

British Museum Trustees' and Accounting Officer's Annual Report and Foreword

The Trustees of the British Museum have pleasure in submitting their Annual Report and Financial Statements for the year ended 31 March 2002. Pages 1 to 40 and details of Trustees and Official Addresses set out in *Appendix 1* form the White Paper Account as audited by the Comptroller and Auditor General and laid before Parliament on 24 July 2002 numbered HC1153.

This Report gives a detailed review of the Museum's activities and major projects directed at fulfilling the Museum's purpose and aims and its published Plan for 2001/02. Whilst the report identifies success across a wide range of programmes and activities, attention must be drawn at the outset to the projected deficits. Addressing these and taking firm action to expunge them fully by 2004/05 sets Trustees and senior management a significant challenge during the next two years.

The British Museum

The British Museum is one of the most popular museums in the world, receiving 4.8 million visitors in 2001/02. It holds for the nation collections of antiquities, prints and drawings, ethnography, and coins and medals that are amongst the finest in the world. The collections derive from all continents and over 10,000 years of human history. They are housed in safety, conserved, curated, researched and exhibited. Responsibilities and activities flow from the custodianship both of the collections and of the building in which they are housed. The collections are exhibited for the visiting public in London and, more widely, through loans to other museums, both in the UK and abroad and through the Museum's websites. They are enhanced by means of purchases and gifts, through excavation and fieldwork undertaken by Museum staff. The Museum acts as an international centre for scholarly activity, making the collections available for research and discussion. It aims to fulfil its functions efficiently, effectively, economically and in a friendly and accessible manner.

Purpose

The British Museum exists to illuminate to present and future generations throughout the world the histories of cultures by preserving, presenting, enhancing and researching the unique national collections in its care.

Mission

To inspire and excite visitors and other users of the Museum, helping them to enjoy the collections to the fullest extent, through well-presented and serviced public galleries and reserves, world-class exhibitions, education programmes and publications and imaginative use of new technologies.

Aims

In order to fulfil its purpose and mission, the Museum's guiding aims are:

- openness - to illuminate the breadth and depth of the collections and to expose the cultural significance and context of the objects, through physical and electronic access in line with best practice for public information and participation
- learning and engagement - to offer a framework of understanding that is broadly coherent and comprehensible to the general public and provides orientation across culture, time and place
- research and understanding - to develop the quality, connectedness and future direction of the Museum's research through peer review, collaboration and publication, through access to the collection, library and archives and through conservation, security and acquisition
- public recognition - to shift and deepen public understanding of the Museum's local, national and international contributions and to strengthen and broaden income streams
- effectiveness - to develop the efficient use of the human, property, financial, and information resources and processes so that they perform on a par with best international practice within a clear framework of risk assurance, performance indicators, delegated authorities and shared priorities.

The Museum has five priorities for achieving these aims:

- continuous improvement in the quality of the general visitor's experience
- a deepening of the opportunities for the visitor to explore the collections
- enhancement and rationalisation of the Museum's estate and its fabric
- an upgrading of the facilities for curatorial endeavour
- close alignment between the Museum's curatorial objectives and its public programmes.

Organisation of the British Museum

The Trustees

The British Museum was founded by Act of Parliament in 1753 and is now governed in accordance with the British Museum Act 1963. General management and control are vested in a Board of 25 Trustees and are exercised through meetings of the Board and its specialised committees (listed in *Appendix 1*). One Trustee is appointed by the Sovereign, 15 are appointed by the Prime Minister, four are appointed by the Secretary of State for Culture, Media and Sport on nominations by learned societies, and five are elected by the Trustees themselves. Operations are conducted by a Management Board, on the basis of a Plan approved by the Board. The Board is chaired by the Accounting Officer and comprises other senior Museum officials. Under the terms of the 1963 Act, the Trustees are required to report triennially to Parliament on the Museum's activities, but have decided to fulfil this obligation on an annual basis.

Departments

The Museum comprises ten curatorial departments: Ancient Egypt and Sudan, Ancient Near East, Coins and Medals, Ethnography, Greek and Roman Antiquities, Japanese Antiquities, Mediaeval and Modern Europe, Oriental Antiquities, Prehistory and Early Europe and Prints and Drawings. In addition there are four other departments: Conservation & Scientific Research, Education, Libraries & Archives and New Media. Support is provided by the Directorates of Marketing and Public Affairs, Human Resources and Finance and by the Security and Buildings & Estates departments and a Secretariat. The staff number just over 1,000.

Housing the Collections

Custodianship of the Museum's collections and its main building is vested in the Trustees. The Museum's main site is at Bloomsbury. The Department of Ethnography is located with most of its collection at Burlington Gardens but plans to return to Bloomsbury in 2003/04. For some years two buildings in Hoxton, East London, have provided additional workshops and storage for the departments of Ethnography, Prehistory and Early Europe and Conservation & Scientific Research. Archaeological and general material has been stored at a property in Hammersmith shared between the British Museum, the Science Museum and the Victoria and Albert Museum.

Financing the Museum

The Museum is a Non-Departmental Public Body subject to a Financial Memorandum agreed with its sponsoring department, the Department for Culture, Media and Sport (DCMS). It is an exempt charity under schedule 2 of the Charities Act 1993. The Museum is funded by a combination of grant-in-aid allocated by DCMS and income secured through activities for which a charge is made, sponsorship and a range of commercial and fund-raising activities. Since its foundation, gifts have been received from private sources in the form of objects for the collections, buildings and financial support for the Museum's objectives. The Trust Funds established with financial donations are directed towards the general purposes of the Museum or towards specific areas of its activities in accordance with the wishes of the benefactors. A significant proportion of the funds is held as permanent endowments or in restricted funds; one fund is managed on the basis of custodian trusteeship. The Trustees' investment powers are governed by a Court order made under the Trustee Investment Act 1961 in 1983 and by the Trustee Act 2000.

The British Museum Company Ltd (BMCo), set up in 1973, is a limited company wholly owned by the Trustees and an exempt charity. It furthers the educational objectives of the Museum through publishing curatorial activities and research and acts as its main retailing and off-site trading arm. The British Museum Development Trust (BMDT), an exempt charitable trust, was set up by the Trustees in 1989 to support the aims of the Museum. Relunched in 1994, BMDT spearheads the Museum's sponsorship and donation fundraising efforts for all major development projects and administers the Corporate Partners, Patrons and Legacies schemes. The British Museum Great Court Ltd was set up in 2000 as a limited company wholly owned by the Trustees, to further the trading and income generating potential afforded by the Great Court development.

Support for the Museum

The work of the Museum is also supported by three 'friends' associations. The British Museum Friends furthers collecting, public services and conservation and services the needs of the Friends. The American Friends of the British Museum (AFBM) is committed to supporting the Museum's development, particularly by enhancing visibility and awareness as well as by raising funds for the Museum in the United States. The Society of Canadian Friends of the British Museum seeks to promote links between the British Museum and museums and interested groups in Canada. Some antiquities departments are also supported by groups of friends: the Caryatids (Greek and Roman Antiquities); the Friends of the Near East (Ancient Near East Antiquities); the Japanese Friends (Japanese Antiquities); and the Patrons of Old Master Drawings (Prints and Drawings).

Development Programme

The Great Court

Formally opened by Her Majesty the Queen on 6th December 2000, this magnificent development has invigorated the heart of the Museum. The concourse provides an orientation point for visitors to the Museum, a spectacular location and significantly improved visitor flow in the ground floor galleries. Its shops, cafes, restaurant and exhibition gallery enhance the visitor experience and provide valuable income to fund activities throughout the Museum. The Round Reading Room, with its inspiring interior, is a free public reference library with a wide range of books on subjects relating to the Museum's collections and on line access to a wealth of images and information on the collections.

The King's Library

The Museum intends to reopen the King's Library in 2003 in one of London's finest architectural settings. As the main project in the Museum's 250th anniversary celebration it will embody and explore the intellectual, aesthetic and cultural climate of the age of King George III after whom the room is named and whose reign marks the early development of the British Museum. The King's Library will provide an introduction to the Museum and its collections and will highlight the way that our understanding of human history has changed.

The Wellcome Gallery

2003 will also mark the opening of a new gallery funded by the Wellcome Trust. It will present a comparative anthropological view of notions of wellbeing from around the world. Studies from Papua New Guinea and the High Andes to the Nicobar Islands and the North West of America will show how people create and sustain communal health through celebration. Other displays will show how we all seek to maintain our wellbeing by protecting ourselves in various ways from misfortune.

Funding the Developments

The King's Library is being funded by donations from the Hon. Simon Sainsbury, the Wolfson Foundation, the Pidem Trust, the British Museum Friends, the Ellerman Foundation and the Heritage Lottery Fund.

The Wellcome Gallery and enabling works are funded by a £5.35 million donation from the Wellcome Trust.

Other Major Achievements in 2001/02

The following highlights bear witness to the diversity and wealth of the Museum's outputs:

Selected acquisitions

- the entire Wendorf collection of Nubian lithics, ceramics and burial remains
- modern European jewellery and Indian jewellery of the Mughal period
- the Jennings Dog: a marble statue of a seated Molassian Hound circa 2nd C AD, Roman
- the Biel throne: a wedge shaped marble Roman throne from the prohedria of the Panathenaic stadium at Athens, built by Herodes Attikos, 140-143 AD
- Anglo-Saxon seventh century silver gilt figure with suspension loop, wearing a cap and belted knee length trousers from Carlton Colville, Suffolk
- the Winchester Hoard: Late Iron Age gold jewellery consisting of two necklace torcs, two bracelets and two paired fibulae, one pair with connecting chain
- the Flannery Brooch: a gold fibula decorated with the figure of a naked warrior wearing a Celtic helmet and carrying a Celtic shield. Probably 3rd C BC
- an Iroquoian belt ladle of maple: the large handle formed from a squatting human holding a metal banded wood barrel to his lips, the bowl supported on a carved turtle. Probably 18th C or earlier
- the Milton Keynes hoard: 2 decorated gold neck torcs and three heavy gold bracelets together with their burial pot, Late Bronze Age, 1150-800BC
- a Mughal Nobleman visits two Sheiks: opaque water colour and gold on paper. Indian, late 17th Century
- the Foster Goblet: a documentary Queen Anne portrait goblet engraved by Felix Foster 1718
- the modern Chinese calligraphy collection of Gordon Barrass
- bronze trident on a stand and a bronze image of Samdandar. South India, 12th C
- finds from the Early Iron Age chariot burial at Wetwang
- 30 South Arabian sculptures from Yemen
- a gold and turquoise eagle brooch given by Prince Albert to one of Queen Victoria's bridesmaids in 1841
- a limestone funerary stela of the Scribe of the Army, Kenro
- sculptured limestone head from a statue of an old woman c2500-2181BC
- wooden shabti-figure made for King Amenhotep III, 1390-1352 BC
- four scarabs of the New Kingdom, 1560-1069 BC
- fragmentary papyrus inscribed in Demotic
- 385 silver and bronze coins of Alwar, Awadh, Chatrapur, Dha, Gwailior, Janjira, Jodhpur, Karauli, Mewar, Tonk, the Maratha Confederacy and the late Mughals
- silver drachm of Seleucus I, King of Syria, mint of Babylon
- 130 silver pennies and sterling imitations, deposited in Leconfield, Yorkshire c 1245
- 62 silver and 42 bronze coins found in Itteringham, Norfolk
- base-silver coins of Henry VIII and Edward VI deposited in Deal, Kent in 1549
- cast bronze medal of Sultan Mehmed II, Italian c 1460
- jewellery from Macedonia, Bulgaria, Turkey and possibly Serbia
- pen and ash drawings of Native artefacts from the Northwest Coast of America c. 1790
- embroidered chemise from Macedonia, late 19th/early 20th C
- 24 Japanese paintings and calligraphies mounted on six-fold screens 18th/19th Century
- portable shrine from late Edo period
- painted giant Japanese fan, 1893
- hanging scroll, mountain landscape, ink and colours on silk, Korea, early 16th Century
- modern Palestine: painting by Leila Shawa. Silkscreen on canvas
- fragment of Middle Bronze Age textile
- 6,000 flint artefacts

- roman silver rings and cosmetic sets found at Ittingham
- The Successful Painter: Andries Both (1612-1642)
- After Mass: Richard Newton
- Natura Morta a Grand Segni: Giorgio Morandi (1890-1964)
- Portrait of Elizabeth: Cecil Collins (1908-1989)
- 8 prints relating to James Joyce's Ulysses: Richard Hamilton
- the Inferno of Dante: 41 etchings by Michael Mazur

Major Touring Exhibitions

- Ancient Egypt
- Agatha Christie and the Middle East
- Cleopatra of Egypt: from History to Myth
- Eternal Egypt: Masterworks of Ancient Art

Major special exhibitions attracting 323,000 visitors

- Cleopatra of Egypt: from History to Myth
- Treasury of the World: Jewelled Arts of India in the Age of the Mughals
- Shinto: the Sacred Art of Ancient Japan
- Unknown Amazon: Culture in Nature in Ancient Brazil
- Agatha Christie and archaeology: Mystery in Mesopotamia

Website

- 829 objects and tours added to COMPASS
- object and gallery search functionality
- improved printing functionality
- additional departmental information, doubling the size of the website
- Childrens COMPASS
- e ticketing

Refurbished galleries

- Prehistory: Objects of Power - Rooms 36/37
- Understanding Ancient Egyptian Culture - Room 61
- Assyrian Sculpture from Nineveh - Room 6
- Early Mediaeval Europe - Room 41

Fieldwork and excavation

Directed and contributed to over 50 projects in:

- Chile; *Elizabeth Island*
- Egypt; *Upper Egyptian sites*
- Greenland
- India; *Vidisha*
- Japan; *Aomori City*
- Jordan; *Tell es-Saidiyeh*
- Mexico; *Islas de Sacrificios*
- Pakistan; *Bannu*
- Romania
- Turkey; *Knidos*
- USA; *New Mexico and Arizona*
- Vanuatu
- England; *Milton Keynes, Herne Bay, Winchester, Hoxne, Wetwang*

Publishing

- some 60 books including titles such as Ming Ceramics in the British Museum, Colour and Painting in Ancient Egypt, an Historical Atlas of the North Pacific Ocean: Maps of Discovery and Exploration and the Vikings Colouring Book
- 8 occasional papers on subjects ranging from Cleaning and Controversy: The Parthenon Sculptures 1811 – 1939 to Novgorod: the Archaeology of a Russian Mediaeval City and its Hinterland
- educational resource packs
- gallery guides
- trails and activities

Collaboration

- launch of Partnership UK for loans, exhibitions, and skills sharing with other UK museums
- content partner in on-line learning consortium Fathom.com
- launch of www.creswell-crags.org.uk with Derby Museum and Art Gallery and Creswell Heritage Trust
- loans of key objects for the National Trust's new visitor centre at Sutton Hoo,
- loan items contributed to the Unidentified Museum Object - a collaborative exhibition at the Henry Moore Foundation in Leeds
- contributions to the National Touring Exhibitions programme

Other highlights

- launch of the Diploma in Oriental Studies postgraduate course
- evening courses ranging from Arabic Calligraphy to Excavating the Bible
- nebuta (festival float) built on site by craftsmen from Aomori City, Japan

Management and Planning

The Board of Trustees agreed the Museum Plan covering the years 2000/01–2004/05 in March 2000. This redefined the Museum's Purpose – to illuminate world cultures for every generation – as a number of Museum wide aims. The Plan set priorities and management objectives under a structure of accountability, projects and programmes. It set out to integrate the strategies and activities of the Museum.

In early 2001, the Plan was further defined for 2001/02 to 2003/04 and set out an ambitious programme of developments from the period immediately following the opening of the Great Court through to the Museum's 250th anniversary in 2003 and to lay the foundations for the major developments beyond.

It was organised around the five aims and key commitments to: Openness, Learning and Engagement, Research and Understanding, Public Recognition and Effectiveness. The first three describe the Museum's fundamental purposes and move from breadth to depth of outcome. The fourth will ensure the continuation and growth of support. The final aim covers the management of people, processes, resources and risks to enable the other aims to be achieved. The Plan established Museum objectives cascading to departmental and personal objectives with the following key initiatives:

- development of the King's Library and the Wellcome Gallery
- an extensive public programme
- creation of the virtual museum
- investment in people, infrastructure and the care of the collections
- development of a Study Centre to widen and deepen public access.

In May 2001 Trustees approved this refined Plan in principle. However, in September 2001 the Trustees determined that cost reduction actions needed to be taken to address the Museum's financial deficit. As a result, the decision was taken not to proceed with the Study Centre project and to scale back other initiatives set out in the plan. In November 2001 Trustees agreed the short-term actions necessary to reduce the deficits projected for 2002/03 and 2003/04 and identified the quantum of savings required for subsequent years in order to eliminate the deficit projected for 2004/05 and beyond. In April 2002 Trustees agreed further actions to achieve these subsequent savings while containing risks to core aims and commitments. Although this will require the loss of some 150 posts in the Museum and further scaling back of the programme, the thrust of the plan, apart from the Study Centre, is unchanged. Actions that are key to the achievement of the plan are: early return of Ethnography, Prehistory and Early Europe and the British Museum Development Trust to the Great Russell Street site, sale of surplus properties, efficient management of resources, securing closer alignment of the public and curatorial programmes and ensuring full funding of all new projects.

Investment Management

It is the Trustees' policy to invest the Museum's Trust Funds so as to maximise the income earned on the funds while maintaining the capital value in real terms. The decline in the equity markets prevented the aim of maintaining capital value from being achieved in 2001/02: the Trust Funds' investments experienced a capital loss of 1.7% while generating income of 3.4%. By 30 June 2002 their capital value had fallen by a further 7.5%.

Report and basis of Preparation of Financial Statements

The Report and Financial Statements follow the form directed by the Secretary of State with the consent of the Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992; in essence to meet the requirements of the accounting standards issued by the Accounting Standards Board and the Statement of Recommended Practice *Accounting for Charities* (SORP) in so far as those requirements are appropriate.

Corporate Governance

The Board

The governing body is the Board of Trustees whose members are appointed for fixed terms of service and are listed in *Appendix 1*. They are non-executive and unpaid. The Board meets regularly to lead and control the Museum. Matters for the Board's decision and the respective responsibilities of the Board and Management are clearly defined. The Board has access to independent financial advice and the Secretary ensures that Board procedures are followed.

The Board:

- appoints the Director, subject to the approval of the Prime Minister. It also determines the contract of employment and the Remuneration Committee reviews the Director's remuneration annually
- seeks to give a full account of the Museum's affairs in this Report and Financial Statements which it publishes annually
- takes due cognisance of the Financial Memorandum agreed with the DCMS and of the Three Year Funding Agreement
- establishes policies and strategy covering the major aspects of the Museum's work
- agrees the Plan drawn up by management to fulfil the policies
- monitors the achievement of the Plan.

The Accounting Officer

Mr C. Jones has been the designated Accounting Officer since 31 December 2001. Prior to that date Ms. S. Taverne was the Accounting Officer. It is expected that Mr N. MacGregor will become Accounting Officer on arrival as Director in August 2002. The Accounting Officer is responsible under the Board for the overall organisation, management and staffing of the Museum and its procedures in financial and other matters, including conduct and discipline. The Accounting Officer is responsible to Parliament and to the Accounting Officer of DCMS for resources under his or her control. The essence of the role of Accounting Officer is a personal responsibility for the propriety and regularity of the public finances for which he or she is answerable, for the keeping of proper accounts, for prudent and economic administration, for the avoidance of waste and extravagance and for the efficient and effective use of all resources under his or her charge. The Accounting Officer has a responsibility to see that appropriate advice is offered to the Board on all these matters. These include the provision of assurances contained in the Report and Financial Statements.

Internal Control

Both the Board and the Accounting Officer have ultimate responsibility for the system of internal control applied at the Museum. The system employed is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has formally adopted a schedule of matters which are reserved for its decision so as to ensure that effective control is maintained over appropriate strategic, financial, organisational and compliance issues. In relation to non-reserved matters it is assisted by a number of committees with delegation of authority. Established regular procedures, including budgetary controls, operate to monitor the receipt of income and both capital and revenue expenditure. The Finance and Planning Committee regularly reviews them.

The Audit and Governance Committee receives and reviews reports from management and the internal auditors in relation to internal control matters and reviews with the external auditors the findings from their audit of the Museum's financial statements. The Audit and Governance Committee reports to the full Board and all members of the Board have the right to receive papers and attend meetings.

Going Concern

The British Museum receives grant-in-aid from the Department for Culture, Media and Sport. The Department has confirmed the level of funding it will make available for the year ending 31 March 2003 and that it will continue to provide funding for the following year. It is the budgetary policy of the Board to maintain adequate reserves, to budget over a period of years so as to balance income with expenditure and to fund capital expenditure in full, so that the Museum is able to present a continuing programme of work consistent with its aims and resources.

The Museum's May 2001 Plan was consistent with stated Government objectives in relation to museums but could only be delivered with some £3m per annum additional funding from Government or other sources. The assumption that this could be secured proved overly optimistic. The reduction in income suffered by the Museum in 2001 as a result of reduced visitor numbers in the wake of the foot and mouth epidemic and the events of 11 September 2001 has since increased the shortfall. Funding is consequently insufficient to enable the Museum to deliver its May 2001 Plan and, accordingly, immediate cost reduction actions were implemented in Autumn 2001 to reduce the Museum's financial deficit. Further cost reduction actions are being implemented to eradicate the deficit projected for 2004/05 and beyond. These actions will ensure compliance with the Board's budgetary policy and rebuilding of reserves. Accordingly, the Trustees consider it appropriate to prepare the Museum's financial statements on the going concern basis.

Payment of Creditors

The Museum adheres to the Government's code on bill paying, by aiming to settle bills within 30 days or by the due date. During the year the Museum paid 72% of its invoices within the target of 30 days. This is a 5% increase on the previous year and marks further significant progress towards the target.

Connected Entities

The British Museum Company Ltd, a registered company wholly owned by the Trustees, is an exempt charity that, with its subsidiary BM Ventures Ltd, acts as the Museum's main trading and publishing arm. It is separately administered and a majority of its Directors are Trustees of the Museum (a list of Directors is set out in *Appendix 1*). The company made an operating profit of £333,000 in 2001/02 (an operating loss of £343,000 in 2000/01) and made a Gift Aid donation of £267,000 to the Museum.

The British Museum (Great Court) Ltd, a registered company wholly owned by the Trustees, acts as the Museum's trading arm for catering and other income generating activities other than retailing, within the Museum. Its Directors are senior employees of the Museum (a list of Directors is set out in *Appendix 1*). During the year the company made an operating profit of £885,000 (£197,000 in 2000/01) and made a Gift Aid donation of £913,000 to the Museum.

The British Museum Development Trust (BMDT), an exempt charitable trust, acts as the Museum's fundraising arm. It is separately administered and a majority of its Trustees are Trustees of the Museum. During the year, BMDT raised £4,329,000 for the Museum (£3,939,000 in 2000/01) and the Museum made a grant to the Trust of £812,000. A list of the BMDT Trustees can be found in *Appendix 1*.

The American Friends of the British Museum (AFBM) is incorporated for charitable purposes in New York. It is independent of the Museum and a majority of its Board Members are not Trustees or senior employees of the Museum or of the BMDT. During the year it made grants of £2,128,000 to the Museum.

British Museum Friends is a registered charitable trust. It is separately administered and independent of the Museum and a majority of its Council are not Trustees or senior employees of the Museum or of other connected entities. During the year it made grants of £411,000 to the Museum.

Trustees and Senior Staff Transactions 2001/02

Mr. Tom Phillips, a Trustee, was commissioned by the Board to paint the portrait of the retiring director. Mrs Henrietta McCall, the wife of a Trustee, Mr Christopher McCall, was employed by the Museum for 13 months to April 2002 to curate the exhibition Agatha Christie: mystery and archaeology in Mesopotamia. None of the Trustees, members of key management, staff or persons connected with them has otherwise undertaken any material transactions with the Museum in 2001/02.

Staff Policies

The British Museum endeavours to safeguard the quality of its work by ensuring staff of the highest calibre are recruited, that they are well trained, well managed and work in an environment in which they can give of their best.

The Museum Management Board meets regularly to identify and examine policy options, to monitor performance and develop major reports for the Board, through the Accounting Officer and the Director. Action notes for this Board and the major Management Committees are disseminated rapidly to relevant staff.

Director's meetings, which follow Trustees' Board Meetings, act as the initial step in informal team briefings along departmental lines for the dissemination of Trustees and Management Board decisions. A defined system of management and union consultation allows matters raised by staff to be aired; employees are encouraged to discuss with their representatives any matters about which they are concerned and factors affecting the Museum.

The Museum Plan, normally revised annually, is distributed to all departments. The joint staff/management Forum addresses issues of common concern. Employees are encouraged to propose suggestions aimed at improving the Museum's performance. The Accounting Officer held a series of open meetings with staff in the course of developing proposals for addressing the deficit.

The British Museum is an equal opportunities employer. It recruits people based on merit and seeks to recruit from the diverse communities in London and nationally. It has policies on the recruitment, employment and development of staff regardless of their gender, ethnicity, sexual orientation or disability. The Museum also has policies to adjust work or the environment if appropriate when a person's circumstances or abilities change.

The Health and Safety Office has maintained a high level of performance and awareness in the organisation and during the year achieved further significant improvements in health and safety practice and training.

A confidential employee assistance programme, offering independent professional help on practical or personal issues, is available to all staff.

Financial Review 2001/02

Results

The consolidated income and expenditure account shows an operating surplus of £3,460,000 before exceptional items in 2001/02 against a deficit of £3,051,000 in 2000/01. These results are not comparable, due to the application of proceeds from sale of investment properties to fund essential capital expenditure in 2001/02. Such capital expenditure would otherwise have had to be funded from revenue income, thereby contributing to a deficit. The results are restated on a like for like basis below:

	2001/02 £	2000/01 £
Reported surplus/(deficit)	3,460,000	(3,051,000)
less, property proceeds applied to capital	<u>(4,602,000)</u>	<u>nil</u>
Restated deficit	(1,142,000)	(3,051,000)

The reduction in the restated deficit from 2000/01 to 2001/02 was achieved through cost reduction measures put in place in November 2001, including recruitment restrictions, scheduled closure of some galleries, tighter constraints on capital expenditure and accelerated income generation plans, aided by improved VAT recovery under the new Section 33A arrangements.

These actions alone, however, are insufficient to eradicate the underlying deficit, which is projected to rise to £5m by 2004/05. The Museum is restructuring to reduce and eradicate this deficit, at a budgeted cost of £10m. To finance the restructuring the Museum's unrestricted reserves are being increased by:

- (i) as described above for 2001/02 and with the agreement of Treasury and DCMS, applying £14m investment property proceeds towards essential capital expenditure which would otherwise have been funded from revenue. This will be phased over the three years 2001/02 to 2003/04
- (ii) transfers from other reserves, specifically release of a reserve previously held to underwrite the Great Court development.

At 31 March 2002 the Museum's unrestricted revenue reserves stood at £12.8m.

Financial Objectives

The Museum's financial objectives should not change significantly from year to year and they should provide a useful and constant yardstick to assess performance. The Museum fulfils its charitable objectives by offering advice, services and goods to a freely admitted public, to scholars and researchers and to fellow museums and galleries in the UK and around the world. Increasingly, the Museum charges for these services while upholding the principle and practice of free general access. While most indicators of our successful output will remain non-financial, it is possible to state financial objectives that measure the fulfilment of our objectives. These are to:

- invest adequately in curatorial research, teaching, publications and exhibition
- devote sufficient resources to widening access through education and other initiatives
- achieve reasonable returns from services for which the Museum charges
- maximise the profitability of the Museum's trading activities
- raise high amounts of sponsorship and donations
- demonstrate good value for money
- restore and then sustain the real value of the grant
- raise sufficient resources (a) for property developments in hand, and (b) to remedy the backlog of insufficient maintenance of the fabric and services
- secure the future solvency of the Museum by ensuring adequate assured funding for all elements of the Museum's forward programme.

The following paragraphs review the extent of achievements under these headings.

Investment in Curatorial Work

Sponsored development of the highly successful COMPASS and Ancient Civilisations websites and investment in major exhibitions were the main contributors to a 12% increase in expenditure on curatorial functions to £27,509,000 in 2001/02. Following the completion of two major new galleries in 2000/01 there was less requirement for capital expenditure on permanent exhibitions, which reduced from £3,931,000 in 2000/01 to £2,556,000 in 2001/02. This expenditure was primarily on early work for the Kings Library and Wellcome Gallery.

The generosity of donors and recognition of the international status of the Museum are shown by a further increase in the value of acquisitions, from £9,725,000 in 2000/01 to £17,847,000 in 2001/02. 80% of the acquisitions by value were directly gifted to the Museum, 14% were funded by donations, 3% were funded from the Museum's Trust Funds and 3% were funded by the Museum.

Public Access and Education

Spending on services to visitors rose by 4% from £18,193,000 to £18,962,000 in the first full year of operation of the Great Court.

Income from Services

The success of the exhibition *Cleopatra of Egypt: from History to Myth* led to income from activities within our charitable objectives, predominantly restricted donations and exhibition & loan fees, increasing from £4,449,000 in 2000/01 to £6,017,000 in 2001/02.

Commercial Trading

Commercial development of a range of appropriate trading opportunities afforded by the Great Court resulted in an increase in profits on commercial trading from £315,000 in 2000/01 to £625,000 in 2001/02. This was on a 35% increase in turnover to £15,564,000. These results would undoubtedly have been considerably better had trading not been depressed by the impact of world events on international tourism. We expect to secure substantial growth in this income stream over the next two years.

Donations, Sponsorship and Legacies

Income from unrestricted donations, legacies and sponsorship improved by 35% to £2,411,000. This was directed towards acquisitions, maintaining opening hours and free access for visitors to the Museum.

Capital donations

The Museum has largely had to rely on donors to finance new capital developments and completion of the Great Court marked the end of one spectacular expression of generosity. The British Museum Development Trust has, nonetheless, secured new pledges of £1,936,000 over the last year towards continuing to develop the physical and virtual assets of the Museum.

Grant

The Museum's grant-in-aid from the Department for Culture, Media and Sport increased by 2.95% from 2000/01, to £35,969,000 in 2001/02. After allowing for the benefit of recent VAT changes, this is still £9m less in current prices than the comparable grant-in-aid, British Library rent and National Museums and Galleries Improvement Fund funding received in 1994/95. We will continue to press our case for the real increases necessary to fund the initiatives which are central to both our and the Government's agendas and to make inroads into the backlog of under-investment in the infrastructure of the Museum.

Reserves

The Museum's total reserves at 31 March 2002 were £378,003,000 (as shown in note 15 to the accounts). Its free reserves are represented by the unrestricted revenue reserves within this total:

	31 March 2002 £m	31 March 2001 £m
Total reserves	378.0	352.4
less permanent endowment funds	(10.8)	(9.9)
less capital funds tied up in or designated for land, buildings and other fixed assets	(344.3)	(327.7)
less restricted revenue funds	(7.7)	(6.8)
less funds required for working capital in subsidiaries	<u>(2.4)</u>	<u>(2.7)</u>
Unrestricted revenue reserves	12.8	5.3

The increase in free reserves from £5.3m to £12.8m over the year came from release of a £7.2m underwriting reserve for the Great Court and the use of £4.6m investment property sales proceeds to fund essential capital expenditure (which would otherwise have contributed to the Museum's operating loss for the year), less recognition of the British Library's £3.5m beneficial interest in the Shaw Fund.

The Board of Trustees has agreed cost reduction plans to eradicate a deficit that would otherwise rise to some £5m per year from 2004/05. The £12.8m reserves will finance the restructuring required to achieve these plans, which are budgeted at £10m. The Board has designated £6m of the unrestricted revenue reserves towards this. It is the Board's policy that unrestricted revenue reserves should not fall below £2m. This policy will be sustained by continuing to fund essential capital expenditure for 2002/03 and 2003/04 from the investment property sales proceeds.

Capital Resources

Capital expenditure on the basic fabric, plant and equipment of the Museum was contained at £3,573,000 in 2001/02.

Accounting Policies and Practices

The Museum is complying with the requirements of the Charities SORP, whilst stressing the view that the Income and Expenditure Account, taken together with the Statement of Funds in note 15, continues to provide the clearest expression of its accountability as an organisation providing services to the public. The related Statement of Financial Activities blends capital and revenue items, when the Museum is accountable for them separately to a large degree, and it obscures the value attributable to each year of donations and sponsorship. The Museum is complying with Accounting Standards Board requirements to capitalise the value of all new acquisitions to the collection from 1 April 2001. The Museum is not required to capitalise the value of the existing collection and has not sought to do so.

Funding Agreement

The Three Year Funding Agreement between the Museum and the Department for Culture, Media and Sport establishes key corporate targets for the Museum. These targets for 2001/02 and the actual performance achieved against each of them are set out below.

Performance Indicator	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Target	2001-02 Actual
Openness					
no. of visitors:	4,488,065	4,368,430	4,589,000	4,300,000	4,813,000
no. of repeat visitors:	1,884,987	1,834,740	1,973,000	1,849,000	2,070,000
no. of child visitors:	673,000	655,000	900,000	850,000	951,000
no. of over 60's visitors:	329,791	305,571	321,000	301,000	337,000
% time open (museum):	57%	57%	69%	69%	69%
no. of web site visits:	754,000	1,750,000	3,900,000	4,000,000	4,491,000
% of display collection internet-accessible:	0%	6%	7%	12.5%	8%
no. of Greater London visitors:	448,000	480,000	920,000	860,000	963,000
% of visitors very satisfied:	61%	59%	71%	71%	75%
Learning and Engagement					
on-site learners:	270,000	287,000	238,350	240,000	245,000
outreach learners:	n/a	n/a	2,700,000	2,800,000	3,234,000
no. of British loan venues:	184	154	83	80	86
no. of foreign loan venues:	154	84	88	70	89
special exhibition visitors:	161,500	260,000	197,157	150,000	324,000
off-site visitors UK:	n/a	n/a	75,580	90,000	121,000
membership numbers:	12,250	12,750	13,600	13,600	14,364
Research and Understanding					
% of collection stored at correct environmental conditions:	65%	68%	70%	70%	71%
% of collection documented to stated international electronic standards:	27%	28%	28%	55%	31.2%
no. of Treasure Act cases processed:	167	207	349	350	397
Public Recognition					
no. of international visitors to the Museum:	n/a	n/a	2,800,000	2,365,000	2,647,000
no. of visitors to international exhibitions:	n/a	n/a	748,000	500,000	563,000
no. of major gallery & exhibition sponsorships:	n/a	n/a	4	4	4
no. of diplomatic/ministerial visits to the Museum:	n/a	n/a	34	45	50
growth in income per visitor:	n/a	10%	13%	34%	36%
Effectiveness					
G-I-A per visitor (actual and virtual):	£6.47	£5.67	£3.76	£3.93	£3.60
average days lost sick per employee:	14	10	9	8.5	8.8

Openness

Nearly all performance targets were exceeded. The numbers of visitors coming to see the physical collection increased by 4.9%, despite the reduction in the international tourism market. The number of visitors to the Museum's growing virtual collection through its websites rose by 15%. The quality of the experience continues to be confirmed by 71% of visitors describing themselves as very satisfied with their visits.

The number of collection items accessible to the public on the COMPASS website increased by 21% in absolute numbers over the year, in line with the increase required by the performance target. However, the target is calculated as the number of items divided by the size of the display collection. As this has been reassessed as 60% higher than previously assumed for this purpose, the actual percentage reported for the indicator has reduced significantly. Prior year figures have been restated against the larger base.

Learning and Engagement

The number of on-site learners has increased with the full opening of the Clore and Ford Centres' lecture and schools facilities.

The number of off-site learners is well ahead of target, due to the success of the Ancient Civilisations websites as teaching and learning tools

The loan programme to share the depth of the Museum's collection with its regional and international partners and their visitors has developed through improved collaboration and recognition of how we can complement our partners' strengths. Over 2,500 items were loaned in total.

Special exhibition visitors numbers reflected the benefits of strong themed, well planned and accessible exhibitions while growth in the number of British Museum Friends demonstrates the breadth of their programme and their warm relationship with the Museum.

Research and Understanding

Care of the collection stands as the Museum's prime purpose, so it is encouraging to report a small further improvement in the quality of the storage facilities, despite capital cuts and conservation economies.

Easy access by researchers to information on the collection also lies at the heart of the Museum's purpose. The number of collection items whose core registration details are recorded on the MERLIN collection database increased by 11% in absolute numbers over the year, well ahead of the 2% implicit in the performance target. However, the performance target is calculated as this number divided by the size of the total collection. As this has been reassessed as larger than previously assumed for this purpose, the actual percentage reported for the indicator has reduced significantly. Prior year figures have been recalculated against the larger base.

The Museum has a statutory role in the operation of the Treasure Act and in 2001/02 curators processed almost twice as many finds as two years earlier.

Public Recognition

All targets were exceeded and international recognition of the British Museum is amply demonstrated by the number of foreign visitors to the Museum, the number visiting its foreign touring exhibitions and the number of ministerial and diplomatic visits to the Museum in London. The Museum makes a significant contribution to international diplomacy, not only through hosting formal VIP visits to its premises but also through the less publicised professional cultural links sustained by its curators, often with colleagues in countries which are otherwise diplomatically isolated.

36% growth in income per visitor is slightly better than planned and indicates the success of the Great Court trading facilities and continued generosity of visitors' donations.

Effectiveness

Grant-in-Aid per visitor displays a further reduction. As a crude indicator of the cost/benefit to the Government of its annual investment in the Museum, both in absolute terms and in comparison with other national museums and galleries this demonstrates the Museum's cost effectiveness.

The average sick leave reported per person continues to decrease each year, although it did not quite achieve the 2001/02 target.

Future

The Museum has met most of its performance targets, although at the expense of recruitment restrictions, scheduled closure of some galleries, an increasing backlog of capital investment and depletion of its reserves. The future of the Museum depends on its success in progressing towards its five aims of openness, learning and engagement, research and understanding, public recognition, and effectiveness. The immediate priorities for Trustees and senior management for ensuring such progress are:

- to implement the cost reduction and revenue improvements necessary to eradicate the deficit
- to establish close alignment between the objectives and plans of all the constituent parts of the museum
- to provide the leadership essential to moving the Museum forward from the uncertainty of the deficit situation to an assured and stimulating future
- to ensure that there are sound resource estimates for all new projects and plans and to secure assured funding of those resources
- to continue to increase the level of self-generated income and press the Museum's case for restoration of the real value of the grant-in-aid.

C Jones Accounting Officer

J Boyd Trustee

D Lindsell Trustee

18th July 2002

Statement of Trustees' and Accounting Officer's Responsibilities

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

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

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply them on a consistent basis
- make judgements and estimates that are reasonable and prudent
- 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 the going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport designated Christopher Jones as the Accounting Officer for the Museum, with effect from 1 January 2002. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Government Accounting.

C Jones Accounting Officer

J Boyd Trustee

D Lindsell Trustee

18th July 2002

Statement on the System of Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the British Museum's objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting and for ensuring compliance with the requirements of the British Museum's Financial Memorandum.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Museum's objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2002 and up to the date of approval of the annual report and accounts and accords with Treasury guidance. I expect to have full compliance by 31 March 2003. This takes account of the time needed to fully embed the processes that the Museum has established and to improve their robustness.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The system of control is based on a framework of management processes including corporate policies, regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Museum has established the following processes:

- a Trustees Board and Committee structure with defined responsibilities and code of conduct of business:
 - the Board of Trustees meets to consider the plans and strategic direction of the Museum;
 - the Trustees' Audit and Governance Committee meets on behalf of the Trustees for the specific purposes of reviewing our internal controls, reviewing our external reporting and reviewing the relationship with the external auditors;
 - the Trustees' Finance and Planning Committee meets on behalf of the Trustees to review and make recommendations to the Board on the coherence and financial viability of plans, the management of the Museum's finances, estate decisions and the administration of investments;
 - a Chairman's Committee was established in December 2000 having as its principal function to date the progression of plans to eliminate the deficit;

- a Management Board and Committee structure with defined responsibilities:
 - the Museum Management Board, chaired by the Accounting Officer, meets fortnightly to develop plans and policies on behalf of the Board of Trustees and to implement the plans and policies within the Museum;
 - the Planning Committee, also chaired by the Accounting Officer, meets fortnightly to review the Museum's planned programme of activities and ensure the application of formal project disciplines to all of its elements;
 - the exhibitions forum, the e-strategy forum, the IS strategy forum, the publications forum and the buildings forum are responsible for selecting and promoting to the Planning Committee individual projects for inclusion in the Museum's plan;

- a set of policies agreed by the Board of Trustees and a set of procedural guidelines agreed by the Management Board:
 - policies on security, health and safety, acquisitions, display, documentation storage and conservation, loans, ethics, public policy, risk management and a code of conduct for staff;
 - procedures on fraud and whistleblowing;
 - appropriate capital investment and project control disciplines;
 - appropriate procurement policies and practice guidelines;
 - appropriate human resource and financial policies guidelines;
 - an acquisitions approval process;

- a risk management process to recognise and register key risks to the fulfilment of the Museum's objectives, which is maintained and reviewed by the Management Board and updated by a process of ongoing assessment:
 - one-to-one interviews held with departmental managers to identify the risks to achievement of their plans and the control processes which manage those risks;
 - risk analysis embedded as a component of the formal gateway process for project control;
 - implementation of a robust prioritisation methodology based on risk ranking;
 - establishment of key performance indicators and regular reporting of performance against targets to the Management Board and the Board of Trustees;
 - strict controls and procedures are in place covering project and revenue expenditure that can be incurred by managers and staff on behalf of the Museum;
- a financial reporting and monitoring process that informs management and Trustees on a timely basis:
 - a comprehensive budgeting system with annual budgets reviewed and agreed by the Board of Trustees;
 - preparation of regular financial reports of income and expenditure against forecasts for the Management Board and the Board of Trustees;
- an internal audit function whose regular reports to the Audit and Governance Committee and to the Accounting Officer, to standards defined in the Government Internal Audit manual, include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Museum's systems of internal control together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, by the executive managers within the Museum who have responsibility for the development and maintenance of the financial control framework, and by comments made by the external auditors in their management letter and other reports.

Over the course of the year I have reported on my review to the Audit and Governance Committee and the Chairman's Committee and have discussed with these Committees the effectiveness of the systems of internal control and issues arising from the work of the internal and external auditors. And in producing this statement, I have reviewed, and again discussed with the Audit and Governance, the following:

- the results of the stewardship reporting process through which cost centre budget holders confirm compliance with their delegated responsibilities;
- the results of consideration of risks and risk management by the Management Board;
- the scope, authority and resourcing of internal audit and the internal audit Annual Assurance report.

Taken together these reports indicate:

- recognition of their delegated responsibilities and compliance with policies and procedures by managers as a whole;
- the system of risk review and management has been embedded within the Museum;
- a comprehensive framework for assurance has been established;
- a generally reducing number of control weaknesses encountered by internal audit
- weaknesses that are identified by internal audit are being addressed;
- a number of high risks to achievement of the Museum's objectives during the current period of change.

In the coming year the Museum intends to develop its internal control processes further through, for example:

- preparing departmental business continuity plans;
- targeted management training in policies and practice guidelines;
- arranging a facilitated workshop on the management of risks.

In my view, the information received was sufficient to enable me to review the effectiveness of the Museum's system of internal control in accordance with the relevant recommendations of the Turnbull Committee.

C Jones Accounting Officer 18th July 2002

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 22 to 40 under the Museums and Galleries Act 1992. These financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 27 and 28.

Respective responsibilities of the Trustees, the Accounting Officer and Auditor

As described on page 17, the Trustees and the Accounting Officer of the British Museum are responsible for the preparation of financial statements and for ensuring the regularity of financial transactions. The Trustees and the Accounting Officer are also responsible for the preparation of the Annual Report and Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Museums and Galleries Act 1992 and directions made by the Secretary of State for Culture, Media and Sport thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities that govern them. I also report, if in my opinion, the Annual Report and Foreword on pages 1 to 16 is not consistent with the financial statements, if the British Museum has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 18 and 19 reflects the British Museum's compliance with the Treasury's guidance 'Corporate Governance: statement on the system of internal control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of opinion

I conducted my audit in accordance with the United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the British Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the British Museum and the Group at 31st March 2002 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended and have been properly prepared in accordance with the Museums and Galleries Act 1992 and with the directions made thereunder by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure, income and resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn

Comptroller and Auditor General
23 July 2002
National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

British Museum Consolidated Income and Expenditure Account

For the year ended 31 March 2002

	Notes	2002 £000s	2001 £000s
Income			
Donations, legacies and Core Funding			
Grant-in-aid	2	35,969	34,939
Donations and legacies		1,328	1,328
Activities in the furtherance of the Charity's objectives	8	6,017	4,449
Activities for Generating Funds			
Sponsorship		1,083	453
Commercial Trading Activities	10(c)	15,564	11,509
Investment income and rent receivable	3	1,785	2,969
Less Income allocated to Capital Expenditure		(493)	(7,326)
		<u>61,253</u>	<u>48,321</u>
Expenditure			
Costs in furtherance of the Charity's Objectives		49,221	44,805
Costs of Generating Funds			
Fund raising and publicity		708	946
Commercial Trading Activities	10(c)	14,939	11,194
Investment Management Costs		17	48
Management and administration of the charity		362	549
Less depreciation allocated to Capital Funds		(7,454)	(6,170)
	5(b)	<u>57,793</u>	<u>51,372</u>
Surplus/(deficit) before loss on investments and exceptional item	5(c) *	3,460	(3,051)
Losses on investments	5(d)	(141)	(350)
Exceptional Item: Split of Shaw Fund	15	(3,458)	0
Deficit for the year		<u>(139)</u>	<u>(3,401)</u>
Transfers from:			
Restricted Capital Funds		455	(876)
Designated Capital Funds		6,948	0
Surplus for the year after transfers		<u>7,264</u>	<u>(4,277)</u>
Deferred Restricted Income		792	(301)
Revenue Reserves at 1 April 2001		14,882	19,460
Revenue Reserves at 1 April 2002:	15	<u><u>22,938</u></u>	<u><u>14,882</u></u>

* The surplus of £3,460,000 in 2002 is not comparable to the deficit of £3,051,000 in 2001. The Museum must build up its revenue reserves to fund restructuring and eliminate a projected deficit of £5m in 2004/2005. DCMS and HM Treasury have consequently authorised the £14,025,000 proceeds from the sale of the investment estate to be applied to designated capital expenditure over a three year period. £4,602,000 was allocated for this purpose in 2002. Without such an agreement the Consolidated Income and Expenditure Account would have shown that the Museum had funded £5,095,000 of capital spend from income and had an operating deficit of £1,142,000.

The above figures do not reflect the exceptional adjustment, an increase in value of £9,731,000 arising from a revaluation of the Museum's fixed assets at 31 March 2002 (2001, a reduction in value of £63,017,000) as it is charged against capital funds and has no impact on the Museum's operating costs.

Full details are given in Note 7(c).

The notes on pages 27 to 40 form part of these accounts
All amounts relate to continuing operations

British Museum Consolidated Statement of Financial Activities

For the year ended 31 March 2002

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Permanent Endowment Funds £000s	Total 2002 £000s	Total 2001 £000s
Incoming Resources						
Donations, legacies and Core Funding						
Grant-in-aid	2	35,969	0	0	35,969	34,939
Donations and legacies		1,317	21,050	1,090	23,457	30,422
Activities in the furtherance of the Charity's objectives		4,085	2,853	0	6,938	4,449
Activities for Generating Funds						
Sponsorship		30	887	0	917	738
Commercial Trading Activities	10(c)	15,564	0	0	15,564	11,509
Investment income and rent receivable	3	1,789	257	0	2,046	3,968
		<u>58,754</u>	<u>25,047</u>	<u>1,090</u>	<u>84,891</u>	<u>86,025</u>
Resources Expended						
Costs in furtherance of the Charity's Objectives		45,334	3,887	0	49,221	54,530
Costs of Generating Funds						
Fund raising and publicity		708	0	0	708	946
Commercial Trading Activities	10(c)	14,939	0	0	14,939	11,194
Investment Management Costs		9	8	0	17	48
Management and administration of the charity		353	9	0	362	549
	5(a)	<u>61,343</u>	<u>3,904</u>	<u>0</u>	<u>65,247</u>	<u>67,267</u>
Net incoming resources-surplus	5(c)	(2,589)	21,143	1,090	19,644	18,758
Notional Costs						
Cost of capital	6	12,749	0	0	12,749	14,046
Net incoming/(outgoing) resources after notional costs		(15,338)	21,143	1,090	6,895	4,712
Reversal of notional costs		12,749	0	0	12,749	14,046
Net incoming resource-surplus	4	(2,589)	21,143	1,090	19,644	18,758
Losses on investment assets	5(d)	(99)	(42)	(218)	(359)	(1,040)
Revaluation of fixed assets	7(a)	(82)	9,813	0	9,731	(63,017)
Exceptional Item: Split of Shaw Fund	15	(3,458)	0	0	(3,458)	0
Net movement in funds		(6,228)	30,914	872	25,558	(45,299)
Fund balances brought forward at 1 April 2001		36,972	305,578	9,895	352,445	397,744
Transfers between funds		11,548	(11,548)	0	0	0
Fund balances carried forward at 31 March 2002		<u>42,292</u>	<u>324,944</u>	<u>10,767</u>	<u>378,003</u>	<u>352,445</u>

All operations of the Museum continued throughout both periods and none were discontinued in either period. The British Museum has no recognised gains and losses other than those above and consequently no separate statement of total recognised gains and losses has been presented.

The notes on pages 27 to 40 form part of these accounts.

British Museum Consolidated Balance Sheet

As at 31 March 2002

	Notes	2002 £000s	2001 £000s
Fixed Assets			
Tangible assets	7(a)	327,295	303,020
Investments	9(a)	21,143	20,467
		<u>348,438</u>	<u>323,487</u>
Current Assets			
Stock-goods for resale		2,511	3,188
Debtors	11	13,694	8,102
Short term investments	9(b)	22,000	31,250
Cash at bank and in hand		6,358	5,211
		<u>44,563</u>	<u>47,751</u>
Creditors: amounts falling due within one year	12	(14,416)	(18,040)
Net current assets		<u>30,147</u>	<u>29,711</u>
Provision for liabilities and charges: Early retirement provision	13	(582)	(753)
Net Assets		<u>378,003</u>	<u>352,445</u>
Represented by:			
Capital Funds			
Permanent Endowments	15	10,767	9,895
Restricted Funds		317,181	298,737
Unrestricted Funds		27,117	28,931
		<u>355,065</u>	<u>337,563</u>
Revenue Funds			
Restricted Funds	15	7,763	6,841
Unrestricted Funds		15,175	8,041
		<u>22,938</u>	<u>14,882</u>
Total Funds		<u>378,003</u>	<u>352,445</u>

The notes on pages 27 to 40 form part of this account

C Jones Accounting Officer

J Boyd Trustee

D Lindsell Trustee

18th July 2002

British Museum Balance Sheet

As at 31 March 2002

	Notes	2002 £000s	2001 £000s
Fixed Assets			
Tangible assets	7(b)	324,646	300,672
Investments	9(a)	21,143	20,467
Investment in subsidiaries	10(a)	500	500
		<hr/>	<hr/>
		346,289	321,639
Current Assets			
Debtors	11	14,940	7,094
Short term investments	9(b)	21,000	31,250
Cash in bank and in hand		4,506	4,156
		<hr/>	<hr/>
		40,446	42,500
Creditors: amounts falling due within one year	12	(13,215)	(16,005)
Net current assets		<hr/>	<hr/>
		27,231	26,495
Provision for liabilities and charges:			
Early retirement provision	13	(582)	(753)
Net assets		<hr/>	<hr/>
		372,938	347,381
Represented by:			
Capital Funds			
Permanent Endowments	15	10,767	9,895
Restricted Funds		317,181	298,737
Unrestricted Funds		24,468	26,582
		<hr/>	<hr/>
		352,416	335,214
Revenue Funds			
Restricted Funds	15	7,763	6,841
Unrestricted Funds		12,759	5,326
		<hr/>	<hr/>
		20,522	12,167
Total Funds		<hr/>	<hr/>
		372,938	347,381

The notes on pages 27 to 40 form part of this account

C Jones Accounting Officer

J Boyd Trustee

D Lindsell Trustee

18th July 2002

British Museum Consolidated Cash Flow Statement

For the year ended 31 March 2002

	Notes	2002 £000s	2001 £000s
Net cash inflow from operating activities	16(a)	13,492	22,641
Returns on investments and servicing of finance:			
Interest receivable	3	1,345	3,218
Dividends receivable	3	401	368
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		1,746	3,586
Investing Activities:			
Capital expenditure and financial investments:			
Purchase of tangible assets and investments		(28,755)	(54,331)
Receipts from sale of tangible assets and investments	9(a)	5,414	4,145
		<hr/>	<hr/>
Net cash outflow from investing activities:		(23,341)	(50,186)
		<hr/>	<hr/>
		(8,103)	(23,959)
Management of liquid resources			
Short term deposits		9,250	12,988
		<hr/>	<hr/>
Increase/(Decrease)in cash	16(c)	1,147	(10,971)
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts

1. ACCOUNTING POLICIES

Accounting Conventions

- (a) The accounting format and policies are prescribed in the Accounts Direction issued by the Secretary of State for Culture, Media and Sport in accordance with the Museum's Financial Memorandum. A copy of the Direction is available from the Director of Finance at the British Museum.
- (b) The financial statements are prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the treatment of investments, which have been included at market value.

Without limiting the information given, the accounts meet the requirements of the Companies Act 1985, accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate including the Statement of Recommended Practice (Revised 2000) *Accounting and Reporting by Charities* issued by the Accounting Standards Board.

Consolidated accounts include the Museum's operating statement, trust funds owned and administered by the Museum, the British Museum Development Trust which fundraises for the Museum, and its trading companies The British Museum Company Limited and The British Museum Great Court Limited. The form of control exercised by the British Museum over these entities is set out under Connected Entities in the Foreword to these Accounts.

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

- (i) This statement discloses the totality of the resources receivable by the Museum during the year and their disposition. Resources are allocated to particular funds according to their purpose and comprise both capital and revenue elements.

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restriction imposed by sponsors and donors.

Permanent endowment funds are funds which the donor has stated are to be held as capital.

- (ii) All incoming resources are accounted for on a receivable basis. Grant-in-aid is taken to the SOFA in the year in which it is received. Sponsorship receipts and donations are recognised as incoming resources when the conditions for their receipt have been, or will be, met.
- (iii) Resources expended are classified in the SOFA under the principal categories of charitable and other expenditure rather than under the type of expense.

Resources expended comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributable, they have been allocated to activities on a basis consistent with use of the resources. Fundraising and publicity costs are those incurred in seeking voluntary and sponsored contributions for the Museum. Management and administration costs are those incurred in connection with the management of the Museum's assets, and compliance with constitutional and statutory requirements.

(d) **Income and Expenditure Account**

- (i) The Museum substantially achieves its objectives through current operations, the majority of which are revenue-generating. The Income and Expenditure Account measures current operating results.
- (ii) All income is accounted for on a receivable basis. Grant-in-aid is taken into account in the year in which it is received. Sponsorship and donations are taken into account in the year in which funded activities take place.
- (iii) Current expenditure is classified under the relevant headings as set out in (c)(iii) above.

- (e) **Collection Purchases**
 Additions to the collection acquired since the 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable and reliable. Such items are not depreciated or revalued as a matter of routine.
- (f) **Tangible Fixed Assets**
 Tangible fixed assets, with the exception of assets in the course of construction which are carried at cost, are carried at 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 their expected useful life, as follows:
- | | |
|--|--|
| Freehold buildings | 20 to 112 years |
| Capital improvements to leasehold properties | life of lease |
| Permanent gallery exhibitions | 25 years |
| Furniture, fittings and equipment | 4 years (Museum, British Museum Development Trust) |
| Furniture, fittings and equipment | 3 years (British Museum Company Ltd) |
- No residual value is assumed for any asset at the end of the period of depreciation.
- It is the policy of the Trustees of the British Museum to plan the maintenance and refurbishment of the buildings on an even basis and at a level designed to maintain and preserve the buildings for the foreseeable future. The cost of such works is written off to the SOFA and the Income and Expenditure Account in the year incurred.
- Freehold investment properties have been brought into the accounts at open market value and are not depreciated. This is in accordance with SSAP 19.
- (g) **Investments**
 Investments are stated at market value as at 31 March 2002. The Income and Expenditure Account and Statement of Financial Activities include those gains and losses arising from the revaluation of the investment portfolio throughout the year.
- (h) **Stock**
 Stock is stated at the lower of cost and net realisable value.
- (i) **Leases**
 The British Museum has no finance leases. Costs relating to operating leases are charged in the Income and Expenditure Account and Statement of Financial Activities over the life of the lease.
- (j) **Foreign Currencies**
 Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction. All exchange differences are taken to the Income and Expenditure Account and Statement of Financial Activities.
- (k) **Pensions**
 Pension contributions of British Museum employees are paid to the Paymaster General at rates determined from time to time by the Government Actuary and advised by the Treasury.
- The British Museum Company Limited has both defined benefit and defined contribution pension schemes
- The British Museum has operated an Early Retirement Scheme which gives retirement benefits to certain qualifying employees. These benefits conform to the rules of the Civil Service Pension Scheme. The British Museum bears the costs of these benefits until normal retiring age of the employees retired under the Early Retirement Scheme.
- (l) **Notional Costs**
 In accordance with Treasury instructions, the notional cost of capital is charged in the Statement of Financial Activities in arriving at a net incoming/(outgoing) resources figure. This is reversed so that no provision is included on the balance sheet.
- (m) **Donated Assets**
 Assets in the form of objects for the collections have been donated to the Museum and are included in the balance sheet at valuation.
- (n) **Taxation**
 The Museum is exempt from Income, Capital Gains and Corporation Tax as an Exempt Charity.

2. GRANT-IN-AID - PAID BY DCMS FROM VOTE RfR1

£35,969,000 of Grant-in-aid has been received in the year from the Museum's sponsoring department, (2000-01 £34,939,000)

3. INVESTMENT INCOME AND RENT RECEIVABLE

	SOFA 2002 £000s	I & E 2002 £000s	SOFA 2001 £000s	I & E 2001 £000s
Interest Receivable	1,345	1,084	3,218	2,251
Dividends Receivable	401	401	368	336
	<u>1,746</u>	<u>1,485</u>	<u>3,586</u>	<u>2,587</u>
Rents Receivable	300	300	382	382
	<u>2,046</u>	<u>1,785</u>	<u>3,968</u>	<u>2,969</u>

4. NET INCOMING RESOURCES

is stated after charging

	2002 £000s	2001 £000s
Auditors' remuneration: Audit fees	61	64
Auditors' remuneration: Other	5	5
Operating lease rentals: Hire of plant and machinery	37	66
Operating lease rentals: Land and buildings	794	589

5. TOTAL RESOURCES EXPENDED

(a) Statement of Financial Activities	Staff	Other	Support	2002	2001
	Costs	Costs	Depreciation	Total	Total
	£000s	£000s	£000s	£000s	£000s
Collection purchases	0	0	0	0	9,725
Care, research and conservation	15,084	8,025	3,833	27,509	24,530
Public access and education	10,693	4,338	3,424	18,962	18,193
Trading - Charitable Objectives	583	1,994	151	2,750	2,082
	<u>26,360</u>	<u>14,357</u>	<u>7,408</u>	<u>49,221</u>	<u>54,530</u>
Fundraising and publicity	435	259	14	708	946
Commercial Trading Operations	4,419	10,212	308	14,939	11,194
Investment Management Costs		17	0	17	48
Management/admin of the charity	211	114	32	362	549
	<u>31,425</u>	<u>24,959</u>	<u>7,762</u>	<u>65,247</u>	<u>67,267</u>

From 1 April 2001 all additions to the Collection have been capitalised.

(b) Income and Expenditure Account	Direct	Support	2002	2001
	Costs	Costs	Total	Total
	£000s	£000s	£000s	£000s
Care, research and conservation	26,942	567	27,509	24,530
Public access and education	18,455	507	18,962	18,193
Trading - Charitable Objectives	2,728	22	2,750	2,082
	<u>48,125</u>	<u>1,096</u>	<u>49,221</u>	<u>44,805</u>
Fundraising and publicity	708	0	708	946
Commercial Trading Activities	14,939	0	14,939	11,194
Investment Management Costs	17	0	17	48
Management/admin of the charity	357	5	362	549
Depreciation transferred to Capital Funds	(7,454)	0	(7,454)	(6,170)
	<u>56,692</u>	<u>1,101</u>	<u>57,793</u>	<u>51,372</u>

(c)	Reconciliation of Income and Expenditure Account and Statement of Financial Activities		
		2002	2001
		£000s	£000s
	Operating (Loss)/Surplus per Income and Expenditure Account	3,460	(3,051)
	Incoming Resources designated for Capital Projects:		
	Unrestricted	493	6,421
	Restricted	22,353	30,676
	Resources Expended designated as Capital Projects:		
	Depreciation	(7,454)	(6,170)
	Designated Gallery Refurbishment	0	908
	Collection Purchase	0	(9,725)
	Net incoming Revenue (Expenditure)/Income designated as deferred income	792	(301)
	Net Incoming Resources per Statement of Financial Activities	<u>19,644</u>	<u>18,758</u>

The above statement identifies those elements of incoming and expended resources in the Statement of Financial Activities which respectively have been designated by Trustees to finance capital projects or represent actual capital expenditure. They have been excluded from the Consolidated Income and Expenditure Account.

The operating loss in the Income and Expenditure Account therefore is adjusted by the net income assigned to capital projects in the Statement of Financial Activities of £16,184,000 (£21,809,000 in 2000-01).

(d)	Gains on investment assets				
		SOFA	I & E	SOFA	I & E
		£000s	£000s	£000s	£000s
		2002	2002	2001	2001
	Realised gains on:				
	Fixed Asset Investments	185	33	81	2
	Unrealised losses on:				
	Fixed Asset Investments (note 9a)	(544)	(174)	(1,121)	(352)
		<u>(359)</u>	<u>(141)</u>	<u>(1,040)</u>	<u>(350)</u>

(e)	Staff Costs		
		2002	2001
		£000s	£000s
	Wages and salaries	26,116	23,924
	Social security costs	1,906	1,855
	Pension costs	3,403	3,009
		<u>31,425</u>	<u>28,788</u>

The number of employees, including the three Directors referred to below, whose emoluments as defined for taxation purposes amounted to over £50,000 in the year was as follows:

	2002	2001
£50,001 - £60,000	12	19
£60,001 - £70,000	7	2
£70,001 - £80,000	2	0
£80,001 - £90,000	0	2
£90,001 - £100,000	1	2

(f) Directors' remuneration:
The Director of the British Museum received remuneration of £112,985 including £16,682 of employer's pension contributions to the Principal Civil Service Scheme (£109,697 including £16,197 of employer's pension contribution in 2000-01). In addition, the Director pays towards a residence provided at the Museum. The Managing Director of the British Museum, who left in December 2001, received £87,362 including £12,511 of employer's pension contributions to the Principal Civil Service Scheme (£109,697 including £16,197 of employer's pension contributions in 2000-01) Mr Christopher Jones was appointed Accounting Officer on 1 January 2002. As Accounting Officer he received remuneration of £41,034 including £23,284 of employer's pension contributions to the Principal Civil Service Scheme.

Director's Pension					
	Age	Remuneration for year	Real pension increase in the year	Total accrued pension at 60 as at 31 March 2002	
	2002	2002	2002		
		£000s	£	£	
	Robert Anderson, Director	57	96	1,560	35,492
	Suzanna Taverne, Managing Director	42	75	876	3,002
	Christopher Jones, Accounting Officer	57	18	2,249	31,772

	Age	Remuneration for year	Real pension increase in the year	Total accrued pension at 60 as at 31 March 2001
	2001	2001 £000s	2001 £	£
Robert Anderson, Director	56	93	997	33,365
Suzanna Taverne, Managing Director	41	93	1,089	2,090

The highest paid director of The British Museum Company Limited received total emoluments of £72,000 (£82,000 in 2000-01) and pension contributions of £12,000 (£19,000 in 2000-01). The remaining directors, including the Chairman, received no remuneration for their services to the Company.

(g) The average number of employees, analysed by function was:

	2002	2001
Care, research and conservation	536	535
Public access and education	488	470
Trading - Charitable Objectives	24	24
Fundraising and publicity	14	13
Commercial Trading Activities	129	128
Management and administration of the Museum	4	5
	<u>1,195</u>	<u>1,175</u>

(h) Trustees:

The Trustees neither received nor waived any emolument during the year (2001: £nil). All Trustees are entitled to be reimbursed for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2002 these amounted to £3,886 (2001: £3,216).

6. NOTIONAL COST OF CAPITAL

Notional cost of capital is calculated as 6% of the average capital employed by the Museum in the year, excluding assets funded by donations or the public lottery.

7. TANGIBLE FIXED ASSETS

7(a) Consolidated Tangible Fixed Assets	Freehold Land and Buildings £000s	Assets in the course c'struction £000s	Investment Properties £000s	Leasehold Improvements £000s	Permanent Exhibitions £000s	The Collection £000s	Plant	Total £000s
							Equipment Fixtures Fittings £000s	
Cost or valuation								
As at 1 April 2001:								
Cost	0	22,800	0	0	0	0	0	22,800
Valuation	253,098	0	2,460	741	17,824	0	11,828	285,951
Additions during the year	0	4,873	0	23	1,081	17,847	1,841	25,665
Adjustment to original cost	(3,336)	0	0	0	0	0	0	(3,336)
Disposals during the year	0	0	0	0	0	0	(23)	(23)
Transfer	2,274	(24,398)	15,926	0	1,475	0	4,723	0
Fixed Asset Valuation Adjustment	9,697		336	(16)	116	0	(402)	9,731
	<u>261,733</u>	<u>3,275</u>	<u>18,722</u>	<u>748</u>	<u>20,496</u>	<u>17,847</u>	<u>17,967</u>	<u>340,788</u>
As at 31 March 2002:								
Cost	0	3,275	0	0	0	17,847	0	21,122
Valuation	261,733	0	18,722	748	20,496		17,967	319,666
	<u>261,733</u>	<u>3,275</u>	<u>18,722</u>	<u>748</u>	<u>20,496</u>	<u>17,847</u>	<u>17,967</u>	<u>340,788</u>
Depreciation:								
At 1 April 2001:								
Provided during the year	2,996	0	0	42	849	0	3,875	7,762
Fixed Asset Valuation Adjustment	0	0	0	0	0	0	0	0
At 31 March 2002:	<u>4,024</u>	<u>0</u>	<u>0</u>	<u>89</u>	<u>2,073</u>	<u>0</u>	<u>7,307</u>	<u>13,493</u>
Net Book Value:								
At 31 March 2002	<u>257,709</u>	<u>3,275</u>	<u>18,722</u>	<u>659</u>	<u>18,423</u>	<u>17,847</u>	<u>10,660</u>	<u>327,295</u>
At 31 March 2001	<u>252,070</u>	<u>22,800</u>	<u>2,460</u>	<u>694</u>	<u>16,600</u>	<u>0</u>	<u>8,396</u>	<u>303,020</u>
Net book value at 31 March 2002 represents fixed assets for:								
Directly charitable activities	256,588	3,261	18,641	0	18,343	17,847	8,632	323,312
Other activities	1,121	14	81	659	80	0	2,028	3,983
	<u>257,709</u>	<u>3,275</u>	<u>18,722</u>	<u>659</u>	<u>18,423</u>	<u>17,847</u>	<u>10,660</u>	<u>327,295</u>

(b) Museum Tangible Fixed Assets

	Freehold Land and Buildings £000s	Assets in the course c'struction £000s	Investment Properties £000s	Permanent Exhibitions £000s	The Collection £000s	Plant Equipment Fixtures Fittings £000s	Total £000s
Cost or valuation:							
At 1 April 2001:							
Cost	0	22,800	0	0	0	0	22,800
Valuation	253,098	0	2,460	17,824	0	9,710	283,092
Additions during the year	0	4,873	0	1,081	17,847	1,148	24,949
Adjustment to original cost	(3,336)						(3,336)
Disposals during the year	0	0	0	0	0	0	0
Transfers	2,274	(24,398)	15,926	1,475	0	4,723	0
Fixed Asset Valuation Adjustment	9,697		336	116	0	(333)	9,816
At 31 March 2002:	261,733	3,275	18,722	20,496	17,847	15,248	337,321
Cost	0	3,275	0	0	17,847	0	21,122
Valuation	261,733	0	18,722	20,496	0	15,248	316,199
	261,733	3,275	18,722	20,496	17,847	15,248	337,321
Depreciation:							
At 1 April 2001:	1,028	0	0	1,224	0	2,968	5,220
Provided during the year	2,996	0	0	849	0	3,610	7,455
Fixed Asset Valuation Adjustment	0	0	0	0	0	0	0
At 31 March 2002:	4,024	0	0	2,073	0	6,578	12,675
Net Book Value:							
At 31 March 2002	257,709	3,275	18,722	18,423	17,847	8,670	324,646
At 31 March 2001	252,070	22,800	2,460	16,600	0	6,742	300,672
Net book value at 31 March 2002 represents fixed assets for:							
Directly charitable activities	256,588	3,261	18,641	18,343	17,847	8,632	323,312
Other activities	1,121	14	81	80	0	38	1,334
	257,709	3,275	18,722	18,423	17,847	8,670	324,646

The adjustment to original cost of £3,336,000 relates to the revised projected outturn of the Great Court project.

(c) The historic cost of the land and buildings is not known; cumulative additions shown above represent purchases since 1 April 1999. The main Museum site at Great Russell Street was valued at 31 March 2001 on the basis of depreciated replacement cost for existing use. The other freehold buildings were valued at 31 March 1999 at total worth in existing use based on open market value. Investment properties were valued at open market value at the same date except the Study Centre which was valued at 31 March 2002 at £16.2 million.

Valuations were carried out for accounting purposes at 31 March 2001 by Gerald Eve, Chartered Surveyors for the main Museum building at Great Russell Street and at 31 March 1999 by Kinney and Green, Chartered Surveyors for the other freehold land and buildings in accordance with the Guidance Notes issued by the Royal Institution of Chartered Surveyors. The Study Centre was valued by the Trustees of the British Museum at 31 March 2002, based on professional advice.

Freehold Land and Buildings, Investment Properties with the exception of the Study Centre, Leasehold Improvements, Permanent Exhibitions and Plant, Equipment, Fixtures and Fittings have been adjusted by the application of relevant Office for National Statistics indices to the net book value at 31 March 2002.

The valuation adjustment of £9,697,000 arises from the revaluation referred to above and the application of relevant indices to the carrying values at 31 March 2002 and has not had a material impact on the depreciation charge for the year. This has been treated in the Statement of Financial Activities as an exceptional item and has not been included in the Income and Expenditure Account as it has no impact on the operating costs of the Museum.

The freehold of Blythe House was valued at £4,400,000 at 1 April 1989 and has not been revalued since that date. The building is jointly occupied with the Science Museum and the Victoria & Albert Museum and is not included above.

8. ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTIVES

Income arising includes restricted donations of £1,932,000, fees from loan exhibitions of £844,000 and admission fees to temporary exhibitions of £1,215,000.

9. INVESTMENTS

9(a) Fixed Asset Investments - Group and Museum

	2002 £000s	2001 £000s
Market value at 1 April 2001	20,467	21,256
Less: disposals at cost (proceeds £5,414,000, gain £185,000)	(5,229)	(4,064)
Add: acquisitions at cost	6,449	4,396
Net loss on revaluation	(544)	(1,121)
Market value at 31 March 2002	<u>21,143</u>	<u>20,467</u>
Historical cost at 31 March 2002	18,638	18,354
Investment gains at 31 March 2002	<u>2,505</u>	<u>2,113</u>
	<u>21,143</u>	<u>20,467</u>

Investments comprised the following:

Investment assets in the UK:

British Government Stocks	3,369	3,191
Listed Equities	6,357	6,435
Cash held as part of investment portfolio	6,656	6,009

Investment assets outside the UK:

Listed Equities	4,761	4,832
	<u>21,143</u>	<u>20,467</u>

Investments are revalued at middle market value at the year end.

9(b) Current Asset Investments

	2002 Market Value £000s	2002 Cost £000s	2001 Market Value £000s	2001 Cost £000s
Short Term Deposits	22,000	22,000	31,250	31,250

10(a) SUBSIDIARIES

The Museum owns 100% of the issued share capital of The British Museum Company Limited and of The British Museum Great Court Limited. The Museum incorporates their results in the consolidated accounts.

10(b) RESULTS OF TRADING SUBSIDIARIES

	BM Co 2002 £000s	BMGC 2002 £000s	Total 2002 £000s	Total 2001 £000s
Turnover	11,269	5,011	16,280	10,778
Cost of sales	(5,654)	(3,990)	(9,644)	(5,984)
Gross profit	5,615	1,021	6,636	4,794
Selling and distribution costs	(2,810)	0	(2,810)	(3,067)
Administrative expenses	(2,472)	(161)	(2,633)	(2,004)
Other operating income	0	25	25	131
Operating profit	333	885	1,218	(146)
Interest receivable	28	20	48	82
Fixed Asset Valuation Adjustment	(85)	0	(85)	72
Contribution to the Trustees of the British Museum	(267)	(913)	(1,180)	(184)
Profit/(loss) retained in the Company	9	(8)	1	(176)

The operating profit of The British Museum Company Limited is stated after charging staff costs of £3,094,000 (£2,780,000 in 2000-01) and depreciation of tangible fixed assets of £308,000 (£249,000 in 2000-01) and has been adjusted for consolidation purposes to include fixed assets at modified historical cost thus increasing the profit for the year by £8,000 (2001 decrease of loss of £63,000)

The two subsidiaries have made Gift Aid contributions to the British Museum in the year of £1,180,000 (2001, £184,000)

10(c) Amounts as shown in the SOFA and Income and Expenditure account are as follows:

	2002 Turnover £000s	2002 Costs £000s	2001 Turnover £000s	2001 Costs £000s
From The British Museum Company Limited	11,269	11,264	9,500	9,974
From The British Museum Great Court Limited	5,011	4,150	1,278	1,081
less transactions with the British Museum	(716)	(475)	(57)	(122)
	15,564	14,939	10,721	10,933

Net assets at 31 March 2002 comprise:

	BM Co 2002 £000s	BMGC 2002 £000s	Total 2002 £000s	Total 2001 £000s
Tangible fixed assets	2,649	0	2,649	2,349
Current assets	4,335	2,394	6,729	5,927
Creditors due within one year	(1,911)	(1,902)	(3,813)	(2,712)
Net assets	5,073	492	5,565	5,564

The British Museum Company Limited has capital consisting of 750,000 £1 shares all of which have been issued at par. The British Museum Company Limited owns the whole of the issued share capital of £100 of British Museum Ventures Limited, which is incorporated in England and which commenced trading on 1 April 2001.

The British Museum Great Court Limited has an authorised share capital of 10 million ordinary shares of £1 each, 500,000 of which have been issued at par.

11. DEBTORS

	Group		Museum	
	2002 £000s	2001 £000s	2002 £000s	2001 £000s
Trade debtors	1,609	1,839	764	781
Other debtors	6,352	633	6,088	263
Prepayments and accrued income	5,733	5,630	5,588	5,382
Amount due from subsidiaries	0	0	2,500	668
	13,694	8,102	14,940	7,094

12. CREDITORS

	Group		Museum	
	2002 £000s	2001 £000s	2002 £000s	2001 £000s
Amounts falling due within one year:				
Trade creditors	2,022	4,026	1,644	3,028
Other creditors	5,310	2,127	4,479	2,173
Early Retirement Provision	475	617	475	617
Accruals	6,609	11,270	6,576	10,178
Amount due to subsidiaries			41	9
	<u>14,416</u>	<u>18,040</u>	<u>13,215</u>	<u>16,005</u>

13. PROVISIONS AND CHARGES

Early retirement commitments at 31 March 2002 are as follows:

	2002 £000s	2001 £000s
Pension provision brought forward	1,370	2,334
Payments in year	<u>(313)</u>	<u>(964)</u>
	1,057	1,370
Less current portion - included in creditors amounts falling due within one year	<u>(475)</u>	<u>(617)</u>
	<u>582</u>	<u>753</u>

14. FINANCIAL COMMITMENTS

At 31 March 2002 the British Museum had annual commitments under operating leases as follows:

	Land and Buildings		Plant and Machinery	
	2002 £000s	2001 £000s	2002 £000s	2001 £000s
Leases which expire: within one year	0	0	11	29
in the second to fifth year	567	567	15	37
over five years	221	221	0	0
	<u>788</u>	<u>788</u>	<u>26</u>	<u>66</u>

15. STATEMENT OF FUNDS

	At 1 April 2001 £000s	Income £000s	Expenditure £000s	Revaluation/ Investment gains/losses £000s	Movement during year £000s	Transfers between funds £000s	At 31 March 2002 £000s
Funds							
Capital Funds							
<i>Permanent Endowment Funds</i>	9,895	1,090	0	(218)	872	0	10,767
<i>Restricted Capital Funds</i>							
Collection Purchase Fund	620	17,429	0	0	17,429	(17,215)	834
Collection Fund	0	0	0	0	0	17,847	17,847
Building Revaluation Fund	163,588	0	0	9,813	9,813	0	173,401
Estates Proceeds	14,025	0	0	0	0	(4,602)	9,423
Construction Projects Fund	5,908	3,834	0	0	3,834	(6,949)	2,793
Fixed Asset Fund	114,596	0	849	0	(849)	(864)	112,883
	<u>298,737</u>	<u>21,263</u>	<u>849</u>	<u>9,813</u>	<u>30,227</u>	<u>(11,783)</u>	<u>317,181</u>
<i>Unrestricted Capital Funds</i>							
Collection Purchase Fund	0	487	0	0	487	(487)	0
Building Revaluation Fund	5,213	0	0	3	3	0	5,216
Fire Safety Security Fund	2,623	0	0	0	0	0	2,623
Gallery Refurbishment Reserve	970	0	0	0	0	(141)	829
Maintenance Reserve	500	0	0	0	0	0	500
Fixed Asset Fund	17,276	6	6,605	0	(6,599)	4,623	15,300
	<u>26,582</u>	<u>493</u>	<u>6,605</u>	<u>3</u>	<u>(6,109)</u>	<u>3,995</u>	<u>24,468</u>
Total Museum Capital Funds	335,214	22,846	7,454	9,598	24,990	(7,788)	352,416
British Museum Co Ltd Fixed Assets	2,349	0	0	(85)	(85)	385	2,649
Total Consolidated Capital Funds	337,563	22,846	7,454	9,513	24,905	(7,403)	355,065
Revenue Funds							
<i>Restricted Revenue Funds</i>							
Restricted Income Trust Funds	2,714	516	583	(42)	(109)	(157)	2,448
Deferred Income Fund	4,127	3,826	3,030	0	796	392	5,315
	<u>6,841</u>	<u>4,342</u>	<u>3,613</u>	<u>(42)</u>	<u>687</u>	<u>235</u>	<u>7,763</u>
<i>Unrestricted Revenue Funds</i>							
Unrestricted Trust Funds	7,588	285	3,524	(99)	(3,338)	157	4,407
Oriental Research Fund	95	4	8	0	(4)	0	91
Reorganisation Reserve	121	0	0	0	0	6,000	6,121
General Funds	(2,478)	46,443	43,196	0	3,247	1,371	2,140
	<u>5,326</u>	<u>46,732</u>	<u>46,728</u>	<u>(99)</u>	<u>(95)</u>	<u>7,528</u>	<u>12,759</u>
Total Museum Revenue Funds	12,167	51,074	50,341	(141)	592	7,763	20,522
Consolidation Adjustments							
Restricted Funds	0	(558)	(558)	0	0	0	0
Unrestricted Funds	0	(4,799)	(4,799)	0	0	0	0
British Museum Co Ltd	2,715	11,297	11,203	0	94	(385)	2,424
The British Museum Great Court Ltd	0	5,031	5,064	0	(33)	25	(8)
Total Consolidated Revenue Funds	14,882	62,045	61,251	(141)	653	7,403	22,938
Total Funds	352,445	84,891	68,705	9,372	25,558	0	378,003

£7.2m has been transferred from Capital Reserves as a result of the adjusted outturn figures for the Great Court capital project and associated minor works. This forms the majority of the £7.4m designation of General Reserves made by the trustees in 1996-97 against an increase in costs. Of the £7.2m, £6m has been credited to the reorganisation reserve as a provision against redundancy costs, the balance to the general reserves.

The DCMS and HM Treasury have agreed that over a three year period the Museum can fund designated capital expenditure from the proceeds of the sale of its investment estate. £4.6m has been transferred in 2001-02 from the estates proceeds fund to the unrestricted fixed asset fund.

Analysis of group net assets between funds

	Permanent Endowments £000s	Unrestricted Funds £000s	Restricted Funds £000s	Total 2002 £000s
Fund balances at 31 March 2002 are represented by:				
Tangible Fixed Assets	0	23,652	303,643	327,295
Fixed Asset Investments	10,161	8,504	2,478	21,143
Current Assets	613	25,013	18,937	44,563
Current Liabilities	(7)	(14,295)	(114)	(14,416)
Early retirement provision	0	(582)	0	(582)
Total Net Assets	10,767	42,292	324,944	378,003

Unrealised losses included above

On investments	(370)	(129)	(45)	(544)
Total unrealised losses at 31 March 2002	(370)	(129)	(45)	(544)

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.

Capital: Permanent Endowment Funds

These consist of funds for which only the income can be used. The major part consists of the Brooke-Sewell Permanent Fund. This was established by Mr Percy Thomas Brooke-Sewell with a series of benefactions made during his lifetime specifically for the purchase of Oriental antiquities and works of art.

The Bell Fund is a permanent endowment for which the Trustees of the British Museum act as custodians. The beneficiary of this is the British School of Archaeology in Iraq.

Capital Funds: Restricted

These consist of a number of funds for major Museum gallery development.

Capital Funds: Unrestricted

These consist of funds designated by the Trustees for various purposes and include:

Fire Safety and Security

Monies designated for use in carrying out necessary works to ensure that the Museum complies with the statutory requirements needed to make the Museum a safe and secure environment for public and staff, and to renew the electrical infrastructure.

Restricted Trust Funds

These consist of a number of funds where the donor has specified the use to which they may be put. The major funds are as follows:

Ready Bequest

A bequest from Miss M Ready to be used for the purchase of Greek and Roman antiquities.

Sharpe Bequest

A bequest from Dr D Sharpe to be used for the purchase of books concerned with Ancient Greece or Rome.

Brooke-Sewell Bequest

A bequest from Mr P Brooke-Sewell to be used for the purchase of Oriental and Japanese antiquities.

Unrestricted Trust Funds

Shaw Fund

The Charity Commission has agreed that this fund should be shared equally with the British Library further to an agreement dated 30th November 1999 and a provision of £3,458,000 to cover this allocation has been made in the accounts.

Revenue: Designate Funds

Oriental Research Fund

A fund established mainly for travel to China in connection with research and fieldwork and for the funding of Chinese academics and students whilst working or studying at the British Museum.

16. CASH FLOW INFORMATION

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

	2002	2001
	£000s	£000s
Net incoming resources	19,644	18,758
Exceptional item: Split of Shaw Fund	(3,458)	0
Investment Income	(1,746)	(3,586)
Depreciation	7,762	6,170
Decrease/(Increase) in stocks	677	(434)
(Increase) in debtors	(5,592)	(913)
(Decrease)/Increase in creditors	(3,624)	2,836
Decrease in early retirement provision	(171)	(190)
Net cash inflow from operating activities	<u>13,492</u>	<u>22,641</u>

(b) Reconciliation of net cash flow to movement in net funds

Increase/(Decrease) in cash in the period	1,147	(10,971)
Cash flow from decrease in liquid resources	(9,250)	(12,988)
Change in net funds resulting from cash flows	(8,103)	(23,959)
Changes in market value	0	0
Movement in net funds in the period	(8,103)	(23,959)
Net funds at 1 April 2000	36,461	60,420
Net funds at 31 March 2001	<u>28,358</u>	<u>36,461</u>

(c) Analysis of net funds

	2002	Cash Flow	2001
	£000s	£000s	£000s
Liquid Resources:			
Short Term Deposits	22,000	(9,250)	31,250
Cash at bank and in hand	6,358	1,147	5,211
	<u>28,358</u>	<u>(8,103)</u>	<u>36,461</u>

17. RELATED PARTY TRANSACTIONS

The British Museum is a Non-Departmental Public Body whose parent body is the Department for Culture, Media and Sport. During the year, the British Museum had a number of transactions in the normal course of business and at full arms length with the Department and certain of its subsidiary bodies.

Mr Hasan Askari is an adviser to Barclays Capital, a division of Barclays Bank plc, which is sponsoring the Queen of Sheba Exhibition.

Lord Browne is the Chief Executive of BP plc which is a corporate partner of the Museum. During the year the Ethnography showcases and other projects were sponsored by a connected charitable foundation. He is also a director of Goldman Sachs Group plc which is a corporate partner.

Mr Charles Allen-Jones was until 30 September 2001 senior partner of Linklaters, which is a corporate partner of the Museum.

Mr Graham Greene is a trustee of the George Bernard Shaw Estate of which the Museum's Trust funds are beneficiaries.

Sir Michael Hopkins is also the Architect to the Royal Academy. The British Museum has entered into a lease to rent the Museum of Mankind from The Royal Academy.

Mr Christopher McCall's wife has been appointed as a part time curator for 13 months with responsibility for the Agatha Christie exhibition.

Mr Tom Phillips has been commissioned to paint a portrait of the retiring Director. He is a trustee of the Karim Rida Said Foundation which sponsors an Arab World post and is a member of the Management committee of The Royal Academy from whom the British Museum leases the Museum of Mankind.

Dr Anna Ritchie is a member of the Heritage Lottery Fund Expert Panel on Historic Buildings and Land. The Heritage Lottery has made grants during the year to the Great Court Project.

Professor Jean Thomas is a governor of the Wellcome Trust which is sponsoring the Wellcome Gallery.

The British Museum has loaned items from the collections to the following organisations during 2001-02 which have the Department for Culture, Media and Sport or other Government Departments as a parent organisation:

National Maritime Museum	Natural History Museum, London
National Gallery, London	National Portrait Gallery, London
British Library, London	Victoria and Albert Museum, London
Imperial War Museum	Tate Gallery, London
National Museums on Merseyside	Hayward Gallery

The British Museum has borrowed items from the collections of the following organisations during 2001-02 which have the Department for Culture, Media and Sport as the sponsoring department:

National Gallery, London
Victoria & Albert Museum, London

British Library, London

During the year none of the Trustees, members of key management staff or other related parties has undertaken any material transaction with the Museum, except as described above.

18. CAPITAL COMMITMENTS

At the balance sheet date, outstanding capital commitments amounted to some £8,716,000 of which £4,573,000 was contracted for.

19. PENSIONS

Present and past employees of the British Museum are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. The British Museum, and other bodies covered by the PCSPS, meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

For 2001-02, contributions of £3,026,699 (£2,646,317 for 2000-01) were paid to the Paymaster General (Civil Superannuation Vote) at rates determined from time to time by the Government Actuary and advised by the Treasury. For 2001-02 these rates were 18.5%, 16.5%, 13.5% or 12% (dependent on salary bands) (18.5%, 16.5%, 13.5% or 12% in 2000-2001).

The British Museum Company Limited operates a defined contribution scheme for the benefit of 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 company operates a defined benefit 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 Trustees appointed by the directors of the company.

The most recent full actuarial review of the scheme was at 1 May 2001 and was signed off by the actuary on 28 March 2002. Pension costs are assessed in accordance with the advice of a qualified actuary using the attained age method. The assumptions, which have the most significant effect on the results of the valuation, are that, over the long term, investment returns would be at the rate of 8.5% per annum and that this would exceed the rate of salary growth by 2.5%

The market value of the scheme assets as at 1 May 2001 was £3,304,400. The actuarial value of those assets was sufficient to cover 89.2% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Current and future contributions reflect the deficiency.

With effect from 1 May 2002, a schedule of contributions was put into place to fund the scheme's defined benefits at the rate of 28% per annum of pensionable salary for scheme members. 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.

The total employers pension contributions for entities adhering to the scheme was £246,000.

SSAP 24 and Financial Reporting Standard No 17 (FRS 17)

The financial statements have, as last year, been prepared in accordance with SSAP 24. However, following the introduction of FRS 17 this note now also includes the additional disclosures required in respect of defined benefit schemes under the transitional arrangements established by FRS 17.

Whereas the asset valuation under SSAP 24 is at actuarial values based upon estimated future returns, the FRS 17 asset values reflect market values at the balance sheet date. In valuing liabilities, SSAP 24 discounts the estimated liabilities to present values using a long-term actuarial estimate of scheme investment returns, whereas FRS 17 uses the yield on AA rated corporate bonds.

FRS 17

The qualified actuary, independent of any participating employers, has adjusted the data used in the actuarial valuation above for the 2001 valuation, for the purposes of calculating the FRS No 17 disclosures for the year ended 31 March 2002.

The major assumptions used by the actuary for the 31 March 2002 FRS valuation were as follows:

	% per annum
Rate of increase in salaries*	2.0%
Rate of increase in inflation*	2.0%
Rate of increase of Guaranteed Minimum Pensions (GMP) earned before 6 April 1988	N/A
Rate of increase of Guaranteed Minimum Pensions (GMP) earned after 6 April 1988	5.0%
Rate of increase of pensions in excess of GMP earned before 30 April 1991	3.0%
Rate of increase of pensions in excess of GMP earned after 30 April 1991 but before 1 January 2002	5.0%
Rate of increase of pensions in excess of GMP earned after 1 January 2002	1.8%
Rate of revaluation of GMPs	Fixed Rate
Rate of revaluation of deferred pensions in excess of GMP	5.0%
Discount Rate	5.9%
* chosen by employer	

The estimated value of the assets backing the scheme's defined benefit liabilities invested through the policy with Friends Provident were:

	31 March 2002
	£
Face value	3,661,100
The estimated value of the scheme's defined benefit liabilities for the purposes of FRS 17	5,426,900
The estimated deficiency of the scheme's defined benefit assets against liabilities for the purposes of FRS 17:	
Face Value	1,765,800

20. CONTINGENT LIABILITIES

The Museum has been advised that a claim is being prepared in respect of a terminated PFI project. No value has been stated yet. The Trustees will vigorously contest any liability.

21. POST BALANCE SHEET EVENT

On 7th June 2002 the Museum announced that its annual deficit was projected to rise to £5m in 2004/05 and that it was implementing a restructuring plan which will involve loss of some 150 staff at an estimated cost of £10m. It will finance this plan from unrestricted revenue reserves, the balance on which at 31 March 2002 was £12.8m. The Museum will use the property proceeds fund for planned capital expenditure over 2002/03 and 2003/04, with DCMS and HM Treasury approval, to ensure that the balance on unrestricted reserves does not fall below £2m.

Appendix 1

The Board of Trustees

Mr Graham Greene CBE ⁽⁶⁾ (*Chairman until 17.6.02*)
Sir John Boyd KCMG (*Chairman from 18.6.02*)
HRH The Duke of Gloucester KG, GCVO ⁽¹⁾
Sir David Attenborough CH, CVO, CBE, FRS
(*retired 31 May 2001*)
Mr Charles Allen-Jones
Mr Hasan Askari
Mr Nicholas Barber
Dame Gillian Beer DBE, FBA
Lord Browne of Madingley
Professor Barry Cunliffe ⁽⁴⁾
The Rt Hon Countess of Dalkeith
Sir Michael Hopkins CBE, RA, RIBA
Sir Joseph Hotung
Professor Martin Kemp FBA

Mr Philip Lader ⁽⁶⁾ (*Appointed 1.6.01*)
Mr David Lindsell
Mr Christopher McCall QC
Dr Jennifer Montagu FBA ⁽⁶⁾
(*retired 8 April 2002*)
Lord Moser KCB, CBE, FBA (*retired 11.6.01*)
Mr Tom Phillips RA ⁽²⁾
Lord Powell of Bayswater ⁽⁶⁾
(*appointed 1 Jan 2002*)
Sir Martin Rees FRS
Dr Anna Ritchie
Mr Eric Salama
Professor Jean Thomas CBE, FRS ⁽⁵⁾
Sir Keith Thomas FBA ⁽³⁾
Mr John Tusa ⁽⁶⁾

Fifteen Trustees are appointed by the Prime Minister. The remaining Trustees are appointed by:

- ⁽¹⁾ the Sovereign
- ⁽²⁾ the Royal Academy
- ⁽³⁾ the British Academy

- ⁽⁴⁾ the Society of Antiquaries of London
- ⁽⁵⁾ the Royal Society
- ⁽⁶⁾ the Trustees

Trustees' Committees and Membership

The Chairman of the Trustees is an *ex officio* member of all Committees

Public Policy

Mr Nicholas Barber (*Chairman*)
Mr Eric Salama
Sir Michael Hopkins
The Rt Hon Countess of Dalkeith
Lord Moser (*to 11.6.01*)
Professor Martin Kemp
Mr Hasan Askari
Sir David Attenborough (*to 31.5.01*)
Mr Tom Phillips
Mr John Tusa

Scholarship

Sir Keith Thomas (*Chairman*)
Dame Gillian Beer
Professor Barry Cunliffe
Dr Anna Ritchie
Mr Christopher McCall (*from 29.9.01*)

Finance and Planning*

Mr David Lindsell (*Chairman*)
Mr Nicholas Barber
Lord Browne
Sir Keith Thomas
Sir Joseph Hotung
Dame Gillian Beer
Lord Moser (*to 11.6.01*)

*The Museum is required under the Court Order of 1983 to retain an independent financial adviser; during 2001-2002 Mr J Manser served in this capacity at the request of the Trustees.

Audit and Governance

Lord Browne (*Chairman*)
Mr David Lindsell
Mr Nicholas Barber
Mr Christopher McCall
Dame Gillian Beer
Lady Dalkeith

The Study Centre

Sir Keith Thomas
HRH The Duke of Gloucester
Lord Moser (*to 11.6.01*)
Sir Michael Hopkins
Mr David Lindsell
Mr Charles Allen-Jones

Remuneration and Nomination

Mr Graham Greene (*Chairman until 17.6.02*)
Sir John Boyd (*Chairman from 18.6.02*)
Sir David Attenborough (*to 31.5.01*)
Mr Nicholas Barber
Professor Jean Thomas
Sir Martin Rees
Lord Moser (*to 11.6.01*)
Mr David Lindsell
Mr John Tusa
Mr Hasan Askari (*from 29.9.01*)

Departmental Trustees

Department

Coins and Medals
Education Service
Ancient Egypt and Sudan
Ethnography

Greek and Roman Antiquities
Japanese Antiquities
Medieval and Modern Europe

Oriental Antiquities
Prehistory and Early Europe
Prints and Drawings
Scientific Research
Conservation
Ancient Near East

Trustee

Dr Anna Ritchie
Professor Martin Kemp
Dame Gillian Beer
Sir David Attenborough (*to 31.5.01*)
Mr Tom Phillips (*from 1.6.01*)
Mr Nicholas Barber
Sir John Boyd
Dr Jennifer Montagu (*until 8.4.02*)
Lady Dalkeith (*from 9.4.02*)
Mr Charles Allen-Jones
Professor Barry Cunliffe
Sir Keith Thomas
Professor Jean Thomas
Sir Martin Rees
Sir Joseph Hotung

Trustee membership of other Councils and Boards

British Museum Development Trust: Council

Mr Graham Greene
Lord Powell of Bayswater
Lord Browne of Madingley
Mr Charles Allen-Jones

British Museum Company Limited: Board of Directors

Mr Nicholas Barber (*Chairman*)
Mr Graham Greene
Dame Gillian Beer
Lord Moser (*to 11.6.01*)
Mr Eric Salama

(Non-trustee members)

Mr H A Stevenson
Mr Andrew Thatcher (*Managing Director, appointed 3.12.01*)
Mr Patrick Wright (*Managing Director, retired 5.11.01*)

British Museum Development Trust: Trustees

Lord Moser (*Chairman*)
Mr Graham Greene (*Deputy Chairman*)

British Museum Friends: Council

Mr Nicholas Barber (*Chairman*)
The Rt Hon Countess of Dalkeith

The British Museum Great Court Limited: Board of Directors

(Non-trustee members)

Dr Christopher Herring (*Chairman*)
Dr Carol Homden
Ms Suzanna Taverne (*resigned 31 December 2001*)

Official Addresses

Principal address:	The British Museum, Great Russell Street, London WC1B 3DG
Study collections/storage:	Franks House, 38–56 Orsman Road, London N1 5QJ Blythe House, 23 Blythe Road, London W14 0PQ 21–31 New Oxford Street, London WC1A 1AA
British Museum Great Court Limited:	The British Museum, Great Russell Street, London WC1B 3DG
British Museum Company Limited:	46 Bloomsbury Street, London WC1B 3QQ
British Museum Development Trust:	91 Great Russell Street, London WC1B 3PS
Investment Managers:	Lazard Asset Management Ltd, 21 Moorfields, London EC2P 2HT
Bankers:	The Bank of England, Threadneedle Street, London EC2R 8AH National Westminster Bank Plc, 214 High Holborn, London WC1V 7BX
Solicitor:	Paymaster (1836) Ltd, Russell Way, Crawley, West Sussex RH10 1UH Mr Tony Doubleday, Museum Secretary, British Museum