

The British Museum

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

The British Museum

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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

Ordered by The House of Commons to be printed on 20 July 2021

© **The British Museum** copyright **2021**

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

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

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

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

ISBN 978-1-5286-2795-5

CCS0321224666 07/21

Printed on paper containing 75% recycled fibre content minimum

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

Contents

Trustees' and Accounting Officer's Annual Report	1
Chairman's Foreword	1
Structure, governance and management	3
Constitution and operating environment	3
Subsidiaries	3
Friends' organisations	3
Strategic direction and performance against objectives	3
Collections and research	3
Audiences and Engagement	5
Investing in our people	11
Plans for future periods	14
Fundraising and finance	14
Financial sustainability	14
Support for the BM	14
Grant-in-Aid	15
Capital expenditure	15
Grants	15
Reserves	15
Investments and financial risks	16
Public benefit, sustainability, social and community issues	18
Public benefit	18
Estates management	18
Sustainability report	18
Suppliers	21
Activity under immunity from seizure	22
Reference and administrative details	23
The Board of Trustees	23
Board committees and membership	24
Trustee membership of related Councils and Boards	25
Official addresses as at 31 March 2021	25
DCMS' performance indicators	26
Remuneration Report	27
Statement of Trustees' and Accounting Officer's responsibilities	29
Governance statement	30
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	35
Consolidated Statement of Financial Activities	39
Consolidated Balance Sheet	41

Museum Balance Sheet	42
Consolidated Statement of Cash Flows	43
Notes to the Accounts	44

Trustees' and Accounting Officer's Annual Report

Chairman's Foreword

I've had the amazing privilege of being involved with the British Museum over a very long period: eight years as a Trustee followed – after a suitable interval – by another eight as chair. As my time on the Board finally draws to a close, I'd like to reflect on some of the ways this extraordinary institution has developed over the past 20 years, and on the great opportunities that lie ahead.

At Bloomsbury, the opening of the Sainsbury Exhibitions Gallery means that curators and designers for the first time have had the space in which to do justice to big temporary exhibitions. It's been wonderful to see how they've learnt to make best use of this new freedom. The Citi exhibition *Arctic: culture and climate*, so sadly cut short by the pandemic, was a prime example, and so now is *Nero: the man behind the myth*.

Just as important has been the opening of the World Conservation and Exhibitions Centre. The collection must be preserved for the benefit of future generations, and it has to be used to generate new knowledge. The Museum is now in a great position to meet these responsibilities, with its world-class laboratories and the capacity to welcome scholars from around the globe.

Permanent exhibition spaces have been rebuilt or refreshed. The China and South Asia gallery is just one example. This was made possible by the extraordinary generosity of former Trustee Sir Joseph Hotung, who supported the original display in 1992 and the rebuild in 2017. They were opened on both occasions by Her Majesty the Queen.

The BM sees itself as a lending library for institutions all around the UK. Its loans to museums across the regions and nations have been on a strongly rising trend over the past 20 years, bringing sharp increases in visitor numbers wherever they go. It has also built on its long-term relationships with partner museums, two current examples being the development of new galleries in Norwich Castle Keep and Manchester Museum. Far more British people now see BM objects on display around the country than they do in London, and the Trustees are determined to be even more ambitious on this front.

Another vital role is the support of the Portable Antiquities Scheme. Starting over two decades ago, it has now registered more than 1.5m objects, mostly found by detectorists, and has shed new light on the history of the UK.

The global reach of the BM has also increased significantly over the past 20 years. Improvements in transport logistics have made it possible to increase the volume of international loans, bringing goodwill and cultural understanding in their wake. Two of the most spectacular loans in my time were the Cyrus Cylinder to Tehran in 2010, and a Parthenon sculpture to St Petersburg in 2014. Travelling exhibitions have also been a feature. A moment to remember was when enormous queues built up around the Shanghai Museum as crowds pushed into the *History of the World* show, which has now been seen by more than two million people on its travels.

The Museum's activities around the world are built on strong partnerships. One example was the wonderful *India and the World: A History In Nine Stories*. Presented in Mumbai by the CSMVS Museum and at the National Museum, New Delhi in collaboration with curators from London, the exhibition featured a large number of objects on loan from Bloomsbury. Knowledge exchange is key. So the Trustees take particular pride in the Iraq Scheme, which helps Iraqi colleagues address the damage to their heritage caused by ISIS. The BM has also been active for years in joint programmes with its partners in West Africa, and important new projects are now getting under way in the region, among other things assisting colleagues in Benin City to explore their pre-colonial history.

None of this would have been possible without the generous support of our donors, sponsors, patrons, and Members – whose numbers have risen five-fold over the past 20 years. Their support has been all the more vital during a period of more than a decade in which the Government's Grant-in-Aid has been under pressure, and they have remained wonderfully supportive all the way through the lockdown. All the same, the pandemic has had a juddering impact on private-sector income, and we are hugely grateful to the Government for a temporary increase in support that helped us to balance the books last year.

The BM is now entering one of the most exciting phases in its long history. It has made good progress with its digital offering over the past 18 months – the relaunch of the Collection Online with more than 4m objects made accessible was one of the big successes of last year – but there is much more to be done. Elsewhere, work

is well underway on the new BM Archaeological Research Collection in Reading, which will be home to large parts of the study collection, and provide great research facilities for scholars and students.

And then comes the big one: what we call the Rosetta project. This is director Hartwig Fischer's plan to reshape the BM's displays and programming to unlock the potential of the collection for everyone – for visitors in Bloomsbury, as well as for audiences across the UK and the world. The transformation will restore the fabric and infrastructure of Bloomsbury, and at the same time rethink the permanent galleries in such a way as to give more prominence to parts of the collection which are at present under-represented in the public spaces, and to make it easier to compare and contrast the different cultures around the world and across the millennia. At its heart, the project will pioneer new ways of working in partnership with our networks, nationally and internationally, to expand the Museum's impact and outreach. No other museum in the world has the capacity to help us understand our common humanity in this way.

It's a thrilling project that will take some years to complete and will require financial and intellectual support from both the public and private sectors. When completed, it will make the Museum fit for purpose through the 21st century, and ensure that it continues to meet the terms set out by Parliament in the British Museum Act of 1753, which stated that: 'Free access to the said general repository, and to the collections therein contained, shall be given to all studious and curious persons', a founding vision to which I know the Trustees and staff will remain committed in the years to come.

Sir Richard Lambert

Chairman of the Trustees

Structure, governance and management

Constitution and operating environment

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

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

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

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

Subsidiaries

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

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

Friends’ organisations

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

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

Strategic direction and performance against objectives

All plans originally made for 2020/21 were subject to significant disruption as a result of the COVID-19 pandemic, which led to periods of national lockdown with effect from March 2020 and throughout the financial year.

Collections and research

Collection

New acquisitions ensure the BM remains relevant to future generations. Many arise out of collaborations with partners around the world. Some, commissioned for exhibitions, give voice to local communities today. Others are topical projects to capture our present age, such as the worldwide COVID collecting programme.

To create a record of COVID-19, the BM gathered objects to show future generations how people across the globe responded to the crisis. The collection includes protective masks, posters, stamps and badges. All hold

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

specific cultural references: a local cloth, a famous image, a political message. Even BM objects such as the Rosetta Stone were reproduced. Alumni of the BM's International Training Programme and colleagues around the world contributed ideas to build a truly global portrait of the pandemic.

Other acquisitions in 2020/21 included 147 prints and drawings donated by Hamish Parker to the BM through the Cultural Gifts Scheme of Arts Council England. The collection features modern and contemporary works from Britain, USA, Germany, Egypt, Pakistan, Japan and Argentina. And with support from the Theresia Gerda Buch Bequest and the Art Fund, the BM was able to purchase a recently rediscovered set of drawings by Japanese artist Katsushika Hokusai: dating from 1829, the 103 finely detailed brush-drawings were made for a proposed publication, *The Great Picture Book of Everything*.

Conservation and research

Collection care was an essential focus of activity throughout the year, with some conservation staff remaining at work in the galleries and stores in a COVID-secure environment throughout lockdown. The changing physical environment of a museum without visitors posed new challenges. Ivory, for instance, is particularly sensitive to variations in humidity in the building, and so staff ensured such objects were monitored or moved to more stable storage. Regularly assessing over 700 monitors across the BM site, conservators ensured any necessary environmental adjustments were made.

Lockdown meant all laboratory facilities were closed. Scientists devoted their efforts to writing up and disseminating existing research for both academic and wider audiences. A newsletter explained how heritage science can reveal evidence of reuse, recycling and repair in the collection. Blog posts offered readers scientific insights into Hokusai's *The Great Wave* and ritual black liquids found on ancient Egyptian coffins. Recommissioning the laboratories in August was halted once more in December, pending their reopening in 2021.

The value of the research legacy of the BM's exhibitions and projects became evident as public programming was restricted. *Piranesi drawings: visions of antiquity*, supported by the Tavolozza Foundation, was due to be a six-month exhibition of the BM's 51 drawings by the 18th-century Italian artist, but was forced to close after only a few weeks. The printed catalogue will preserve the in-depth research and thinking that went into the show for audiences and scholars in the future. *Imagining the Divine*, published in February 2021, was the culmination of a five-year research collaboration with the University of Oxford, *Empires of Faith*, funded by the Leverhulme Trust. *Beyond Boundaries*, a six-year interdisciplinary study of the reign and wider influence of the Guptas in India (c.320–550), funded by the European Research Council, concluded in 2020. The project generated a number of publications, including studies of ancient Indian texts, Buddhist monuments, and early kingdoms in Myanmar.

With reduced access to the material collection, research was interrupted on most projects. Some funding bodies were able to support a more protracted schedule. Others encouraged ongoing work where possible. Priority was given to support staff and students on time-limited projects.

Research across the BM, when it resumed, included a study of the BM collection itself, looking not so much at individual objects or collectors, as the wider patterns of how, when and where objects came to be in the BM. A project documenting small Egyptian statuary, supported by David and Molly Lowell Borthwick, will ensure this significant collection is much more widely accessible internationally, with new photography and updated information. In 2020, the BM established a project to develop global narratives in future BM displays. A two-year pilot programme, *Reimagining the British Museum*, will create a roadmap for exploring new curatorial approaches and reinterpreting the collection.

Award-winning research included an article jointly produced by the BM and Australian National University. The prize, awarded by the journal *Australian Historical Studies*, praised the 'object biography' which explored the long history of exhibition and interpretation of an early Aboriginal shield in the BM thought to have been collected in the late 18th or early 19th century.

Research publications included a study of coins from the reign of one of the great dynastic rulers of the Parthian Empire, Mithridates II. The volume was produced in partnership with colleagues in Iran, Austria, France, Germany and the USA. Collaborations with coin specialist Spink in London, with whom the BM also recently published an international reference work on the coinage of the Roman emperor Hadrian, included in 2021 a popular book marking the 50th anniversary of the decimalisation of Britain's currency.

Construction of the British Museum Archaeological Research Collection (BM_ARC) was adversely affected by the pandemic, but advanced nonetheless. The new building in Berkshire, a collaboration with the University of Reading, will house significant collections of the BM. The decant of the BM's research collection at Blythe

House also progressed. The collections of archaeological assemblages, sculpture, mosaics and historic casts are being packed, ready for transport to the BM_ARC, with a further 8,000 objects, including the Roman Vindolanda tablets, prepared for rehousing at the BM. The BM remains grateful for the generosity of the private donors supporting BM_ARC, including the Headley Trust, the Band Trust, Fidelity UK Foundation and Graham and Joanna Barker, as well as for the public funding received via DCMS.

Audiences and Engagement

Galleries

COVID-19, and the necessary steps to limit its spread, meant that the British Museum was closed for most of 2020/21. There were times the BM was able to open, following careful safety guidelines (27 August to 4 November; 3–15 December). Visitors had to book a free slot, and their visit followed a distanced, one-way route. By October some visitors were able to obtain walk-up tickets and access a place if any were available.

Despite these restrictions, and the novelty of booking, there was a hunger to visit. By the day of reopening, 20,000 tickets had been booked, and over the subsequent twelve weeks of 2020/21 for which the BM was able to open, 160,000 people visited.

What they could do was varied. The visitor path took them past 9,000 objects, including some of the BM's most famous: the Rosetta Stone, Parthenon sculptures, Hoa Hakananai'a, reliefs from Assyria and the Benin bronzes. The tour later expanded to include some of the upper-floor galleries of mummies and artefacts from ancient Egypt and Mesopotamia. Visitors could also book tickets to view the two major exhibitions the BM had readied for public display: *Tantra: enlightenment to revolution* and the Citi exhibition *Arctic: culture and climate*.

After months of closure, the reopening of the BM was a cause for celebration. Professor Mary Beard joined the Front of House team to welcome the first visitors. On Facebook Live, Professor Beard spoke with playwright Bonnie Greer and director Hartwig Fischer for a broadcast from the Egyptian Sculpture gallery that attracted 71,000 views. Extensive media coverage reported the reopening: newspapers around the world, bulletins throughout the day on Sky News watched by over 300,000 people, and live broadcasts on BBC Breakfast with its audience of over 6m.

Lockdown itself had provided an interval to rethink some of the displays. In a gallery documenting Roman encounters with the Greek world, statues were placed on taller plinths to create a dramatic display more in keeping with how they were intended to be viewed in antiquity. New acquisitions were added to the gallery of 19th-century Europe and changes made in other galleries to tell a more complex story of empire, slavery and the Abolition Movement.

A competing array of histories makes museums such as the BM exciting places in the modern world, challenging how we think about the past as they encourage us to ponder other cultures and ways of being. In 2020, the BM updated its Collecting and Empire gallery trail, enabling interested visitors to explore how the BM, founded in 1753, has been shaped by imperial contact. Such activities are features of an ever-changing programme at the BM to address essential topics for audiences today.

Exhibitions

In a year when getting into a museum or gallery proved tricky, some cultural moments shone through. One was the Citi exhibition *Arctic: culture and climate*, supported by Citi with additional support from Julie and Stephen Fitzgerald and AKO Foundation. This was an 'extraordinary show about extraordinary cultures', wrote the *Evening Standard*. Jonathan Jones in the *Guardian* named it one of the top exhibitions of 2020, as did Laura Cumming in the *Observer*. Praise came from both arts critics and the scientific community, with magazines such as *New Scientist* and *National Geographic* singling out the exhibition for their readers. The science journal *Nature* included its catalogue in a roundup of the best science books, and *The Times* selected the catalogue as one of its 2020 Art Books of the Year. Four thousand copies were sold.

With limited access to the BM due to the COVID pandemic, curators and the events team organised a range of online ways to experience the exhibition. While restricting visitor numbers on-site, closure also presented opportunities to widen access to the show to audiences across the globe. A curators' tour, which introduced visitors to the exhibition, attracted over 1m viewers. Talks and conversations described life in the Arctic and addressed the politics of environmentalism. Speakers at a BM Youth Collective event in January 2021 talked frankly about what it means for young people to inherit climate change. An event marking Sámi National Day celebrated the Sámi way of life. The films and events can be seen for free on Facebook and the BM's YouTube

Events channel. A 360-degree online tour of the exhibition was later created to enable even more people to experience the show worldwide.

The power and paradoxes of Tantric philosophy took centre stage in *Tantra: enlightenment to revolution*, supported by the Bagri Foundation. The exhibition carried visitors beyond the Western associations of Tantra with sex and ecstasy to capture its rebellious spirit. Sculptures, paintings and other displays demonstrated Tantra's potential for opening up new ways of seeing and changing the world.

With lockdown limitations, the exhibition found additional life in print and online. The catalogue sold 3,000 copies and a curator's tour of the show online was watched by over 800,000 people around the world. Other videos on the BM channel looked at the wider presence of Tantric ideas. Experts explored its link with Hatha and Tibetan yoga, divine feminine power and the countercultural movements of the 1960s. A panel of artists from South Asia, the USA and UK spoke about contemporary interpretations of Tantra, with online viewers asking questions as part of the live discussion. A partnership with the Centre for Bhutan Studies in Thimphu recorded in the mountains of Bhutan the creation and dissolution of a sand mandala, consecrated by a dakini dance, ceremonies and prayers. The film is available on the BM website.

Reviewers and visitors alike commented on the show's strength in recasting the popular notion of what Tantra is. 'The BM's enlightening exhibition,' as the *Telegraph* put it, 'replaces Tantra-related clichés with revolutionaries, female empowerment and proper historical context.'

The year also saw two special installations at the BM. Edmund de Waal's *library of exile* featured over 2,000 books by exiled writers from Ovid to the present day. Brought to the BM thanks to the support of AKO Foundation, the installation encouraged visitors to reflect on ideas of displacement, translation and the power of words to cross boundaries. A catalogue for the show was available widely through bookshops, selling out within five months.

And to mark the August reopening, Grayson Perry exhibited a previously unseen edition of his *Tomb of the Unknown Craftsman*. The sculpture is a contemporary memorial to all the unnamed men and women whose skills produced so many of the objects in the BM, so many of the objects that shaped the development of humankind. The display, supported by Christian and Florence Levett, set Perry's burial ship next to another tomb, the striking Nereid Monument, built in 380 BC for a ruler of Lycia (in modern Turkey).

Events and education

Before 2020, the BM's learning and events teams, drawing on the skills of staff across the museum, organised hundreds of face-to-face events each year. The pandemic required a complete redesign of the public programme. Museum-based activities stopped in March 2020, but by the autumn, new platforms had emerged online to continue to engage young people and adult visitors.

The on-site Schools programme, so central to the life of the BM, had to be paused. The BM's Samsung Digital Discovery Centre (SDDC) has been for years a pioneer of interactive and, more recently, distance learning. With the Schools programme forced to go entirely online, the SDDC came into its own. New live interactive workshops on Egypt and Greece were added to the existing three on Prehistory, Roman Britain and the Indus Valley. From September 2020, the number of Virtual Visits was increased. Teaching direct to classrooms and students learning remotely, the BM reached 8,000 pupils and teachers across England, Wales, Scotland and Northern Ireland in 2020/21, with nearly 1,000 sessions offered until the end of the school year.

The Greengross Young People's Programme, supported by the Greengross Family, entered its second year. With lockdown in force, the Youth Collective quickly proved versatile in moving online. The 15 participants, aged 16–24, produced a series of video conversations and lectures based on the theme of 'change'. Easily accessed via their Instagram page (@bmyoungpeople) or on the BM Events Channel on YouTube, the videos ranged widely, from ideas of personal change to creative activism.

Despite the challenges of lockdown, the BM ran over 30 online live events and short courses from September 2020 to March 2021 for the general public. These events engaged audiences in excess of 273,000 people from over 50 countries. More than half were between the ages of 25 and 44 and from regions outside of the UK. Almost all events included live captions for deaf or hard of hearing audiences. Much of the online programming centred on the BM's two major exhibitions (see above). Edmund de Waal's installation *library of exile* inspired several events, including an enormously popular talk about the great library of Nineveh in the 7th century BC, which attracted 165,000 views. Writer Bonnie Greer curated a series of discussions under the banner *The Era of Reclamation*. Topics included the role of museums in debates about reclamation, African Europeans, and fashion as resistance and power. Online language courses, offered in partnership with the CityLit, used objects as starting points to teach Arabic, Mandarin, Russian, Sanskrit and Norwegian.

In August 2020 400 community partners and key workers were invited to visit the BM, in a COVID-safe environment, ahead of the official public reopening. Audio-described and British Sign Language events moved online, with tours of exhibitions and highlights of the collection, supported by the D'Oyly Carte Charitable Trust and the Wakefield Trust. A discussion day with disabled artists in February 2021 opened up ways of approaching and reinterpreting the BM collection. The JTI-supported Community Partnership Programme continued to engage disadvantaged adults by sending out home resource packs which offered participants the opportunity to explore and learn from the BM collection.

With parents coping with lockdown learning at home, sales of the BM's books for children, published in association with Nosy Crow, rose by 300%. The series *Find Tom in Time* remained popular, with a new title seeing Tom turn up in Ming Dynasty China, as was a sticker book about ancient Greece. The leader by far was *British Museum: Around the World Colouring*, which sold over 11,000 copies. The BM's books for children are now published in more than 15 countries, including Spain, Portugal, Denmark, Netherlands, France, Germany, Italy, Greece, Poland, Romania, Turkey, Korea, Japan and China.

Media

What do you do when a museum is closed? Years of developing a virtual BM – online, digitally diverse – came into their own in 2020/21. From scholarship to social media, the digital life of the BM thrived throughout the year. Sharing its resources around the world, the BM reached many more people in its online forms than it ever had before.

The biggest change was the launch in April 2020 of the transformed and much improved BM Collection Online. This new version of the online database of BM objects was brought forward, so that people under lockdown could benefit from one of the world's great museum collections. The relaunch was the biggest update of the BM Collection Online since its creation in 2007. It now offers better access on mobile phones and tablets; more intuitive and powerful search technology, that is both easier to use and more accurate; and the whole portal has been given a major on-screen redesign. There are 4.5m objects, with 1.9m images, which can be downloaded free for non-commercial use.

With about half the BM collection now accessible via the website, the BM Collection Online is one of the largest, most diverse online museum collections in the world. In 2020/21, 3.75m users looked at the online collection, an increase of 60% over 2019/20. It is a truly global resource: 50% of users are from the UK or USA, with the rest from countries around the world. The object records are both a scholarly and popular source of cultural and historical knowledge. They permit new ways of engaging with a very wide public. Feedback from some users supplies relevant details of locations and other information; this crowd-sourced data, once verified, is then incorporated into the object record.

Digital access to the BM remained busy throughout the year. Revenue from online shop sales by users who visited the main BM website increased. Downloads of schools learning resources rose by 39%. Google searches that led users to the BM website spiked around key events, such as the launch of the film *The Dig*, with Ralph Fiennes and Carey Mulligan, in January 2021. The story of landowner Edith Pretty and archaeologist Basil Brown uncovering the Sutton Hoo ship burial enticed the public to learn more about the Anglo-Saxon finds in the BM. A BM blog on the film's historical accuracy proved popular, as did a *Curator's Corner* video on Sutton Hoo, which attracted 2.1m views on YouTube and Facebook. There were numerous media requests for the BM to discuss the famous discovery in Suffolk on radio and television, both nationally and internationally.

On YouTube, the BM attracted an impressive 14.1m views in 2020/21, with 3.3m hours of content watched, a 280% increase over 2019/20. Audience behaviour online during lockdown was different, too: those who watched just one video in the past were replaced by viewers accessing the site to watch a number of videos in one session.

Closure enabled the BM to experiment with new strands of videos. In *Decoded*, curators chose a single object and revealed its historical symbolism and hidden iconography. For the ten-part series *Objects of Crisis*, director Hartwig Fischer chatted to a different curator or academic each week. Together they explored objects from the BM collection that reflected a resilient human response to crises in the past. The videos attracted more than 125,000 views. Continuing features included the popular *Curator's Corner*, now in its sixth series. The BM monthly podcasts also continued, with additional episodes marking special events, such as the UNESCO International Day for the Remembrance of the Slave Trade and its Abolition.

Across all the BM's social media, numbers rose. At the end of 2020/21, the BM had 5.8m followers, an increase of more than 550,000 over the previous year. The largest increases were on Instagram (25% rise) and Chinese platforms Weibo (48% rise) and WeChat (26% rise).

Access to the BM's blog more than doubled to 3.1m page views in 2020/21. Of the sixty new blog posts, it was no surprise to discover that the most popular by far was 'How to explore the British Museum from home', accessed by more than half a million people. The post was a useful introduction to the many ways to enter the BM digitally: self-guided virtual tours of the galleries using Google Street View, podcasts, audio tours, YouTube interviews with curators, web-based events and, of course, the 4.5m objects of the BM Collection Online.

The BM could also be encountered on film, television and radio. The BM rebroadcast two of its highly successful exhibition films on YouTube and Facebook. *Pompeii Live* and *Vikings Live* took viewers through a pair of the BM's most popular past exhibitions with a team of experts discussing the displays. Each live broadcast attracted over 100,000 viewers. Still accessible online, they have since been seen by over 4m people.

On BBC4 in April 2020, *Culture in Quarantine* devoted an episode to the BM, with 400,000 viewers watching the initial broadcast. In October 2020, classicist Mary Beard was filmed at the BM for her series *Inside Culture* on BBC2. On BBC Radio 4, the BM revisited its enormously popular series *A History of the World in 100 Objects*. Ten years on from its first broadcast, former director Neil MacGregor invited David Attenborough, Hartwig Fischer, BM curators and others to help him choose an object that summed up the past decade.

National

Disruptions across the UK have put many cultural institutions at risk. The BM's national activities were interrupted, but lines of communication remained open. The importance of continuing dialogue with partners around the country is reshaping future plans and targeting specific needs in a changing cultural climate.

BM touring exhibitions, supported by the Dorset Foundation in memory of Harry M Weinrebe, remained at their venues. After locking down, *Nordic by Nature: modern design and prints* reopened to the public at Kirkleatham Museum, Redcar, from July to September. Over its four UK venues, the show attracted 38,000 visitors. At the Great North Museum: Hancock in Newcastle, an exhibition on ancient Iraq opened for two months, but was also accessible through a VR version on the Hancock's website. *Pushing Paper*, an exhibition of 56 contemporary drawings from the BM's Prints and Drawings collection, was shown for six weeks at Glynn Vivian Art Gallery, Swansea, supported by the Bridget Riley Art Foundation.

National partnerships were more important than ever. The BM's community partnerships team continued to provide strategic guidance for the development of the new South Asia Partnership Gallery at Manchester Museum. Creating new ways of working with community collectives will inform future approaches to curation at both institutions. In Norfolk, construction began to transform Norwich Castle Keep back to a Norman royal palace. The redevelopment includes a new medieval gallery, designed in partnership with the BM, that will showcase national medieval treasures alongside objects from Norfolk's own important collections. The Money and Medals Network, through which the BM supports numismatic collections across the country, had to cancel its on-site training events, but between lockdowns was able to undertake two socially distanced assessments at the Museum of English Rural Life in Reading and the National Waterways Museum in Gloucester. Online training has proved a success, with sessions attracting three times the usual number of participants. The Network is supported principally by Arts Council England.

Museum Futures, supported by the National Lottery Heritage Fund, welcomed its third and final year of trainees. Focusing on digital skills, the UK-wide scheme gives 18–24-year-olds from a range of backgrounds the opportunity to receive year-long paid training, enabling those without degrees or prior museum experience to pursue a career in the heritage sector that might otherwise have been unattainable. With on-site visits initially unavailable, trainees were successfully mentored and engaged online. A new programme for young people, *Where we are . . .*, supported by the Paul Hamlyn Foundation, will run until 2025. The scheme will encourage participants to design meaningful arts projects in discussion with their local communities.

Fieldwork in the UK was suspended, so the BM's major archaeological collaborations about some of Britain's earliest history were delayed. All are due to recommence in 2021. Scholarship, much of it retrieving important research from earlier seasons, went online, with staff participating in seminars and conferences in Glasgow and Manchester, as well as internationally. Online lectures from the BM on Britain's earliest history were given for audiences in Norwich, Manchester and elsewhere. The most widely shared activity was the BM's collaboration with Royal Mail, selecting and introducing images of Roman Britain, from Hadrian's Wall to the Ribchester Helmet in the BM collection. They appeared on a set of eight stamps issued in June 2020.

Metal-detecting was prohibited or restricted during lockdown, but archaeological artefacts continued to be unearthed as people worked in their gardens: outstanding finds included a Tudor coin hoard discovered by a surprised family in Hampshire out doing the weeding, and a group of 50 1oz gold Krugerrands from apartheid-era South Africa stashed in a garden in Milton Keynes. Nearly 50,000 finds were registered through the BM's Portable Antiquities Scheme (PAS) in 2020, over 1,000 of them cases of Treasure. They showed an impressive community spirit, as the public and PAS experts across England often had to work digitally to record and assess new discoveries. In July 2020, PAS reported its 1.5 millionth find, an astonishing record of Britain's past voluntarily reported by the public since the pilot scheme was launched in 2007. It is freely accessible to all at finds.org.uk.

PAS continues to widen its audience. A podcast was launched in December 2020, and a second volume of *Finds Identified* was published to help people identify dress fittings and ornaments. The vast PAS database is proving a rich scholarly resource too: an article published in *The Antiquaries Journal* in 2020 analysed the 220,000 medieval finds recorded (so far) through PAS.

International

The BM's international ties proved their strength in 2020. Where so much discussion and adjustment of plans was required, colleagues showed a remarkably inventive and positive response to the challenges of coronavirus worldwide.

Loans, both nationally and internationally, suffered substantial interruption. In many cases, loans were postponed, as museums across the world readjusted their public programmes. Colleagues around the world showed immense flexibility in finding solutions for the safe care and return of BM loans already abroad.

The BM's popular programme of international touring exhibitions had to confront a shifting array of lockdowns worldwide. No exhibition was cancelled. Some were installed, with varying periods of being shut and open again. Some were postponed. Overall, it was rewarding to know that even with the BM shut in London, the collection could be seen by visitors abroad.

The great success of these tours was the longstanding collaboration in Spain with La Caixa Banking Foundation. At CaixaForum in Zaragoza, *An Age of Luxury: from the Assyrians to Alexander the Great* attracted 49,000 visitors. In Madrid, nearly 70,000 people attended *The American Dream*, an exhibition of prints by Andy Warhol, Jasper Johns and other American artists from the BM collection. A catalogue in Spanish was published to accompany the show.

In New Mexico, *Jesus Christ: Birth, Death and Resurrection: from Michelangelo to Tiepolo* drew 10,000 visitors, despite being closed for six of the eight months it was due to be open. In Canada, at the Royal Ontario Museum in Toronto, a display of Egyptian mummies attracted 21,000 visitors. Continuing and rescheduled exhibitions include one on ancient Rome, on show in Belgium, and another on ancient Greek athletes and heroes, touring Australia and New Zealand in 2021–22.

International fieldwork had to be suspended. Yet BM staff and colleagues abroad continued to engage in research, publication and digital events. A major collaboration with conservators at the Getty Museum in Los Angeles included scholars from the UK, USA, Russia, Netherlands, France, Denmark, Germany, Austria, Poland, Greece and Hungary. Together they published a study of ancient Egyptian panel paintings.

For an EU-funded collaboration with European museums and colleagues in Egypt, a BM conservator has been assigned to the Egyptian Museum in Cairo to work on their oldest wall-painting. Her work is part of a larger project, in which the BM is a partner, that includes advising Egyptian colleagues on museum interpretation, communications and income-generation. Fieldwork undertaken by the BM in previous years at a temple complex in Dangeil, Sudan, in collaboration with Sudan's National Corporation for Antiquities and Museums, was shortlisted for an ICCROM-Sharjah Award in 2020 for cultural heritage conservation and management in the Arab region.

Much of this scholarship is available freely to anyone online. Among many publications, BM staff co-edited a volume on *Asia Collections in Museums outside Asia*, produced in collaboration with the Humboldt University, Berlin. Other international publications included a ground-breaking scientific comparison of the 93 impressions of a famous woodblock print by Hokusai, *Red Fuji*, found in collections around the world.

Global online workshops were organised as part of the BM's research project *Cultural Creativity in Qing China*, funded by the Arts and Humanities Research Council. The BM also offered training sessions through the Chinese Ministry of Culture for curators in China. Responsiveness to the circumstances of COVID was key. An

international conference on archaeology in Cyprus, due to take place in Nicosia, quickly moved online, with speakers from Sweden to Australia joining in.

Supporting colleagues abroad remains a priority for the BM. Following the August 2020 explosion in Beirut, BM curators helped to assess the damage to museum collections.

The BM's long-running International Training Programme (ITP), with lead support from the Marie-Louise von Motesiczky Charitable Trust, had to be deferred. As staff returned from furlough, online events were organised for the existing network of nearly 300 ITP fellows. Twelve specialist sessions – led by colleagues from Scotland to Palestine, Uzbekistan to Rwanda, as well as BM staff – addressed practical skills such as interpreting objects and writing labels to wider intellectual topics such as international copyright and the socio-economic impact of heritage.

The Iraq Scheme, funded by the Department for Digital, Culture, Media and Sport (DCMS), was forced to defer its archaeological training until 2021. The emergency heritage programme has for the past five years combined training at the BM for Iraqi heritage professionals with practical fieldwork at two sites in Iraq. Graduates of the scheme in Iraq have continued to excavate. In the interim, the BM is preparing a substantial training manual on the practical needs of working in the field in Iraq. It will be translated into Arabic and Kurdish. Research from the previous seasons is being written up for publication, with digital reconstructions of the ancient sites including the 3D modelling of a 4,000-year-old bridge discovered at Girsu in southern Iraq.

The Circulating Artefacts project was completed in 2021. Funded by the British Council's Cultural Protection Fund in partnership with DCMS, the project worked with cultural organisations and universities in Egypt and Sudan, auction houses and dealers to record and research more than 50,000 objects advertised on the open market and on social media. More than 1,200 images and videos of potentially trafficked objects were identified. The objects included tomb and temple reliefs, statues, votive figurines and hundreds of coffin and cartonnage fragments. The project also delivered training sessions and workshops for heritage professionals, students, teachers and relevant authorities in London, Egypt and Sudan, promoting a deeper understanding of the causes of the illicit trade and how to counteract them.

The BM has long been engaged in working with partners in a number of African countries. In recent conversations, colleagues in Nigeria and Ghana expressed their interest in newly defined collaborative projects to explore and preserve their cultural heritage. In 2020, the BM received a substantial gift from an anonymous donor to support this new programme. The funding reflects the donors' desire to support communities in championing their cultural heritage through research and public engagement, especially with children and young people, and to support the BM in making significant contributions to this vital work.

To be developed over a ten-year period, the African Histories and Heritage Collaborative Programmes aim to deliver four innovative, high-impact project collaborations. The projects will focus on diverse African histories: pre-colonial Africa and its global connections; world histories of African descent; Africa's colonial-era history; and shared African-British heritage. Working with partners and colleagues in Africa and across the world, the BM aims through these projects not only to contribute to advancing research and public awareness of African history, but also to engage further in dialogues around African history and museum collections.

Another major innovative programme in recent years has been the Endangered Material Knowledge Programme (EMKP). The pilot scheme was established in June 2018, with support from Arcadia – a charitable fund of Lisbet Rausing and Peter Baldwin. So successful has the international research programme been that in November 2020, Arcadia extended its funding with a grant of £8.8 million. The new funds will enable the project to continue until 2028.

EMKP aims to document cultural practices in danger of disappearing from a changing world. So far, the project has supported 31 projects in 23 countries. Dissemination of the research is a crucial component of the project. The knowledge of the world's diverse cultural practices belongs to everyone. Project updates and the final findings are freely available on the EMKP website (emkp.org), as well as returned to the communities to support their own preservation of local cultural heritage.

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 an extraordinary year.

The impact on the Museum of the COVID-19 health emergency and the way we have had to respond and recover has required a unique range of contributions. Our staff have all played a vital part in safeguarding the Museum throughout the period, whether by continuing to work on site, adapting to the challenges of remote working or accepting a period of time away from work on furlough leave.

As set out in note 6(e) to the accounts, the British Museum employs about a thousand people. 57% of staff were female (2019/20: 58%).

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 managed effectively 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, usually coordinated through a Staff Engagement Plan which was developed and is maintained in collaboration with representative staff groups. The challenges of this year saw the Museum adapting quickly and creatively to support staff and to maintain their engagement through other means. The following initiatives have been in place through the year to help keep staff informed, involved and enthused about Museum activity:

- Regular written updates from the Director have been provided, focusing on the Museum's recovery plan and wider activities.
- A video message from the Director to all staff was shared at the end of December 2020.
- A real-time news and information page has been maintained with a round-up of news items emailed directly to all staff on a weekly basis.
- The British Museum Consultative Committee (BMCC) and relevant sub-groups have continued to meet to provide a formal opportunity for management and union representatives to discuss issues raised by staff and relating to the COVID-19 recovery programme. The Director and the Chair of Trustees attended a meeting in the year in line with the usual schedule for the Committee.
- Information from Management Group meetings is disseminated through departmental meetings.
- Staff are encouraged to pass on feedback via an anonymous online submission tool.
- 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. Throughout the last year regular Training and Development newsletters have been shared with all staff, focusing on a wide range of subjects.
- An Employee Assistance Programme is in place, complemented by regular Health and Wellbeing events for staff and training courses, for example Personal Resilience and Mental Health Awareness for Managers. The schedule of wellbeing support programmes has been increased to provide additional support for staff during the pandemic.
- An Engaging Managers training course is available 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 enables senior managers to recognise outstanding contributions. The scheme also facilitates Museum-wide acknowledgement of successes.
- Staff social groups and events are encouraged, supported and well attended. These have continued to be supported online during the period of the pandemic.

The BM acknowledges its responsibility for, and commitment to, a management policy that ensures matters relating to health and safety for visitors, staff, and contractors will receive due priority at all times. A Health and Safety and Fire Safety Consultative Committee usually meets twice a year to support improvements in Health and Safety performance and the safety culture of the BM, through open communication with employee representatives. Completion of relevant Health and Safety and Fire Safety training is mandatory with progress against targets monitored through the Operating Plan. A sub-group of the British Museum Consultative Committee has met regularly throughout the period of pandemic. The group has focused on all aspects of the Museum's recovery programme where those relate to staff and including health and safety matters.

The BM Group was grateful to Government for access to the Coronavirus Job Retention Scheme (CJRS) during the year. A large proportion of the Museum's activity could not happen while the Museum was closed and access to the site restricted, and posts could not be redeployed; staff are employees of the Trustees of the British Museum rather than civil servants, and many roles are specialist in nature. Self-generated income, which usually constitutes over half of the BM's operating income, collapsed with the mandated closure of the Museum for much of the year, and remained low on reopening due to social distancing requirements and limitations on international travel. 595 employees of the BM Group were furloughed at various points during 2020/21 and £4.6 million was received through the CJRS. In the majority of cases, staff were furloughed from March or April 2020. Numbers of staff furloughed through the year subsequently varied reflecting the degree to which the Museum was able to open and operate. Some staff remained on furlough as at March 2021.

In 2020/21, the average number of days lost for sickness and absenteeism was 2.0 days per person, compared with 4.6 in 2019/20.

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

Diversity and inclusion have remained central to the Museum's work during the pandemic, including the development and expansion of an online offer for the public and in planning the safe re-opening of the Bloomsbury site on 27 August 2020 (and after subsequent lockdowns).

The development of a new online events programme has enabled the Museum to reach wider and larger audiences than ever before. The increase in the number of free activities on offer has helped reduce financial barriers to engagement in events. The Museum has expanded the number of live captioned events programmed to improve accessibility.

From October 2020 the Museum has delivered 13 accessible events attended by over 600 people live and over 3000 to event recordings. This has included live streamed Deaf-led British Sign Language Tours and online Audio Described Talks, in partnership with VocalEyes. Attendees have noted that these online events have helped them to feel connected through periods of lockdown:

'I am missing not being able to attend museums during these challenging times but events such as this are really supporting what is an isolating time.'

Audience feedback to an Audio Described talk

Conversations surrounding the Museum's commitment to ethnic equality and diversity have informed the Museum's work. Staff have collaborated with a number of external academics and consultants to inform the Museum's approach. The Era of Reclamation series, curated by Bonnie Greer and Dr Hartwig Fischer, has foregrounded some of these debates; recognising the need to reclaim rights, recognition, opportunity, equity, justice, history and heritage.

Over the past year work has progressed to develop our understanding of disability history and narratives in the collection. Some of this research featured in a blog published on International Day of Disabled People on 3 December 2020. In March 2021 BM staff hosted two Research-funded workshops, which brought together disabled and non-disabled heritage professionals and museum visitors to inform the Museum's approach to this work.

Volunteers

The Museum has over 500 volunteers who ordinarily offer their time freely to support the British Museum in almost every area of activity. However, on-site volunteering was suspended at the Museum on 18 March 2020 as a result of the pandemic. Volunteering has not yet resumed on-site.

Diversifying the Volunteers team remains a current priority. The Volunteers office has run a number of external recruitments during the reporting period, developing new ways of reaching people from groups and communities currently under-represented in the Museum's volunteers. Training of volunteers has been undertaken remotely during lockdown and the suspension of volunteering onsite. New training sessions on Equality and Diversity have been developed and delivered to some of the volunteers – all volunteers are now required to attend this training.

Diversifying the public programme offered by the volunteers is also a priority. Several volunteer tour scripts have been updated to reflect changes made to the Museum's displays. Training has continued with volunteers who deliver LGBTQ tours. A number of LGBTQ tour volunteers contributed new collections-based research to a British Museum blog post to celebrate Pride 2020.

Several volunteer-led tours have been run online in conjunction with Mind in Camden over the last twelve months and the Museum has offered some supported remote volunteering-placements for adults with Autistic Spectrum Disorder.

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

The Trade Union (Facility Time Publication Requirements) Regulations 2017

Table 1, Relevant union officials: what was the total number of your employees who were relevant union officials during the relevant period (1 April 2020 – 31 March 2021)?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
9	9.00

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%	1
1-50%	7
51-99%	–
100%	1

Table 3, Percentage of pay bill spent on facility time

Total cost of facility time	£37k
Total pay bill	£38m
Percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period	0.10%

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%
---	----

Plans for future periods

The key priority for the BM in 2021/22 remains to manage the impact of the COVID-19 crisis, and ensure that the BM's statutory responsibilities continue to be fulfilled effectively.

Fundraising and finance

Financial sustainability

With a 97% fall in visitor numbers compared to the previous year, the BM Group saw its income fall substantially, with activity in the trading subsidiaries particularly badly affected. Admissions income and trading income fell by 93% and 97% respectively (see DCMS performance indicators below).

Additional funding was received from DCMS within the year, and the Trustees are very grateful for the support. In addition, the BM Group was able to make savings in discretionary spend and reduce costs associated with commercial trading activity. However, the Museum has unavoidably high fixed costs due to its obligation to care for and secure the Collection, and additional expenditure was incurred in the year to ensure the building and infrastructure remained safe. While direct trading costs within the trading subsidiaries could be reduced, many of the obligations such as overheads, pension deficits and estate costs have remained or even increased. During the year the Museum made £17 million available to support BMCo during the pandemic and ensure the ongoing viability of its subsidiaries.

The BM has substantial restricted reserves however these cannot be used for general spend or to mitigate the impacts of the pandemic. As at 31 March 2021 unrestricted and undesignated reserves were at a reduced level of £8.5 million (2020: £9.4 million). See the section below for further details about the reserves policy.

The nature and scale of the Museum's activity over the next year remains uncertain and subject to the Government's roadmap and the rate at which visit numbers – in particular from overseas – recover.

The accounts have been prepared on a going concern basis. Under Section 3 of the British Museum Act 1963, the BM has a statutory responsibility for keeping its collections and making them available for inspection by the public, and the Trustees and Accounting Officer have assumed in making the going concern assessment that sufficient Government funding support will continue to be made available to fulfil this responsibility. Together with Government support, the Museum has adequate remaining reserves, sufficient cash and readily realisable investments, and a history of success in generating income which is expected to continue and recover once visitor numbers return to previous levels. This is supported by scenario forecasts produced by management. The Trustees are satisfied that the Museum will continue to operate for the foreseeable future, being a minimum of twelve months from when these accounts were approved, and accordingly have applied the going concern basis for preparing its accounts. Uncertainties do however remain and the Trustees continue to monitor the situation closely.

Support for the BM

Support for the BM encompasses every aspect of its work. The help the Museum receives includes funding from individuals, companies, trusts and foundations, broadening considerably what it is able to do. The BM is immensely grateful to all those who supported it in 2020/21.

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 £39.0 million were received during the year (£17.7 million in 2019/20), including donations and legacies received from individuals, trusts and foundations and gifts in kind. Two large individual gifts account for most of the increase in donations in the year. A further £3.1 million (£14.8 million in 2019/20) was received from other trading activities and £15.8 million (£26.5 million in 2019/20) from charitable activities.

The BM's total expenditure for the year was £76.6 million (£109.7 million in 2019/20). Expenditure on raising donations and legacies was £1.6 million (£1.4 million in 2019/20) and expenditure on other trading activities was £3.7 million (£9.8 million in 2019/20). Expenditure on charitable activities was £71.0 million (£98.3 million in 2019/20).

Grant-in-Aid

The British Museum received £51.8 million revenue and £13.6 million capital grant-in-aid from DCMS in 2020/21 (£43.2 million and £32.5 million in 2019/20), including emergency support in response to the COVID-19 pandemic and funding for essential work on the Bloomsbury site as well as support for the Iraq Emergency Heritage Management Training Scheme and, in 2019/20, for the project to vacate the government-owned Blythe House building used by the BM, the Science Museum and the V&A for collection storage.

Capital expenditure

Capital expenditure, mainly on plant, building fabric, gallery refurbishments and software, amounted to £25.6 million, compared with £24.0 million in 2019/20. Significant capital additions during the year included work on technical security; life and fire safety; mechanical and electrical infrastructure; building fabric and structural works; the perimeter properties; and the construction of the BM Archaeological Research Collection. A further £0.5 million was spent on acquiring heritage assets (£1.4 million in 2019/20), with donated heritage assets during the year of £3.6 million (£3.4 million in 2019/20).

Grants

The British Museum Group made grants totalling £1.3 million during the financial year (£22.6 million in 2019/20). This includes grants of £0.9 million (£0.9 million in 2019/20) 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. During 2019/20 a grant of £21.1 million, restricted for furtherance of the BM's charitable objectives, was made to the British Museum Trust Limited, an independent registered charity (registration: 1140844). No such grant was made in 2020/21.

Reserves

At 31 March 2021 the BM's reserves were as follows:

	£m
Collection items acquired since 31 March 2001	108
Museum land, buildings, plant and equipment	835
Permanent endowment	22
Expendable endowment	21
Restricted funds	71
Restricted investment estate	25
Unrestricted funds	9
Unrestricted funds: subsidiaries	12
Total	1,103

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 with restrictions 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

In recent years the reserves policy for the Museum has been to hold unrestricted and undesignated reserves equivalent to between one and three months' group expenditure in order to ensure financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities. Based on 2019/20 group expenditure, this would be a range of £9.1 million – £27.4 million, and reserves as at 1 April 2020 were £9.4 million. As a result of the COVID-19 pandemic, some use of this reserves balance was required, and the Trustees therefore agreed a reduced minimum reserve of £8.5 million. The balance as at 31 March 2021 – made up of the unrestricted trust funds and the general funds shown in note 16a – was £8.5 million.

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 downward revaluation of the BM's tangible fixed assets of £9.7 million (upward revaluation of £40 million in 2019/20), gains on investments of £6.2 million (loss of £5.4 million in 2019/20) and loss on the defined benefit pension scheme of £1.0 million (loss of £1.4 million in 2019/20).

Maintaining reserves

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

Reviewing the reserves policy

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

Designations

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

Investments and financial risks

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

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

The financial risks relating to investments are managed by:

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

The Investment Sub-Committee (ISC) has appointed Newton Investment Management to manage funds within the endowment portfolio and the longer-term funds in the general portfolio in accordance with the

agreed investment policy. Other funds in the general portfolio and the restricted portfolio were held in a sterling liquidity fund for part of the year, and then in cash deposits in accordance with the agreed investment policy. Apart from certain legacy holdings in unlisted equity and investment funds (£27k general portfolio and £1.6 million endowment and restricted portfolios), all funds were invested during the year in UK and Ireland investment funds.

The endowment and general investments held in Newton funds delivered a return of +24% across the full financial year, outperforming the benchmark of +22%. Overall, the Trustees remain satisfied with the performance of the fund managers in a difficult environment.

During the year interest, dividends and rent of £0.5 million (2019/20: £0.8 million) were received and net realised and unrealised gains were made on investments of £11.1 million (2019/20: loss of £2.4 million), together with a £5.0 million loss (2019/20: £2.8 million loss) on the revaluation of the investment properties.

Permanent endowments

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

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

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

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

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

In determining this spending rate, the Trustees were advised by the BM's investment manager, Newton Investment Management, 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 23 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; 5.9 million visited in 2019/20, prior to the COVID-19 pandemic.

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, many people across the UK see 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 four and a half 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. A new storage and research facility, the BM_ARC, is under construction near Reading.

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

2020/21 saw inevitable pandemic-related delays, but once secure measures were in place, the BM was able to make progress in a number of these areas. Thanks to very welcome funding from Government, planned works for the south colonnade and pediment at the main entrance to the BM took place, with essential structural repairs to the roof timbers and replacement of copper sheets. Major improvements were also undertaken to BM buildings along Russell Square as well as to essential plant, infrastructure, internal stores, departmental libraries and other spaces.

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. Despite extended closures as a result of the pandemic, heating and key plant remained operational to maintain environmental conditions and energy and finite resource consumption across the estate has therefore remained significant. The Museum normally presents a normalised metric for each of the main data points below based on visitor numbers. For the current

financial year, because of the very low visitor numbers, we believe that such figures would not contribute to understanding of the data and so they have been omitted.

Greenhouse gas emissions		2020/21	2019/20	2018/19	2017/18
Non-financial indicators (tonnes CO ₂ e)	Scope 1: Gas, gas oil and owned vehicles	2,647	2,723	2,353	2,278
	Scope 2: Electricity	2,956	4,052	4,313	5,658
	Scope 3: Electricity transmission and distribution	254	344	368	529
	Scope 3: Official business travel	4	45	46	51
	Total emissions	5,861	7,164	7,080	8,516
	Emission per million visitors	n/a	1,214	1,180	1,468
Energy consumption (thousand kWh)	Scope 1: Gas	13,752	14,241	12,012	11,398
	Scope 2: Electricity	12,681	15,851	15,238	16,094
	Total gas & electricity consumption	26,433	30,092	27,250	27,492
	Consumption per million visitors	n/a	5,100	4,542	4,740
Financial indicators (£ million)	Total energy cost	1.8	2.0	2.2	2.0
	Energy cost per million visitors	n/a	0.3	0.4	0.3
	Cost of official business travel	0.02	0.2	0.2	0.2
	Cost of official business travel per million visitors	n/a	0.03	0.02	0.03

Gas consumption in the year remained relatively isolated from the impact of closures as the requirement for winter heating to maintain the temperature for collection storage did not change. A decline in electricity consumption of 20%, largely due to closure, combined with a 9% reduction in grid intensity led to a significant 27% drop in carbon emissions from this energy source. This was the driving factor in the overall emissions movement.

Waste minimisation and management		2020/21	2019/20	2018/19	2017/18
Non-financial indicators (tonnes)	Waste sent to landfill	Nil	Nil	Nil	Nil
	Waste recycled/reused	7	190	279	57
	Waste composted	Nil	13	Nil	Nil
	Waste incinerated	70	376	386	456
	Total waste arising	77	579	665	513
	Waste per million visitors	n/a	98	111	88
Financial indicators (£k)	Total disposal cost	19	130	125	137
	Cost per million visitors	n/a	22	21	24

Site closure has driven a reduction in overall waste production and significant changes in the relative proportions of different waste types. Extended closures of onsite catering sites led to the suspension of the collection of food waste for composting by anaerobic digestion, which was a new stream in 2019/20. The proportion of material suitable for recycling reduced to 10% from 33% as volumes of glass, cardboard and dry mixed recyclables which are produced mainly by catering, retail and back of house areas dropped.

Finite resource consumption		2020/21	2019/20	2018/19	2017/18
Non-financial indicators ('000 m ³)	Total water consumption	93	116	109	101
	Consumption per million visitors	n/a	20	18	17
Financial indicators (£k)	Total water cost	217	293	210	237
	Cost per million visitors	n/a	50	35	41

Water consumption fell because of the full lockdown of the site during the first part of pandemic. Following re-opening in August, however, water consumption returned to near normal levels in spite of lower visit numbers, because both the hot and cold water systems required regular flushing to prevent the build-up of contaminants.

Biodiversity action planning

Construction on the BM_ARC site continued during the year. Landscaping elements such as swales to manage water run-off from roofing areas have been created and when planted will create new habitats to increase local biodiversity. The site security fencing has been completed with integrated badger gates to reduce the disruption to movements of local populations of these animals. The contractor continues to take all necessary steps to protect St John's Copse, an area of protected ancient woodland adjacent to the site, from disturbance during the construction.

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, Hammersmith and 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 consumption figures provided by energy suppliers through online portals or invoice information 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 and their online portals.
 - 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 analysis of spend data using the Defra conversion factors for the relevant modes of travel. They 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 2020/21 it paid 86% of all invoices within the target (91% in 2019/20).

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 2020/21 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>Arctic: culture and climate</i> 22 October 2020 – 21 February 2021	95 objects
<i>Tantra: Enlightenment to Revolution</i> 24 September 2020 – 24 January 2021	7 objects

A wide variety of objects have been protected, including ethnographic material comprising of pottery, tools made from stone, wood and bone, textiles and other items of clothing, as well as sculpture and paintings, from 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 2020 to 31 March 2021 the British Museum received no requests for information from potential claimants pursuant to article 7 of the Protection of Cultural Objects on Loan (Publication and Provision of Information) Regulations 2008.

Reference and administrative details

The Board of Trustees²

<i>Trustees</i>	Attended / Meetings Held	<i>Trustees</i>	Attended / Meetings Held
Sir Richard Lambert (Chair) (C)	4/4	Dame Vivian Hunt DBE (A)	4/4
The Hon Nigel Boardman (Deputy Chair) (A) (Retired on 31 December 2020)	3/3	Sir Deryck Maughan (A)	4/4
Ms Muriel Gray FRSE (Deputy Chair) (A) (Appointed Deputy Chair 18 January 2021)	4/4	Sir Charlie Mayfield (A)	4/4
Lord Sassoon (Deputy Chair) (A) (Appointed Deputy Chair 18 January 2021)	4/4	Sir Paul Nurse FRS (F) (Retired 27 September 2020)	1/1
Baroness Shafik DBE (Deputy Chair) (A)	4/4	Mr Gavin Patterson (A) (Retired 11 June 2020)	0/0
Professor Dame Mary Beard DBE, FSA, FBA (C)	4/4	Mr Mark Pears CBE (C)	4/4
Ms Cheryl Carolus (B)	4/4	Mr Grayson Perry CBE, RA (G)	3/4
Dame Elizabeth Corley DBE (A)	3/4	Sir Paul Ruddock FSA (A)	4/4
Miss Patricia Cumper MBE (A)	0/4	Lord Turner of Ecchinswell FRS (C) (Retired 11 June 2020)	0/0
Ms Clarissa Farr (A)	4/4	Professor Sir Mark Walport FRCP, FRS, FMedSci, HonFRSE (F) (Appointed 1 December 2020)	2/2
Professor Chris Gosden FBA (E)	4/4	Mr George Weston (A)	4/4
Mr Philipp Hildebrand (A)	4/4	Professor Dame Sarah Worthington DBE, QC (Hon), FBA (D)	4/4

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

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

Board committees and membership

Standing Committee

Sir Richard Lambert (Chair)	6/6
The Hon Nigel Boardman (To 31 December 2020)	4/4
Dame Elizabeth Corley	5/6
Professor Chris Gosden	6/6
Ms Muriel Gray	6/6
Mr Gavin Patterson (To 11 June 2020)	2/2
Sir Paul Ruddock	5/6
Lord Sassoon	6/6
Baroness Shafik	6/6
Lord Turner (To 11 June 2020)	2/2
Professor Sir Mark Walport (Appointed 1 December 2020)	2/2

Audit Committee

Dame Vivian Hunt (Chair)	4/4
The Hon Nigel Boardman (To 31 December 2020)	3/3
Mr Philipp Hildebrand	1/4
Mr George Weston	4/4
Mr Hywel Ball (Co-opted) (Reappointed 13 March 2021)	4/4
The Hon Nigel Boardman (Co-opted) (Trustee member to 31 December 2020, then co-opted from 1 January 2021)	1/1
Sir Ian Johnston (Co-opted)	4/4
Mr Keith Williams (Co-opted) (To 30 June 2020)	0/1

Investment Sub-committee

Dame Elizabeth Corley (Chair)	2/2
The Hon Nigel Boardman (To 31 December 2020)	1/2
Sir Paul Ruddock	2/2
Lord Sassoon	2/2
Mr Stephen Fitzgerald (Co-opted)	2/2

Nominations and Remuneration Committee

Baroness Shafik (Chair)	4/4
The Hon Nigel Boardman (To 31 December 2020)	3/3
Ms Clarissa Farr	4/4
Ms Muriel Gray (Appointed 18 January 2021)	1/1
Sir Richard Lambert	4/4
Lord Sassoon (Appointed 18 January 2021)	1/1
Professor Dame Sarah Worthington (Appointed 1 October 2020)	3/3

Research Committee

Professor Chris Gosden (Chair) (Appointed Chair 28 September 2020)	3/3
Sir Paul Nurse (Chair) (To 27 September 2020)	1/1
Professor Dame Mary Beard	3/3
Professor Sir Mark Walport (Appointed 1 December 2020)	1/1
Professor Sarah Worthington (Hon), FBA	3/3
Doctor Valerie Johnson (Co-opted)	3/3
Professor Rana Mitter (Co-opted) (Appointed 4 June 2020)	2/2
Professor Olivette Otele (Co-opted) (Appointed 1 July 2020)	2/2
Professor Andrew Thompson (Co-opted)	2/3

Rosetta Project Committee

Lord Sassoon (Chair)	2/2
Sir Deryck Maughan	1/2
Sir Charlie Mayfield	2/2
Mr Mark Pears	2/2
Sir George Iacobescu (Co-opted)	2/2
Mr Steve McGuckin (Co-opted)	2/2
Mr David Whittleton (Co-opted)	2/2

Trustee membership of related Councils and Boards

British Museum Friends Advisory Council
Ms Clarissa Farr (Chair)

The American Friends of the British Museum
Sir Deryck Maughan
Sir Richard Lambert (ex officio director)

Official addresses as at 31 March 2021

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, 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	Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD
Bankers:	National Westminster Bank Plc, 214 High Holborn, London WC1V 7BX
Solicitor:	In-house legal services, The British Museum
Investment advisers:	Newton Investment Management Limited, 160 Queen Victoria Street, London EC4V 4LA

DCMS' performance indicators

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

	2020/21	2019/20	2018/19	2017/18	2016/17
Number of visits to the Museum (excluding virtual visits)	160k ³	5.9m ⁴	6.0m	5.8m	6.2m
Number of unique website visits ⁵	33.5m ⁶	33.9m	33.6m	37.5m	34.7m
Number of visits by children under 16	45k	862k	988k	888k	800k
Number of overseas visitors	3k	3.8m	3.4m ⁷	3.7m	4.0m
Number of facilitated and self-directed visits to the Museum by children under 18 in formal education	18k	301k	301k	323k	271k
Number of instances of children under 18 participating in on-site organised activities	10k	118k	118k	127k	126k
% of visitors who would recommend a visit	90% ⁸	99% ⁹	96%	96%	96%
Admissions income	£0.3m	£4.3m	£2.0m	£2.2m	£3.0m
Trading income ¹⁰	-£0.3m	£8.7m	£7.6m	£7.8m	£14.8m
Fundraising ¹¹	£40.4m	£23.7m	£22.8m	£23.3m	£27.1m
Number of UK loan venues ¹²	117 ¹³	195	147	165	156

³ The reduction in visits was due to the COVID-19 pandemic. The Museum was open for 78 days, with limited capacity.

⁴ The Museum closed to the public from 18 March 2020 due to the COVID-19 pandemic.

⁵ This includes visits to all BM websites.

⁶ The decrease in number of unique website visits is accounted for by a change in methodology. Under the previous methodology the number of unique website visits in 2020/21 would have been 36.8 million.

⁷ The figure for 2018/19 has been amended from 3.8 million previously reported following discovery of a data analysis error.

⁸ The figure for 2020/21 has been affected by a very small data set due to the impact of COVID-19.

⁹ The figure for 2019/20 has been amended from 92% previously reported to ensure consistency of approach with the wider sector.

¹⁰ 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. The decrease in 2020-21 was due to the impact of COVID-19.

¹¹ Defined by DCMS as activities which involve seeking financial support, e.g. from sponsors, private benefactors, charitable trusts. The figure here excludes donations in kind.

¹² The figure quoted above in the *Audiences and Engagement* section reflects the number of unique loan venues. In line with DCMS guidance, the figures here include venues to which the BM has loaned more than once in the year as multiple instances.

¹³ The reduction in loan venues was due to the COVID-19 pandemic. Loans to 176 venues were scheduled originally for 2020/21.

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 (2019/20: £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. 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 these accounts for 2020/21 relates to performance in 2019/20. In view of the difficult situation resulting from COVID-19, Hartwig Fischer asked not to be considered for a bonus with respect to the year 2019/20, and took a pay cut in 2020/21.

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 (salary, benefits in kind and pensions)

Single total figure of remuneration										
	Salary (£'000) ¹⁴		Bonus payments (£'000) ¹⁵		Benefits in kind (to nearest £100) ¹⁶		Pension benefits (to nearest £1000) ¹⁷		Total (£'000)	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Hartwig Fischer Director	190-195	190-195	–	28	1,200	1,200	73,000	73,000	260-265	290-295
Christopher Yates Deputy Director	145-150	145-150	–	–	–	–	69,000	62,000	215-220	205-210

Pay multiples

The banded remuneration of the highest-paid employee at the reporting period end date was £190-195k (2019/20: £220-225k). This was 6.4 times the median remuneration of the workforce (2019/20: 7.9 times) at the reporting period end date, which was £30.0k (2019/20: £27.7k).

¹⁴Salary comprises gross salary payable during the year.

¹⁵Under 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.

¹⁶The monetary value of benefits in kind covers any benefits provided by the BM 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.

¹⁷The 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.

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 £17k to £148k (2019/20: £16k – £145k). 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 ¹⁸ as at 31/3/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV ¹⁹ at 31/3/21	CETV at 31/3/20	Real increase in CETV ²⁰
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Hartwig Fischer Director	20 – 25	2.5 – 5	321	247	48
Christopher Yates Deputy Director	50 – 55 plus a lump sum of 95 – 100	2.5 – 5 plus a lump sum of 0 – 2.5	883	807	40

The figures in the remuneration report have been audited.

Hartwig Fischer
Accounting Officer
14 July 2021

Sir Richard Lambert
Chair

¹⁸The 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 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.)

¹⁹A 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.

²⁰This 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; and
- 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.

The Accounting Officer confirms that he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the British Museum's auditors are aware of that information. He confirms that as far as he is aware there is no relevant audit information of which the British Museum's auditors are unaware.

The Accounting Officer confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable, and that he takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Hartwig Fischer
Accounting Officer
14 July 2021

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 2017*.

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, interests and responsibilities 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. During 2020/21, induction was carried out primarily through online meetings and briefings because of the COVID-19 pandemic.

A register of interests is maintained for Trustees, co-opted committee members and senior staff and is available for public inspection on request; this is formally reviewed 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, a co-opted member declared a conflict of interest at a Research Committee meeting and another co-opted member declared a conflict of interest at a Rosetta Project Committee meeting.

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

Board/ Committee	Hierarchy	Remit
Investment Sub-Committee	Sub-committee of the Standing Committee	To advise the Standing Committee on the investment of the BM's funds and the performance of investment managers, and recommend an investment policy to the Board of Trustees.
Research Committee	Sub-committee of the Standing Committee	To provide expert advice and oversight of the BM's research programme, to monitor the implementation of the research strategy and provide quality assurance.
Rosetta Project Committee (Established January 2020)	Sub-committee of the Standing Committee	To monitor projects over £25 million on behalf of the Board and ensure that management implements projects in accordance with the scope, design and budget of the project as approved by the Board.
Directorate Group	Executive Committee	To lead the BM's planning process, manage risk and oversee operational activity. Its membership during the year comprised the Director and the Deputy Directors.
BM Management Group	Executive Committee	To raise and discuss current and emerging issues relating to BM activity and external developments; and act as an information sharing group for heads of department. Its membership is drawn from the Directorate Group and the heads of BM departments. During the year this comprised of the following: <ul style="list-style-type: none"> ■ <i>Collections & Public Engagement:</i> Africa, Oceania & the Americas; Asia; Britain, Europe & Prehistory; Coins & Medals; Collection Care; Collection Projects & Resources; Egypt & Sudan; Exhibitions; Greece & Rome; Learning & National Partnerships; Middle East; Press & Marketing; Prints & Drawings; Scientific Research. ■ <i>Operations:</i> Capital Planning & Programme Management; Commercial; Development; Finance; Human Resources; Information Services; International Engagement; Membership & Customer Relationship Management; Property & Facilities Management; Resources; Security and Visitor Services.

Board effectiveness

The Board reviews its effectiveness annually by self-assessment, with an independent review conducted every three years, the last of which was completed in 2020. This showed that Board performance was strong overall, and that stewardship and oversight of the organisation was effective, and governance arrangements worked well, with high quality risk documentation and processes. The annual review conducted in early 2021 asked the Trustees to review performance against the principles of the *Charity Governance Code*. The review concluded that the Board's performance was strong overall, with no significant weaknesses.

The British Museum's strategy was due to be reviewed in 2020, but this work was postponed because of the pandemic and it will be resumed during 2021. The 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 2021 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:* during the year, the Committee focussed on reviewing the management of risks relating to the pandemic. In addition to its on-going review of the risk register, the Committee also received briefings on exhibitions and the project to construct the BM Archaeological Research Collection. It received regular updates on security, operations and collections management, as well as reports on external and internal audits.
- *Nominations & Remuneration Committee:* during 2020/21, the committee established a sub-committee to lead the search for a new Chair from 2022; it recommended the reappointment of three Trustees to the Prime Minister, which were approved; it supported the Royal Society's nomination of a Trustee, which was approved by the Secretary of State; it made a recommendation to reappoint one of the Board's appointees, which was approved by the Board; and it made a recommendation to the Board on the Director's remuneration for 2019/20.
- *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 best practice guidance from the National Audit Office and risk management standards.

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

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

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

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

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

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 significant changes were made.

The most significant inherent risks that the Trustees manage relate to the safety and security of people working for, volunteering with and visiting the Museum; the stewardship of a collection of unparalleled global importance; the maintenance of an iconic heritage building; the preservation of relationships with local, national and international partners and stakeholders; and the long-term sustainability of the organisation.

The COVID-19 crisis has affected every aspect of the Museum. Managing risks relating to the health, safety and wellbeing of our visitors, staff, contractors and volunteers remains of paramount importance, while the pandemic also continues to heighten risks to the Museum's collection, programming, infrastructure, and trading income.

The major residual risks – many of which relate to the significant impact of the COVID-19 crisis – and the key mitigations in place are noted in the following table:

Risks	Mitigation
There are a number of risks associated with the poor condition of the estate, for example increased maintenance costs and the closure of spaces	<ul style="list-style-type: none"> ■ Application for additional capital grant in aid and private financial support ■ Prioritisation, planning and budgeting process to ensure that investment is appropriately targeted
There is a risk that government funding is insufficient to support required capital investment and operating costs	<ul style="list-style-type: none"> ■ Liaison with DCMS ■ Income generation
There is a risk of delays, additional cost and funding risks associated with building projects as a result of COVID-19	<ul style="list-style-type: none"> ■ Close liaison with contractors to minimise delay and additional cost ■ COVID security measures put in place to allow work to continue as far as possible ■ Advice from in-house procurement and legal team, supplemented by specialist external advice where appropriate ■ Advice from experts on the Rosetta Project Committee ■ Liaison with DCMS about the impact on the programme to vacate Blythe House
There is a risk of low visit numbers as a result of COVID-19	<ul style="list-style-type: none"> ■ Museum re-opened as early as possible ■ Strong public programme ■ Participation in sector-wide recovery initiatives

Risks	Mitigation
There is a risk of reduced self-generated income as a result of COVID-19	<ul style="list-style-type: none"> <li data-bbox="663 264 1353 302">■ Regular financial forecasting <li data-bbox="663 309 1353 472">■ Detailed plans to deliver cost savings and minimise income losses where possible, for example through re-opening shops and hospitality outlets where commercially viable and maintaining positive relationships with supporters <li data-bbox="663 479 1353 539">■ Government financial support through furlough scheme and direct funding

The actions required in each case to achieve target risk levels are recorded in the risk register and their delivery is monitored by the Audit Committee.

The BM has an adequate and effective framework for risk management, governance and internal control, and appropriate plans, informed by internal audit reviews, to ensure continuous improvement. The BM continues to focus its efforts on scrutinising areas of perceived higher risk and, in particular, is focussing on implementing agreed changes to the visitor services and security functions, record reconciliations, and resolving the impact of the pandemic on routine housekeeping processes.

During 2020/21, the BM reported a personal data breach to the Information Commissioner's Office (ICO). The incident was fully investigated by the BM and actions were taken to reduce the risk of recurrence. The ICO was satisfied with the steps taken by the BM and determined that no regulatory action was required.

The BM has a whistleblowing policy which is approved by the Board of Trustees and published on the website. The policy is formally reviewed every four years, or as circumstances require. The policy is supported by a whistleblowing procedure made available to all staff and published on the Museum's intranet.

Hartwig Fischer
Accounting Officer
14 July 2021

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 2021 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 Cashflows 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 including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2021 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the British Museum in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the British Museum's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the British Museum's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Trustees and Accounting Officer's Annual Report but does not include the financial statements and my auditor's certificate thereon. The Trustees and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992.
- the information given in the Trustees and Accounting Officer's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the British Museum and its environment obtained in the course of the audit, I have not identified material misstatements in the Trustees and Accounting Officer's Annual Report.

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the 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.

Responsibilities of the Board of Trustees and Director as Accounting Officer

As explained more fully in the Statement of Trustees' and Accounting Officers' Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Accounting Officer determine is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error;
- assessing the group and the British Museum's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the internal auditor and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Museum's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Museum's controls relating to the Museum and Galleries Act 1992, the British Museum Act 1963, Managing Public Money, and the Charities Act 2011; and
 - discussing among the engagement team including key personnel from the component auditors, and involving relevant internal and or external specialists, including experts in the valuation of land and buildings, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and the application of the Coronavirus Job Retention Scheme.
- obtaining an understanding of the British Museum and the group's framework of authority as well as other legal and regulatory frameworks that the British Museum and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the British Museum and group. The key laws and regulations I considered in this context included the Museum and Galleries Act 1992, the British Museum Act 1963, Managing Public Money, Employment Law, Tax Legislation, Pensions Legislation, the Coronavirus Act 2020 and the Charities Act 2011.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board of Trustees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of grants and donations in line with the accounting framework and undertaking procedures to test the completeness of grants, donations and legacies;
- in addressing the risk of fraud in the Coronavirus Job Retention Scheme undertaking procedures to test that claims to HM Revenue and Customs were in line with the scheme rules and procedures to test whether employees were working whilst claiming under the scheme.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

15 July 2021

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

Consolidated Statement of Financial Activities for the year ended 31 March 2021

	Note	Revenue Funds			Capital Funds			Total Funds				Total 2020 £000s
		Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Collection Acquisitions £000s	Total Unrestricted £000s	Restricted £000s	Permanent Endowments £000s	Expendable Endowments £000s	
Income and endowments from												
Grant-in-aid	2	50,920	897	51,817	-	13,603	-	13,603	14,500	-	-	65,420
Donations and legacies		2,275	12,869	15,144	-	9,810	3,648	13,458	26,327	-	10,354	38,956
Charitable activities	3	10,332	4,808	15,140	-	620	-	620	5,428	-	13	15,773
Other trading activities	11(b)	3,079	-	3,079	-	-	-	3,079	-	-	-	3,079
Investments	4	377	53	430	-	39	-	39	92	1	2	14,782
Total income and endowments		66,983	18,627	85,610	-	24,072	3,648	27,720	66,983	1	10,369	123,700
Expenditure on Raising funds												
Expenditure on raising donations and legacies	6	(1,490)	(100)	(1,590)	-	(31)	-	(31)	(1,490)	-	-	(1,621)
Expenditure on other trading activities	6, 11(b)	(3,647)	-	(3,647)	(17)	-	-	(17)	(3,664)	-	-	(3,664)
Investment management costs	6	(79)	-	(79)	-	(29)	-	(29)	(79)	(86)	(64)	(258)
Charitable activities	6	(42,008)	(11,339)	(53,347)	(266)	(17,260)	4	(17,522)	(42,274)	-	(161)	(71,030)
Total expenditure	6	(47,224)	(11,439)	(58,663)	(283)	(17,320)	4	(17,599)	(47,507)	(86)	(225)	(76,573)
Net gains/(losses) on investments	10	2,621	18	2,639	-	(3,503)	-	(3,503)	2,621	4,253	2,776	6,165
Net income/(expenditure)	5	22,380	7,206	29,586	(283)	3,249	3,652	6,618	22,097	4,168	12,920	53,292
Transfers between funds	16	(19,858)	21,566	1,708	27	(1,548)	540	(981)	(19,831)	(603)	(124)	-
Other recognised gains/(losses)												
(Loss)/Gain on revaluation of fixed assets	7	-	-	-	-	(9,743)	-	(9,743)	-	-	-	(9,743)
Actuarial losses on defined benefit pension scheme	20	(976)	-	(976)	-	-	-	-	(976)	-	-	(976)
Other gains/(losses)		(412)	267	(145)	-	(66)	-	(66)	(412)	(14)	(15)	(240)
Net movement in funds		1,134	29,039	30,173	(256)	(8,108)	4,192	(4,172)	878	25,123	12,781	42,333
Reconciliation of funds:												
Total funds brought forward as at 1 April (restated)	16(a)	18,578	19,909	38,487	966	890,913	104,227	996,106	19,544	1,015,049	8,352	1,061,027
Total funds carried forward as at 31 March	16(a)	19,712	48,948	68,660	710	882,805	108,419	991,934	20,422	1,040,172	21,133	1,103,360

All operations of the British Museum continued throughout 2020/21 and 2019/20 and none were discontinued in either period. The British Museum has no recognised gains and losses other than those above. Investment Properties have been restated as restricted (see Note 25). The accompanying notes form part of these accounts.

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

	Note	Revenue Funds			Capital Funds			Total Funds			Total 2019 £000s		
		Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Collection Acquisitions £000s	Total £000s	Unrestricted £000s	Restricted £000s		Permanent Endowments £000s	Expendable Endowments £000s
Income and endowments from													
Grant-in-aid	2	40,283	2,923	43,206	-	32,503	-	32,503	40,283	35,426	-	-	75,709
Donations and legacies		2,765	4,428	7,193	-	4,848	3,356	8,204	2,765	12,632	-	2,323	17,720
Charitable activities	3	23,542	2,123	25,665	-	854	-	854	23,542	2,977	-	-	26,519
Other trading activities	11(b)	14,782	-	14,782	-	-	-	-	14,782	-	-	-	14,782
Investments	4	637	117	754	-	77	-	77	637	194	-	5	836
Total income and endowments		82,009	9,591	91,600	-	38,282	3,356	41,638	82,009	51,229	-	2,328	135,566
Expenditure on Raising funds													
Expenditure on raising donations and legacies	6	(1,337)	-	(1,337)	-	(28)	-	(28)	(1,337)	(28)	-	-	(1,365)
Expenditure on other trading activities	6, 11(b)	(9,811)	-	(9,811)	(25)	-	-	(25)	(9,836)	-	-	-	(9,836)
Investment management costs	6	(10)	(5)	(15)	-	(28)	-	(28)	(10)	(33)	(103)	(31)	(204)
Charitable activities	6	(67,962)	(9,961)	(77,923)	(163)	(19,905)	(4)	(20,072)	(68,125)	(29,870)	-	(308)	(98,303)
Total expenditure	6	(79,120)	(9,966)	(89,086)	(188)	(19,961)	(4)	(20,153)	(79,308)	(29,931)	(103)	(339)	(109,681)
Net gains/(losses) on investments	10	(706)	8	(698)	-	(3,043)	-	(3,043)	(706)	(3,035)	(1,276)	(336)	(5,353)
Net income/(expenditure)	5	2,183	(367)	1,816	(188)	15,278	3,352	18,442	1,995	18,263	(1,379)	1,653	20,532
Transfers between funds	16	(561)	(957)	(1,518)	715	-	1,449	2,164	154	492	(595)	(51)	-
Other recognised (losses)/gains													
Gain/(loss) on revaluation of fixed assets	7	-	-	-	-	40,043	-	40,043	-	40,043	-	-	40,043
Actuarial gains/(losses) on defined benefit pension scheme	20	(1,371)	-	(1,371)	-	-	-	-	(1,371)	-	-	-	(559)
Other gains/(losses)		110	9	119	-	11	-	11	110	20	-	-	130
Net movement in funds		361	(1,315)	(954)	527	55,332	4,801	60,660	888	58,818	(1,974)	1,602	59,334
Reconciliation of funds:													
Total funds brought forward as at 1 April (originally stated)	16(a)	18,217	21,224	39,441	22,745	813,275	99,426	935,446	40,962	933,925	20,056	6,750	1,001,693
Prior year adjustments	25	-	-	-	(22,306)	22,306	-	-	(22,306)	22,306	-	-	-
Total funds brought forward as at 1 April (restated)		18,217	21,224	39,441	439	835,581	99,426	935,446	18,656	956,231	20,056	6,750	1,001,693
Total funds carried forward as at 31 March (restated)	16(a)	18,578	19,909	38,487	966	890,913	104,227	996,106	19,544	1,015,049	18,082	8,352	1,061,027

All operations of the British Museum continued throughout 2019/20 and 2018/19 and none were discontinued in either period. The British Museum has no recognised gains and losses other than those above. Investment Properties have been restated as restricted (see Note 25). The accompanying notes form part of these accounts.

Consolidated Balance Sheet as at 31 March 2021

	Note	2021 £000s	2020 £000s Restated
Fixed assets			
Tangible assets	7(a)	832,132	833,104
Intangible assets	8(a)	4,007	4,850
Heritage assets	9(c)	108,419	104,227
Investments	10(a)	79,247	106,747
Investment properties	10(b)	25,000	29,900
Total fixed assets		1,048,805	1,078,828
Debtors due in more than one year	12	10,406	4,152
Current assets			
Stock-goods for resale	11(c)	1,843	1,999
Debtors due within one year	12	19,524	13,056
Investments	10(c)	39,631	3,514
Cash at bank and in hand	10(d)	25,767	27,050
Total current assets		86,765	45,619
Creditors due within one year	13	(12,424)	(35,296)
Provisions due within one year	14	(397)	(622)
Net current assets		73,944	9,701
Total assets less current liabilities		1,133,155	1,092,681
Creditors due after more than one year	13	(15,196)	(17,656)
Net assets excluding pension liability		1,117,959	1,075,025
Defined benefit pension scheme liability	20	(14,599)	(13,998)
Total net assets		1,103,360	1,061,027
The funds of the group:			
Permanent endowments		21,633	18,082
Expendable endowments		21,133	8,352
Restricted funds		1,040,172	1,015,049
Unrestricted funds			
Designated funds		364	365
General funds		8,501	9,433
General funds held in subsidiaries		11,557	9,746
		20,422	19,544
Total group funds	16(a)	1,103,360	1,061,027

The accompanying notes form part of these accounts.

Investment Properties have been restated as restricted (see Note 25).

Hartwig Fischer
Accounting Officer

14 July 2021

Sir Richard Lambert
Chair

Museum Balance Sheet as at 31 March 2021

	Note	2021 £000s	2020 £000s Restated
Fixed assets			
Tangible assets	7(b)	831,820	832,641
Intangible assets	8(b)	3,609	4,347
Heritage assets	9(c)	108,419	104,227
Investments	10(a)	69,305	96,899
Investment properties	10(b)	25,000	29,900
Investment in subsidiaries	11(a)	1,250	1,250
Total fixed assets		1,039,403	1,069,264
Debtors due in more than one year	12	10,297	4,152
Current assets			
Debtors due within one year	12	19,398	15,747
Investments	10(c)	38,031	3,514
Cash at bank and in hand	10(d)	12,716	12,887
Total current assets		70,145	32,148
Creditors: amounts falling due within one year	13	(29,558)	(36,289)
Provisions: amounts falling due within one year	14	(393)	(615)
Net current assets / (liabilities)		40,194	(4,756)
Total assets less current liabilities		1,089,894	1,068,660
Creditors: amounts falling due after more than one year	13	(15,091)	(17,379)
Total net assets		1,074,803	1,051,281
The funds of the charity:			
Permanent endowments		21,633	18,082
Expendable endowments		21,133	8,352
Restricted funds		1,023,172	1,015,049
Unrestricted funds			
Designated funds		364	365
General funds		8,501	9,433
		8,865	9,798
Total charity funds	16(a)	1,074,803	1,051,281

The accompanying notes form part of these accounts.

Investment Properties have been restated as restricted (see Note 25).

Hartwig Fischer
Accounting Officer

14 July 2021

Sir Richard Lambert
Chair

Consolidated Statement of Cash Flows For the year ended 31 March 2021

	Note	2021 £000s	2020 £000s
Cash flows from operating activities			
Net cash provided by operating activities	17	23,367	47,756
Cash flows from investing activities			
Dividends, interest and rents from investments	4	426	797
Purchase of fixed asset investments	10(a)	(15,102)	(36,278)
Proceeds from the sale of fixed asset investments	10(a)	53,734	14,861
Purchase of investment properties	10(b)	(67)	–
Purchase of tangible fixed assets	7(a)	(26,348)	(19,415)
Purchase of intangible fixed assets	8	(396)	(2,270)
Purchase of heritage assets	9	(540)	(1,449)
Net cash used in investing activities		11,707	(43,754)
Change in cash and cash equivalents in the year		35,074	4,002
Cash and cash equivalents at the beginning of the year		30,564	26,432
Change in cash and cash equivalents due to exchange movements		(240)	130
Cash and cash equivalents at the end of the year		65,398	30,564
Analysis of cash and cash equivalents			
Current asset investments	10(c)	39,631	3,514
Cash at bank and in hand	10(d)	25,767	27,050
Total cash and cash equivalents		65,398	30,564

Analysis of changes in net debt For the year ended 31 March 2021

	2021 £000s	2020 £000s
Opening Net Debt	30,564	26,432
Cash Flows	35,074	4,002
Foreign Exchange Movements	(240)	130
Closing Net Debt	65,398	30,564

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 (second edition effective 1 January 2019), 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.
- (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.

The British Museum (BM) is a public benefit entity. The reporting currency is GBP.

Consolidated accounts include the British Museum's 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.

Going Concern

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

(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 receivable. 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. CJRS income is recognised in the SOFA when there is evidence of entitlement (for example, when the conditions for its receipt has been met), receipt is probable and its amount can be reliably measured.

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

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

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

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

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

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

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

(d) *Gifts in Kind*

Heritage Assets

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

Heritage assets acquired since 1 April 2001

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

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

Heritage assets acquired before 1 April 2001

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

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

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

Donated Services

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

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

(e) *Tangible Fixed Assets*

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

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

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

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

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

Depreciation is charged evenly over the life of the asset, to the nearest month. Impairment reviews are carried out at the end of each reporting period to ensure that the carrying values of the assets do not exceed their recoverable amounts.

(f) *Intangible Fixed Assets*

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

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

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

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

Amortisation is charged evenly over the life of the asset, to the nearest month. In the year, the policy changed from charging a full year of amortisation in the year the asset became ready for use and no amortisation 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. A full quinquennial valuation was carried out as at 31 March 2021.

Funds have been restated from the prior year to show investment properties as restricted funds in order to provide greater transparency and better reflect the nature of the assets. These investment properties are subject to a number of restrictions and cannot be disposed of by the BM.

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 total maturity of 3 months or less held for investment purposes rather than to meet short-term cash commitments as they fall due.

(l) Leases

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

(m) Foreign Currencies

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

(n) Pensions

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

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

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

(o) Taxation

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

(p) Funds Structure

The BM has the following categories of funds:

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

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

(q) Significant judgements and estimates

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

2. GRANT-IN-AID

	2021	2020
	£000s	£000s
Unrestricted revenue	50,920	40,283
Restricted revenue	897	2,923
Restricted capital	13,603	32,503
	65,420	75,709

3. ANALYSIS OF INCOME AND ENDOWMENTS FROM CHARITABLE ACTIVITIES

	2021	2020
	£000s	£000s
Care, research and conservation	3,681	2,334
Public access and events	1,526	1,737
Charitable trading	10,566	22,448
	15,773	26,519

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. Also included in 2020/21 is £4.6m Coronavirus Job Retention Scheme income, allocated across categories corresponding to the posts supported.

EU funding of -£349k is included in income in the current year (2019/20: £318k). This is due to income accrued in previous years being written off in the year to reflect changes in project lifetime budgets.

4. INCOME FROM INVESTMENTS

	2021	2020
	£000s	£000s
Income from UK bank deposits	12	165
Income from UK fixed interest investments	105	37
Income from overseas investment funds	41	335
Other interest	-	-
	158	537
Interest receivable from discount unwinding	46	39
Rents receivable	268	260
	472	836

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:	2021	2020
	£000s	£000s
Auditors' remuneration: Comptroller and Auditor General audit fee	63	70
Auditors' remuneration: Subsidiary companies audit fee (current year)	59	52
Auditors' remuneration: Subsidiary companies audit fee (prior year under provision)	–	4
Operating lease rentals: Hire of plant and machinery	98	93
Operating lease rentals: Land and buildings	107	105
Loss on disposal of fixed assets	648	29
Movement on bad debt provision	(29)	93
Stock recognised as an expense	626	5,381

There were no non-audit services provided by the Comptroller and Auditor General during 2020/21 (2019/20: nil). The auditors of BMF provided iXBRL accounts tagging services of £400 (2019/20: £260). They also provided additional corporation tax return support to the Museum of £8.2k (2019/20: £5.5k).

6. ANALYSIS OF EXPENDITURE

6(a)	Direct Costs £000s	Grants £000s	Depreciation & Amortisation £000s	Support Costs £000s	Total 2021 £000s
Raising donations and legacies	1,398	–	31	192	1,621
Other trading activities	3,628	–	17	19	3,664
Investment management costs	253	–	–	5	258
Care, research and conservation	26,702	1,199	9,281	3,815	40,997
Public access and events	14,089	119	7,084	1,765	23,057
Charitable trading	5,697	–	576	703	6,976
Charitable activities	46,488	1,318	16,941	6,283	71,030
Total expenditure	51,767	1,318	16,989	6,499	76,573
	Direct Costs £000s	Grants £000s	Depreciation & Amortisation £000s	Support Costs £000s	Total 2020 £000s
Raising donations and legacies	1,161	–	28	176	1,365
Other trading activities	9,795	–	25	16	9,836
Investment management costs	173	–	–	4	177
Care, research and conservation	29,183	22,486	8,520	4,168	64,357
Public access and events	14,513	135	6,436	2,220	23,304
Charitable trading	9,326	–	449	867	10,642
Charitable activities	53,022	22,621	15,405	7,255	98,303
Total expenditure	64,151	22,621	15,458	7,451	109,681

Grants are made for the furtherance of the BM's charitable objectives. Of the total grants of £1.3m (2019/20: £22.6m), £1.1m (2019/20: £22.1m) were made to institutions and £0.2m were made to individuals (2019/20: £0.5m).

The main elements of the grant figure are as follows:

- No grants (2019/20: £21.1m) were made 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 £0.9m (2019/20: £0.9m) under the Portable Antiquities Scheme. The scheme is the only proactive mechanism in England and Wales for recording archaeological finds made by the public. The grants are made to local authorities to support the work of Find Liaison Officers. Details of these grants are obtainable from the Portable Antiquities Scheme administrator at the British Museum.

6(b) Costs of the BM 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	2021
	£000s	Services	Resources	Services	Costs	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Care, research and conservation	749	2,014	573	295	184	3,815
Public access and events	422	619	409	211	104	1,765
Charitable trading	83	389	111	57	63	703
Charitable activities	1,254	3,022	1,093	563	351	6,283
Raising donations and legacies	30	108	31	16	7	192
Other trading activities	–	–	–	–	19	19
Investment management costs	5	–	–	–	–	5
	1,289	3,130	1,124	579	377	6,499
	Finance	Information	Human	Legal	Governance	2020
	£000s	Services	Resources	Services	Costs	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Care, research and conservation	1,163	1,815	793	187	210	4,168
Public access and events	572	756	638	150	104	2,220
Charitable trading	163	410	179	42	73	867
Charitable activities	1,898	2,981	1,610	379	387	7,255
Raising donations and legacies	33	89	39	9	6	176
Other trading activities	–	–	–	–	16	16
Investment management costs	4	–	–	–	–	4
	1,935	3,070	1,649	388	409	7,451

6(c) Governance costs

	2021	2020
	£000s	£000s
Staff costs	205	196
British Museum auditors' remuneration	63	70
Subsidiary charities auditors' remuneration (current year)	59	52
Subsidiary charities auditors' remuneration (prior year under provision)	–	4
Professional services	2	7
Internal audit costs	31	35
Other trustee costs (independent review, recruitment)	–	41
Cost of meetings	17	–
Reimbursement of trustee expenses	–	4
	377	409

6(d) Staff costs	2021	2020
	£000s	£000s
Wages and salaries	27,419	27,189
Social security costs	2,852	2,794
Pension costs	6,597	6,575
Agency staff costs	2,114	3,792
Early retirement and redundancy costs	946	359
	<u>39,928</u>	<u>40,709</u>

In addition to the total above, £1,086k (2019/20: £1,003k) of staff costs has been capitalised.

There was no expenditure on consultancy during 2020/21 (2019/20: nil).

The number of employees whose full time equivalent emoluments as defined for taxation purposes amounted to over £60,000 (2020: over £60,000) in the year was as follows:

	2021	2020
£60,001 – £70,000	17	21
£70,001 – £80,000	8	7
£80,001 – £90,000	1	–
£90,001 – £100,000	2	2
£100,001 – £110,000	1	–
£110,001 – £120,000	–	1
£120,001 – £130,000	–	1
£130,001 – £140,000	1	–
£140,001 – £150,000	1	1
£170,001 – £180,000	–	1
£190,001 – £200,000	1	–
£220,001 – £230,000	–	1

28 staff (2019/20: 31) whose emoluments amounted to more than £60,000 in the year are members of a defined benefit scheme and 3 staff (2019/20: 4) are members of a defined contributions scheme. Contributions of £618k (2019/20: £618k) were paid on behalf of the members of the defined benefit scheme and £23k (2019/20: £28k) on behalf of the members of the defined contributions scheme.

The Remuneration Report discloses information about directors' remuneration, where 'directors' is interpreted to mean those who influence the decisions of the BM as a whole.

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

2021		Agency and contract staff	Total
Care, research and conservation	405	4	409
Public access and events	244	48	292
Charitable trading	76	3	79
Raising donations and legacies	21	1	22
Other trading activities	64	1	65
	<u>810</u>	<u>57</u>	<u>867</u>
2020		Agency and contract staff	Total
Care, research and conservation	410	4	414
Public access and events	248	108	356
Charitable trading	76	15	91
Raising donations and legacies	21	3	24
Other trading activities	78	13	91
	<u>833</u>	<u>143</u>	<u>976</u>

The average head count during the year excluding agency and contract staff was 953 (2019/20: 955).

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 2020/21	Total number of exit packages for 2019/20
0 – 24,999	11	12	23	21
25,000 – 49,999	2	13	15	–
50,000 – 74,999	–	2	2	1
75,000 – 99,999	–	1	1	–
>£100,000	–	–	–	1
Total	13	28	41	23
Total cost (£000)	172	774	946	359

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 2020/21 (2019/20: £nil). All Trustees are entitled to be reimbursed for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2020/21, travel and subsistence expenses of £nil (2019/20: £46k) were paid for meetings, of which £nil was reimbursements to Trustees (2019/20: £4k to two Trustees) and £nil (2019/20: £42k) paid directly to third parties.

6(h) Off-payroll engagements

a For all off-payroll engagements as of 31 March 2021, 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	1
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	–
	<u>1</u>

b For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, 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	3
Of which:	
No. assessed as caught by IR35	–
No. assessed as not caught by IR35	3
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 2020 and 31 March 2021:

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 2020/21 there were no losses above the reporting threshold (2019/20: £nil).

7. TANGIBLE ASSETS

7(a) Group tangible assets

	Land £000s	Buildings £000s	Assets in the Course of Construction £000s	Galleries £000s	Plant and Machinery £000s	Equipment £000s	Total £000s
Cost							
At 31 March 2020	188,154	454,908	25,512	53,435	134,494	11,179	867,682
Additions during the year	–	49	24,944	–	–	176	25,169
Disposals during the year	–	–	–	–	–	(440)	(440)
Transfer from assets under construction	–	466	(4,036)	–	3,570	–	–
Transfer out to Investment Properties	–	–	–	–	–	–	–
Impairment	–	–	–	–	–	–	–
Revaluation adjustment	10,786	(20,815)	–	–	(12,911)	–	(22,940)
At 31 March 2021	198,940	434,608	46,420	53,435	125,153	10,915	869,471
Accumulated depreciation							
At 31 March 2020	–	–	–	(25,427)	–	(9,151)	(34,578)
Disposals during the year	–	–	–	–	–	440	440
Provided during the year	–	(5,412)	–	(1,867)	(7,785)	(1,334)	(16,398)
Revaluation adjustment	–	5,412	–	–	7,785	–	13,197
At 31 March 2021	–	–	–	(27,294)	–	(10,045)	(37,339)
Net Book Value							
At 31 March 2021	198,940	434,608	46,420	26,141	125,153	870	832,132
At 31 March 2020	188,154	454,908	25,512	28,008	134,494	2,028	833,104

7(b) Museum tangible assets

	Land £000s	Buildings £000s	Assets in the Course of Construction £000s	Galleries £000s	Plant and Machinery £000s	Equipment £000s	Total £000s
Cost							
At 31 March 2020	188,154	454,908	25,512	53,435	134,494	7,782	864,285
Additions during the year	–	49	24,944	–	–	176	25,169
Disposals during the year	–	–	–	–	–	(301)	(301)
Transfer from assets under construction	–	466	(4,036)	–	3,570	–	–
Transfer out to Investment Properties	–	–	–	–	–	–	–
Impairment	–	–	–	–	–	–	–
Revaluation adjustment	10,786	(20,815)	–	–	(12,911)	–	(22,940)
At 31 March 2021	198,940	434,608	46,420	53,435	125,153	7,657	866,213
Accumulated depreciation							
At 31 March 2020	–	–	–	(25,427)	–	(6,217)	(31,644)
Disposals during the year	–	–	–	–	–	301	301
Provided during the year	–	(5,412)	–	(1,867)	(7,785)	(1,183)	(16,247)
Revaluation adjustment	–	5,412	–	–	7,785	–	13,197
At 31 March 2021	–	–	–	(27,294)	–	(7,099)	(34,393)
Net Book Value							
At 31 March 2021	198,940	434,608	46,420	26,141	125,153	558	831,820
At 31 March 2020	188,154	454,908	25,512	28,008	134,494	1,565	832,641

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

A full valuation of the BM's land, buildings and plant and machinery was carried out by Gerald Eve on 31 March 2019. An interim desktop valuation has been obtained to update the values of land, buildings and plant and machinery. The valuations included the main BM site at Great Russell Street (using the depreciated replacement cost method) as well as its perimeter buildings which are not investment properties, the WCEC building, two properties used for storage at Orsman Road and land at Shinfield (using fair value). The British Museum owns the freehold on all land and buildings apart from Shinfield which is on a 999 year lease.

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

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

8. INTANGIBLE ASSETS

8(a) Group intangible assets

	Software Licences £000s	Websites £000s	Developed Software £000s	Assets in the Course of Construction £000s	Total £000s
Cost					
At 1 April 2020	181	1,658	1,416	2,875	6,130
Additions during the year	–	9	18	369	396
Disposals during the year	–	–	–	(648)	(648)
Transfer from assets under construction	–	–	374	(374)	–
Revaluation adjustment	–	–	–	–	–
At 31 March 2021	181	1,667	1,808	2,222	5,878
Accumulated amortisation					
At 1 April 2020	(181)	(221)	(878)	–	(1,280)
Disposals during year	–	–	–	–	–
Provided during the year	–	(339)	(252)	–	(591)
Revaluation adjustment	–	–	–	–	–
At 31 March 2021	(181)	(560)	(1,130)	–	(1,871)
Net Book Value					
At 31 March 2021	–	1,107	678	2,222	4,007
At 31 March 2020	–	1,437	538	2,875	4,850

8(b) Museum intangible assets	Software Licences £000s	Websites £000s	Developed Software £000s	Assets in the Course of Construction £000s	Total £000s
Cost					
At 1 April 2020	181	1,565	935	2,875	5,556
Additions during the year	–	–	–	369	369
Disposals during the year	–	–	–	(648)	(648)
Transfer from assets under construction	–	–	374	(374)	–
Revaluation adjustment	–	–	–	–	–
At 31 March 2021	181	1,565	1,309	2,222	5,277
Accumulated amortisation					
At 1 April 2020	(181)	(158)	(870)	–	(1,209)
Disposals during year	–	–	–	–	–
Provided during the year	–	(307)	(152)	–	(459)
Revaluation adjustment	–	–	–	–	–
At 31 March 2021	(181)	(465)	(1,022)	–	(1,668)
Net Book Value					
At 31 March 2021	–	1,100	287	2,222	3,609
At 31 March 2020	–	1,407	65	2,875	4,347

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, almost 4.5 million objects are available to review online at: <https://www.britishmuseum.org/collection>. 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 and contemporary, ethnographic and archaeological collections from the peoples of Africa, Australia and the Pacific, and the whole of the Americas. It also holds important pictorial collections, including photographs, drawings and prints, relating to these regions.
Egypt & Sudan	The collection illustrates every aspect of the cultures of the Nile Valley, from the site of Jebel Sahaba in the Paleolithic period (at least 13,400 years ago) until the modern day. Highlights include important collections 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 Mediterranean region which ranges 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 and from the Temple of Apollo at Bassai, as well as sculpture and architecture from 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. There is an important collection of material from pre Roman Italy and ancient Cyprus. Highlights from the Roman period include the famous Portland Vase and a magnificent bronze portrait of the emperor Augustus.
Middle East	The collection includes a wide range of archaeological material, ancient and modern artefacts and contemporary art from Mesopotamia (Iraq), Iran, the Levant (Syria, Jordan, Lebanon, Palestine and Israel), Anatolia (Turkey), Arabia and the Gulf, Central Asia and the Caucasus. Highlights of the collection include the Assyrian reliefs, treasures from the cemetery of Ur, the Oxus Treasure, Phoenician ivories from Nimrud, the Cyrus Cylinder and the library of cuneiform tablets from Nineveh.
Britain, Europe & Prehistory	This department is responsible for collections that cover the material culture of human origins around the world from 2 million to 10,000 years ago, the deep history of pre-Roman Britain and Europe, Roman Britain and the archaeology, history, and traditional cultures of Europe to the present day, as well as clocks and watches.
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, Hogarth, Goya, Kollwitz and Picasso, large documentary collections of historical, satirical and topographical prints and important collections of printed ephemera such as trade and visiting cards, fans and playing cards.

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

Acquisition

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

Preservation and Management

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

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

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

The Collection Care and Scientific Research departments 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 the potential for deterioration and damage rather than through treatment and repair. That is preventive conservation methods are applied in preference to interventive conservation treatments.

Preventive 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 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. Currently, almost 4.5 million objects are available to review online at: <https://www.britishmuseum.org/collection>

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

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.

	2020/21 – £000s		
	Donated	Purchased	Total
Opening balance	68,896	35,331	104,227
Additions	3,648	540	4,188
Write-off*	4	–	4
Closing balance	<u>72,548</u>	<u>35,871</u>	<u>108,419</u>
	2019/20 – £000s		
	Donated	Purchased	Total
Opening balance	65,544	33,882	99,426
Additions	3,356	1,449	4,805
Write-off**	(4)	–	(4)
Closing balance	<u>68,896</u>	<u>35,331</u>	<u>104,227</u>
	2018/19 – £000s		
	Donated	Purchased	Total
Opening balance	58,216	33,070	91,286
Additions	7,328	812	8,140
Closing balance	<u>65,544</u>	<u>33,882</u>	<u>99,426</u>
	2017/18 – £000s		
	Donated	Purchased	Total
Opening balance	57,091	31,958	89,049
Additions	1,125	1,112	2,237
Closing balance	<u>58,216</u>	<u>33,070</u>	<u>91,286</u>
	2016/17 – £000s		
	Donated	Purchased	Total
Opening balance	50,349	30,224	80,573
Additions	7,492	1,734	9,226
Write-off***	(750)	–	(750)
Closing balance	<u>57,091</u>	<u>31,958</u>	<u>89,049</u>

* In 2020/21, the six bags of prehistoric ceramic material from the collection declared lost and written-off in the accounts in 2019/20 were subsequently found. Four opium scrapers valued at £60 were declared lost under the Procedure for the Reporting of Unlocated and Lost Objects and was written-off in the accounts.

** In 2019/20, six bags of prehistoric ceramic material from the collection valued at £4k were declared lost under the Procedure for the Reporting of Unlocated and Lost Objects and was written-off in the accounts.

*** In 2016/17, one item from the collection valued at £750k 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:	Group 2021 £000s	Group 2020 £000s	Museum 2021 £000s	Museum 2020 £000s
Investment assets in the UK:				
Investment funds	60,727	41,686	60,728	41,686
Fixed income	16,943	9,848	7,000	–
Investment assets outside the UK:				
Investment funds	27	53,310	27	53,310
Unlisted equities	1,550	1,903	1,550	1,903
	79,247	106,747	69,305	96,899
Investments at 1 April	106,747	87,875	96,899	87,875
Additions	15,102	36,278	15,008	26,430
Disposals	(53,734)	(14,861)	(53,734)	(14,861)
(Loss)/gain in value	11,132	(2,545)	11,132	(2,545)
Investments at 31 March	79,247	106,747	69,305	96,899

All investments are stated at fair value at 31 March 2021. Valuations for investments with an active market are based on published quoted prices at or close to the balance sheet date. Valuations for investments where there is no active market have been estimated with reference to recent valuation reports.

The BM has entered into a long term commitment to invest a further \$0.5m (2020: \$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	Group 2021 £000s	Group 2020 £000s	Museum 2021 £000s	Museum 2020 £000s
Investments at 1 April	29,900	22,306	29,900	22,306
Additions	67	–	67	–
Transfer in from tangible fixed assets	–	10,401	–	10,401
Gain/(loss) in value	(4,967)	(2,807)	(4,967)	(2,807)
Investments at 31 March	25,000	29,900	25,000	29,900

The investment properties comprise buildings on the perimeter of the Bloomsbury site. During 2020/21 and 2019/20 the majority were subject to long leases on low or peppercorn rents.

The valuation of the investment properties at open market value as at 31 March 2021 was carried out by chartered surveyors Montagu Evans. The valuation is prepared having regard to, and in compliance with, the following Standards:

- International Valuation Standards 2017 published by the International Valuation Standards Committee;
- RICS Valuation – Global Standards 2020 published by the Royal Institution of Chartered Surveyors;
- RICS Valuation – Global Standards 2017 – UK National Supplement January 2019.

10(c) Current asset investments

	Group 2021 £000s	Group 2020 £000s	Museum 2021 £000s	Museum 2020 £000s
Short-term cash deposits	39,631	3,514	38,031	3,514

10(d) Cash at bank and in hand

	Group 2021 £000s	Group 2020 £000s	Museum 2021 £000s	Museum 2020 £000s
Balance with commercial banks and in hand	25,767	27,050	12,716	12,887

11. TRADING SUBSIDIARIES

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

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

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

11(b) Summary of results of consolidated entities

	BMF	BMCo	BMGC	BM	Intercompany Transactions	Total
	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
	£000s	£000s	£000s	£000s	£000s	£000s
Income and endowments from						
Grant-in-aid	–	–	–	65,420	–	65,420
Donations and legacies	1,063	17,000	–	38,203	(17,310)	38,956
Charitable activities	4,017	1,974	–	11,608	(1,826)	15,773
Other trading activities	–	1,871	1,903	–	(695)	3,079
Investments	3	86	3	384	(4)	472
	5,083	20,931	1,906	115,615	(19,835)	123,700
Expenditure on						
Raising donations and legacies	–	–	–	(1,621)	–	(1,621)
Other trading activities	–	(2,064)	(1,600)	–	–	(3,664)
Investment management costs	–	–	–	(258)	–	(258)
Charitable activities	(1,351)	(2,808)	–	(86,397)	19,526	(71,030)
Contribution/grants to the BM	(4)	–	(306)	–	310	–
	(1,355)	(4,872)	(1,906)	(88,276)	19,836	(76,573)
Net gains on investments	–	–	–	6,166	(1)	6,165
Net income/(expenditure)	3,728	16,059	–	33,505	–	53,292
Loss on revaluation of fixed assets	–	–	–	(9,743)	–	(9,743)
Actuarial loss on defined benefit scheme	–	(976)	–	–	–	(976)
Other losses	–	–	–	(240)	–	(240)
Net movement in funds	3,728	15,083	–	23,522	–	42,333

In the Consolidated Statement of Financial Activities, expenditure on other trading activities includes a corporation tax credit of £4k (2019/20: charge of -£7k) for BMGC, and a corporation tax credit of £400k (2019/20: charge of -£291k) for BMV. Retained earnings carried forward for BMGC is £nil (2019/20: £nil) and retained earnings carried forward for BMV is £1,067k (2019/20: £1,242k).

During the year the Museum made £17m available to support BMCo during the pandemic and ensure the ongoing viability of the subsidiary.

	BMF	BMCo	BMGC	BM	Intercompany Transactions	Total
	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20
	£000s	£000s	£000s	£000s	£000s	£000s
Income and endowments from						
Grant-in-aid	–	–	–	75,709	–	75,709
Donations and legacies	361	–	–	28,006	(10,647)	17,720
Charitable activities	5,090	6,849	–	16,731	(2,151)	26,519
Other trading activities	–	11,000	4,836	–	(1,054)	14,782
Investments	11	107	23	717	(22)	836
	5,462	17,956	4,859	121,163	(13,874)	135,566
Expenditure on						
Raising donations and legacies	(8)	–	–	(1,357)	–	(1,365)
Other trading activities	–	(7,062)	(2,778)	–	4	(9,836)
Investment management costs	–	–	–	(177)	–	(177)
Charitable activities	(1,560)	(4,301)	–	(95,667)	3,225	(98,303)
Contribution/grants to the BM	(4,264)	(4,300)	(2,081)	–	10,645	–
	(5,832)	(15,663)	(4,859)	(97,201)	13,874	(109,681)
Net gains on investments	–	–	–	(5,353)	–	(5,353)
Net income/(expenditure)	(370)	2,293	–	18,609	–	20,532
Gain on revaluation of fixed assets	–	–	–	40,043	–	40,043
Actuarial loss on defined benefit scheme	–	(1,371)	–	–	–	(1,371)
Other gains	–	–	–	130	–	130
Net movement in funds	(370)	922	–	58,782	–	59,334

In the 2019/20 Consolidated Statement of Financial Activities, expenditure on other trading activities includes a corporation tax charge of £7k (2018/19: £6k) for BMGC, and a corporation tax charge of £291k (2018/19: £nil) for BMV. Retained earnings carried forward for BMGC is £nil (2018/19: £nil) and retained earnings carried forward for BMV is £1,242k (2018/19: £nil).

11(c) Balance sheet of consolidated entities

Net assets at 31 March 2021 comprise:	BMF	BMCo	BMGC	BM	Intercompany Transactions	Total
	2021	2021	2021	2021	2021	2021
	£000s	£000s	£000s	£000s	£000s	£000s
Fixed assets	612	9,969	71	1,039,403	(1,250)	1,048,805
Current assets	5,385	29,054	1,728	70,145	(19,547)	86,765
Debtors due after one year	–	109	–	10,297	–	10,406
Creditors due within one year	(460)	(763)	(1,189)	(29,951)	19,542	(12,821)
Creditors due after one year	–	(14,599)	(110)	(15,091)	5	(29,795)
Net assets	5,537	23,770	500	1,074,803	(1,250)	1,103,360
Net assets at 31 March 2020 comprise:	BMF	BMCo	BMGC	BM	Intercompany Transactions	Total
	2020	2020	2020	2020	2020	2020
	£000s	£000s	£000s	£000s	£000s	£000s
Fixed assets	610	10,116	88	1,069,264	(1,250)	1,078,828
Current assets	1,928	15,906	3,874	32,148	(8,237)	45,619
Debtors due after one year	–	–	–	4,152	–	4,152
Creditors due within one year	(682)	(3,337)	(3,232)	(36,904)	8,237	(35,918)
Creditors due after one year	(47)	(13,998)	(230)	(17,379)	–	(31,654)
Net assets	1,809	8,687	500	1,051,281	(1,250)	1,061,027

The current assets of BMCo include £1,843k (2019/20: £1,999k) of stock which comprises £103k (2019/20: £43k) of work in progress and £1,740k (2019/20: £1,956k) of finished goods and goods for resale.

12. DEBTORS

	Group 2021 £000s	Group 2020 £000s	Museum 2021 £000s	Museum 2020 £000s
Amounts falling due within one year:				
Trade debtors	776	1,835	600	832
Other debtors	853	952	213	199
Prepayments and accrued income	17,278	9,375	16,987	9,027
Taxation and social security	617	894	775	1,398
Amount due from subsidiaries	–	–	823	4,291
	19,524	13,056	19,398	15,747
Amounts falling due after more than one year:				
Accrued income	10,297	4,152	10,297	4,152
Other debtors	109	–	–	–
	10,406	4,152	10,297	4,152
Total debtors	29,930	17,208	29,695	19,899

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

13. CREDITORS

	Group 2021 £000s	Group 2020 £000s	Museum 2021 £000s	Museum 2020 £000s
Amounts falling due within one year:				
Trade creditors	947	2,591	732	2,068
Other creditors	1,812	1,877	1,581	1,578
Taxation and social security	–	430	–	–
Accruals	3,972	25,883	3,775	25,480
Deferred income	5,693	4,515	4,927	3,726
Amount due to subsidiaries	–	–	18,543	3,437
	12,424	35,296	29,558	36,289
Amounts falling due after more than one year:				
Deferred income	15,196	17,656	15,091	17,379

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. The Museum deferred income falling due after more than one year relates to sponsorship and loan fees, recognised over the term of the contract.

The movement on the deferred income account is as follows:

	Group 2021 £000s	Group 2020 £000s	Museum 2021 £000s	Museum 2020 £000s
Deferred income brought forward	22,171	24,399	21,105	22,980
Released in year	(3,594)	(4,148)	(3,502)	(3,043)
Deferred in year	2,312	1,920	2,415	1,168
Deferred income carried forward	20,889	22,171	20,018	21,105

14. PROVISION FOR LIABILITIES AND CHARGES – GROUP AND MUSEUM

Provisions for liabilities and charges at 31 March are as follows:

	Group 2021 £000s	Group 2020 £000s	Museum 2021 £000s	Museum 2020 £000s
Provisions brought forward	622	522	615	522
Arising during the year	60	184	56	177
Utilised during the year	(93)	(29)	(93)	(29)
Reversed unused	(192)	(55)	(185)	(55)
Provisions carried forward	397	622	393	615
Less current portion	(397)	(622)	(393)	(615)
	-	-	-	-
Total provision for liabilities and charges falling due after more than one year:	-	-	-	-

The provisions carried forward relate to legal claims.

15. FINANCIAL COMMITMENTS

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

	Land and Buildings		Plant and Machinery		Van	
	2021 £000s	2020 £000s	2021 £000s	2020 £000s	2021 £000s	2020 £000s
Leases which expire:						
within one year	105	105	40	78	8	8
in the second to fifth year	419	419	33	18	3	11
over five years	122	226	-	-	-	-
	646	750	73	96	11	19

16(a) STATEMENT OF FUNDS

	SOFA Classification	At 1 April 2020 Restated £000s	Income £000s	Expenditure £000s	Net movement on investments and revaluation £000s	Movement during year £000s	Transfers between funds £000s	At 31 March 2021 £000s
<i>Permanent endowment funds</i>	PE	18,082	1	(86)	4,239	4,154	(603)	21,633
<i>Expendable endowment funds</i>	EE	8,352	10,369	(225)	2,761	12,905	(124)	21,133
<i>Restricted funds</i>								
Collection acquisitions	CA	104,227	3,648	4	–	3,652	540	108,419
Collection purchase fund	RC	7,618	2,710	(221)	282	2,771	(5,282)	5,107
Fixed asset revaluation	RC	615,641	–	–	(9,743)	(9,743)	–	605,898
Fixed assets	RC	221,347	–	(16,705)	–	(16,705)	24,890	229,532
Investment Properties	RC	29,900	–	–	(4,967)	(4,967)	67	25,000
Estates proceeds	RC	4,898	–	(24)	1,167	1,143	–	6,041
Construction projects fund	RC	11,509	21,362	(370)	(51)	20,941	(21,223)	11,227
Restricted income trust funds	RR	1,114	5	(61)	(3)	(59)	105	1,160
Restricted income funds	RR	18,795	18,069	(10,829)	288	7,528	4,465	30,788
BMCo	RR	–	549	(549)	–	–	17,000	17,000
British Museum Friends	RR	–	4	–	–	4	(4)	–
		1,015,049	46,347	(28,755)	(13,027)	4,565	20,558	1,040,172
<i>Unrestricted funds: BM</i>								
<i>Designated:</i>								
Designated trust funds	UR	365	–	(21)	20	(1)	–	364
		365	–	(21)	20	(1)	–	364
<i>General:</i>								
Unrestricted trust funds	UR	9,069	51	(11)	512	552	(2,536)	7,085
General funds	UR	364	57,372	(41,918)	1,677	17,131	(16,079)	1,416
		9,433	57,423	(41,929)	2,189	17,683	(18,615)	8,501
<i>Unrestricted funds: subsidiaries</i>								
BMCo	UR	7,059	3,271	(3,015)	(976)	(720)	(958)	5,381
BMCo fixed assets	UC	878	–	(266)	–	(266)	27	639
BMF	UR	1,809	5,077	(675)	–	4,402	(674)	5,537
BMF fixed assets	UC	–	–	–	–	–	–	–
BMGC	UR	(88)	1,212	(1,584)	–	(372)	389	(71)
BMGC fixed assets	UC	88	–	(17)	–	(17)	–	71
		9,746	9,560	(5,557)	(976)	3,027	(1,216)	11,557
<i>Unrestricted funds: group</i>		19,544	66,983	(47,507)	1,233	20,709	(19,831)	20,422
Total funds		1,061,027	123,700	(76,573)	(4,794)	42,333	–	1,103,360

The Statement of Funds note has been restated from the prior year to show investment properties as restricted funds in order to provide greater transparency and better reflect the nature of the assets. These investment properties are subject to a number of restrictions and cannot be disposed of by the BM. See note 25.

SOFA Classification	At 1 April 2019		At 1 April 2019		Income	Expenditure	Net movement on investments and revaluation	Movement during year	Transfers between funds	At 31 March 2020
	As previously stated	Prior period adjustment	Restated	Restated						
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Permanent endowment funds	PE	20,056	–	20,056	–	(103)	(1,276)	(1,379)	(595)	18,082
Expendable endowment funds	EE	6,750	–	6,750	2,328	(339)	(336)	1,653	(51)	8,352
<i>Restricted funds</i>										
Collection acquisitions	CA	99,426	–	99,426	3,356	(4)	–	3,352	1,449	104,227
Collection purchase fund	RC	2,500	–	2,500	3,857	(214)	26	3,669	1,449	7,618
Fixed asset revaluation	RC	585,999	–	585,999	–	–	40,043	40,043	(10,401)	615,641
Fixed assets	RC	213,322	–	213,322	–	(15,312)	–	(15,312)	23,337	221,347
Investment properties	RC	–	22,306	22,306	–	–	(2,807)	(2,807)	10,401	29,900
Estates proceeds	RC	5,283	–	5,283	–	(26)	(359)	(385)	–	4,898
Construction projects fund	RC	6,171	–	6,171	34,425	(4,409)	108	30,124	(24,786)	11,509
Restricted income trust funds	RR	3,091	–	3,091	10	(125)	(94)	(209)	(1,768)	1,114
Restricted income funds	RR	18,133	–	18,133	9,417	(9,841)	111	(313)	975	18,795
British Museum Friends	RR	–	–	–	164	–	–	164	(164)	–
		933,925	22,306	956,231	51,229	(29,931)	37,028	58,326	492	1,015,049
<i>Unrestricted funds: BM</i>										
<i>Designated:</i>										
Designated trust funds	UR	400	–	400	2	(37)	–	(35)	–	365
		400	–	400	2	(37)	–	(35)	–	365
<i>General:</i>										
Investment properties		22,306	(22,306)	–	–	–	–	–	–	–
Unrestricted trust funds	UR	9,012	–	9,012	82	(12)	(13)	57	–	9,069
General funds	UR	50	–	50	55,195	(65,403)	(583)	(10,791)	11,105	364
		31,368	(22,306)	9,062	55,277	(65,415)	(596)	(10,734)	11,105	9,433
<i>Unrestricted funds: subsidiaries</i>										
BMCo	UR	6,602	–	6,602	17,652	(10,063)	(1,371)	6,218	(5,761)	7,059
BMCo fixed assets	UC	413	–	413	–	(163)	–	(163)	628	878
BMF	UR	2,179	–	2,179	5,296	(856)	–	4,440	(4,810)	1,809
BMGC	UR	(26)	–	(26)	3,782	(2,749)	–	1,033	(1,095)	(88)
BMGC fixed assets	UC	26	–	26	–	(25)	–	(25)	87	88
		9,194	–	9,194	26,730	(13,856)	(1,371)	11,503	(10,951)	9,746
<i>Unrestricted funds: group</i>		40,962	(22,306)	18,656	82,009	(79,308)	(1,967)	734	154	19,544
Total funds		1,001,693	–	1,001,693	135,566	(109,681)	33,449	59,334	–	1,061,027

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 Statement of Funds note has been restated from the prior year to show investment properties as restricted funds in order to provide greater transparency and better reflect the nature of the assets. These investment properties are subject to a number of restrictions and cannot be disposed of by the BM. See Note 25.

The BMCo reserve includes a liability on a defined benefit pension scheme of £14.6m (2019/20 £14.0m), see note 20 for further details.

	2021 £000s	2020 £000s
Investments (including investment properties) at fair value	104,247	136,647
Investments (including investment properties) at historic cost	81,891	120,282
Fair value reserve	22,356	16,365

Analysis of group net assets between funds

	Permanent Endowments £000s	Expendable Endowments £000s	Restricted Funds £000s	Unrestricted Funds £000s	Total 2021 £000s	Total 2020 £000s
Fund balances at 31 March 2021 are represented by:						
Tangible fixed assets	–	–	831,820	312	832,132	833,104
Intangible fixed assets	–	–	3,609	398	4,007	4,850
Heritage assets	–	–	108,419	–	108,419	104,227
Fixed asset investments	21,631	18,572	1,752	37,292	79,247	106,747
Investment properties	–	–	25,000	–	25,000	29,900
Debtors due in more than 1 year	–	–	10,406	–	10,406	4,152
Net current assets	2	2,561	59,166	12,215	73,944	9,701
Creditors: amounts falling due after more than one year	–	–	–	(15,196)	(15,196)	(17,656)
Liability on defined benefit pension scheme	–	–	–	(14,599)	(14,599)	(13,998)
Total net assets	21,633	21,133	1,040,172	20,422	1,103,360	1,061,027

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

Permanent endowment funds

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

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

Expendable endowment funds

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

<i>Michael Bromberg Fellowship</i>	for the promotion of education by the study of prints and their history
<i>Monument Trust</i>	to support the Department of Prints and Drawings by endowing the Keeper's role and funding a series of curators and fellows
<i>Rootstein-Hopkins</i>	for the acquisition of the works of qualifying artists in the fields of drawing and printmaking
<i>Robert Hatfield Ellsworth legacy for Asia Dept.</i>	for maintaining staff in the China division of the Department of Asia
<i>Borthwick Fund for the Ancient World</i>	support the research, care and display of the collections from ancient Egyptian, Greek and Roman cultures

African Heritage Programme

to support research into the history and cultural heritage of Africa with a focus on archaeological investigations, and to further research partnerships with academics and communities in Africa.

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, and also Investment Properties. A new restricted fund has been created in BMMCo.

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:

Hamlyn Gift

The Paul Hamlyn Foundation agreed to allocate its ongoing support for the British Museum (the Fund) to a six-year grant to develop and grow its national and community partnerships. Following a Deed of Variation signed in August 2019, the new "Where We Are..." programme will aim to work with young people and museum partners across the UK to communicate stories about communities where they live.

Sharp

for the purchase of books concerned with ancient Greece or Rome

Sir Joseph Hotung Charitable Settlement – Asia

to support research by the Department of Asia

Hamlyn Bequest

in furtherance of the study of the natural sciences

Oppenheimer

for the Department of Prints & Drawings

Lloyd Bequest

to acquire cabinets or other suitable accommodation for prints and drawings

Romenuk Bequest

for the purchase of 14/15th century Hebrew manuscripts or Flemish Art

Dennis

for the general purposes of the Department of Africa, Oceania & the Americas

Duthrie Bequest

to be used for acquisitions and/or maintenance

Christy

for purchases for Departments of Prehistory & Europe and Africa, Oceania & the Americas

Woodward

for the purchase of further English pottery and porcelain

Ready Bequest

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:

B.M. Publications Donations

for BM publications. Based on historic spending patterns, the donations will be spent in the next ten to fifteen years.

Unrestricted general funds

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	203	–	(90)	(42)	(71)	–
Capital asset purchases	–	–	–	–	–	–
Fixed asset transfers	(229)	–	282	(53)	–	–
Endowment transfers	545	–	111	–	(53)	(603)
Subsidiary transfers	–	27	17,000	(17,027)	–	–
Reclassification of funds	(1,527)	–	4,263	(2,736)	–	–
Transfers as shown on the statement of funds note (16a)	(1,008)	27	21,566	(19,858)	(124)	(603)

* Restricted capital funds include collection acquisition funds.

16(c) Total return approach to investments

	Trust for Investment	Unapplied Total Return	Total Permanent Endowments (Total Return)	Other Permanent Endowments	Total Permanent Endowments
	£000s	£000s	£000s	£000s	£000s
Closing balance at 31 March 2020					
Gift component of the permanent endowment	3,917	–	3,917	–	3,917
Unapplied total return	–	14,157	14,157	8	14,165
Total	3,917	14,157	18,074	8	18,082
Movements in the year					
Gift of endowment funds	–	–	–	–	–
Investment income	–	1	1	–	1
Expenditure on raising donations and legacies	–	–	–	–	–
Investment management costs	–	(86)	(86)	–	(86)
Net gains on investments	–	4,237	4,237	2	4,239
Other losses	–	–	–	–	–
Total	–	4,152	4,152	2	4,154
Unapplied total return allocated to income in the reporting period (transfers to restricted income)	–	(603)	(603)	–	(603)
Net movements in the year	–	3,549	3,549	2	3,551
Gift component of the permanent endowment	3,917	–	3,917	–	3,917
Unapplied total return	–	17,706	17,706	10	17,716
Closing balance at 31 March 2021	3,917	17,706	21,623	10	21,633

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.

	2021 £000s	2020 £000s
Net income for the year	53,292	20,532
(Gain) / loss on investments	(6,165)	5,353
Actuarial loss on defined benefit scheme	(976)	(1,371)
Donated assets - collection items	(3,648)	(3,356)
Investment income	(426)	(797)
Depreciation	16,398	15,069
Amortisation	591	389
Impairment of fixed assets	–	11
Write back of heritage asset	(4)	–
Loss on disposal of fixed assets	648	29
Decrease in stocks	156	4
(Increase)/decrease in debtors	(12,722)	4,814
(Decrease)/Increase in creditors	(24,153)	5,967
(Decrease)/Increase in provisions	(225)	100
Increase in pension fund liability	601	1,012
Net cash provided by operating activities	23,367	47,756

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 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 2021 £000s	Expenditure for the year ended 31 March 2021 £000s	Debtor balance as at 31 March 2021 £000s	Creditor balance as at 31 March 2021 £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.	2,172	(89)	1,455	(410)
Art Fund	Professor Chris Gosden was a Trustee of the Art Fund to 5 October 2020	Grants awarded for acquisitions	87	–	–	–
Ashmolean Museum	Sir Paul Nurse is on the Board of Visitors	Grant expenditure	–	(26)	–	–
British Airways	Mr Gavin Patterson was a Non-Executive Director of British Airways to 11 June 2020	Flight costs	–	(2)	–	–
Cambridge University Press	Professor Dame Sarah Worthington is a Syndicate for the Cambridge University Press	Trade Expenditure	–	(1)	1	
McKinsey & Company	Dame Vivian Hunt is the Managing Partner for McKinsey & Company's United Kingdom and Ireland offices.	Corporate partnership income	31	–	–	(24)
Morgan Stanley	Dame Elizabeth Corley is a Non-Executive Director of Morgan Stanley	Corporate partnership	32	–	–	(34)
QA	Sir Charlie Mayfield is the non-Executive Chair of QA	Training costs	–	(9)	2	–

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2021	Expenditure for the year ended 31 March 2021	Debtor balance as at 31 March 2021	Creditor balance as at 31 March 2021
			£000s	£000s	£000s	£000s
Sir Richard Lambert	Chairman of the Trustees of the British Museum	Diary Management	1	–	1	–
St Mungo's Homeless Charity	Mr Mark Pears is a Trustee of St Mungo's Homeless Charity	Advertising income	3	–	–	–
University of the Arts London	Mr Grayson Perry is the Chancellor of the University of the Arts London	Trading income	7	–	–	–
Zoe Cormack	Zoe Cormack is the daughter of Dame Mary Beard	Grant payment	–	(10)	–	–

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 £44k (2019/20: £20k) in donations was recognised from 7 Trustees (2019/20: 7). No further donations were made by Trustees towards the cost of Trustee meetings (2019/20: £42k).

During 2020/21 the Trustee Grayson Perry's 'Tomb of the Unknown Craftsman' was exhibited at the British Museum from September to November 2020. There was no remuneration paid for the exhibition.

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.

During 2019/20 the BM entered into transactions with other related parties as set out below:

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2020	Expenditure for the year ended 31 March 2020	Debtor balance as at 31 March 2020	Creditor balance as at 31 March 2020
			£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	1,998	(88)	318	(155)
Art Fund	Professor Chris Gosden is a Trustee of the Art Fund	Grants awarded for acquisitions	329	–	(29)	–
British Airways	Mr Gavin Patterson is a Non-Executive Director of British Airways	Flight costs	–	(8)	1	–
Bloomberg LP	Mr John Micklethwait (resigned 31 July 2019) is Editor-in-Chief of Bloomberg News	Corporate partnership	24	–	–	–
De Beers	Ms Cheryl Carolus is a Board member of De Beers Consolidated Mines	Corporate partnership	3	–	–	–
McKinsey & Company	Dame Vivian Hunt is the Managing Partner for McKinsey & Company's United Kingdom and Ireland offices.	Corporate partnership & trade income	33	–	–	(12)
Morgan Stanley	Dame Elizabeth Corley is a Non-Executive Director of Morgan Stanley	Corporate partnership	32	–	–	(66)
QA	Sir Charlie Mayfield is the non-Executive Chair of QA	Training costs	–	(7)	–	(1)
The Metropolitan Museum of Art	Sir Paul Ruddock is a Trustee of the Metropolitan Museum of Art	Loan fees, grant expenses, trade sales and purchases	12	(37)	2	–
Shakespeare's Globe	Joanna Mackle (Deputy Director to July 2019) is a Trustee of Shakespeare's Globe	Advertising income	1	–	–	–

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2020	Expenditure for the year ended 31 March 2020	Debtor balance as at 31 March 2020	Creditor balance as at 31 March 2020
			£000s	£000s	£000s	£000s
Knowledge Quarter	Joanna Mackle (Deputy Director to July 2019) is a Director of Knowledge Quarter	Subscription fee	-	(4)	-	-
Sir Richard Lambert	Chairman of the Trustees of the British Museum	Diary Management	1	-	1	-
Ashmolean Museum	Sir Paul Nurse is on the Board of Visitors for the Ashmolean Museum	Grant and trade expenditure	-	(24)	-	-

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 £20k (2018/19: £48k) in donations was received from 7 Trustees (2018/19: 9) in addition to £42k contributed by Trustees towards the cost of Trustee meetings.

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 £15.7m (2019/20: £30.9m).

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 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 defined contribution (money purchase) 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 his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

For 2020/21, employers' contributions of £6.58m were payable to the PCSPS (2019/20 £6.53m) at one of four rates in the range 26.6% to 30.3% 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 2020/21 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 £61.9k were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £2.5k, 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; the total additional accrued pension liability in the year amounted to £0.

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

The Company operates a defined contribution pension scheme for the benefit of the employees who commenced their employment after 1 January 2000. The assets of the scheme are self-administered in funds independent from those of the Company. The total employer's contributions to this scheme during the year were £104k (2019/20: £105k).

Defined Benefit Scheme

The Company 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 2020, the date of the last completed full actuarial valuation, the scheme had 101 members, and the market value of the scheme was £13,711,000. The actuarial value of those assets was sufficient to cover 50% of the benefits that had accrued to members, after allowing for expected future increases in accrued benefits and earnings on the 31 March 2020 Statutory Funding Basis. Current and future deficit contributions are reflected in the Recovery Plan agreed to remove the deficit over the period set out in the Recovery Plan agreed in June 2021.

With effect from 1 April 2018, a schedule of contributions had been in place to fund the scheme's defined benefits at the rate of 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. This schedule of contributions was revised in June 2021 such that these contributions have been increased to 46.5% per annum of pensionable salary for scheme members together with a deficit reduction payment of £677k per annum from 1 April 2020 to 31 August 2021; a lump sum of £6,718k payable by 30 September 2021; and £505k per annum from 1 April 2022 to 31 March 2029.

Employer's pension contributions to the scheme during the year totalled £710k (2019/20: £713k). The company expects, exceptionally, to contribute approximately £7,000k of deficit contributions to its defined benefit pension scheme in the year ending 31 March 2022, followed by approximately £505k in year ending 31 March 2023.

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 2020, updated to 31 March 2021 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:

	2021	2020
	£000s	£000s
Fair value of scheme assets	15,036	13,651
Present value of scheme obligations	(29,635)	(27,649)
Defined benefit pension scheme liability	(14,599)	(13,998)

The amounts recognised in the SOFA are as follows:

	2021	2020
	£000s	£000s
Current service cost	35	38
Net interest cost	300	316
Total	335	354

Changes in the present value of the defined benefit obligation:

	2021	2020
	£000s	£000s
Opening value of defined benefit obligation	27,649	25,989
Current service cost	35	38
Interest cost	605	647
Actuarial (gain) / loss – effect of experience adjustment	(77)	68
Actuarial loss – effect of changes in assumptions	1,727	1,170
Benefits paid	(304)	(263)
Closing value of defined benefit obligation	29,635	27,649

Changes in the fair value of the scheme assets:

	2021	2020
	£000s	£000s
Opening value of scheme assets	13,651	13,003
Interest income	305	331
Actuarial gain / (loss) - return on scheme assets excluding interest	674	(133)
Contributions by employer	710	713
Benefits paid	(304)	(263)
Closing value of scheme assets	15,036	13,651
Actual return on scheme assets	979	198

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

	2021	2020
Target Return Funds	81%	80%
Property	18%	20%
Cash	1%	0%

The valuation report underpinning the fund manager valuation for the property assets held by the scheme at 31 March 2020 notes a material uncertainty due to the circumstances arising from COVID-19. This means that less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. There was no material uncertainty in respect of the 31 March 2021 valuation.

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, the Company.

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

Discount rate at 31 March	2.0%	2.2%
Future salary increases	3.5%	3.0%
Future pension increases		
Pre 1 May 1991	3.0%	3.0%
1 May 1991 to 31 December 2001	5.0%	5.0%
1 January 2002 to 31 December 2007	3.5%	3.0%
Post 31 December 2007	2.4%	2.3%
Commutation allowance	25.0%	25.0%
RPI inflation	3.5%	3.0%
CPI inflation	2.7%	2.0%
Mortality – base table	S3PA	S2PA
Mortality – future improvements	CMI 2019	CMI 2019
	1.0%	1.0%
Life expectancy of male aged 60 now	87.1	86.0
Life expectancy of male aged 60 in 20 years	88.2	87.2
Life expectancy of female aged 60 now	89.4	88.1
Life expectancy of female aged 60 in 20 years	90.6	89.4

21. CONTINGENT ASSETS

Three legacies were bequeathed to the British Museum group. The amount and timing of these payments are uncertain as the BM's interest is in the residuary estates but is estimated at c. £0.1m.

22. 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. £1.4m. The hearing of the contested issues is expected within the 2021/22 financial year. The same liability was reported as at 31 March 2020 with an estimated obligation of c. £1.4m.

23. FINANCIAL INSTRUMENTS

Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 March 2021, together with net gains and losses for each classification.

Group	Measured	Measured	Total
	at cost	at fair value	
	£000s	£000s	£000s
Investments	–	79,247	79,247
Investment properties	–	25,000	25,000
Trade debtors	776	–	776
Current asset investments	39,631	–	39,631
Cash at bank and in hand	25,767	–	25,767
Trade creditors	947	–	947
	<u>67,121</u>	<u>104,247</u>	<u>171,368</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 53% (2019/20: 56%) of the BM's income before transfers and revaluations is provided by grant-in-aid from the Department for Digital, Culture, Media and Sport. The BM's reserves policy is set out in the Annual Report. The Trustees believe that the level of liquid unrestricted reserves at year-end and careful planning based on expected funding levels allows the BM to be free from unacceptably high liquidity risks.

The BM monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. The BM holds highly liquid assets amounting to £26 million as at 31 March 2021 (2020: £27 million), which are comprised of cash at bank and in hand. 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 £61 million (2019/20: £95 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	2021 Total £000s	2020 Total £000s
Sterling	22,043	39,631	216	61,890	26,935
US \$	–	–	1,983	1,983	2,086
Euro and other	–	–	1,525	1,525	1,543
	<u>22,043</u>	<u>39,631</u>	<u>3,724</u>	<u>65,398</u>	<u>30,564</u>

The weighted average interest rate on fixed rate financial assets is 0.2% (2019/20: 0.9%) and the weighted average period of deposit is 85 days (2019/20: 89 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% (2019/20: 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 4% (2019/20: 4%) of the BM's financial assets denominated in currencies other than pounds sterling, the base currency for the BM's operations.

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

Currency	Value 2021 £000s	Value 2020 £000s
US\$	4,013	2,804
Euro	1,517	506
Other	26	19
	<u>5,556</u>	<u>3,329</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), the majority of which is held in sterling within the UK.

24. POST BALANCE SHEET EVENTS

In line with the easing of government restrictions imposed to counter the COVID-19 pandemic, the Museum re-opened to the public on 17 May 2021, albeit with limited capacity. However, the pandemic and the ongoing and evolving measures taken in response by governments both in the UK and overseas continue. To mitigate the financial impact, the Museum, on demonstration of need, is eligible to receive further funding from the government in addition to the previously-agreed grant-in-aid for 2021-22. The post-year end impact of COVID-19 is not considered to be an adjusting event.

In 2018/19 BMF incurred exceptional expenditure of £1.9m in relation to tax changes resulting from a HM Revenue & Customs (HMRC) ruling, which challenged the BMF treatment of VAT on membership subscription income. BMF appealed the ruling in 2019. In May 2021 HMRC agreed to refund £1.6m relating to the period to the end of September 2018, and a further sum of c. £1.2m relating to subsequent periods. This event has not been adjusted for as HMRC's decision occurred after the year end.

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.

25. PRIOR YEAR ADJUSTMENT

Funds have been restated from the prior year to transfer investment properties from unrestricted to restricted funds in order to provide greater transparency and better reflect the nature of the assets. These investment properties are subject to a number of restrictions and cannot be disposed of by the BM. The overall effect on total funds for this transfer between reserves is nil.

	Unrestricted Funds £000s	Restricted Funds £000s	Expendable Endowments £000s	Permanent Endowments £000s	Total £000s
SOFA					
Total Funds 2018/19 as previously stated	40,962	933,925	20,056	6,750	1,001,693
Investment properties restatement	(22,306)	22,306	–	–	–
Total Funds 2018/19 restated	18,656	956,231	20,056	6,750	1,001,693
Total Funds 2019/20 as previously stated	49,444	985,149	18,082	8,352	1,061,027
Investment properties restatement	(29,900)	29,900	–	–	–
Total Funds 2019/20 restated	19,544	1,015,049	18,082	8,352	1,061,027
Consolidated Balance Sheet					
Total Funds previously stated					
31 March 2020	49,444	985,149	18,082	8,352	1,061,027
Investment properties restatement	(29,900)	29,900	–	–	–
Total Funds restated on					
31 March 2020	19,544	1,015,049	18,082	8,352	1,061,027
Museum Balance Sheet					
Total Funds previously stated					
31 March 2020	39,698	985,149	18,082	8,352	1,051,281
Investment properties restatement	(29,900)	29,900	–	–	–
Total Funds restated on					
31 March 2020	9,798	1,015,049	18,082	8,352	1,051,281

