

# The British Museum

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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# Trustees' and Accounting Officer's Annual Report

## Chairman's Foreword

The British Museum is approaching an important moment in its long history, with some big strategic decisions to be made. The Trustees' overriding priorities are to preserve and enhance the collection for the benefit of future generations in Bloomsbury, across the country and around the world.

The Government's welcome decision to make it possible for the BM, the Science Museum and the V&A to move large parts of their research collections from storage at Blythe House in West London provides a great opportunity to find a better home for these objects. Trustees set a number of criteria in deciding where to locate the Museum's new facilities. After careful study, the choice settled on Reading, where a happy collaboration with the University to develop the BM Archaeological Research Collection is now under way. The new building will provide excellent study and research space for scholars and students, and will provide much improved storage space for our objects.

At the same time, the Trustees have been supporting the Director and his colleagues as they develop their ideas for the future presentation of the collection in Bloomsbury. Our ambitious plans include a determination to give greater prominence to parts of the collection that at present are underrepresented in the public display, such as South America, Oceania and Africa, and to highlight the connections between different cultures across the millennia. This is a long-term project, and will keep the British Museum at the forefront of the great museums in the world.

The building in Bloomsbury is one of our greatest assets, and is going to need significant investment to make it fit for purpose through the 21st century. The Trustees have major decisions to make about the priorities, with much to be done to improve the public galleries, visitor facilities, collection management and working conditions across the estate. They also have to support the continuing process of improving the permanent galleries for today's visitors. All this is against a backdrop of tough financial constraints.

A high point last year came when Her Majesty the Queen arrived to reopen the Sir Joseph Hotung Gallery of China and South Asia exactly 25 years after she did it for the first time. Once again, Sir Joseph's generosity has made these spectacular collections come alive for the public.

The Trustees extend their heartfelt thanks to all staff, volunteers and supporters whose hard work makes everything possible. The British Museum is a public good of inestimable value, and it depends on them.

*Sir Richard Lambert*  
Chairman of the Trustees

## Structure, governance and management

### Constitution and operating environment

The British Museum was founded in 1753. Its aim is to hold for the benefit and education of humanity a collection representative of world cultures (“the collection”), and ensure that the collection is housed in safety, conserved, curated, researched and exhibited.<sup>1</sup>

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

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

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

### Subsidiaries

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

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

### Friends’ organisations

The work of the BM is supported by two ‘friends’ associations. The British Museum Friends (BMF) is a registered charity (charity number 1086080) and a company (company number 04133346) limited by guarantee that provides grants to the BM out of the surplus it generates from membership subscriptions, fundraising, and members’ activities. The Trustees of the BM are also the Trustees and the company law directors of the Friends. BMF’s results are consolidated within these accounts.

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

## Strategic direction and performance against objectives

“Towards 2020” (published on the BM’s website) sets out the priorities for the BM in pursuit of its strategic objectives to 2020. During 2017/18 the BM continued to make significant progress in working towards these objectives.

### Collections and research

#### *Collection*

The BM collection continued to develop through donations and purchases. In response to the rapid rise of digital culture, the BM has been framing a collecting protocol for digital assets.

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

Recent acquisitions could be seen in the galleries. Two dramatic Moko Jumbie figures by Zac Ove became the first contemporary Caribbean works displayed in the Sainsbury Africa Galleries. *Night Bloom II* by Mrinalini Mukherjee was purchased with support from the Art Fund and a contribution from the Wolfson Foundation. The ceramic sculpture was one of several contemporary works featured in the newly opened Sir Joseph Hotung Gallery of China and South Asia.

The year's outstanding gift was the donation of 550 Chinese ivories, dating from the 2nd millennium BC to the 20th century. Assembled by Sir Victor Sassoon, the collection was generously donated by the Victor Sassoon Chinese Ivories Trust, along with an endowment for its preservation. The ivories were created for the Chinese domestic market and for export. They include sewing boxes, brush pots, wrist rests, table screens and figurines of deities and immortals associated with Buddhism and Daoism.

#### *Conservation and research*

In November 2017, the BM announced the creation of the British Museum Archaeological Research Collection, a major new collection storage and research facility. The building will be developed as part of a partnership with the University of Reading to provide improved access to the collection for scholars, students and the public through study rooms and a loans centre. The new development, which will be sited in the Borough of Wokingham in Berkshire, will house many artefacts from the BM's international collection: ancient sculpture, mosaics, archaeological assemblages and historical plaster casts. It will be an integral part of the BM's focus on global research. Many of the objects will move from Blythe House in London, which the BM, Science Museum and Victoria & Albert Museum must vacate by 2023.

Conservation projects ensured the long-term care of objects across the collection. Scottish traveller Robert Hay acquired a book of spells in Egypt in the 19th century. Written in Coptic in the 6th or 7th century AD, it is now darkened with age: the texts are largely illegible, and no standard conservation and mounting solution currently exists for this type of damage. The BM is applying a range of approaches to reverse old treatments, make more subtle joins and remount the inked leather skins. The extensive conservation is linked to a research project to translate and re-evaluate the text.

Across the BM, the collection monitoring system of over 700 sensors is now web-based, communicating changes of condition immediately to staff. Major conservation projects also included stabilisation of the lacquer-coated iron, silk and leather of a suit of Edo period armour. Its progress is being shown on social media and the Samurai armour, purchased through the JTI Japanese Acquisition Fund, will feature in the renewed Mitsubishi Corporation Japanese Galleries, due to reopen in September 2018.

Research on the BM's world collection involves collaboration around the globe, and helps shape the collection's future meanings for audiences. Working with the Australian National University, University of Western Australia and Deakin University, researchers at the BM are re-examining British collections from Australia, with support from the Australian Research Council. In 2017, the BM hosted a knowledge exchange event in relation to Western Australian collections in Britain. The BM also held a colloquium with Indigenous Australian community members, curators and historians to examine what is known about a shield possibly gathered by Captain Cook on his first voyage to Botany Bay in 1770. The results were published in February 2018.

From *National Geographic* to *Newsweek*, the world's interest was captured by the discovery of several tattoos on two 5,000-year-old Egyptian mummies. Using infrared photography, scientists revealed the oldest figural tattoos in the world, and the world's earliest example of female tattooing. The discoveries, published in the *Journal of Archaeological Science*, push back the date for tattooing in Africa by a millennium.

The African Rock Art Image Project, supported by Arcadia, a charitable fund of Lisbet Rausing and Peter Baldwin, completed its fifth and final year in 2017. The BM has documented nearly 24,000 images from the Trust for African Rock Art (TARA) and made them available on a dedicated website ([africanrockart.britishmuseum.org](http://africanrockart.britishmuseum.org)). The website has been designed for ease of use in areas of low bandwidth, as is the case with many of the contributing regions, and on mobile platforms. Public awareness has been raised through social media; teaching at universities in Oxford, London and elsewhere; and community programming with Somali and other diaspora communities.

Scientific analysis of artefacts is used to determine their optimal conservation, prospective conditions for display and historical origins. Studies in 2017/18 established the photosensitivity of woodblock prints by Hokusai and a 19th-century Tibetan textile prior to display, and used X-radiography to judge whether the terminals on two Iron Age torcs were made by casting or raised from sheet metal. The State Hermitage Museum



and National Museum of Kazakhstan collaborated with BM scientists to allow research on objects loaned to the BP exhibition *Scythians: warriors of ancient Siberia*.

## Audiences and Engagement

### Galleries

The BM collection tells the many stories of humankind. The BM masterplan for the building aims to create for visitors a more coherent journey among cultures, showing both their distinctness and how they intersect. Meanwhile, new galleries ensure the history the BM presents is current and relevant to audiences today.

The Sir Joseph Hotung Gallery of China and South Asia was officially opened by HM The Queen in November 2017. The refurbishment was made possible by a generous donation from The Sir Joseph Hotung Charitable Settlement. Both the Asahi Shimbun Gallery of Amaravati Sculptures and the Selwyn and Ellie Alleyne Gallery of Chinese Jade were renewed as part of the new suite of galleries.

The Sir Joseph Hotung Gallery of China and South Asia emphasises the connections among its regional stories: in art and technology, through trade and travel, from Sri Lanka to Nepal, Pakistan to China. Advanced conservation monitoring now permits the display of fragile textiles and paintings that the BM was unable to show previously. The stories of China and South Asia are also, for the first time, carried through to the 21st century, with changing displays of photographs, installations and sculptures showcasing their vibrant cultures today. *The Times* called the gallery a 'magnificent space'.

Two major projects will open in late 2018. The Al-Bukhari Foundation Galleries of the Islamic World entered its final design phase, with installation and interpretation underway for the official launch scheduled for October. The Mitsubishi Corporation Japanese Galleries, closed from January 2018 for a major refurbishment, will also reopen in the autumn. Other gallery renewals included Room 46 (Europe 1400–1800). With new displays on topics such as Jewish communities in Europe and the Huguenots in London, the gallery reopened in spring 2018.

### Exhibitions

The popular exhibitions programme combines international loans with the BM collection to shine a light on individual cultures and times.

*Hokusai: beyond the Great Wave*, supported by Mitsubishi Corporation, drew sell-out audiences and outstanding reviews. This major exhibition focused on the works the Japanese artist Katsushika Hokusai made after the age of 60. Paintings, drawings, woodblock prints and illustrated books explored the last 30 years of his career – from his famous series of prints of 1831–3 showing views of Mount Fuji to remarkable depictions of dragons and lion dancers, poets and heroes. Many of the paintings had never been shown in the UK. The exhibition, attended by 150,000 people, drew extensively on the research and scholarly exchange of a three-year collaboration with the School of Oriental and African Studies, funded by the Arts and Humanities Research Council (AHRC). Co-curated with the Abeno Harukas Art Museum in Osaka, the exhibition drew 266,000 visitors when shown in Japan later in the year.

The new scholarship on Hokusai found a platform in a highly successful film produced by the BM with NHK (Japan Broadcasting Corporation) and acquired by the BBC. On 4 June 2017, *Hokusai* was screened in cinemas across the UK. A version for television later aired on BBC4. It has since been shown in 800 cinemas worldwide from Colombia to China, is being distributed on TV and other digital platforms, and is also available on DVD from the BM shop. When broadcast in Japan to coincide with the Hokusai exhibition in Osaka, 1.8m people watched the transmission. The film won Best Museum event screening at the international Mallorca Arts on Screen festival.

The BP exhibition *Scythians: warriors of ancient Siberia* unearthed a culture most visitors knew little about. Organised with the State Hermitage Museum in St Petersburg and supported by BP, the exhibition delved into the lives of the Scythian tribes who roamed from the Black Sea to northern China from 900 to 200 BC. The astounding finds created what the Telegraph called a 'thrilling gallop back in time'. The exhibition, seen by 132,000 people, captured a world and its wider contacts with the ancient Assyrians, Greeks and Persians. As *The Times* concluded, '*Scythians* is exactly the sort of show the British Museum does best . . . It brings a lost – and in this case relatively little known – culture to vivid life as you look.'

*Living with gods: peoples, places and worlds beyond* examined how human beings have tried to make sense of a life beyond their material existence. The exhibition was supported by the Genesis Foundation, with grateful

thanks to John Studzinski CBE. It explored the human need for belief and how shared creeds help to build social groups around the world. The exhibition was linked to a 30-part radio series, a collaboration between the BM and BBC Radio 4. Each week 3.5m listeners tuned in to former BM Director Neil MacGregor, and by March 2018 there were 1.2m downloads of the podcasts worldwide. A book based on the series is being published by Penguin.

*Desire, love, identity: exploring LGBTQ histories* marked 50 years since the partial decriminalisation of homosexuality in England and Wales. Supported by Stephen and Julie Fitzgerald, the exhibition was seen by more than 166,000 people. A popular trail through the main galleries, developed by staff across the BM, also highlighted LGBTQ histories, from ancient Mesopotamia to modern Africa.

*The currency of communism* marked the 100th anniversary of the Russian Revolution. Banknotes, posters, coins and medals featured striking images of progress and the need to struggle for a socialist future. The displays were the fascinating outcome of a designated collecting scheme on the topic, supported by the Art Fund.

The BM has one of the largest print collections in the world. *The business of prints*, supported by the Eyre Family Foundation, examined the key importance of prints from the 1400s until the advent of photography in the 1850s, with celebrated works by Dürer, Rembrandt and Goya shown alongside lesser-known examples.

In the mid-20th century, Greece inspired creativity and friendship among the artists Nikos Ghika and John Craxton and the writer Patrick Leigh Fermor. *Charmed lives in Greece*, supported by the A.G. Leventis Foundation, charted their encounters in Corfu, Crete and beyond through paintings, drawings and letters. Organised with the A.G. Leventis Gallery in collaboration with the Benaki Museum and the Craxton Estate, the displays captured a particular moment of Anglo-Greek collaboration.

The many displays across the BM included *Living histories*, which presented artists' responses to contemporary conditions in Syria and the Middle East. *Pots with attitude*, supported by the Monument Trust, showed the close relationship between satirical prints and transfer-printed ceramics in Georgian England. A linked study day in February 2018 looked at 'Pots, prints and politics: ceramics with an agenda'.

The Asahi Shimbun Display *Japanese woodblock printing: a craft of precision* complemented the BM's major exhibition on the artist Hokusai. *Virtual pilgrimage* brought to life an inscription from the 2,000-year-old Great Shrine of Amaravati, using technology developed in partnership with Google's Creative Lab in Sydney. Digital technology also featured in *On violence and beauty*: next to depictions of war from ancient Mesopotamia, Egypt and Greece, a video by Iranian artist Farideh Lashai used a beam of moving light to respond to Goya's celebrated series of prints, *The disasters of war*. *A revolutionary legacy* examined the leader Toussaint Louverture and the consequences of the Haitian revolution in 1791.

### *Events and education*

Public events and education programmes draw audiences of all ages, while work with community groups creates new paths into the BM.

The BM events programme draws on the cultural diversity of the collection. For the Shubbak Festival of Arab Culture, talks, displays and activities included installations in the Great Court. The works were moving responses to the difficulty of making art in times of conflict. The Interfaith Music Festival, in association with Faiths in Tune, brought together 30 faith groups in May 2017 to perform and respond to objects in the collection. The festival returned in 2018 as part of musical events supporting the exhibition *Living with gods*.

The ageless enchantment of storytelling attracted sell-out audiences to the monthly Myths Retold. Subjects included the Ramayana, Beowulf and the West African story of the King and the Corpse. With the Royal Shakespeare Company, the BM presented a sold-out panel discussion of Ovid in Shakespeare, with Greg Doran and readings by RSC actors. Friday Lates incorporated film screenings, music and, to evoke the Scythians, Siberian-themed food and drink. A flash-mob opera, *The Scythians*, attracted 500 visitors. It was, said the *Telegraph*, 'brilliantly clever and irresistibly funny'.

Popular history talks included Dan Snow interviewing curators 'live from the BM' for his History Hit podcast. A lecture by Professor Diarmaid MacCulloch marked 500 years since the Reformation. For Black History Month, journalist Reni Eddo-Lodge discussed black history and heritage in museums. With FT Weekend and the British Academy, the BM hosted a panel, chaired by BBC correspondent Martin Bashir, to discuss whether religion can be separated from politics. A debate in collaboration with the Royal Society invited neuroscientist Professor Colin Blakemore and others to examine the science behind belief. Topical lectures organised with the London

Review of Books included novelist Anne Enright on blame and Professor Linda Colley on history's bearing on the present.

Activities for young people encourage enjoyment of the BM from an early age. Major exhibitions featured special 'family' labels, collaborative art constructions in the Great Court and events tailored to children under five, including tours focused on sight, touch and sound. Art workshops were especially successful – making Japanese prints, or badges like those that once adorned Scythian saddlery. For the opening of the new Sir Joseph Hotung Gallery of China and South Asia, a family 'housewarming' was held in December 2017. Children listened to stories from China and India, explored different colours of jade, and made paper flowers inspired by the objects on display.

At the School Travel Awards, host Fiona Bruce awarded the BM 'Best Museum Visit' for 2017. The awards, voted for by schoolteachers, honour learning that takes place outside the classroom. The BM welcomed over 320,000 pupils through booked school visits. School events included free morning visits to major exhibitions reserved for teachers and pupils. Teachers could download free resources from the BM website on topics such as Citizenship and Art & Design, along with suggestions for pupil activities. Empowering young people lay behind TakeOver day: local students helped teach a schools session in the Citi Money Gallery, and learned about museum communications and conservation.

The Citi Money Gallery Education Programme, supported by Citi, was a finalist at the UK Sponsorship Awards 2017 for Education and Learning Sponsorship. The gallery's innovative programming includes a series of online videos to help teachers introduce to the classroom topics such as the economy or credit and debit.

The BM develops activities with community partners that address specific interests and needs. 'Sketches under the Wave' invited older adults from local community centres to work with dancers and a koto-player. Over two months, they created a dance celebrating Hokusai, eventually performing the work in the Great Court in July 2017. Outreach visits to community venues are important for those unable to visit. A group leader from Camden Carers Centre wrote of an off-site object-handling session, 'To see these objects up close was amazing. One gentleman who doesn't leave the house very often could not believe he had the chance to look at them.'

Free community previews and evening views welcomed several hundred groups to see the special exhibitions, from homeless charities to refugee support groups: over 3,000 people attended.

### *Media and publications*

Digital access and social media are creating a truly global BM. Anyone anywhere in the world can now access over 4 million objects from the BM collection online. Information about the artefacts and the world cultures they represent has found popular new platforms: images transmitted via Twitter and Instagram, and videos on Facebook and YouTube, reach vast audiences never before so easily accessed. It is a new conversation in which the public and museum staff engage one another, generate debate and share ideas.

At the heart of the BM experience for young people is the Samsung Digital Discovery Centre (SDDC), sponsored by Samsung. Its wide-ranging programmes and audiences – from under-fives to teens – led to the BM winning the 2017 Leading Cultural Destinations Award for Best Digital Museum Experience. Over 115,000 children, young people and families have visited the Centre since it opened in 2009. Schools in particular have increasingly used SDDC technology for their museum trips, with 14,000 visits booked in 2017/18. Virtual visits are also available across the UK, via a two-way broadcast directly to the school. SDDC weekend events enable the BM to run one of the UK's busiest museum programmes for families throughout the year.

The newly renovated Sir Joseph Hotung Gallery of China and South Asia brought an important opportunity to integrate digital interpretation in the permanent space. New audio guide stops, audio points and films have been added. Visitors to the gallery can watch three new films, one of which, the animation of a Chinese painting, attracted 2.3m views and 2,400 comments when shared on Facebook.

The Egyptian Sculpture Gallery and the Roxie Walker Galleries of Funerary Archaeology can now be experienced in Virtual Reality. Anyone with a mobile or computer, or for full immersion a Samsung VR headset, can launch the 360-degree interactive experience, produced by the BM and Oculus.

Taking the collection online has prompted innovative thinking about the wider appeal of museum artefacts. On Sketchfab anyone can zoom in and study high-resolution 3D scans of 240 BM objects, from Japanese netsuke to an Ethiopian brass head. There have been nearly one million views of the online 3D images. Scholarship is closely allied to the projects' aims. Google Arts and Culture have been working with the BM to digitise Alfred Maudslay's plaster casts of ancient Mayan monuments, made by Maudslay as he travelled through Mexico,

Honduras and Guatemala in the 1880s and 90s. Scanned along with Maudslay's notebooks and photographs of the ancient sites, the casts can now be seen online by the public ([g.co/BritishMuseumMaya](http://g.co/BritishMuseumMaya)). Scholars are using the detailed reproductions to decipher inscriptions and piece together fragments. As the *Guardian* put it, the Maudslay records 'represent some of the best preserved imagery of Mayan monuments in the world today'.

On social media, the BM has acquired 4.8m followers, a growth of 34% over the previous year. The BM scores highest among its global peer group for interactions on Twitter and Facebook: followers engaging with online content by responding to, liking or sharing posts. A BM video on Hokusai's *The Great Wave*, posted in June 2017, received over 3.7m views. Three broadcasts on Facebook Live drew in viewers from 89 countries, as curators responded in real time to questions on Stone Age, Bronze Age and Iron Age objects.

On 'Curator's Corner' of the BM blog, experts introduced a 17th-century night clock, Islamic astrolabes and the Rosetta Stone. Comedian Iszi Lawrence interviewed historians and conservators for the monthly Membership podcast. Articles about the exhibitions proved extremely popular, with posts introducing the Scythians and the Lion-Man sculpture attracting tens of thousands of readers. For a growing Chinese audience, the BM launched accounts on Chinese microblogging platform Weibo and social media app WeChat.

BM books, published in association with Thames & Hudson, achieved great success in 2017/18 as a platform to present the latest research. Hokusai: Beyond the Great Wave reached No.1 in the Sunday Times Hardback Bestsellers chart. Nearly 20,000 copies sold in the UK alone, with additional sales in the US, Italy and China. Historian Bettany Hughes named the catalogue for the BP exhibition *Scythians: warriors of ancient Siberia* as one of her Books of the Year. Books that drew on the collection included *Textiles of the Middle East and Central Asia*, works on Burmese wall paintings and colonial Bengal, and *China: A History in Objects*.

Published work received a number of honours. For *The Print Before Photography: An Introduction to European Printmaking 1550–1820*, former Keeper of Prints and Drawings Antony Griffiths was awarded a British Academy Medal. *Ming China: Courts and Contacts* won the International Convention of Asia Scholars Book Prize. The BM Research Publication *A Celtic Feast*, supported by the Robert Kiln Charitable Trust, was shortlisted for the Current Archaeology Book of the Year 2018. The winner was *Lost Landscapes of Palaeolithic Britain*, to which the BM also contributed.

### National

Lending the BM collection encourages audiences around the country to engage with the world's cultures through their local museum or gallery. Two Spotlight loans in 2017 marked the 70th anniversary of India's independence. One of these, a sculpture of the elephant-headed Hindu god, Ganesha, has been seen by more than 620,000 people around the UK since it began touring. Overall the BM loaned more than 2,500 objects to 126 unique UK venues in 2017/18 (165 including repeat venues).

A new touring exhibition, *Viking: rediscover the legend* was launched at Yorkshire Museum, where it drew 70,000 visitors, an increase in attendance of 51%. The partnership between the BM and York Museums Trust featured 200 objects from the Yorkshire Museum and 400 from the British Museum. After appearing in York, the exhibition toured to Nottingham and Southport. It will travel to Norwich in 2018/19.

Collaborations included a partnership with the Ikon Gallery in Birmingham. *Portrait of the Artist: Käthe Kollwitz* featured 36 works from the BM collection. It grew out of an initial loan request into a tour supported by the BM. After opening in Birmingham, it toured to Salisbury and Swansea. For a subsequent exhibition on Birmingham-born artist Thomas Bock, who was transported to Australia, the BM loaned the Ikon Gallery 19 of Bock's drawings of Tasmanian Aboriginal people. The loans will travel to the Tasmanian Museum and Art Gallery in Hobart, Australia in 2018.

*Warhol to Walker: American prints from pop art to today* toured to Galashiels, London, Worcester and Southport. Other BM exhibitions toured Japanese carved netsuke (Durham, Middlesbrough and Bath); ancient Egyptian writing (Hartlepool); and linocuts by Pablo Picasso (Barnsley and Coventry). *Lines of thought: drawing from Michelangelo to now*, supported by the Bridget Riley Art Foundation, concluded its three-city UK tour in Belfast. The three venues encouraged art students to attend drawing workshops. At Poole, where 1,500 students participated, 94% reported that the exhibition-related workshops had inspired them to draw.

The BM supports the development of new galleries across the UK. Wonders of the Peak, a new gallery at Buxton Museum and Art Gallery, opened in September 2017, with 24 long-term loans from the BM. The museum will also show a BM touring exhibition. Gallery partnerships underway include a new medieval gallery at Norwich Castle, and a gallery in the new Faith Museum at Auckland Castle in County Durham, which will feature over 80 objects from the BM collection. At Manchester Museum, where the Money Gallery contains over 230 objects on



long-term loan from the BM, staff are now collaborating on a new South Asia Gallery, drawing on research and expertise from both institutions.

The future of museums across the country depends on a diverse and dedicated staff, with access to training and shared expertise. The Collection Skills Training Programme, supported by the Heritage Lottery Fund (HLF), addresses specific collection needs across the UK. For museums in the South West of England, the BM ran its successful six-part course 'Getting Loan Ready' in 2017. It has since been repeated for a new group of trainees in 2018.

The Learning Museum, a three-year scheme supported by the HLF, drew to a close in 2017. Investing in the skills of future museum staff as well as aiming to increase diversity in the sector, the programme offered year-long vocational placements at 20 UK partner museums, from Edinburgh to Ipswich. Also under its Skills for the Future programme, the HLF announced a major grant to the BM for a new national training scheme: Museum Futures will equip a new generation of museum professionals from diverse backgrounds with skills in digital data management.

The Knowledge Share programme, supported by the Vivmar Foundation, fosters UK-wide expertise, while the Knowledge Exchange programme supports professional exchanges between the BM and organisations across the country. In 2017/18, 15 individuals visited other institutions to compare ideas and good practices. Sharing knowledge also motivates the BM's annual conference for its national partners: supported by the Vivmar Foundation, the free talks and workshops in August 2017 encouraged UK museums of every size, as well as non-museum spaces with collections, to lend to each other.

The Money and Medals Network, funded by Arts Council England, offered training for UK staff, including two study days on identifying medieval coins, one held at the BM, the other at the University of Warwick. Further events were held in Belfast, Inverness, Edinburgh, Newcastle-upon-Tyne, York and Leeds.

Activities arranged through the Age Friendly Museums Network, funded by the Baring Foundation, included a BM forum that looked at the late-life productivity of the Japanese artist Hokusai. In October 2017, the Age Friendly Museums Day promoted events for older visitors in museums and galleries across the UK. Plans for 2018 include setting up four regional hubs to promote age-friendly practice.

New discoveries and archaeological fieldwork continue to reshape what we know of Britain's past. The Portable Antiquities Scheme (PAS), administered by the BM in England, records archaeological finds in England and Wales, many of which are made by members of the public. Information about the latest finds is made available online ([finds.org.uk](https://finds.org.uk)) for everyone around Britain to share. In 2017, over 80,000 finds were recorded.

PAS activities around the country included a national conference on Treasure held at Yorkshire Museum. At National Museum Cardiff *Telling Tales* was a conference organised under the PAST Explorers programme funded by the HLF. It featured volunteers and experts discussing how stories re-create the past and how PAS data is being used to unlock our shared history.

A three-week excavation at a 400,000-year-old site at Barnham, Suffolk, investigated the use of fire among early human groups. The fieldwork was run as a student training excavation in collaboration with the Natural History Museum, Queen Mary University of London and Leiden University, with support from the Leverhulme Trust. Other research included examining the landscapes of the Breckland, East Anglia, to trace the development of human technology from 600,000 to 250,000 years ago. Ice Age Island is a collaboration with Southampton University, Jersey Heritage and University College London exploring how humans on Jersey adapted to submerged landscapes.

### *International*

Loans and touring exhibitions from the BM ensure audiences worldwide can see outstanding artefacts of human history. The BM loaned more than 2,200 objects to 81 venues outside the UK in 2017/18.

To mark 70 years of India's Independence, an exhibition in Mumbai and Delhi brought together the BM collection with those of Chhatrapati Shivaji Maharaj Vastu Sangrahalaya (CSMVS) and the National Museum. With additional loans from across India, the 230 objects in *India and the world* surveyed one million years of India's history. The three museums worked closely to develop ideas, research, curation and programming. Wider elements included a catalogue published by Penguin Books; a special exhibition website, with 3D models and videos; a lively programme of lectures, films, dance and music; and activities for teachers, families and local groups. Over 200,000 visited the exhibition at CSMVS in Mumbai, before it journeyed to the National Museum in Delhi in May 2018.

The legacy of the 2010 BM/BBC Radio 4 collaboration, *A history of the world in 100 objects*, continues to grow. In 2017, the BM touring exhibition based on the popular radio series travelled to the National Museum of China in Beijing and the Shanghai Museum. More than 720,000 people visited. So popular was the exhibition in Shanghai that the museum had to set up a special entrance for the show. The global tour of this history of the world told through objects from the BM collection has been seen so far by 1.8 million visitors worldwide.

Record-breaking audiences came to see *Egyptian mummies: exploring ancient lives* as it toured to Australia and China. At the Powerhouse Museum in Sydney, the exhibition attracted over 100,000 visitors and won the Australian Interior Design Award for installation design. Shown at the Hong Kong Science Museum to mark the 20th anniversary of the territory's transfer of sovereignty, the exhibition achieved the museum's largest visitor number ever: nearly 850,000 people over four months.

A partnership with CaixaForum has enabled the BM to tour a number of exhibitions around Spain, including *The Pillars of Europe*, on the history of church and state across medieval Europe, which was seen by 184,000 visitors in Barcelona and Zaragoza. In the USA, three exhibitions shared different aspects of the BM collection: *Rome: city and empire* in Nashville; modern British prints in San Diego; rare drawings from Michelangelo to the present day in New Mexico and Rhode Island.

Working with partners in the UK and abroad, the BM offers training and support for heritage preservation around the world. The Iraq Emergency Heritage Management Training Scheme continues to be a central aspect of the BM's work. Working closely with Iraq's State Board of Antiquities and Heritage, the Iraq Scheme delivers state-of-the-art training in all aspects of archaeological fieldwork – from geophysical surveying and documentation to complex excavation methodology. The practical component of the course in northern and southern Iraq is also yielding results of outstanding archaeological importance.

In summer 2017, the BM and ten UK partner museums welcomed 25 fellows from 18 countries for the BM's annual International Training Programme (ITP), with support from private individuals and foundations. Colleagues from Armenia to Zimbabwe undertook practical training and research in their specialist fields. The programme has also expanded to include elements for returning ITP fellows. The inaugural ITP+ course, on temporary exhibitions and permanent displays, took place in May 2017. A second ITP+ course in December focused on how to use photography and documentation systems to better manage collections.

The BM promotes cultural work around the world. For the Basrah Museum project, supported by the UK government's Cultural Protection Fund, a six-day training session was offered to staff from the museum and the State Board of Antiquities and Heritage in Iraq. Following ten years of fieldwork in northern Sudan at Amara West, outreach included work with children and local communities to engage them with the important historical sites in their midst. Accessible information in English and Arabic, as well as a podcast in Nubian are encouraging wider involvement.

International projects are central to the BM's intellectual vitality. A collaboration with the Institute of Human Palaeology in Paris and the University of Tarragona is investigating the occupation of western Europe 700,000 to 300,000 years ago, funded by the Marie Curie Research Grants Scheme. Visits to the BM by overseas scholars included a study of Chinese paintings made during the Sino-Japanese war (1894–5). The 'Connecting Art Histories' project, sponsored by the Getty Foundation, drew participants from Beijing, Chengdu, Heidelberg and elsewhere.

The BM undertakes archaeological research around the world, in partnership with universities and cultural institutes. Recent BM excavations in the Pantanello area of Hadrian's villa at Tivoli revealed the foundations of substantial Roman structures and related artefacts. From October to December 2017, archaeologists conducted fieldwork at Dangeil, in conjunction with Sudan's National Corporation for Antiquities and Museums. Work in the Americas includes an interdisciplinary study of Inupiat histories in northwest Alaska. In the Caribbean, the BM El Corazon del Caribe Research Project conducted a successful field school season on Isla de Mona in June and July 2017, with students from Puerto Rico and the UK. In June 2017, a National Geographic Explorer Award was presented in Washington DC to curator Jago Cooper for his work in the region.

## Investing in our people

### *Employees*

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

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

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

- Written communications are channelled via the intranet, enabling the BM to keep staff informed about key activities via updates from the Director and a real-time news and information page. Regular features include a quarterly round-up of matters discussed at the BM's Directorate Group meetings.
- The British Museum Consultative Committee (BMCC) provides a formal opportunity for management and union representatives to discuss issues raised by staff. The Director and a trustee attend one meeting each year. Sub Committees of that group support major change projects.
- Information from Management Group meetings is disseminated through departmental meetings and weekly breakfast presentations on topical issues are open to all staff. Recordings of breakfast presentations by the Director or Trustees are made available.
- Behind the scenes events enable staff to visit other departments.
- Staff are encouraged to pass on feedback via a biennial Employee Opinion Survey. The survey produces a regular action plan for improvements which feed in to the BM's Operating Plan.
- Feedback can also be provided at any time via an anonymous online submission tool.
- Workshops and focus groups are used within key projects to enable staff engagement.
- The BM's performance management process helps employees plan their work, further their personal development and assess their achievements. It also ensures that the work and objectives of employees are aligned with departmental and BM plans.
- A programme of learning and development activities is designed in response to individual and organisational needs.
- An Employee Assistance Programme is in place, complemented by regular Health and Wellbeing events for staff and Personal Resilience and Mental Health Awareness for Managers training courses.
- An Engaging Managers training course aims to help managers understand the importance of engaging with their staff and provides an opportunity for some of the required skills to be developed.
- An Employee Recognition Scheme has been piloted in 2017/18.
- Staff social groups and events are encouraged, supported and well attended.

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

In 2017/18, the average number of days lost for sickness and absenteeism was 4.1 days per person, compared with 4.3 in 2016/17.

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

### *Diversity*

The BM has diversity as a core value. Each year the Museum supports various initiatives and programmes that positively sustain and develop the organisation's relationship with its diverse audiences. Each year we regularly consult with the public, community members and organisations to help shape the direction and content of permanent galleries, special exhibitions and event programming.

The BM works actively with 1,000 community-based organisations. Programmes include increasing access to exhibitions and events, training for group leaders and organisations which are new to the Museum, sessions for groups less able to visit in person and increasing programmes for older visitors as a founding partner of the Age Friendly Museums Network.

During 2017 the Museum established an Access & Equality Steering Group which meets every six weeks. The group includes representatives from different departments across the organisation. Its purpose is to review the Museum's current provision, to look at best practice in the cultural sector and to develop a series of recommendations for Directorate Group to review and consider.

The fiftieth anniversary of the (partial) decriminalisation of homosexuality fell during July 2017 and was a particular focus for activity. The BM marked the anniversary with two free exhibitions, developed collaboratively with a working group of staff and community members: *David Hockney: fourteen poems from CP Cavafy* (17 March – 24 May 2017) and *Desire, love, identity: exploring LGBTQ histories* (11 May – 15 October 2017). The displays were visited by over 280,000 people, attracted very positive feedback and provided a focus for a varied events programme. The BM flew the Rainbow Flag for the first time over the Pride Weekend.

The family, schools, adult and volunteer programming strands work collaboratively in order to diversify the audiences engaging with the core programme. This is reflected in accessible programming, supported visiting, reserved spaces at events for community members and relationship building with local schools. The BM's work with the Lord Leonard and Lady Estelle Wolfson Foundation continues with a commitment to provide high quality programming and resources for secondary aged school children and adults with Autistic Spectrum Disorder. The BM's Egyptian touch for blind and visually impaired visitors won an award (see Volunteers section below)

The Object Journeys project, supported by the Heritage Lottery Fund grant to the World Conservation and Exhibitions Centre, has generated two new displays, one at the BM co-curated with the Kiribati community, and the other ('Global Artists') at – and developed with – our partner, Leicester Arts and Museums Service. A co-curated Somali display at the BM, developed during 2015-16 remains on display. Work on the third and final BM Object Journeys display, themed around 'Family', is at an advanced stage.

### *Volunteers*

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

During 2017, over 228,000 visitors took part in a volunteer-led tour or handled an original artefact at one of our seven Hands On desks. The volunteers also played an important role in ensuring that public events and family activities ran smoothly. Visitor feedback about the excellence of volunteer-led tours remains consistently high. The volunteers have continued to make an outstanding contribution to the WCEC, running 48 Behind-the-Scenes tours of the Conservation and Scientific Research workshops and studios, and supporting colleagues in the packing and moving of objects to Bloomsbury.

The volunteer-led Room 4: Egyptian sculpture touch tour for blind and visually impaired visitors has continued to attract regular bookings and high praise from participants since it was launched during 2016. The touch tour won the award for 'Interpretation for a Target Audience' at the Association for Heritage Interpretation (AHI) 2017 Discover Heritage Awards. Work began during 2017 to extend this new touch tour approach to the Parthenon, making use of the casts in Room 18b.



The Museum continued its innovative youth volunteering work, building on work undertaken during 2016. A second youth volunteering programme took place over the summer of 2017. The participants were recruited via community organisations and partners. The project has generated very positive feedback from participants and will run again during 2018.

During 2017 the volunteers allowed the Museum to run a series of highly successful income-generating early morning tours in the Enlightenment, Collecting the World and Waddesdon Bequest galleries. This provision will continue to run during 2018, and be expanded to include other displays.

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

#### *The Trade Union (Facility Time Publication Requirements) Regulations 2017*

Table 1, Relevant union officials: what was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
7	7.00

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

Percentage of time	Number of employees
0%	0
1-50%	7
51-99%	0
100%	0

Table 3, Percentage of pay bill spent on facility time

Total cost of facility time	£24k
Total pay bill	£35m
Percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period	0.07%

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

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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## Plans for future periods

The key priorities for the BM in 2018/19 include:

- delivering major exhibitions, including
  - Rodin and the art of ancient Greece, which will provide a new opportunity to focus on the Parthenon sculptures as individual works and understand the extent of the influence of the art of antiquity on Rodin and his contemporaries;
  - I Object, a show that will consider how people have used objects to subvert official ideology and to mock the powerful or to challenge the status quo throughout history; and
  - I am Ashurbanipal, an exploration of the world of ancient Assyria through the life and legacy of its last great ruler, King Ashurbanipal.

- re-opening the Mitsubishi Corporation Japanese Galleries following a major refurbishment;
- completing the new Albukhary Foundation Galleries of the Islamic World, which will reveal the Museum's outstanding collections in engaging new ways, underscoring the global connections of this vast region of the world.
- continuing work on a major multi-year programme which will increase access to collections currently stored at Blythe House; and
- developing plans that will allow prioritisation of significant investment in the BM's estate.

## Fundraising and finance

### Support for the BM

As a charity, the BM receives generous support from its partners and benefactors. Companies, individuals, trusts, foundations and statutory bodies supported a wide range of exhibitions, research projects and training programmes at the BM in 2017/18. A selection of these gifts, sponsorships and grants is reported below.

Among the year's highlights was the new Sir Joseph Hotung Gallery of China and South Asia which HM The Queen opened in November 2017. The BM is grateful to the Sir Joseph Hotung Charitable Trust for making the new gallery possible.

Care for the collection is at the heart of the BM's work. The Korea Foundation and Amorepacific Corporation confirmed major support for the five-year Amorepacific Project for the Conservation of Korean Pictorial Art. Conservation of the Assyrian Winged Bull and Lion reliefs will begin in 2018 with the support of the John S Cohen Foundation and an anonymous donor. The conservation of Michelangelo's 'Epifania' cartoon is made possible in memory of Melvin R Seiden. The Radcliffe Trust and Normanby Charitable Trust are supporting the Tahitian Mourners costume project. The BM Patrons generously funded additional conservation for the Festival Chariot which was featured in the exhibition *Living with gods*, supported by the Genesis Foundation, with grateful thanks to John Studzinski CBE.

To enhance the stories the BM can tell, JTI has supported the JTI Japanese Acquisition Fund since 2010. The Fund has enabled the Museum to acquire almost 600 modern Japanese objects. The Art Fund supported the purchase of photographs by nine contemporary artists from Syria, Iraq, Iran, Saudi Arabia, Algeria, Morocco, and Tunisia. The family of musician Ravi Shankar donated one of his sitars to the collection. Peter Gosnell gave a collection of 37 clocks made by the British United Clock Company between 1886 and 1909.

The BM acquired an early drawing by the Austrian artist Joseph Anton Koch (1768–1839) with the support of the Art Fund, the American Friends of the British Museum, Charles Booth-Clibborn, the Tavolozza Foundation – Katrin Bellinger, the Wakefield Trust and the Ottley Group. Acquisitions of contemporary art included a 1971 satirical drawing of Richard Nixon, Spiro Agnew and Henry Kissinger by Philip Guston, presented by Hamish Parker, and *The Marriage*, a 1962 print by David Hockney, funded by the Rootstein Hopkins Foundation. Over 200 works on paper have been acquired since the Foundation granted funds to the BM for the purchase of contemporary British art.

A number of generous supporters continue to facilitate the work of BM curators. The Ministry of Culture, Sports and Tourism of the Republic of Korea renewed its support for the Curator: Korean Collections. The Sir Percival David Foundation of Chinese Art supports the Curator of Chinese Ceramics, who oversees the Sir Percival David Collection. A new Hamish Parker Curator of Modern and Contemporary Art has been appointed. The Hamish Swanston Curator of Italian and French Prints and Drawings (before 1880) is co-curating *Mantegna and Bellini*, an exhibition jointly organised by the National Gallery, London and Staatliche Museen zu Berlin.

Nicholas and Jane Ferguson fund the work of the Curator of Medieval Europe. The Project Curator for the Japanese Collections is supported by JTI, while another is supported by a gift to the American Friends of the British Museum from Peter and Faith Coolidge. Since 2008, Mitsubishi Corporation has supported the Mitsubishi Corporation Project Curator for the Japanese Collections. The A.G. Leventis Foundation renewed its support for a specialist curator of ancient Cyprus.

BM research receives essential subsidies to undertake and publish new scholarship. The William and Edith Oldham Charitable Trust is making possible the publication in 2018 of *Ceremonial Living in the Third Millennium*,

a study of excavations at Ringlemere, Kent, where an exquisite Early Bronze Age gold cup was discovered in 2001.

The government's Cultural Protection Fund managed by the British Council plays a vital role in supporting the Museum's international work on capacity building. The fund will support the Circulating Artefacts project delivered by the Department of Ancient Egypt and Sudan. The International Training Programme has now welcomed over 250 Fellows from 39 countries underpinned by a range of private support.

The Museum was shortlisted in the 2018 UK Sponsorship awards in recognition of its outstanding strategic partnerships with Mitsubishi Corporation and Morgan Stanley. The BM won the Arts and Culture category for Morgan Stanley's sponsorship of the exhibition *The American Dream: pop to the present*.

The BM continues to welcome new Patrons and Members. The Patrons travel programme has been expanded, taking in trips to Paris, Iran and elsewhere. In 2017/18, the British Museum Friends held over 60 events – the most in any single year.

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

Donations and legacies of £15.9 million were received during the year (£22.0 million in 2016/17), including donations and legacies received from individuals, trusts and foundations and gifts in kind. A further £13.0 million (£20.4 million in 2016/17) was received from other trading activities and £21.6 million (£20.7 million in 2016/17) from charitable activities.

The BM's total expenditure for the year was £101.2 million (£99.8 million in 2016/17). Expenditure on raising donations and legacies was £1.5 million (£1.4 million in 2016/17) and expenditure on other trading activities was £9.6 million (£10.7 million in 2016/17). Expenditure on charitable activities was £83.8 million (£87.7 million in 2016/17).

## Grant-in-Aid

The British Museum received £40.2 million revenue and £13.4 million capital grant-in-aid from the DCMS in 2017/18 (£39.7 million and £13.9 million in 2016/17).

## Capital expenditure

Capital expenditure, mainly on plant, building fabric, gallery refurbishments and software, amounted to £20.0 million, compared with £16.7 million in 2016/17. Significant capital additions during the year included work on technical security; life and fire safety; infrastructure mechanical and electrical equipment; the perimeter properties; the BM Archaeological Research Collection; the new Albukhary Foundation Gallery of the Islamic World; and the China and South Asia Gallery. A further £1.1 million was spent on acquiring heritage assets, with donated heritage assets during the year of £1.1 million.

## Grants

The British Museum made grants totalling £12.1 million during the financial year. This includes grants of £1.0 million to support the work of find liaison officers throughout the UK working on the Portable Antiquities Scheme, the only proactive mechanism in England and Wales for recording archaeological finds made by the public. Also included are grants of £10.7 million (£12.0 million in 2016/17), restricted for furtherance of the BM's charitable objectives, to the British Museum Trust Limited, an independent registered charity (registration: 1140844).

## Reserves

At 31 March 2018 the BM's reserves were as follows:

	£m
Collection items acquired since 31 March 2001	91.3
Museum land, buildings, plant and equipment	714.4
Permanent endowment	18.5
Expendable endowment	6.4
Restricted funds	36.3
Designated funds	0.4
Investment estate	22.2
Unrestricted funds	8.7
Unrestricted funds: subsidiaries	8.2
Total	<u>906.4</u>

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

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

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

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

### *Reserves policy*

During the year, and with reference to guidance from the Charity Commission, the Trustees re-confirmed their commitment to the reserves policy to hold unrestricted and undesignated reserves of between one and three months' expenditure in order to ensure financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities. This would represent a sum of £8.4m – £25.3m (2017: £8.3m – £25.0m). The balance at March 2018 of £8.7m represents cover of just over 1 month (2017: £8.8m, just over 1 month).

### *Monitoring levels of reserves*

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

During the year, the total level of reserves was affected by the upward revaluation of the BM's tangible fixed assets (£54.9 million), losses on investments (£1.1 million) and gains on the defined benefit pension scheme (£0.9 million).

### *Maintaining reserves*

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

### *Reviewing the reserves policy*

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

### *Designations*

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

## Investments and financial risks

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

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

The financial risks relating to investments are managed by:

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

The Investment Sub-Committee (ISC) appointed Newton and BNY Mellon to manage its investments in accordance with the agreed investment policy. Apart from certain legacy holdings in unlisted equity and investment funds (£0.04m general portfolio and £2.8m endowment and restricted portfolios), all funds are invested in UK and Ireland investment funds.

During the financial year, the endowment and general investments held in Newton funds delivered returns of +3.9% and +2.7% respectively, outperforming their benchmarks of +1.5% and +0.9%.

The restricted and general investments held in BNY Mellon funds were invested just prior to year-end. The fund outperformed its benchmark over the last year, with the share class returning 0.38% compared to its 0.21% benchmark. Overall, the Trustees remain satisfied with the performance of the fund managers in a difficult environment.

Interest, dividends and rent of £0.2m (2016/17: £0.8m) and net realised and unrealised gains on investments of £1.5m (2016/17: £4.3m) were set against a £2.6m loss (2016/17: £7.4m gain) on the revaluation of the investment properties.

### *Permanent endowments*

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

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

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

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

The Trustees then determined how much of the 'unapplied total return' is released for spending and how much is retained for investment as a component of the endowment. This allocation must be made equitably

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

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

#### *Expendable endowments*

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

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

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

## Public benefit, sustainability, social and community issues

### Public benefit

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

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

The BM is one of the marvels of the Enlightenment. Access to the greatest achievements of humanity was made free to all, and what was once the preserve of privilege became the right of everyone. Annual visitors grew; a few thousand in the 18th century; there were nearly 300,000 a year by the mid-1830s; 5.8 million visited in 2017/18.

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

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

### Estates management

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

access. During the year the Museum's facilities management provider, Carillion, went into liquidation. Services were maintained effectively during the transitional period until the appointment of new providers.

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

## Sustainability report

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

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

<b>Greenhouse gas emissions</b>		<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>
Non-financial indicators (tonnes CO <sub>2</sub> e)	Scope 1: Gas, gas oil and owned vehicles	2,278	2,428	4,125	2,077
	Scope 2: Electricity	5,658	6,465	7,357	8,601
	Scope 3: Electricity transmission and distribution	529	585	607	752
	Scope 3: Official business travel	51	56	53	50
	Total emissions	8,516	9,534	12,142	11,480
	Emission per million visitors	1,468	1,538	1,760	1,713
Energy consumption (thousand kWh)	Scope 1: Gas	11,398	12,245	21,594	10,496
	Scope 2: Electricity	16,094	15,689	15,918	17,402
	Total gas & electricity consumption	27,492	27,934	37,512	27,898
	Consumption per million visitors	4,740	4,505	5,437	4,164
Financial indicators (£ million)	Total energy cost	2.0	1.9	2.1	2.2
	Energy cost per million visitors	0.3	0.3	0.3	0.3

	Cost of official business travel	0.2	0.2	0.2	0.1
	Cost of official business travel per million visitors	0.03	0.02	0.02	0.02

Total energy consumption across the estate is broadly consistent with the prior year. Consumption per million visitors has increased due to reduced visitor numbers relative to the prior period. Greenhouse gas emissions however have reduced as a consequence of the reduced carbon intensity of electricity supplied through the National Grid.



<b>Waste minimisation and management</b>		<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>
Non-financial indicators (tonnes)	Waste sent to landfill	Nil	Nil	Nil	Nil
	Waste recycled/reused	57	212	185	241
	Waste incinerated	456	438	407	444
	Total waste arising	513	650	592	685
	Waste per million visitors	88	105	86	102
Financial indicators (£k)	Total disposal cost	137	131	134	135
	Cost per million visitors	24	21	19	20

Total waste arising has decreased by 137 tonnes (or 21%) in 2017/18 compared to 2016/17. The proportion of this waste that is recycled has decreased to 11% in 2017/18 from 33% in 2016/17, with the drop largely attributable to temporary disruption to the waste management process as a consequence of the incumbent facilities management provider entering liquidation. Under the current waste management processes, the BM continues to achieve zero waste to landfill.

<b>Finite resource consumption</b>		<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>
Non-financial indicators ('000 m3)	Total water consumption	101	98	127	96
	Consumption per million visitors	101	16	18	14
Financial indicators (£k)	Total water cost	237	213	265	170
	Cost per million visitors	41	34	38	25

The BM's water supplier has been unable to provide consumption data for the current year. The value presented is an estimate based on an average of the preceding four years.

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

#### **Biodiversity action planning**

The WCEC incorporates a "green roof". This area was initially planted with varieties selected to attract priority species of birds and insects in the London Biodiversity Action Plan. It was then left to develop with any new plants arriving by wind or animal dispersal. Following its creation the roof was subject to a three year monitoring program to determine whether it attracted any pest species which could pose a threat to the collection. That program is now complete and the results are under review.

#### **Sustainable procurement**

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



Notes:

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

## Suppliers

The BM aims to settle bills within 30 days or by the due date. In 2017/18 it paid 79% of all invoices within the target (79% in 2016/17).

## Activity under immunity from seizure

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

During the 2017/18 financial year, the British Museum has granted protection under Part 6 Tribunals, Courts and Enforcement Act 2007 to objects brought into the UK for the following exhibitions:

<i>Living with Gods: people, places, and worlds beyond</i> 2 November 2017 – 8 April 2018	32 objects
<i>Scythians: warriors of ancient Siberia</i> 14 September 2017 – 14 January 2018	241 objects
<i>Hokusai beyond the Great Wave</i> 25 May – 13 August 2017	77 objects
<i>The American Dream: pop to the present</i> 9 March – 18 June 2017	38 objects

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

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

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

During the period from 1 April 2017 to 31 March 2018 the British Museum received no requests for information from potential claimants pursuant to article 7 of the Protection of Cultural Objects on Loan (Publication and Provision of Information) Regulations 2008.

## Reference and administrative details

### The Board of Trustees<sup>2</sup>

Trustees	Attended / Meetings Held	Trustees	Attended / Meetings Held
Sir Richard Lambert (Chair) (C)	4/4	Mr John Micklethwait CBE (A)	4/4
The Hon Nigel Boardman (A) (Deputy Chair)	3/4	Sir Paul Nurse FRS (F)	4/4
Ms Cheryl Carolus (B)	4/4	Mr Gavin Patterson (A)	3/4
Ms Elizabeth Corley CBE (A)	3/4	Mr Mark Pears CBE (C) (appointed 7 July 2017)	2/3
Miss Patricia Cumper MBE (A) (reappointed September 2017)	3/4	Mr Grayson Perry CBE RA (G)	4/4
Ms Clarissa Farr (A)	4/4	Sir Paul Ruddock (A)	4/4
Professor Clive Gamble (E)	4/4	Lord Sassoon (A) (reappointed 27 September 2017)	4/4
Ms Muriel Gray (A)	4/4	Professor Amartya Sen (C)	1/4
Ms Wasfi Kani OBE (A) (retired 26 September 2017)	0/1	Dame Nemat (Minouche) Shafik (A)	4/4
Professor Nicola Lacey CBE FBA (D)	4/4	Ms Ahdaf Soueif (A)	4/4
Lord Lupton CBE (A) (retired 7 July 2017)	1/1	Lord Turner of Ecchinswell FRS (C)	3/4
Sir Deryck Maughan (A) (reappointed 27 September 2017)	4/4	Baroness Wheatcroft of Blackheath (A) (Deputy Chair)	3/4

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

The remaining Trustees are appointed by:

- (B) the Sovereign;
- (C) the Board of Trustees; or  
the Secretary of State on the nomination of:
  - (D) the British Academy
  - (E) the Society of Antiquaries of London
  - (F) the Royal Society
  - (G) the Royal Academy

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

<sup>2</sup> The fractions reflect attendance at eligible meetings during the year. In addition to the meetings shown here, one extraordinary Board meeting was held during the year. As this was called at short notice, attendance at the meeting has not been included in the above table.

## Trustees' committees and membership

**Standing Committee**

Sir Richard Lambert (Chair)
The Hon Nigel Boardman
Professor Clive Gamble
Mr Gavin Patterson
Sir Paul Ruddock
Dame Nemat (Minouche) Shafik
Lord Turner of Ecchinswell
Baroness Wheatcroft of Blackheath

**Audit Committee**

Lord Turner of Ecchinswell (Chair)
Mr Hywel Ball (co-opted)
The Hon Nigel Boardman
Sir Ian Johnston (co-opted)
Lord Lupton (retired 7 July 2017)
Lord Sassoon
Mr Keith Williams (co-opted)
Baroness Wheatcroft of Blackheath

**Research Committee**

Sir Paul Nurse (Chair)	3/3
Professor Linda Colley (co-opted)	2/3
Miss Patricia Cumper MBE	0/3
Professor Clive Gamble	2/3
Professor Sir Richard Brook (co-opted)	3/3
Professor Andrew Prescott (co-opted)	1/3
Professor Greg Woolf (co-opted)	3/3
Professor Nicola Lacey	1/3
Professor Amartya Sen	1/3

**Nominations and Remuneration Committee**

6/6	Baroness Wheatcroft of Blackheath (Chair)	4/4
5/6	Miss Patricia Cumper MBE	2/4
4/6	Professor Nicola Lacey	3/4
5/6	Sir Richard Lambert	4/4
4/6	The Hon Nigel Boardman	4/4
4/6		
5/6		
4/6		

**Investment Sub-committee**

4/4	Baroness Wheatcroft of Blackheath (Chair)	2/2
4/4	The Hon Nigel Boardman	2/2
2/4	Ms Elizabeth Corley CBE	2/2
3/4	Mr Stephen Fitzgerald (co-opted)	2/2
0/1	Lord Sassoon	1/2
4/4	Sir Paul Ruddock	1/2

## Trustee membership of related Councils and Boards

### *British Museum Friends Advisory Council*

Professor Clive Gamble (Chair)

Ms Wasfi Kani (retired 26 September 2017)

### *The American Friends of the British Museum*

Mr John Micklethwait CBE (Chair)

Sir Deryck Maughan

Sir Richard Lambert (ex officio Director)

## Official addresses as at 31 March 2018

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

## DCMS' performance indicators

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

	2017/18	2016/17	2015/16	2014/15	2013/14
Number of visits to the Museum (excluding virtual visits)	5.8m	6.2m	6.9m	6.7m	6.8m
Number of unique website visits <sup>3</sup>	37.5m	30.9m	32.5m	33.7m	35.3m
Number of visits by children under 16 <sup>4</sup>	888k	800k	1.0m	987k	891k
Number of overseas visitors	3.7m	4.0m	4.4m	4.3m	3.8m
Number of facilitated and self-directed visits to the Museum by children under 18 in formal education <sup>5</sup>	323k	271k	259k	271k	262k
Number of instances of children under 18 participating in on-site organised activities	127k	126k	146k	143k	145k
% of visitors who would recommend a visit	96%	96%	97%	97%	96%
Admissions income	£2.2m	£3.0m	£2.5m	£3.7m	£5.7m
Trading income <sup>6</sup>	£7.8m	£14.8m	£16.4m	£15.4m	£18.5m
Fundraising <sup>7</sup>	£23.3m	£27.1m	£30.8m	£37.6m	£54.2m
Number of UK loan venues	165	156	166	170	187

<sup>3</sup> This includes visits to all BM websites.

<sup>4</sup> The increase in the under 16 visits figure and number of facilitated and self-directed visits to the Museum by children under 18 in formal education is accounted for by a change in methodology. A new booking system has allowed for more accurate reporting of international school groups.

<sup>5</sup> As above

<sup>6</sup> Defined by DCMS as net profit from activities which involve selling a product or service to a customer, and including international touring exhibitions, consultancy and retail. From 2013/14 the calculation includes the profit of the British Museum Company Ltd rather than the contribution paid to the British Museum during the year.

<sup>7</sup> Defined by DCMS as activities which involve seeking financial support, e.g. from sponsors, private benefactors, charitable trusts. From 2013/14 the calculation includes the full BM group.

## Basis of Preparation of Financial Statements and Accounting Policies and Practices

These financial statements have been prepared in a form directed by the Secretary of State for Digital, Culture, Media and Sport with the consent of the Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992, the *Government Financial Reporting Manual*, the *Statement of Recommended Practice* (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (effective 1 January 2015), and FRS 102.

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

The Accounting Officer and Board of Trustees take responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

## Remuneration Report

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

The Chair and Board of Trustees neither received nor waived any remuneration for their services during the year (2016/17: £nil). Further details about the Trustees are included within the Governance Statement.

### Remuneration policy

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

### Service contracts

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

### Remuneration (including salary) and pension entitlements

Single total figure of remuneration										
	Salary <sup>8</sup> (£'000)		Bonus payments (£'000) <sup>9</sup>		Benefits in kind (to nearest £100) <sup>10</sup>		Pension benefits (to nearest £1000) <sup>11</sup>		Total (£'000)	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Hartwig Fischer Director from 4 April 2016	180-185	195-200	27	–	1,200	500	69,000	68,000	275-280	260-265
Christopher Yates Deputy Director	135-140	135-140	–	–	–	–	48,000	60,000	185-190	195-200

<sup>8</sup> Salary comprises gross salary payable during the year and, for Hartwig Fischer, reimbursement during 2016/17 of one-off relocation expenses not subject to UK taxation totalling £17,000.

<sup>9</sup> Under his contract, Hartwig Fischer is entitled to receive an annual bonus of up to 15% of annual gross salary, entirely at the discretion of the Trustees. The timing of the appraisal process is such that the bonus reported in 2017/18 relates to performance in 2016/17.

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

<sup>11</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.



*Pay multiples*

The banded remuneration of the highest-paid employee at the reporting period end date was £205-210k (2016/17: £195-200k). This was 8.0 times the median remuneration of the workforce (2016/17: 7.7 times) at the reporting period end date, which was £25.8k (2016/17: £25.7k).

The BM complies as appropriate with the Civil Service pay guidance, as modified by the Museum Freedoms. Remuneration for the workforce at the reporting end date, including fees paid, agency staff, apprentices and excluding the highest-paid employee, ranged from £16k to £140k (2016/17: £15k – £140k). Total remuneration includes salary, performance related pay, and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

*Pension Benefits*

	Accrued pension at pension age <sup>12</sup> as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV <sup>13</sup> at 31/3/18	CETV at 31/3/17	Real increase in CETV <sup>14</sup>
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Hartwig Fischer Director from 4 April 2016	5 – 10	2.5 – 5	105	51	38
Christopher Yates Deputy Director	35 – 40 plus a lump sum of 85 – 90	2.5-5 plus a lump sum of 0	616	556	19

The figures in the remuneration report have been audited.

*Hartwig Fischer*  
Accounting Officer  
5 July 2018

*Sir Richard Lambert*  
Chair

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

<sup>13</sup> A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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

## Statement of Trustees' and Accounting Officer's responsibilities

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

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

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

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

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

Hartwig Fischer  
Accounting Officer  
5 July 2018

Sir Richard Lambert  
Chair

## Governance statement

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

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

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

A register of Trustees' and co-opted committee members' interests is maintained and is available for public inspection on request; this is formally reviewed by all Trustees and co-opted committee members once a year. Trustees and co-opted members are required to declare any conflicts or potential conflicts of interest at Board and committee meetings, and these are recorded in the minutes. Depending on the nature of the conflict or potential conflict, the Chair may require a Trustee or co-opted member to either leave the meeting, or not take part in a discussion or decision on a particular issue. During the year, one Trustee declared an interest in relation to the Blythe House project and one element of the Museum's long-term proposals for the Bloomsbury site, and another Trustee declared a conflict of interest in relation to the liquidation of Carillion.

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

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

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

## Board effectiveness

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

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

A report of findings is considered by the Nominations and Remuneration Committee and action points agreed by the Board. At least every three years, the review includes an element of independent assessment – the last independent review was carried out in 2016/17. The 2017/18 review concluded that the Board was effective or highly effective in all areas except fundraising where, in the context of falling government funding and plans for developing the building, Trustees recognised the need to strengthen capacity.

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

The Board has high standards in terms of the data it expects to receive to support it in discharging its duties. Data relating to the delivery of the BM's objectives, including financial control and the management of risk, are regularly reviewed by the Board and its committees. The 2017/18 review of Board performance showed

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

## Reports from Board committees

- *Audit Committee*: in addition to its on-going review of the risk register, during 2017/18 the Committee considered in detail the management of risks relating to the collection in transit, loans in and out, the public programme, current visitors, major projects, building maintenance, cyber security, and data protection. It received regular updates on security, operations and collections management, and received reports on external and internal audits.
- *Nominations & Remuneration Committee*: during 2017/18, the Board approved the committee's recommendation to appoint a Trustee; the committee reviewed its skills needs and submitted role specifications to ministers for the appointment of Trustees; and the committee made a recommendation to the Board on the Director's bonus and agreed his objectives for the year.
- *Standing Committee*: the committee continued to discharge the functions of the Board between quarterly Board meetings.

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

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

## Risk management framework and risk assessment

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

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

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

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

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

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

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

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

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

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

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

During the year the BM's risk management policy was reviewed and no changes were made. Security of the site remains a high priority for the Trustees. The most significant residual risks currently facing the BM arise from reductions in government funding; ambitious strategies for increasing income generation; and movement of the collection between storage sites. The BM continues to focus its efforts on scrutinising areas of perceived higher risk and, in particular, is focussing on strengthening controls operating around contractors and the documentation of acquisitions.

The BM has suffered no significant losses or thefts of personal or other protected data during 2017/18 and has made no report to the Information Commissioner's Office. The BM has a whistleblowing policy which is approved by the Board of Trustees and published on the website. The policy is formally reviewed every four years, or as circumstances require. The policy is supported by a whistleblowing procedure made available to all staff and published on the Museum's intranet.

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

## Opinion on financial statements

I certify that I have audited the financial statements of the British Museum for the year ended 31 March 2018 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the British Museum's affairs as at 31 March 2018 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

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

## Responsibilities of the Trustees and Director

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

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992.

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



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

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

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

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

## Other Information

The Trustees and Director are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992;
- in the light of the knowledge and understanding of the group and the British Museum and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and



- the information given in the Annual Report which we provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### Report

I have no observations to make on these financial statements.

*Sir Amyas C. E. Morse*  
Comptroller and Auditor General

9 July 2018

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

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

	Note	Revenue Funds			Capital Funds			Total Funds			Total 2017 £000s
		Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Collection Acquisitions £000s	Unrestricted £000s	Restricted £000s	Permanent Endowments £000s	
<b>Income and endowments from</b>											
Grant-in-aid	2	39,230	990	40,220	13,353	–	–	13,353	14,343	–	53,573
Donations and legacies		2,603	7,481	10,084	4,679	1,125	–	5,804	2,603	–	15,888
Charitable activities	3	19,557	1,663	21,220	417	–	–	417	19,557	–	21,637
Other trading activities	11(b)	12,997	–	12,997	–	–	–	–	12,997	–	12,997
Investments	4	49	179	228	101	–	–	101	49	1	330
<b>Total income and endowments</b>		74,436	10,313	84,749	18,550	1,125	–	19,675	74,436	29,988	104,425
<b>Expenditure on</b>											
<b>Raising funds</b>											
Expenditure on raising donations and legacies	6	(1,361)	(75)	(1,436)	(1)	–	–	(28)	(1,362)	(102)	(1,465)
Expenditure on other trading activities	6, 11(b)	(9,598)	(11)	(9,609)	(2)	–	–	(15)	(9,600)	(24)	(9,624)
Investment management costs	6	(80)	(3)	(83)	–	–	–	(14)	(80)	(17)	(162)
<b>Charitable activities</b>	6	(60,995)	(8,051)	(69,046)	(452)	–	–	(14,499)	(61,447)	(22,098)	(83,757)
Loss on Disposal of Blythe House	7	–	–	–	–	–	–	(6,173)	–	(6,173)	(6,173)
<b>Total expenditure</b>	6	(72,034)	(8,140)	(80,174)	(455)	–	–	(20,729)	(72,489)	(28,414)	(101,181)
Net gains/(losses) on investments	10	204	114	318	(2,578)	–	–	(2,310)	(2,374)	382	(1,116)
<b>Net income/(expenditure)</b>	5	2,606	2,287	4,893	(3,033)	1,125	–	(3,364)	(427)	1,956	2,128
Transfers between funds	16	121	(258)	(137)	376	1,112	–	750	497	116	–
<b>Other recognised (losses)/gains</b>											
Gain/(loss) on revaluation of fixed assets	7	–	–	–	–	–	–	54,869	–	54,869	(13,437)
Actuarial gains/(losses) on defined benefit pension scheme	20	910	–	910	–	–	–	–	910	–	910
Other gains/(losses)		(56)	(5)	(61)	–	–	–	(6)	(56)	(11)	(68)
<b>Net movement in funds</b>		3,581	2,024	5,605	(2,657)	2,237	–	52,249	924	56,930	57,839
<b>Reconciliation of funds:</b>											
Total funds brought forward as at 1 April	16(a)	13,146	20,894	34,040	25,395	89,049	–	789,565	38,541	785,064	848,526
<b>Total funds carried forward as at 31 March</b>	16(a)	16,727	22,918	39,645	22,738	91,286	–	841,814	39,465	841,994	906,365

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

## Consolidated Statement of Financial Activities for the year ended 31 March 2017

	Note	Revenue Funds			Capital Funds			Total Funds			Total 2016 £000s
		Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Collection Acquisitions £000s	Unrestricted £000s	Restricted £000s	Permanent Endowments £000s	
<b>Income and endowments from</b>											
Grant-in-aid	2	38,690	1,029	39,719	13,850	–	–	38,690	14,879	–	53,569
Donations and legacies		1,511	4,770	6,281	6,292	7,492	–	1,511	18,554	139	21,994
Charitable activities	3	18,869	1,638	20,507	155	–	–	18,869	1,793	–	20,662
Other trading activities	11(b)	20,444	–	20,444	–	–	–	20,444	–	–	20,444
Investments	4	272	42	314	260	–	–	272	302	121	1,061
<b>Total income and endowments</b>		79,786	7,479	87,265	20,557	7,492	–	79,786	35,528	260	117,730
<b>Expenditure on Raising funds</b>											
Expenditure on raising donations and legacies	6	(1,422)	–	(1,422)	–	–	–	(1,422)	–	–	(1,422)
Expenditure on other trading activities	6, 11(b)	(10,658)	–	(10,658)	–	–	–	(10,658)	–	–	(10,658)
Investment management costs	6	(1)	(2)	(3)	(2)	–	–	(1)	(4)	(1)	(9)
<b>Charitable activities</b>	6	(65,590)	(6,611)	(72,201)	(449)	(14,833)	–	(66,039)	(21,444)	(233)	(87,716)
<b>Total expenditure</b>	6	(77,671)	(6,613)	(84,284)	(449)	(14,835)	–	(78,120)	(21,448)	(234)	(99,805)
<b>Net gains on investments</b>	10	113	444	557	7,353	886	–	7,466	1,330	690	11,626
<b>Net income</b>	5	2,228	1,310	3,538	6,904	7,492	–	9,132	15,410	716	29,551
Transfers between funds	16	363	(1,113)	(750)	15,524	984	–	15,887	(16,414)	986	–
<b>Other recognised (losses)/gains</b>											
Loss on revaluation of fixed assets		–	–	–	(13,437)	–	–	(13,437)	–	–	(13,437)
Actuarial losses on defined benefit pension scheme	20	(5,215)	–	(5,215)	–	–	–	(5,215)	–	–	(5,215)
Other gains/(losses)		192	(64)	128	(42)	–	–	192	(106)	–	89
<b>Net movement in funds</b>		(2,432)	133	(2,299)	22,428	(23,156)	8,476	19,996	(14,547)	1,702	10,988
<b>Reconciliation of funds:</b>											
Total funds brought forward as at 1 April	16(a)	15,578	20,761	36,339	2,967	698,277	80,573	18,545	799,611	4,809	837,538
<b>Total funds carried forward as at 31 March</b>	16(a)	13,146	20,894	34,040	25,395	675,121	89,049	38,541	785,064	6,511	848,526

All operations of the British Museum continued throughout 2016/17 and 2015/16 and none were discontinued in either period. The British Museum has no recognised gains and losses other than those above. The accompanying notes form part of these accounts.

## Consolidated Balance Sheet as at 31 March 2018

	Note	2018 £000s	2017 £000s
<b>Fixed assets</b>			
Tangible assets	7(a)	712,367	658,155
Intangible assets	8	2,537	1,972
Heritage assets	9	91,286	89,049
Investments	10(a)	79,589	88,080
Investment properties	10(b)	22,191	24,769
<b>Total fixed assets</b>		<b>907,970</b>	<b>862,025</b>
<b>Debtors due in more than one year</b>	12	<b>7,016</b>	5,769
<b>Current assets</b>			
Stock-goods for resale	11(c)	1,918	2,152
Debtors due within one year	12	18,441	21,890
Investments	10(c)	9,755	7,739
Cash at bank and in hand	10(d)	20,650	12,076
<b>Total current assets</b>		<b>50,764</b>	43,857
Creditors: amounts falling due within one year	13	(45,289)	(47,817)
Provisions: amounts falling due within one year	14	(1,054)	(1,223)
<b>Net current assets/(liabilities)</b>		<b>4,421</b>	(5,183)
Total assets less current liabilities		<b>919,407</b>	862,611
Creditors: amounts falling due after more than one year	13	(301)	(449)
Net assets excluding pension liability		<b>919,106</b>	862,162
Defined benefit pension scheme liability	20	(12,741)	(13,636)
<b>Total net assets</b>		<b>906,365</b>	<b>848,526</b>
<b>The funds of the group:</b>			
Permanent endowments		18,459	18,410
Expendable endowments		6,447	6,511
Restricted funds		841,994	785,064
Unrestricted funds			
Designated funds		402	428
General funds		30,892	33,587
General funds held in subsidiaries		8,171	4,526
		<b>39,465</b>	38,541
<b>Total group funds</b>	16(a)	<b>906,365</b>	<b>848,526</b>

The accompanying notes form part of these accounts.

Hartwig Fischer  
Accounting Officer

5 July 2018

Sir Richard Lambert  
Chair

## Museum Balance Sheet as at 31 March 2018

	Note	2018 £000s	2017 £000s
<b>Fixed assets</b>			
Tangible assets	7(b)	<b>711,882</b>	657,529
Intangible assets	8	<b>2,475</b>	1,972
Heritage assets	9	<b>91,286</b>	89,049
Investments	10(a)	<b>79,589</b>	88,080
Investment properties	10(b)	<b>22,191</b>	24,769
Investment in subsidiaries	11(a)	<b>1,250</b>	1,250
<b>Total fixed assets</b>		<b>908,673</b>	862,649
Debtors due in more than one year	12	<b>7,016</b>	5,769
<b>Current assets</b>			
Debtors due within one year	12	<b>19,020</b>	27,380
Cash at bank and in hand	10(d)	<b>11,113</b>	3,490
<b>Total current assets</b>		<b>30,133</b>	30,870
Creditors: amounts falling due within one year	13	<b>(46,426)</b>	(53,799)
Provisions: amounts falling due within one year	14	<b>(1,054)</b>	(1,223)
<b>Net current liabilities</b>		<b>(17,347)</b>	(24,152)
Total assets less current liabilities		<b>898,342</b>	844,266
Creditors: amounts falling due after more than one year	13	<b>(148)</b>	(266)
<b>Total net assets</b>		<b>898,194</b>	844,000
<b>The funds of the charity:</b>			
Permanent endowments		<b>18,459</b>	18,410
Expendable endowments		<b>6,447</b>	6,511
Restricted funds		<b>841,994</b>	785,064
Unrestricted funds			
Designated funds		<b>402</b>	428
General funds		<b>30,892</b>	33,587
		<b>31,294</b>	34,015
<b>Total charity funds</b>	16(a)	<b>898,194</b>	844,000

*The accompanying notes form part of these accounts.*

Hartwig Fischer  
Accounting Officer

5 July 2018

Sir Richard Lambert  
Chair

## Consolidated Statement of Cash Flows For the year ended 31 March 2018

	Note	<b>2018</b> <b>£000s</b>	2017 £000s
<b>Cash flows from operating activities</b>			
<b>Net cash provided by operating activities</b>	17	<b>21,579</b>	25,851
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments	4	<b>195</b>	767
Purchase of fixed asset investments	10(a)	<b>(114,057)</b>	(42,353)
Proceeds from the sale of fixed asset investments	10(a)	<b>124,010</b>	37,655
Purchase of investment properties	10(b)	-	(118)
Purchase of tangible fixed assets	7(a)	<b>(19,151)</b>	(15,600)
Purchase of intangible fixed assets	8	<b>(806)</b>	(1,061)
Purchase of heritage assets	9	<b>(1,112)</b>	(1,734)
<b>Net cash used in investing activities</b>		<b>(10,921)</b>	(22,444)
<b>Change in cash and cash equivalents in the year</b>		<b>10,658</b>	3,407
<b>Cash and cash equivalents at the beginning of the year</b>		<b>19,815</b>	16,319
<b>Change in cash and cash equivalents due to exchange movements</b>		<b>(68)</b>	89
<b>Cash and cash equivalents at the end of the year</b>		<b>30,405</b>	19,815
<b>Analysis of cash and cash equivalents</b>			
Current asset investments		<b>9,755</b>	7,739
Cash at bank and in hand		<b>20,650</b>	12,076
<b>Total cash and cash equivalents</b>		<b>30,405</b>	19,815

*The accompanying notes form part of these accounts.*

## Notes to the Accounts

### 1. ACCOUNTING POLICIES

#### *Accounting Conventions*

- (a) The accounts comply with the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (effective 1 January 2015), FRS 102, the Government Financial Reporting Manual (FReM), Museum and Galleries Act 1992, the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport, and, in the case of the subsidiaries, the Companies Act 2006. A copy of the Direction is available from the Department for Digital, Culture, Media and Sport. Where there is a conflict between the requirements of the SORP and the FReM, the SORP has been followed with additional disclosure provided to comply with the FReM.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved BM following Accounting and Reporting by Charities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 in preparing its accounts, rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

- (b) The financial statements are prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the treatment of investments, which have been included at fair value.

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

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

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

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



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

The income and profit on long term contracts are accounted for in accordance with FRS 102. Attributable profit is calculated on a prudent basis, and the amount recognised in the accounts reflects the proportion of work carried out at the accounting date. Income included in the SOFA is calculated on the basis of time spent as a proportion of total time expected to be spent in fulfilling the contract. The costs incurred in reaching this stage of completion are matched with the income. The difference between the amount recognised in the SOFA and the cash received is disclosed in either debtors or creditors as prepayments and accrued income or accruals and deferred income.

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

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

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

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

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

(d) *Gifts in Kind*

*Heritage Assets*

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

*Heritage assets acquired since 1 April 2001*

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

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

*Heritage assets acquired before 1 April 2001*

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

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

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

#### *Donated Services*

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

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

#### (e) *Tangible Fixed Assets*

Assets with an economic life of more than one year and value greater than £5,000 are capitalised. All the BM's land, properties and plant and machinery are revalued for accounting purposes by external chartered surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institute of Chartered Surveyors and with FRS 102. A full valuation of the BM's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2014. The valuation included the main BM site at Great Russell Street, its perimeter buildings, the World Conservation and Exhibitions Centre, and two properties used for storage at Orsman Road. The main BM site is valued on a depreciated replacement cost basis and the Orsman Road properties and the perimeter buildings are valued on an existing use basis. Between the quinquennial valuations, Gerald Eve undertakes a desktop valuation to update the values of land, buildings and plant and machinery.

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

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

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

Freehold buildings	15 to 100 years
Galleries	10 to 25 years
Plant and machinery	10 to 35 years
Furniture, fit out and equipment	1 to 20 years

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

#### (f) *Intangible Fixed Assets*

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

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

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

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

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

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

(g) *Financial instruments*

*Recognition, measurement and impairment*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the BM's balance sheet when the BM becomes a party to the contractual provisions of the instrument. Assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the BM has transferred substantially all risks and rewards of ownership. Liabilities are derecognised when all obligations in respect of them have been discharged. Where material, assets and liabilities falling due after more than one year are discounted to their present value.

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

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

*Investment properties*

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

*Investments in subsidiaries*

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

(h) *Stocks and work in progress*

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

(i) *Liabilities*

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

(j) *Provisions*

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

(k) *Cash and cash equivalents*

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

(l) *Leases*

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

(m) *Foreign Currencies*

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

(n) *Pensions*

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” are unfunded multi-employer defined benefit schemes but the BM is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk))

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

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

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

(o) *Taxation*

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

(p) *Funds Structure*

The BM has the following categories of funds:

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

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

(q) *Significant judgements and estimates*

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

**2. GRANT-IN-AID**

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Unrestricted revenue	<b>39,230</b>	38,690
Restricted revenue	<b>990</b>	1,029
Restricted capital	<b>13,353</b>	13,850
	<b>53,573</b>	53,569

**3. ANALYSIS OF INCOME AND ENDOWMENTS FROM CHARITABLE ACTIVITIES**

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Care, research and conservation	<b>1,462</b>	2,277
Public access and events	<b>2,447</b>	1,495
Charitable trading	<b>17,728</b>	16,890
	<b>21,637</b>	20,662

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

EU funding of £159k is included in income in the current year. EU funding of £1,764k was included in the prior year.

**4. INCOME FROM INVESTMENTS**

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Income from UK bank deposits	<b>69</b>	89
Income from UK fixed interest investments	<b>3</b>	4
Income from UK investment funds	<b>–</b>	593
Income from overseas investment funds	<b>68</b>	20
Other interest	<b>–</b>	–
	<b>140</b>	706
Interest receivable from discount unwinding	<b>135</b>	294
Rents receivable	<b>55</b>	61
	<b>330</b>	1,061

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

**5. NET INCOME**

is stated after charging:	<b>2018</b>	2017
	<b>£000s</b>	£000s
Auditors' remuneration: Comptroller and Auditor General audit fee	<b>53</b>	53
Auditors' remuneration: Subsidiary companies audit fee	<b>51</b>	52
Operating lease rentals: Hire of plant and machinery	<b>93</b>	93
Operating lease rentals: Land and buildings	<b>105</b>	104
Loss on disposal of fixed assets	<b>6,380</b>	38
Movement on bad debt provision	<b>18</b>	26

There were no non-audit services provided by the Comptroller and Auditor General during 2017/18 (2016/17:nil). The auditors of BMF provided iXBRL services of £200 (2016/17: £200).

**6. ANALYSIS OF EXPENDITURE**

6(a)	Direct Costs £000s	Grants £000s	Depreciation & Amortisation & Loss on Disposal £000s	Support Costs £000s	<b>Total 2018 £000s</b>
Raising donations and legacies	1,256	–	25	184	1,465
Other trading activities	8,843	–	196	585	9,624
Investment management costs	156	–	–	6	162
Care, research and conservation	27,894	11,981	7,777	3,813	51,465
Public access and events	14,741	89	5,607	1,403	21,840
Charitable trading	9,487	–	248	717	10,452
<b>Charitable activities</b>	<b>52,122</b>	<b>12,070</b>	<b>13,632</b>	<b>5,933</b>	<b>83,757</b>
Loss on Disposal of Blythe House	–	–	6,173	–	6,173
<b>Total expenditure</b>	<b>62,337</b>	<b>12,070</b>	<b>20,026</b>	<b>6,708</b>	<b>101,181</b>
	Direct Costs £000s	Grants £000s	Depreciation & Amortisation £000s	Support Costs £000s	<b>Total 2017 £000s</b>
Raising donations and legacies	1,157	–	21	244	1,422
Other trading activities	9,972	–	31	655	10,658
Investment management costs	9	–	–	–	9
Care, research and conservation	28,796	13,389	7,769	4,050	54,004
Public access and events	15,488	128	5,938	1,680	23,234
Charitable trading	9,459	–	604	415	10,478
<b>Charitable activities</b>	<b>53,743</b>	<b>13,517</b>	<b>14,311</b>	<b>6,145</b>	<b>87,716</b>
<b>Total expenditure</b>	<b>64,881</b>	<b>13,517</b>	<b>14,363</b>	<b>7,044</b>	<b>99,805</b>

Grants are made for the furtherance of the BM's charitable objectives. Of the total grants of £12.1m (2016/17: £13.5m), £11.9m (2016/17: £13.3m) were made to institutions and £0.2m were made to individuals (2016/17: £0.2m).

The main elements of the grant figure are as follows:

- Grants of £10.7m (2016/17: £12.0m) to the British Museum Trust Limited (BMT), restricted for furtherance of the British Museum's charitable objectives. BMT is a separate, independent registered charity (registration number: 1140844). It has no Trustees in common with the BM. Its objectives are to advance, in a manner in which the trustees of BMT see fit, the charitable objects of the Trustees of the British Museum; and to advance culture, heritage, science, education and the arts for public benefit throughout the world in any manner incidental, conducive to or compatible with the charitable objects of the Trustees of the British Museum. The Museum provides administrative support for BMT under terms governed by a commercial service level agreement;
- Grants of £1m (2016/17: £1m) under the Portable Antiquities Scheme. The scheme is the only proactive mechanism in England and Wales for recording archaeological finds made by the public. The grants are made to local authorities to support the work of Find Liaison Officers. Details of these grants are obtainable from the Portable Antiquities Scheme administrator at the British Museum;
- Grants of £0.1m (2016/17: £0.2m) as part of research in the field of bioarchaeology.

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

	Finance Information	Human	Legal Governance	2018
	Services	Resources	Services	Total
	£000s	£000s	£000s	£000s
Care, research and conservation	678	1,912	792	3,813
Public access and events	339	332	485	1,403
Charitable trading	214	255	106	717
Charitable activities	1,231	2,499	1,383	5,933
Raising donations and legacies	30	95	39	184
Other trading activities	221	203	84	585
Investment management costs	5	-	-	6
	1,487	2,797	1,506	6,708
	Finance Information	Human	Legal Governance	2017
	Services	Resources	Services	Total
	£000s	£000s	£000s	£000s
Care, research and conservation	1,186	1,641	883	4,050
Public access and events	510	370	599	1,680
Charitable trading	129	144	77	415
Charitable activities	1,825	2,155	1,559	6,145
Raising donations and legacies	31	126	68	244
Other trading activities	95	305	164	655
	1,951	2,586	1,791	7,044
6(c) Governance costs				2018
				2017
				£000s
Staff costs				199
British Museum auditors' remuneration				53
Subsidiary charities auditors' remuneration				51
Professional services				3
Internal audit costs				53
Cost of meetings				14
Reimbursement of trustee expenses				7
				380
6(d) Staff costs				2018
				2017
				£000s
Wages and salaries				27,550
Social security costs				2,731
Pension costs (note 20)				5,186
Agency staff costs				3,391
Early retirement and redundancy costs				290
				39,148
				39,913

In addition to the total above, £617k (2016/17: £561k) of staff costs has been capitalised.

There was no expenditure on consultancy during 2017/18 (2016/17: nil).



The number of employees whose full time equivalent emoluments as defined for taxation purposes amounted to over £60,000 (2017: over £60,000) in the year was as follows:

	<b>2018</b>	2017
£60,001 – £70,000	<b>22</b>	21
£70,001 – £80,000	<b>7</b>	5
£80,001 – £90,000	<b>2</b>	4
£90,001 – £100,000	<b>1</b>	–
£100,001 – £110,000	<b>1</b>	1
£110,001 – £120,000	–	1
£120,001 – £130,000	<b>1</b>	1
£130,001 – £140,000	<b>1</b>	1
£190,001 – £200,000	–	1
£200,001 – £210,000	<b>1</b>	–

31 staff (2016/17: 30) whose emoluments amounted to more than £60,000 in the year are members of a defined benefit scheme and 4 staff (2016/17: 5) are members of a defined contributions scheme. Contributions of £521k (2016/17: £493k) were paid on behalf of the members of the defined benefit scheme and £24k (2016/17: £38k) on behalf of the members of the defined contributions scheme.

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

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

  

2017	Agency and contract		Total
	Staff	staff	
Care, research and conservation	407	8	415
Public access and events	280	112	392
Charitable trading	75	14	89
Raising donations and legacies	21	2	23
Other trading activities	117	8	125
	<u>900</u>	<u>144</u>	<u>1,044</u>

The average head count during the year excluding agency and contract staff was 1,010 (2016/17: 1,019).

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

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

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages for 2017/18	Total number of exit packages for 2016/17
0 – 24,999	7	1	8	6
25,000 – 49,999	–	5	5	3
50,000 – 74,999	2	1	3	3
75,000 – 99,999	–	–	–	–
>100,000	–	1	1	–
Total	<u>9</u>	<u>8</u>	<u>17</u>	<u>12</u>
Total cost (£000)	<u>235</u>	<u>373</u>	<u>608</u>	<u>372</u>

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

#### 6(g) Trustees:

None of the trustees have been paid any remuneration or received any other benefits during 2017/18 (2016/17: £nil). All Trustees are entitled to be reimbursed for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2017/18, travel and subsistence expenses of £22k (2016/17: £43k) were paid, including £8k (2016/17: £3k) reimbursed to one Trustee (2016/17: 2) and £14k (2016/17: £40k) paid directly to third parties.

#### 6(h) Off-payroll engagements

##### a For all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months:

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

##### b For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months:

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

##### c For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018:

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	–
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.	26

#### 6(i) Losses

In 2016/17, one item from the collection valued at £750,000 was declared lost under the Procedure for the Reporting of Unlocated and Lost Objects and was written off. There were no losses in 2017/18 above the reporting threshold.

**7. TANGIBLE ASSETS**

## 7(a) Group tangible assets

	Land £000s	Buildings £000s	Assets in the Course of Construction £000s	Galleries £000s	Plant and Machinery £000s	Equipment £000s	Total £000s
<b>Cost</b>							
At 1 April 2017	151,544	369,306	7,590	35,593	111,702	12,268	<b>688,003</b>
Additions during the year	–	2,253	13,373	107	3,238	180	<b>19,151</b>
Disposals and derecognition during the year	(2,204)	(3,708)	–	(1,203)	(261)	(409)	<b>(7,785)</b>
Transfer from assets under construction	–	310	(6,292)	4,555	1,427	–	<b>–</b>
Impairment	–	–	–	–	(37)	–	<b>(37)</b>
Revaluation adjustment	140	37,920	–	222	5,777	–	<b>44,059</b>
At 31 March 2018	149,480	406,081	14,671	39,274	121,846	12,039	<b>743,391</b>
<b>Accumulated depreciation</b>							
At 1 April 2017	–	–	–	(20,483)	–	(9,365)	<b>(29,848)</b>
Disposals during the year	–	–	–	1,016	–	389	<b>1,405</b>
Provided during the year	–	(4,367)	–	(1,544)	(6,554)	(926)	<b>(13,391)</b>
Revaluation adjustment	–	4,367	–	(111)	6,554	–	<b>10,810</b>
At 31 March 2018	–	–	–	(21,122)	–	(9,902)	<b>(31,024)</b>
<b>Net Book Value</b>							
<b>At 31 March 2018</b>	<b>149,480</b>	<b>406,081</b>	<b>14,671</b>	<b>18,152</b>	<b>121,846</b>	<b>2,137</b>	<b>712,367</b>
At 31 March 2017	151,544	369,306	7,590	15,110	111,702	2,903	<b>658,155</b>

## 7(b) Museum tangible assets

	Land £000s	Buildings £000s	Assets in the Course of Construction £000s	Galleries £000s	Plant and Machinery £000s	Equipment £000s	Total £000s
<b>Cost</b>							
At 1 April 2017	151,544	369,306	7,590	35,593	111,702	8,406	<b>684,141</b>
Additions during the year	–	2,253	13,373	107	3,238	132	<b>19,103</b>
Disposals and derecognition during the year	(2,204)	(3,708)	–	(1,203)	(261)	(388)	<b>(7,764)</b>
Transfer from assets under construction	–	310	(6,292)	4,555	1,427	–	<b>–</b>
Impairment	–	–	–	–	(37)	–	<b>(37)</b>
Revaluation adjustment	140	37,920	–	222	5,777	–	<b>44,059</b>
At 31 March 2018	149,480	406,081	14,671	39,274	121,846	8,150	<b>739,502</b>
<b>Accumulated depreciation</b>							
At 1 April 2017	–	–	–	(20,483)	–	(6,129)	<b>(26,612)</b>
Disposals during the year	–	–	–	1,016	–	369	<b>1,385</b>
Provided during the year	–	(4,367)	–	(1,544)	(6,554)	(738)	<b>(13,203)</b>
Revaluation adjustment	–	4,367	–	(111)	6,554	–	<b>10,810</b>
At 31 March 2018	–	–	–	(21,122)	–	(6,498)	<b>(27,620)</b>
<b>Net Book Value</b>							
<b>At 31 March 2018</b>	<b>149,480</b>	<b>406,081</b>	<b>14,671</b>	<b>18,152</b>	<b>121,846</b>	<b>1,652</b>	<b>711,882</b>
At 31 March 2017	151,544	369,306	7,590	15,110	111,702	2,277	<b>657,529</b>

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

A full valuation of the BM's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2014. The valuations included the main BM site at Great Russell Street, its perimeter buildings, the WCEC

building and two properties used for storage at Orsman Road. The British Museum owns the freehold on all land and buildings apart from Blythe House.

7(c) An interim desktop valuation has been obtained to update the values of land, buildings and plant and machinery. The valuation used the depreciated replacement cost method.

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

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

## 8. INTANGIBLE ASSETS

### 8(a) Group intangible assets

	Software Licences £000s	Websites £000s	Developed Software £000s	Assets in the Course of Construction £000s	<b>Total £000s</b>
<b>Cost</b>					
At 1 April 2017	181	30	322	1,841	<b>2,374</b>
Additions during the year	–	–	181	625	<b>806</b>
Disposals during the year	–	–	–	–	–
Transfer from assets under construction	–	–	299	(299)	–
Revaluation adjustment	–	–	–	–	–
At 31 March 2018	181	30	802	2,167	<b>3,180</b>
<b>Accumulated amortisation</b>					
At 1 April 2017	(129)	(12)	(261)	–	<b>(402)</b>
Disposals during year	–	–	–	–	–
Provided during the year	(19)	(6)	(216)	–	<b>(241)</b>
Revaluation adjustment	–	–	–	–	–
At 31 March 2018	(148)	(18)	(477)	–	<b>(643)</b>
<b>Net Book Value</b>					
<b>At 31 March 2018</b>	<b>33</b>	<b>12</b>	<b>325</b>	<b>2,167</b>	<b>2,537</b>
At 31 March 2017	52	18	61	1,841	<b>1,972</b>

## 8(b) Museum intangible assets

	Software Licences £000s	Websites £000s	Assets in the Developed Software £000s	Course of Construction £000s	<b>Total £000s</b>
<b>Cost</b>					
At 1 April 2017	181	30	322	1,841	<b>2,374</b>
Additions during the year	–	–	181	563	<b>744</b>
Disposals during the year	–	–	–	–	–
Transfer from assets under construction	–	–	299	(299)	–
Revaluation adjustment	–	–	–	–	–
At 31 March 2018	181	30	802	2,105	<b>3,118</b>
<b>Accumulated amortisation</b>					
At 1 April 2017	(129)	(12)	(261)	–	<b>(402)</b>
Disposals during year	–	–	–	–	–
Provided during the year	(19)	(6)	(216)	–	<b>(241)</b>
Revaluation adjustment	–	–	–	–	–
At 31 March 2018	(148)	(18)	(477)	–	<b>(643)</b>
<b>Net Book Value</b>					
<b>At 31 March 2018</b>	<b>33</b>	<b>12</b>	<b>325</b>	<b>2,105</b>	<b>2,475</b>
At 31 March 2017	52	18	61	1,841	<b>1,972</b>

## 9. HERITAGE ASSETS – GROUP AND MUSEUM

## 9(a) Nature and scale of the collection

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

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

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

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

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

### *Acquisition*

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

### *Preservation and Management*

The BM has dedicated Collection Services, Conservation and Scientific Research teams.

Collection Services provides advice and expertise on storage of the collection, coordinating loans and collection documentation. The storage aspect of the department's work involves implementing a rolling programme of improvements to storage of the collection and ensuring compliance with BM storage guidelines.

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

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

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

The new World Conservation and Exhibitions Centre opened in 2014 provided state of the art conservation and storage facilities.

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

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

[http://www.britishmuseum.org/research/collection\\_online/search.aspx](http://www.britishmuseum.org/research/collection_online/search.aspx)

### *Disposal*

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

[http://www.britishmuseum.org/about\\_us/management/museum\\_governance.aspx](http://www.britishmuseum.org/about_us/management/museum_governance.aspx)



## 9(c) Heritage assets capitalised

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

	<b>2017/18 – £000s</b>		
	Donated	Purchased	<b>Total</b>
Opening balance	57,091	31,958	<b>89,049</b>
Additions	1,125	1,112	<b>2,237</b>
Closing balance	<u>58,216</u>	<u>33,070</u>	<b><u>91,286</u></b>
	<b>2016/17 – £000s</b>		
	Donated	Purchased	<b>Total</b>
Opening balance	50,349	30,224	<b>80,573</b>
Additions	7,492	1,734	<b>9,226</b>
Write-off*	(750)	–	<b>(750)</b>
Closing balance	<u>57,091</u>	<u>31,958</u>	<b><u>89,049</u></b>
	<b>2015/16 – £000s</b>		
	Donated	Purchased	<b>Total</b>
Opening balance	48,472	29,141	<b>77,613</b>
Additions	1,877	1,083	<b>2,960</b>
Closing balance	<u>50,349</u>	<u>30,224</u>	<b><u>80,573</u></b>
	<b>2014/15 – £000s</b>		
	Donated	Purchased	<b>Total</b>
Opening balance	45,443	26,104	<b>71,547</b>
Additions	3,029	3,037	<b>6,066</b>
Closing balance	<u>48,472</u>	<u>29,141</u>	<b><u>77,613</u></b>
	<b>2013/14 – £000s</b>		
	Donated	Purchased	<b>Total</b>
Opening balance	38,090	23,472	<b>61,562</b>
Additions	7,353	2,632	<b>9,985</b>
Closing balance	<u>45,443</u>	<u>26,104</u>	<b><u>71,547</u></b>

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

**10. INVESTMENTS**

## 10(a) Fixed asset investments – Group and Museum

Investments comprised the following:

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Investment assets in the UK:		
Investment funds	<b>39,112</b>	27,810
Investment assets outside the UK:		
Investment funds	<b>37,699</b>	56,833
Unlisted equities	<b>2,778</b>	3,437
	<b>79,589</b>	88,080
Investments at 1 April	<b>88,080</b>	79,108
Additions	<b>114,057</b>	42,353
Disposals	<b>(124,010)</b>	(37,655)
Transfer to tangible fixed assets	–	–
Gain in value	<b>1,462</b>	4,274
Investments at 31 March	<b>79,589</b>	88,080

All investments are stated at fair value at 31 March 2018. Valuations for investments with an active market are based on published quoted prices at or close to the balance sheet date. Valuations for investments where there is no active market have been estimated with reference to recent valuation reports.

The BM has entered into a long term commitment to invest a further \$0.6m (2017: £0.5m) in unlisted equities outside the UK under subscription agreements with one investment manager.

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

## 10(b) Investment properties – Group and Museum

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Investments at 1 April	<b>24,769</b>	2,128
Additions	–	118
Transfer in from tangible fixed assets	–	15,171
Gain/(loss) in value	<b>(2,578)</b>	7,352
Investments at 31 March	<b>22,191</b>	24,769

The investment properties comprise buildings on the perimeter of the Bloomsbury site. During 2017/18 and 2016/17 the majority were subject to long leases on low or peppercorn rents. At the end of 2016/17, £15m was transferred from tangible fixed assets for properties reclassified as investment properties following refurbishment. No new leases for these properties were signed during the year.

The valuation of the investment properties at open market value as at 31 March 2018 was carried out by chartered surveyors Montagu Evans. The valuation is in accordance with the RICS Appraisal and Valuation Manual. The Museum is subject to historic restrictions and central government controls relating to the disposal of and retention of proceeds of investment properties.

## 10(c) Current asset investments

	<b>Group 2018 Cost £000s</b>	Group 2017 Cost £000s	<b>Museum 2018 Cost £000s</b>	Museum 2017 Cost £000s
Short term cash deposits	<b>9,755</b>	7,739	-	-

## 10(d) Cash at bank and in hand

	<b>Group 2018 £000s</b>	Group 2017 £000s	<b>Museum 2018 £000s</b>	Museum 2017 £000s
Balance with commercial banks and in hand	<b>20,650</b>	12,076	<b>11,113</b>	3,490

**11. TRADING SUBSIDIARIES**

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

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

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

## 11(b) Summary of results of consolidated entities

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

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

	<b>BMF</b>	<b>BMCo</b>	<b>BMGC</b>	<b>BM Intercompany</b>	<b>Total</b>	
	<b>2016/17</b>	<b>2016/17</b>	<b>2016/17</b>	<b>2016/17</b>	<b>2016/17</b>	
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>Transactions</b>	<b>£000s</b>	
				<b>2016/17</b>		
				<b>£000s</b>		
<b>Income and endowments from</b>						
Grant-in-aid	–	–	–	53,569	–	<b>53,569</b>
Donations and legacies	220	–	–	35,535	(13,761)	<b>21,994</b>
Charitable activities	4,928	6,672	–	10,986	(1,924)	<b>20,662</b>
Other trading activities	–	8,977	12,656	–	(1,189)	<b>20,444</b>
Investments	7	35	46	973	–	<b>1,061</b>
	<u>5,155</u>	<u>15,684</u>	<u>12,702</u>	<u>101,063</u>	<u>(16,874)</u>	<u><b>117,730</b></u>
<b>Expenditure on</b>						
Raising donations and legacies	(21)	–	–	(1,401)	–	<b>(1,422)</b>
Other trading activities	–	(6,314)	(4,358)	–	14	<b>(10,658)</b>
Investment management costs	–	–	–	(9)	–	<b>(9)</b>
Charitable activities	(1,509)	(4,745)	–	(84,666)	3,204	<b>(87,716)</b>
Contribution/grants to the BM	(3,829)	(1,500)	(8,327)	–	13,656	–
	<u>(5,359)</u>	<u>(12,559)</u>	<u>(12,685)</u>	<u>(86,076)</u>	<u>16,874</u>	<u><b>(99,805)</b></u>
Net gains on investments	–	–	–	11,626	–	<b>11,626</b>
<b>Net (expenditure)/income</b>	<u>(204)</u>	<u>3,125</u>	<u>17</u>	<u>26,613</u>	<u>–</u>	<u><b>29,551</b></u>
Loss on revaluation of fixed assets	–	–	–	(13,437)	–	<b>(13,437)</b>
Actuarial losses on defined benefit scheme	–	(5,215)	–	–	–	<b>(5,215)</b>
Other gains	–	–	–	89	–	<b>89</b>
<b>Net movement in funds</b>	<u>(204)</u>	<u>(2,090)</u>	<u>17</u>	<u>13,265</u>	<u>–</u>	<u><b>10,988</b></u>

In the Consolidated Statement of Financial Activities, expenditure on other trading activities includes a corporation tax charge of £nil (2015/16: £12k) for BMGC. The profit for the year before taxation of BMGC is £17k (2015/16: £12k) and the profit after taxation is £17k (2015/16: £nil).

#### 11(c) Balance sheet of consolidated entities

Net assets at 31 March 2018 comprise:

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

Net assets at 31 March 2017 comprise:

	<b>BMF</b>	<b>BMCo</b>	<b>BMGC</b>	<b>BM</b>	<b>Intercompany</b>	<b>Total</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>Transactions</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>2017</b>	<b>£000s</b>
					<b>£000s</b>	
Fixed assets	1	550	75	868,418	(1,250)	<b>867,794</b>
Current assets	2,302	18,382	10,803	30,870	(18,500)	<b>43,857</b>
Creditors due within one year	(553)	(1,741)	(10,164)	(55,022)	18,440	<b>(49,040)</b>
Creditors due after one year	(60)	(13,636)	(183)	(266)	60	<b>(14,085)</b>
Net assets	<u>1,690</u>	<u>3,555</u>	<u>531</u>	<u>844,000</u>	<u>(1,250)</u>	<u><b>848,526</b></u>

The current assets of BMCo include £1,918k (2016/17: £2,152k) of stock which comprises £18k (2016/17: £30k) of work in progress and £1,900k (2016/17: £2,122k) of finished goods and goods for resale.

## 12. DEBTORS

	<b>Group 2018 £000s</b>	Group 2017 £000s	<b>Museum 2018 £000s</b>	Museum 2017 £000s
Amounts falling due within one year:				
Trade debtors	<b>2,635</b>	3,188	<b>1,381</b>	803
Other debtors	<b>1,581</b>	1,655	<b>235</b>	365
Prepayments and accrued income	<b>12,052</b>	15,347	<b>10,987</b>	14,785
Taxation and social security	<b>2,173</b>	1,700	<b>2,627</b>	2,338
Amount due from subsidiaries	–	–	<b>3,790</b>	9,089
	<b>18,441</b>	21,890	<b>19,020</b>	27,380
	<b>Group 2018 £000s</b>	Group 2017 £000s	<b>Museum 2018 £000s</b>	Museum 2017 £000s
Amounts falling due after more than one year:				
Accrued income	<b>7,016</b>	5,769	<b>7,016</b>	5,769
Total debtors	<b>25,457</b>	27,659	<b>26,036</b>	33,149

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

## 13. CREDITORS

	<b>Group 2018 £000s</b>	Group 2017 £000s	<b>Museum 2018 £000s</b>	Museum 2017 £000s
Amounts falling due after more than one year:				
Trade creditors	<b>3,250</b>	4,788	<b>2,797</b>	4,215
Other creditors	<b>2,228</b>	1,616	<b>2,089</b>	1,444
Taxation and social security	<b>858</b>	682	<b>814</b>	640
Accruals	<b>13,441</b>	15,316	<b>13,072</b>	14,747
Deferred income	<b>25,512</b>	25,415	<b>24,177</b>	24,037
Amount due to subsidiaries	–	–	<b>3,477</b>	8,716
	<b>45,289</b>	47,817	<b>46,426</b>	53,799
	<b>Group 2018 £000s</b>	Group 2017 £000s	<b>Museum 2018 £000s</b>	Museum 2017 £000s
Deferred income	<b>301</b>	449	<b>148</b>	266

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

The movement on the deferred income account is as follows:

	<b>Group</b> <b>2018</b> <b>£000s</b>	Group 2017 £000s	<b>Museum</b> <b>2018</b> <b>£000s</b>	Museum 2017 £000s
Deferred income brought forward	<b>25,864</b>	35,684	<b>24,303</b>	24,061
Released in year	<b>(2,287)</b>	(11,789)	<b>(2,202)</b>	(601)
Deferred in year	<b>2,236</b>	1,969	<b>2,224</b>	843
Deferred income carried forward	<b>25,813</b>	25,864	<b>24,325</b>	24,303

#### 14. PROVISION FOR LIABILITIES AND CHARGES – GROUP AND MUSEUM

Early retirement and voluntary redundancy commitments at 31 March 2018 are as follows:

	<b>Group</b> <b>2018</b> <b>£000s</b>	Group 2017 £000s	<b>Museum</b> <b>2018</b> <b>£000s</b>	Museum 2017 £000s
Early retirement provision brought forward	<b>286</b>	325	<b>286</b>	325
Provision made in year	-	-	-	-
Payments in year	<b>(7)</b>	(39)	<b>(7)</b>	(39)
Reversed unused	<b>(279)</b>	-	<b>(279)</b>	-
	-	286	-	286
Less current portion – included in creditors amounts falling due within one year	-	(286)	-	(286)
	-	-	-	-

This provision is for annual compensation payments to those employees who retire under an approved redundancy scheme aged 50 years or over for the period until they reach the normal retirement age of 60 years. At the end of 2017 £286k was expected to be payable in 2017/18, but only £7k was paid. The remainder of the provision has now been reversed unused.

Other provisions for liabilities and charges at 31 March 2018 are as follows:

	<b>Group</b> <b>2018</b> <b>£000s</b>	Group 2017 £000s	<b>Museum</b> <b>2018</b> <b>£000s</b>	Museum 2017 £000s
Other provisions brought forward	<b>937</b>	985	<b>937</b>	924
Arising during the year	<b>183</b>	29	<b>183</b>	29
Utilised during the year	<b>(66)</b>	(75)	<b>(66)</b>	(14)
Reversed unused	-	(2)	-	(2)
Other provisions carried forward	<b>1,054</b>	937	<b>1,054</b>	937

Of the five provisions included here, four relate to legal claims and one relates to the potential return of funds to the Paul Hamlyn Foundation (note 16(a)).

## 15. FINANCIAL COMMITMENTS

At 31 March 2018 the British Museum had commitments under operating leases as follows:

	Land and Buildings		Plant and Machinery	
	2018 £000s	2017 £000s	2018 £000s	2017 £000s
Leases which expire: within one year	105	104	93	93
in the second to fifth year	419	418	162	254
over five years	436	540	-	-
	<b>960</b>	<b>1,062</b>	<b>255</b>	<b>347</b>

## 16(a) STATEMENT OF FUNDS

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



SOFA Classification	At 1 April 2016	Income	Expenditure	Net movement on investments and revaluation	Movement during year	Transfers between funds	At 31 March 2017
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<i>Permanent endowment funds</i> PE	<b>14,573</b>	2,156	(3)	2,143	<b>4,296</b>	(459)	<b>18,410</b>
<i>Expendable endowment funds</i> EE	<b>4,809</b>	260	(234)	690	<b>716</b>	986	<b>6,511</b>
<i>Restricted funds</i>							
Collection acquisitions fund CA	<b>80,573</b>	7,492	–	–	<b>7,492</b>	984	<b>89,049</b>
Collection purchase fund RC	<b>2,160</b>	1,399	(65)	56	<b>1,390</b>	(1,408)	<b>2,142</b>
Fixed asset revaluation fund RC	<b>484,097</b>	–	–	(13,437)	<b>(13,437)</b>	(15,171)	<b>455,489</b>
Fixed asset fund RC	<b>201,609</b>	–	(14,083)	–	<b>(14,083)</b>	16,486	<b>204,012</b>
Estates proceeds RC	<b>3,922</b>	99	(1)	564	<b>662</b>	–	<b>4,584</b>
Construction projects fund RC	<b>6,489</b>	19,059	(686)	224	<b>18,597</b>	(16,192)	<b>8,894</b>
Restricted income trust funds RR	<b>1,594</b>	8	(181)	101	<b>(72)</b>	279	<b>1,801</b>
Restricted income funds RR	<b>19,167</b>	7,342	(6,432)	279	<b>1,189</b>	(1,263)	<b>19,093</b>
British Museum Friends RR	–	129	–	–	<b>129</b>	(129)	–
	<b>799,611</b>	<b>35,528</b>	<b>(21,448)</b>	<b>(12,213)</b>	<b>1,867</b>	<b>(16,414)</b>	<b>785,064</b>
<i>Unrestricted funds: BM</i>							
<i>Designated:</i>							
WCEC UC	–	–	(449)	–	<b>(449)</b>	449	–
Designated trust funds UR	<b>452</b>	–	(28)	4	<b>(24)</b>	–	<b>428</b>
	<b>452</b>	–	<b>(477)</b>	<b>4</b>	<b>(473)</b>	<b>449</b>	<b>428</b>
<i>General:</i>							
Investment properties UC	<b>2,128</b>	–	–	7,353	<b>7,353</b>	15,288	<b>24,769</b>
Unrestricted trust funds UR	<b>8,396</b>	82	–	67	<b>149</b>	–	<b>8,545</b>
General funds UR	<b>766</b>	47,899	(62,368)	234	<b>(14,235)</b>	13,742	<b>273</b>
	<b>11,290</b>	<b>47,981</b>	<b>(62,368)</b>	<b>7,654</b>	<b>(6,733)</b>	<b>29,030</b>	<b>33,587</b>
<i>Unrestricted funds: subsidiaries</i>							
BMCo UR	<b>4,111</b>	15,286	(10,032)	(5,215)	<b>39</b>	(1,895)	<b>2,255</b>
BMCo fixed assets UC	<b>784</b>	–	–	–	–	(234)	<b>550</b>
BMF UR	<b>1,893</b>	4,991	(901)	–	<b>4,090</b>	(4,294)	<b>1,689</b>
BMF fixed assets UC	<b>1</b>	–	–	–	–	–	<b>1</b>
BMGC UR	<b>(40)</b>	11,528	(4,342)	–	<b>7,186</b>	(7,190)	<b>(44)</b>
BMGC fixed assets UC	<b>54</b>	–	–	–	–	21	<b>75</b>
	<b>6,803</b>	<b>31,805</b>	<b>(15,275)</b>	<b>(5,215)</b>	<b>11,315</b>	<b>(13,592)</b>	<b>4,526</b>
<i>Unrestricted funds: group</i>	<b>18,545</b>	<b>79,786</b>	<b>(78,120)</b>	<b>2,443</b>	<b>4,109</b>	<b>15,887</b>	<b>38,541</b>
<b>Total funds</b>	<b>837,538</b>	<b>117,730</b>	<b>(99,805)</b>	<b>(6,937)</b>	<b>10,988</b>	–	<b>848,526</b>

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

The BMCo reserve includes a liability on a defined benefit pension scheme of £12.7m (2016/17 £13.6m), see note 20 for further details.

	2018 £000s	*Restated 2017 £000s
Investments (including investment properties) at fair value	<b>101,780</b>	112,849
Investments (including investment properties) at historic cost	<b>83,522</b>	90,247
Fair value reserve	<b>18,258</b>	22,602

The historic cost has been restated due to a historic cost adjustment on two investment funds.

**Analysis of group net assets between funds**

	Permanent Endowments £000s	Expendable Endowments £000s	Restricted Funds £000s	Unrestricted Funds £000s	<b>Total 2018 £000s</b>	Total 2017 £000s
Fund balances at 31 March 2018 are represented by:						
Tangible fixed assets	–	–	711,882	485	<b>712,367</b>	658,155
Intangible fixed assets	–	–	2,475	62	<b>2,537</b>	1,972
Heritage assets	–	–	91,286	–	<b>91,286</b>	89,049
Fixed asset investments	23,808	6,025	25,866	23,890	<b>79,589</b>	88,080
Investment properties	–	–	–	22,191	<b>22,191</b>	24,769
Debtors due in more than 1 year	–	–	–	7,016	<b>7,016</b>	5,769
Net current assets/(liabilities)	(5,349)	422	10,485	(1,137)	<b>4,421</b>	(5,183)
Creditors: amounts falling due after more than one year	–	–	–	(301)	<b>(301)</b>	(449)
Liability on defined benefit pension scheme	–	–	–	(12,741)	<b>(12,741)</b>	(13,636)
<b>Total net assets</b>	<b>18,459</b>	<b>6,447</b>	<b>841,994</b>	<b>39,465</b>	<b>906,365</b>	<b>848,526</b>

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

**Permanent endowment funds**

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

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

**Expendable endowment funds**

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

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

## Restricted funds

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

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

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

## Unrestricted designated funds

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

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

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

*Investment properties:* this represents the value of investment properties.

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

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

## 16(b) Analysis of transfers between funds

	Restricted Capital Funds*	Unrestricted Capital Funds	Restricted Revenue Funds	Unrestricted Revenue Funds	Expendable Endowment Funds	Permanent Endowment Funds
	£000s	£000s	£000s	£000s	£000s	£000s
Collection purchases from revenue funds	373	–	(260)	(92)	(21)	–
Capital asset purchases	55	–	(63)	8	–	–
Fixed asset transfers	–	–	–	–	–	–
Endowment transfers	(54)	–	65	581	(48)	(544)
Subsidiary transfers	–	(79)	–	79	–	–
Designation of funds	–	455	–	(455)	–	–
Reclassification of funds	–	–	–	–	–	–
Transfers as shown on the statement of funds note (16a)	<u>374</u>	<u>376</u>	<u>(258)</u>	<u>121</u>	<u>(69)</u>	<u>(544)</u>

\* Restricted capital funds include collection acquisition funds.

## 16(c) Total return approach to investments

	Trust for Investment	Unapplied Total Return	Total Permanent Endowments (Total Return)	Other Permanent Endowments	Total Permanent Endowments
	£000s	£000s	£000s	£000s	£000s
<b>Closing balance at 31 March 2017</b>					
Gift component of the permanent endowment	3,880	–	<b>3,880</b>	–	<b>3,880</b>
Unapplied total return	–	14,523	<b>14,523</b>	7	<b>14,530</b>
Transfers	–	–	–	–	–
<b>Total</b>	<u>3,880</u>	<u>14,523</u>	<u><b>18,403</b></u>	<u>7</u>	<u><b>18,410</b></u>
<b>Movements in the year</b>					
Gift of endowment funds	–	–	–	–	–
Investment income	–	–	–	–	–
Expenditure on raising donations and legacies	–	(1)	<b>(1)</b>	–	<b>(1)</b>
Investment management costs	–	(49)	<b>(49)</b>	–	<b>(49)</b>
Net gains on investments	–	642	<b>642</b>	1	<b>643</b>
Other gains/(losses)	–	–	–	–	–
<b>Total</b>	<u>–</u>	<u>592</u>	<u><b>592</b></u>	<u>1</u>	<u><b>593</b></u>
Unapplied total return allocated to income in the reporting period (transfers to restricted income)	–	(544)	<b>(544)</b>	–	<b>(544)</b>
<b>Net movements in the year</b>	<u>–</u>	<u>48</u>	<u><b>48</b></u>	<u>1</u>	<u><b>49</b></u>
Gift component of the permanent endowment	3,880	–	<b>3,880</b>	–	<b>3,880</b>
Unapplied total return	–	14,571	<b>14,571</b>	8	<b>14,579</b>
<b>Closing balance at 31 March 2018</b>	<u>3,880</u>	<u>14,571</u>	<u><b>18,451</b></u>	<u>8</u>	<u><b>18,459</b></u>

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

**17. CASH FLOW INFORMATION**

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

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Net income for the year	<b>2,128</b>	29,551
Loss/(gain) on investments	<b>1,116</b>	(11,626)
Actuarial gain/(loss) on defined benefit scheme	<b>910</b>	(5,215)
Donated assets – collection items	<b>(1,125)</b>	(7,492)
Investment income	<b>(195)</b>	(767)
Depreciation	<b>13,391</b>	14,134
Amortisation	<b>241</b>	229
Impairment of fixed assets	<b>37</b>	70
Loss on disposal of fixed assets	<b>6,380</b>	38
Write off – collection items	–	750
(Increase)/decrease in stocks	<b>234</b>	(472)
Decrease in debtors	<b>2,202</b>	13,936
(Decrease) in creditors	<b>(2,676)</b>	(12,438)
(Decrease) in provisions	<b>(169)</b>	(7)
(Decrease)/increase in pension fund liability	<b>(895)</b>	5,160
Net cash provided by operating activities	<b>21,579</b>	25,851

**18. RELATED PARTY TRANSACTIONS**

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

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

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2018	Expenditure for the year ended 31 March 2018	Debtor balance as at 31 March 2018	Creditor balance as at 31 March 2018
			£000s	£000s	£000s	£000s
The American Friends of the British Museum	A number of Trustees had roles with the AFBM	Grants awarded during the year and administration costs associated with grant making	1,154	(95)	637	(42)
Slaughter and May	The Hon Nigel Boardman is a Partner of Slaughter and May	Legal services in kind	13	(13)	–	–
De Beers	Cheryl Carolus is a Board member of De Beers	Corporate partnership	–	–	–	(35)
Morgan Stanley	Elizabeth Corley is a Board member of Morgan Stanley	Corporate partnership and exhibition sponsorship	57	–	–	–
Pearson	Elizabeth Corley is a Non-Executive Director of Pearson	Training courses	–	(1)	–	–
Royal Anthropological Institute	Professor Clive Gamble is a Trustee of the Royal Anthropological Institute	Research grants	44	–	–	–

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2018	Expenditure for the year ended 31 March 2018	Debtor balance as at 31 March 2018	Creditor balance as at 31 March 2018
			£000s	£000s	£000s	£000s
Ernst & Young	Sir Richard Lambert was an Independent Non-Executive Director of EY Hywel Bell is on the Leadership Team of EY UK & Ireland	Corporate partnership and professional services	35	(35)	-	-
Bloomberg LP	John Micklethwait is Editor-in-Chief of Bloomberg News	Corporate partnership	34	-	-	(24)
University of Bristol	Sir Paul Nurse is Chancellor of University of Bristol	Scientific income	4	-	-	-
British Airways	Gavin Patterson is a Non-Executive Director of British Airways	Flight costs	-	(16)	-	-
BT Group	Gavin Patterson is the Chief Executive of BT Group	Corporate partnership and telephone costs	31	(47)	-	-
Metropolitan Museum of Art	Sir Paul Ruddock is a Trustee of the Metropolitan Museum of Art	Loan fees, royalty income and trade sales	35	(64)	9	-
Oxford University	Sir Paul Ruddock is the Chair of Oxford University Investment Committee and Chairman of Oxford University Endowment Management Ltd	Loan fees, publication expenses	2	(13)	-	-
Association of Leading Visitor Attractions	Baroness Wheatcroft of Blackheath is the Deputy Chairman of Association of Leading Visitor Attractions	Subscription fee	-	(3)	-	-
Knowledge Quarter	Joanna Mackle (Deputy Director) is a Director of Knowledge Quarter	Subscription fee	-	(8)	-	-
Shakespeare's Globe	Joanna Mackle (Deputy Director) is a Trustee of Shakespeare's Globe	Advertising income	2	-	-	-

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

During the year, a total of £117k (2016/17: £108k) in donations was received from 13 Trustees (2016/17: 16).

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

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

## 19. CAPITAL COMMITMENTS

At the balance sheet date the value of capital commitments was £0.7m (2016/17: £4.1m).

## 20. PENSIONS

### *British Museum*

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

For 2017/18 employer's contributions of £5.032m were payable to the PCSPS (2016/17: £5.179m) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017/18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £88.6k were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £3.4k, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

No individuals retired early on ill-health grounds in the year.

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



*British Museum Company Limited*Defined Contribution Scheme

BMCo operates a defined contribution pension scheme for the benefit of the employees who commenced their employment after 1 January 2000. The assets of the scheme are self-administered in funds independent from those of the Company. The total employer's contributions to this scheme during the year were £103k (2016/17: £118k).

Defined Benefit Scheme

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

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

Actuarial valuation

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

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

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

Employer's pension contributions to the scheme during the year totalled £384k (2016/17: £384k). The company expects to contribute approximately £722k to its defined benefit pension scheme in the year ending 31 March 2019.

*FRS 102 valuation*

There are different ways of valuing a pension scheme. The valuation included in these accounts is based on the results of the last completed triennial actuarial valuation of the scheme as at 31 March 2017, updated to 31 March 2018 by an independent qualified actuary (Broadstone Corporate Benefits Limited) and adjusted to take account of the requirements of FRS 102.

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

The amounts recognised in the balance sheet are as follows:

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Fair value of scheme assets	<b>12,489</b>	12,142
Present value of scheme obligations	<b>(25,230)</b>	(25,778)
Defined benefit pension scheme liability	<b>(12,741)</b>	(13,636)



The amounts recognised in the SOFA are as follows:

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Current service costs	<b>48</b>	38
Net interest costs	<b>351</b>	291
<b>Total</b>	<b>399</b>	329

Changes in the present value of the defined benefit obligation:

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Opening value of defined benefit obligation	<b>25,778</b>	20,241
Current service cost	<b>48</b>	38
Interest cost	<b>667</b>	705
Actuarial gain – effect of experience adjustment	<b>(138)</b>	–
Actuarial (gain) / loss – effect of changes in assumptions	<b>(803)</b>	5,028
Benefits paid	<b>(322)</b>	(234)
<b>Closing value of defined benefit obligation</b>	<b>25,230</b>	25,778

Changes in the fair value of the scheme assets:

	<b>2018</b>	2017
	<b>£000s</b>	£000s
Opening value of scheme assets	<b>12,142</b>	11,765
Interest income	<b>316</b>	414
Actuarial loss – return on scheme assets excluding interest	<b>(31)</b>	(187)
Contributions by employer	<b>384</b>	384
Benefits paid	<b>(322)</b>	(234)
<b>Closing value of scheme assets</b>	<b>12,489</b>	12,142
<b>Actual return on scheme assets</b>	<b>285</b>	227

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

	<b>2018</b>	2017
Target Return Funds	<b>80%</b>	76%
Property	<b>19%</b>	18%
Cash	<b>–</b>	5%
Insured Pensioner	<b>1%</b>	1%

#### *Employer-related assets*

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

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

	<b>2018</b>	2017
Discount rate at 31 March	<b>2.7%</b>	2.6%
Future salary increases	<b>3.5%</b>	3.3%
Future pension increases		
Pre 1 May 1991	<b>3.0%</b>	3.0%
1 May 1991 to 31 December 2001	<b>5.0%</b>	5.0%
1 January 2002 to 31 December 2007	<b>3.5%</b>	3.3%
Post 31 December 2007	<b>2.4%</b>	2.5%
Commutation allowance	<b>25.0%</b>	25.0%
RPI inflation	<b>3.5%</b>	3.3%
CPI inflation	<b>2.5%</b>	2.3%
Mortality – base table	<b>S2PA</b>	S2PA
Mortality – future improvements	<b>CMI 2016</b>	CMI 2015
	<b>1.0%</b>	1.0%
Life expectancy of male aged 60 now	<b>86.5</b>	86.6
Life expectancy of male aged 60 in 20 years	<b>87.8</b>	88.1
Life expectancy of female aged 60 now	<b>88.5</b>	88.8
Life expectancy of female aged 60 in 20 years	<b>89.8</b>	90.3

## 21. CONTINGENT LIABILITIES

The British Museum is currently contesting a case relating to the withdrawal of charitable relief against business rates on elements of the Bloomsbury site. The possible obligation is estimated at c. £1.1m. The hearing of the contested issues is expected within the 18/19 financial year. The same liability was reported as at 31 March 2017 with an estimated obligation of c. £1.6m. This liability has reduced following an agreement during the year that elements of the Bloomsbury site will retain charitable relief.

## 22. FINANCIAL INSTRUMENTS

Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 March 2018, together with net gains and losses for each classification.

Group	Measured at cost £000s	Measured at fair value £000s	Total £000s
Investments	–	79,589	79,589
Investment properties	–	22,191	22,191
Trade debtors	2,635	–	2,635
Current asset investments	9,755	–	9,755
Cash at bank and in hand	20,650	–	20,650
Trade creditors	3,250	–	3,250
	<u>36,290</u>	<u>101,780</u>	<u>138,070</u>

### Financial risk management

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

#### Credit risk

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

*Liquidity risk*

Approximately 51% (2016/17: 45%) of the BM's income before transfers and revaluations is provided by grant-in-aid from the Department for Digital, Culture, Media and Sport. The BM's reserves policy is set out in the Annual Report. The Trustees believe that the level of liquid unrestricted reserves at year-end and careful planning based on expected funding levels allows the BM to be free from unacceptably high liquidity risks.

The BM monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. The BM holds highly liquid assets amounting to £30 million as at 31 March 2018 (2016/17: £20 million), which are comprised of cash at bank and in hand and current asset investments. The level of highly liquid assets held is regularly reviewed by senior management. The BM also mitigates its exposure to liquidity risk through the investment of £77 million (2016/17: £85 million) in funds that are readily realisable.

*Market risk: interest rate risk*

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

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

Currency	Floating rate £000s	Fixed rate £000s	Non-interest bearing £000s	<b>2018 Total £000s</b>	2017 Total £000s
Sterling	26,987	601	376	<b>27,964</b>	19,710
US \$	–	–	1,014	<b>1,014</b>	92
Euro and other	–	–	1,427	<b>1,427</b>	13
	<u>26,987</u>	<u>601</u>	<u>2,817</u>	<b><u>30,405</u></b>	<u>19,815</u>

The weighted average interest rate on fixed rate financial assets is 0.50% (2016/17: 0.73%) and the weighted average period of deposit is 121 days (2016/17: 121 days). The interest receivable on the floating rate deposits is at a variable rate determined by the BM's bankers.

Interest income for the year was 0.1% (2016/17: 0.1%) of the BM's income before transfers and revaluations and the BM does not hold any loans, so exposure to interest rate risk is minimal.

*Market risk: foreign currency risk*

The BM has very limited foreign currency risk, with only approximately 5% (2016/17: 3%) of the BM's financial assets denominated in currencies other than pounds sterling, the base currency for the BM's operations.

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

Currency	<b>Value 2018 £000s</b>	Value 2017 £000s
US\$	<b>3,831</b>	3,595
Euro	<b>1,408</b>	3
Other	<b>19</b>	11
	<b><u>5,258</u></b>	<u>3,609</u>

*Market risk: other price risk*

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

*Concentration of exposure to other price risk*

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

### **23. POST BALANCE SHEET EVENTS**

There were no reportable events between 31 March 2018 and the date the accounts were authorised for issue.

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

