endowment funds	PE	18,459	37	(94)	2,216	2,159	(562)	20,056
Expendable endowment funds	EE	6,447	3	(311)	704	396	(93)	6,750
<i>Restricted funds</i>								
Collection acquisitions	CA	91,286	7,328	–	–	7,328	812	99,426
Collection purchase fund	RC	2,454	589	(91)	37	535	(489)	2,500
Fixed asset revaluation	RC	504,871	–	–	81,128	81,128	–	585,999
Fixed assets	RC	209,486	–	(15,149)	–	(15,149)	18,985	213,322
Estates proceeds	RC	4,729	–	(24)	578	554	–	5,283
Construction projects fund	RC	6,250	18,212	(330)	152	18,034	(18,113)	6,171
Restricted income trust funds	RR	1,875	13	723	129	865	351	3,091
Restricted income funds	RR	21,043	4,170	(7,601)	145	(3,286)	376	18,133
British Museum Friends	RR	–	194	–	–	194	(194)	–
		841,994	30,506	(22,472)	82,169	90,203	1,728	933,925
<i>Unrestricted funds: BM</i>								
<i>Designated:</i>								
WCEC	UC	–	–	(444)	–	(444)	444	–
Designated trust funds	UR	402	2	(17)	13	(2)	–	400
		402	2	(461)	13	(446)	444	400
<i>General:</i>								
Investment properties	UC	22,191	–	–	115	115	–	22,306
Unrestricted trust funds	UR	8,627	121	(12)	276	385	–	9,012
General funds	UR	74	50,400	(57,724)	970	(6,354)	6,330	50
		30,892	50,521	(57,736)	1,361	(5,854)	6,330	31,368
<i>Unrestricted funds: subsidiaries</i>								
BMCo	UR	5,542	16,011	(9,890)	(559)	5,562	(4,502)	6,602
BMCo fixed assets	UC	502	–	–	–	–	(89)	413
BMF	UR	2,126	5,517	(2,697)	–	2,820	(2,767)	2,179
BMGC	UR	(44)	3,071	(2,564)	–	507	(489)	(26)
BMGC fixed assets	UC	45	–	(19)	–	(19)	–	26
		8,171	24,599	(15,170)	(559)	8,870	(7,847)	9,194
<i>Unrestricted funds: group</i>								
		39,465	75,122	(73,367)	815	2,570	(1,073)	40,962
Total funds		906,365	105,668	(96,244)	85,904	95,328	–	1,001,693

	SOFA Classification	At 1 April 2017	Income	Expenditure	Net movement on investments and revaluation	Movement during year	Transfers between funds	At 31 March 2018
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
<i>Permanent endowment funds</i>	PE	18,410	–	(50)	643	593	(544)	18,459
<i>Expendable endowment funds</i>	EE	6,511	1	(228)	232	5	(69)	6,447
<i>Restricted funds</i>								
Collection acquisitions fund	CA	89,049	1,125	–	–	1,125	1,112	91,286
Collection purchase fund	RC	2,142	1,174	(89)	20	1,105	(793)	2,454
Fixed asset revaluation fund	RC	455,489	–	(5,487)	54,869	49,382	–	504,871
Fixed asset fund	RC	204,012	–	(14,373)	–	(14,373)	19,847	209,486
Estates proceeds	RC	4,584	–	(11)	156	145	–	4,729
Construction projects fund	RC	8,894	17,376	(314)	86	17,148	(19,792)	6,250
Restricted income trust funds	RR	1,801	4	(203)	22	(177)	251	1,875
Restricted income funds	RR	19,093	9,865	(7,494)	87	2,458	(508)	21,043
British Museum Friends	RR	–	444	(443)	–	1	(1)	–
		785,064	29,988	(28,414)	55,240	56,814	116	841,994
<i>Unrestricted funds: BM</i>								
<i>Designated:</i>								
WCEC	UC	–	–	(455)	–	(455)	455	–
Designated trust funds	UR	428	–	(27)	1	(26)	–	402
		428	–	(482)	1	(481)	455	402
<i>General:</i>								
Investment properties	UC	24,769	–	–	(2,578)	(2,578)	–	22,191
Unrestricted trust funds	UR	8,545	78	(8)	12	82	–	8,627
General funds	UR	273	48,468	(58,819)	135	(10,216)	10,017	74
		33,587	48,546	(58,827)	(2,431)	(12,712)	10,017	30,892
<i>Unrestricted funds: subsidiaries</i>								
BMCo	UR	2,255	16,054	(10,145)	910	6,819	(3,532)	5,542
BMCo fixed assets	UC	550	–	–	–	–	(48)	502
BMF	UR	1,689	6,308	(367)	–	5,941	(5,504)	2,126
BMF fixed assets	UC	1	–	–	–	–	(1)	–
BMGC	UR	(44)	3,528	(2,668)	–	860	(860)	(44)
BMGC fixed assets	UC	75	–	–	–	–	(30)	45
		4,526	25,890	(13,180)	910	13,620	(9,975)	8,171
<i>Unrestricted funds: group</i>		38,541	74,436	(72,489)	(1,520)	427	497	39,465
Total funds		848,526	104,425	(101,181)	54,595	57,839	–	906,365

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

The BMCo reserve includes a liability on a defined benefit pension scheme of £13.0m (2017/18 £12.7m), see note 20 for further details.

	2019	2018
	£000s	£000s
Investments (including investment properties) at fair value	110,181	101,780
Investments (including investment properties) at historic cost	87,838	83,522
Fair value reserve	22,343	18,258

Analysis of group net assets between funds

	Permanent Endowments £000s	Expendable Endowments £000s	Restricted Funds £000s	Unrestricted Funds £000s	Total 2019 £000s	Total 2018 £000s
Fund balances at 31 March 2019 are represented by:						
Tangible fixed assets	–	–	796,416	373	796,789	712,367
Intangible fixed assets	–	–	2,905	64	2,969	2,537
Heritage assets	–	–	99,426	–	99,426	91,286
Fixed asset investments	20,056	6,750	30,024	31,045	87,875	79,589
Investment properties	–	–	–	22,306	22,306	22,191
Debtors due in more than 1 year	–	–	3,452	–	3,452	7,016
Net current assets	–	–	1,702	19,683	21,385	4,421
Creditors: amounts falling due after more than one year	–	–	–	(19,523)	(19,523)	(301)
Liability on defined benefit pension scheme	–	–	–	(12,986)	(12,986)	(12,741)
Total net assets	20,056	6,750	933,925	40,962	1,001,693	906,365

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

Permanent endowment funds

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

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

Expendable endowment funds

Expendable endowment funds are donations that have been given to the BM to be held as capital, where the trustees have a discretionary power to use the funds as income for these purposes:

<i>Michael Bromberg Fellowship</i>	for the promotion of education by the study of prints and their history
<i>Monument Trust</i>	to support the Department of Prints and Drawings by endowing the Keeper's role and funding a series of curators and fellows
<i>Rootstein-Hopkins</i>	for the acquisition of the works of qualifying artists in the fields of drawing and printmaking
<i>Robert Hatfield Ellsworth legacy for Asia Dept.</i>	for maintaining staff in the China division of the Department of Asia

Restricted funds

A significant proportion of these funds represents the capitalised value of fixed assets (both tangible and intangible), including collection items which have been acquired since 1 April 2001.

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

<i>Hamlyn Gift</i>	originally for maintaining and equipping a reference library at the British Museum. The Paul Hamlyn reference library was closed in 2011 and the British Museum is in discussion with the Paul Hamlyn Foundation about the future of the library and the associated fund.
<i>Sharp</i>	for the purchase of books concerned with ancient Greece or Rome
<i>Sir Joseph Hotung Charitable Settlement – Asia</i>	to support research by the Department of Asia
<i>Hamlyn Bequest</i>	in furtherance of the study of the natural sciences
<i>Oppenheimer</i>	for the Department of Prints & Drawings
<i>Lloyd Bequest</i>	to acquire cabinets or other suitable accommodation for prints and drawings
<i>Romenuk Bequest</i>	for the purchase of 14/15th century Hebrew manuscripts or Flemish Art
<i>Dennis</i>	for the general purposes of the Department of Africa, Oceania & the Americas
<i>Duthrie Bequest</i>	to be used for acquisitions and/or maintenance
<i>Christy</i>	for purchases for Departments of Prehistory & Europe and Africa, Oceania & the Americas
<i>Woodward</i>	for the purchase of further English pottery and porcelain
<i>Ready Bequest</i>	for the purchase of Greek and Roman antiquities

Unrestricted designated funds

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

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

<i>B.M. Publications Donations</i>	for BM publications. Based on historic spending patterns, the donations will be spent in the next ten to fifteen years.
------------------------------------	---

Unrestricted general funds

Investment properties: this represents the value of investment properties.

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

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

16(b) Analysis of transfers between funds

	Restricted Capital Funds*	Unrestricted Capital Funds	Restricted Revenue Funds	Unrestricted Revenue Funds	Expendable Endowment Funds	Permanent Endowment Funds
	£000s	£000s	£000s	£000s	£000s	£000s
Collection purchases from revenue funds	262	–	(170)	(49)	(43)	–
Capital asset purchases	870	–	(409)	(461)	–	–
Fixed asset transfers	–	–	121	(121)	–	–
Endowment transfers	61	–	501	–	–	(562)
Subsidiary transfers	2	(89)	440	(353)	–	–
Designation of funds	–	444	–	(444)	–	–
Reclassification of funds	–	–	50	–	(50)	–
Transfers as shown on the statement of funds note (16a)	<u>1,195</u>	<u>355</u>	<u>533</u>	<u>(1,428)</u>	<u>(93)</u>	<u>(562)</u>

* Restricted capital funds include collection acquisition funds.

16(c) Total return approach to investments

	Trust for Investment	Unapplied Total Return	Total Permanent Endowments (Total Return)	Other Permanent Endowments	Total Permanent Endowments
	£000s	£000s	£000s	£000s	£000s
Closing balance at 31 March 2018					
Gift component of the permanent endowment	3,880	–	3,880	–	3,880
Unapplied total return	–	14,571	14,571	8	14,579
Total	<u>3,880</u>	<u>14,571</u>	<u>18,451</u>	<u>8</u>	<u>18,459</u>
Movements in the year					
Gift of endowment funds	37	–	37	–	37
Investment income	–	–	–	–	–
Expenditure on raising donations and legacies	–	–	–	–	–
Investment management costs	–	(94)	(94)	–	(94)
Net gains on investments	–	2,215	2,215	1	2,216
Other gains / (losses)	–	–	–	–	–
Total	<u>37</u>	<u>2,121</u>	<u>2,158</u>	<u>1</u>	<u>2,159</u>
Unapplied total return allocated to income in the reporting period (transfers to restricted income)	–	(562)	(562)	–	(562)
Net movements in the year	<u>37</u>	<u>1,559</u>	<u>1,596</u>	<u>1</u>	<u>1,597</u>
Gift component of the permanent endowment	3,917	–	3,917	–	3,917
Unapplied total return	–	16,130	16,130	9	16,139
Closing balance at 31 March 2019	<u>3,917</u>	<u>16,130</u>	<u>20,047</u>	<u>9</u>	<u>20,056</u>

Details of the power to adopt a total return approach to investment can be found in the Investments and Financial Risks section of the Annual Report.

17. CASH FLOW INFORMATION

Reconciliation of net income/(expenditure) to net cash flow from operating activities.

	2019	2018
	£000s	£000s
Net income for the year	14,678	2,128
Loss/(gain) on investments	(5,254)	1,116
Actuarial gain/(loss) on defined benefit scheme	(559)	910
Donated assets – collection items	(7,328)	(1,125)
Investment income	(454)	(195)
Depreciation	14,528	13,391
Amortisation	248	241
Impairment of fixed assets	102	37
Loss on disposal of fixed assets	489	6,380
(Increase)/decrease in stocks	(85)	234
Decrease in debtors	3,435	2,202
Increase/(decrease) in creditors	(5,049)	(2,676)
(Decrease) in provisions	(532)	(169)
Increase/(decrease) in pension fund liability	245	(895)
Net cash provided by operating activities	14,464	21,579

18. RELATED PARTY TRANSACTIONS

The British Museum is a Non-Departmental Public Body whose sponsoring body is the Department for Digital, Culture, Media and Sport. The Department for Digital, Culture, Media and Sport is regarded as a related party. During the year the British Museum had a number of transactions with the Department and with other entities for which the Department is the sponsor, for example; the Heritage Lottery Fund, the British Library, the National Gallery, the Natural History Museum, the National Portrait Gallery, the Victoria and Albert Museum and the Science Museum Group.

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

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2019	Expenditure for the year ended 31 March 2019	Debtor balance as at 31 March 2019	Creditor balance as at 31 March 2019
			£000s	£000s	£000s	£000s
The American Friends of the British Museum	A number of Trustees had roles with the AFBM	Grants awarded during the year and administration costs associated with grant making	1,504	(77)	1,006	(40)
Art Fund	Chris Gosden is a Trustee of the Art Fund	Events income and advertising costs	2	(4)	–	–
British Airways	Gavin Patterson is a Non-Executive Director of British Airways	Flight costs	–	(21)	–	–
Bloomberg LP	John Micklethwait is Editor-in-Chief of Bloomberg News	Corporate partnership	32	–	–	–
BT Group	Gavin Patterson was the Chief Executive of BT Group until January 2019	Corporate partnership and telephone costs	32	(77)	–	(30)
De Beers	Cheryl Carolus is a Board member of De Beers Consolidated Mines	Corporate partnership	32	–	–	(3)
John Lewis	Sir Charlie Mayfield is the Chair of John Lewis	Departmental expenses	–	(1)	–	–
London School of Economics	Dame Nemat (Minouche) Shafik is the Director of London School of Economics	Conferencing income	10	–	–	–

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2019	Expenditure for the year ended 31 March 2019	Debtor balance as at 31 March 2019	Creditor balance as at 31 March 2019
			£000s	£000s	£000s	£000s
McKinsey & Company	Dame Vivian Hunt is the Managing Partner for McKinsey & Company's United Kingdom and Ireland offices.	Corporate partnership	31	-	-	-
Morgan Stanley	Dame Elizabeth Corley is a Non-Executive Director of Morgan Stanley	Corporate partnership and conferencing income	33	-	-	(3)
QA	Sir Charlie Mayfield is the non-Executive Chair of QA	Training costs	-	(16)	-	-
Royal Anthropological Institute	Professor Clive Gamble is a Trustee of the Royal Anthropological Institute	Research grants	5	-	-	-
The Ruddock Foundation for the Arts	Sir Paul Ruddock, his wife and two daughters are Trustees of the Ruddock Foundation for the Arts	Donation	40	-	-	-
The Metropolitan Museum of Art	Sir Paul Ruddock is a Trustee of the Metropolitan Museum of Art	Loan fees, grant expenses and trade sales	11	(46)	(7)	(1)
Sir Richard Lambert	Chairman of the Trustees of the British Museum	Diary Management	1	-	1	-
Shakespeare's Globe	Joanna Mackle (Deputy Director) is a Trustee of Shakespeare's Globe	Advertising income	2	-	-	-
Knowledge Quarter	Joanna Mackle (Deputy Director) is a Director of Knowledge Quarter	Subscription fee	-	(4)	-	-

A number of employees, trustees and their family members are members of the British Museum Friends and patrons of the Museum.

During the year, a total of £48k (2017/18: £117k) in donations was received from 9 Trustees (2017/18: 13).

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

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

19. CAPITAL COMMITMENTS

At the balance sheet date the value of capital commitments was £0.5m (2017/18: £0.7m).

20. PENSIONS

British Museum

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and

13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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.

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

For 2018/19 employer's contributions of £5.015m were payable to the PCSPS (2017/18: £5.032m) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018/19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £71.8k were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £2.6k, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

One individual retired early on ill-health grounds; the total additional accrued pension liability in the year amounted to £87.

Contributions due to the partnership pension providers at the balance sheet date were £0. Contributions prepaid at that date were £0.

*British Museum Company Limited*Defined Contribution Scheme

BMCo operates a defined contribution pension scheme for the benefit of the employees who commenced their employment after 1 January 2000. The assets of the scheme are self-administered in funds independent from those of the Company. The total employer's contributions to this scheme during the year were £104k (2017/18: £103k).

Defined Benefit Scheme

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

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

Actuarial valuation

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

As at 31 March 2017, the date of the last completed full actuarial valuation, the scheme had 102 members, and the market value of the scheme was £12,091,000. The actuarial value of those assets was sufficient to cover 53% of the benefits that had accrued to members, after allowing for expected future increases in earnings on a statutory funding objective basis. Current and future contributions reflect the deficiency.

With effect from 1 April 2015, a schedule of contributions was put in place to fund the scheme's defined benefits at the rate of 28.7% per annum of pensionable salary for scheme members together with a deficit reduction payment of £356k per annum from 1 April 2015 to 31 March 2021. With effect from 1 April 2018, these contributions have been increased to 44.0% per annum of pensionable salary for scheme members together with a deficit reduction payment of £677k per annum from 1 April 2018 to 31 March 2034.

Employer's pension contributions to the scheme during the year totalled £721k (2017/18: £384k). The company expects to contribute approximately £723k to its defined benefit pension scheme in the year ending 31 March 2020.

FRS 102 valuation

There are different ways of valuing a pension scheme. The valuation included in these accounts is based on the results of the last completed triennial actuarial valuation of the scheme as at 31 March 2017, updated to 31 March 2019 by an independent qualified actuary (Broadstone Corporate Benefits Limited) and adjusted to take account of the requirements of FRS 102.

In contrast with the requirement under the statutory funding objective basis that assumptions must be prudent, FRS 102 stipulates that the assumptions should lead to the best estimate of the future cash flows that will arise under the scheme liabilities. It also specifies that the discount rate should be based on the current rate of return on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

The amounts recognised in the balance sheet are as follows:

	2019	2018
	£000s	£000s
Fair value of scheme assets	13,003	12,489
Present value of scheme obligations	(25,989)	(25,230)
Defined benefit pension scheme liability	(12,986)	(12,741)

The amounts recognised in the SOFA are as follows:

	2019	2018
	£000s	£000s
Current service costs	46	48
Past service cost	26	–
Net interest costs	335	351
Total	407	399

Changes in the present value of the defined benefit obligation:

	2019	2018
	£000s	£000s
Opening value of defined benefit obligation	25,230	25,778
Current service cost	46	48
Interest cost	677	667
Actuarial loss/(gain) – effect of experience adjustment	101	(138)
Actuarial loss/(gain) – effect of changes in assumptions	281	(803)
Benefits paid	(296)	(322)
Past service cost	26	–
Liabilities extinguished on settlements	(76)	–
Closing value of defined benefit obligation	25,989	25,230

Changes in the fair value of the scheme assets:

	2019	2018
	£000s	£000s
Opening value of scheme assets	12,489	12,142
Interest income	342	316
Actuarial loss – return on scheme assets excluding interest	(177)	(31)
Contributions by employer	721	384
Benefits paid	(296)	(322)
Assets distributed on settlements	(76)	–
Closing value of scheme assets	13,003	12,489
Actual return on scheme assets	165	285

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

	2019	2018
Target Return Funds	81%	80%
Property	19%	19%
Insured Pensioner	–	1%

Employer-related assets

The value of the scheme's assets does not include any financial instruments issued by, or any property occupied by, or any other asset used by, BMCo.

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

	2019	2018
Discount rate at 31 March	2.5%	2.7%
Future salary increases	3.6%	3.5%
Future pension increases		
Pre 1 May 1991	3.0%	3.0%
1 May 1991 to 31 December 2001	5.0%	5.0%
1 January 2002 to 31 December 2007	3.6%	3.5%
Post 31 December 2007	2.4%	2.4%
Commutation allowance	25.0%	25.0%
RPI inflation	3.6%	3.5%
CPI inflation	2.6%	2.5%
Mortality – base table	S2PA	S2PA
Mortality – future improvements	CMI 2018	CMI 2016
	1.0%	1.0%
Life expectancy of male aged 60 now	85.8	86.5
Life expectancy of male aged 60 in 20 years	87.0	87.8
Life expectancy of female aged 60 now	87.9	88.5
Life expectancy of female aged 60 in 20 years	89.2	89.8

21. CONTINGENT LIABILITIES

The British Museum is currently contesting a case relating to the withdrawal of charitable relief against business rates on elements of the Bloomsbury site. The possible obligation is estimated at c. £1.3m. The hearing of the contested issues is expected within the 2019/20 financial year. The same liability was reported as at 31 March 2018 with an estimated obligation of c. £1.1m.

22. FINANCIAL INSTRUMENTS

Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 March 2019, together with net gains and losses for each classification.

Group	Measured	Measured at	Total
	at cost	fair value	
	£000s	£000s	£000s
Investments	–	87,875	87,875
Investment properties	–	22,306	22,306
Trade debtors	2,110	–	2,110
Current asset investments	9,796	–	9,796
Cash at bank and in hand	16,636	–	16,636
Trade creditors	1,928	–	1,928
	<u>30,470</u>	<u>110,181</u>	<u>140,651</u>

Financial risk management

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

Credit risk

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

Liquidity risk

Approximately 50% (2017/18: 51%) of the BM's income before transfers and revaluations is provided by grant-in-aid from the Department for Digital, Culture, Media and Sport. The BM's reserves policy is set out in the Annual Report. The Trustees believe that the level of liquid unrestricted reserves at year-end and careful planning based on expected funding levels allows the BM to be free from unacceptably high liquidity risks.

The BM monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. The BM holds highly liquid assets amounting to £26 million as at 31 March 2019 (2018: £30 million), which are comprised of cash at bank and in hand and current asset investments. The level of highly liquid assets held is regularly reviewed by senior management. The BM also mitigates its exposure to liquidity risk through the investment of £86 million (2017/18: £77 million) in funds that are readily realisable.

Market risk: interest rate risk

The BM's financial assets, excluding short term debtors and creditors, are made up of investments and cash. Information about the BM's investments is disclosed in the "Investments and financial risks" section of the Annual Report and at note 10.

Cash at bank and in hand and current asset investments are held in a variety of bank accounts, split between non-interest bearing, fixed rate and floating rate accounts as follows:

Currency	Floating rate £000s	Fixed rate £000s	Non-interest bearing £000s	2019 Total £000s	2018 Total £000s
Sterling	24,554	605	235	25,394	27,964
US \$	–	–	513	513	1,014
Euro and other	–	–	525	525	1,427
	<u>24,554</u>	<u>605</u>	<u>1,273</u>	<u>26,432</u>	<u>30,405</u>

The weighted average interest rate on fixed rate financial assets is 0.7% (2017/18: 0.5%) and the weighted average period of deposit is 121 days (2017/18: 121 days). The interest receivable on the floating rate deposits is at a variable rate determined by the BM's bankers.

Interest income for the year was 0.1% (2017/18: 0.1%) of the BM's income before transfers and revaluations and the BM does not hold any loans, so exposure to interest rate risk is minimal.

Market risk: foreign currency risk

The BM has very limited foreign currency risk, with only approximately 3% (2017/18: 5%) of the BM's financial assets denominated in currencies other than pounds sterling, the base currency for the BM's operations.

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

Currency	Value 2019 £000s	Value 2018 £000s
US\$	2,804	3,831
Euro	506	1,408
Other	19	19
	<u>3,329</u>	<u>5,258</u>

Market risk: other price risk

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

Concentration of exposure to other price risk

An analysis of the BM's investment portfolio is shown in note 10(a). Approximately half is held within the UK, with the majority of the overseas funds held in sterling.

23. POST BALANCE SHEET EVENTS

There were no reportable events between 31 March 2019 and the date the accounts were authorised for issue.

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

