

**THE BRITISH MUSEUM  
COMPANY LIMITED**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2007**

WEDNESDAY



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COMPANIES HOUSE

Company no 1079888

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# **THE BRITISH MUSEUM COMPANY LIMITED**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 MARCH 2007**

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<b>Company Registration Number</b>	<b>1079888</b> <b>An exempt charity</b>
<b>Registered Office</b>	<b>38 Russell Square</b> <b>London</b> <b>WC1B 3QQ</b>
<b>Directors</b>	<b>Niall Fitzgerald KBE</b> <b>Professor Sir Barrington Cunliffe</b> <b>Philippa Harrison</b> <b>Christopher Herring</b> <b>David Lindsell</b> <b>Neil MacGregor</b> <b>Eric Salama</b> <b>Andrew Thatcher</b> <b>Sir John Tusa</b>
<b>Secretary</b>	<b>Helen Watts</b>
<b>Bankers</b>	<b>Barclays Bank plc</b> <b>Level 26</b> <b>1 Church Place</b> <b>Canary Wharf</b> <b>London E14 5HP</b>
<b>Solicitors</b>	<b>Memery Crystal</b> <b>44 Southampton Buildings</b> <b>London</b> <b>WC2A 1AP</b>
<b>Auditors</b>	<b>Grant Thornton UK LLP</b> <b>Registered Auditors</b> <b>Chartered Accountants</b> <b>Grant Thornton House</b> <b>Melton Street</b> <b>Euston Square</b> <b>London</b> <b>NW1 2EP</b>

# **THE BRITISH MUSEUM COMPANY LIMITED**

## **CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2007

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# **THE BRITISH MUSEUM COMPANY LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 MARCH 2007

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The directors present their report together with the audited consolidated financial statements of the company with its subsidiary British Museum Ventures Limited ("the group") for the year ended 31 March 2007

### **Review of business**

This company is an exempt charity. The company's activities support the aims of the British Museum as stated in the Museum's plan. These include the publishing of trade books, guide books and catalogues and the sale and licensing of replicas, jewellery, textiles and stationery based on the collections.

Retail sales were higher than prior year due to the excellent response to the Michelangelo exhibition. The publishing business improved overall margins and made a greater contribution to the company's overall profit. The picture library had its first complete year of trading and exceeded sales expectations by 19%. The overall gross margin achieved by the company rose by 0.7% with overheads controlled tightly in the year and broadly in line with expectations. However, licensing income was lower as a result of a weakening yen combined with some weakness in retail sales at the Japanese exhibition venues. Overall underlying trading profit rose by 9%.

The company has successfully sub-let its former offices, resulting in a decrease in the onerous lease provision, which has been written back into the accounts as an exceptional item on the face of the profit and loss account.

### **Summary of key performance indicators**

The directors have monitored the progress of the overall company strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators. The principal key performance indicator, spend per visitor, shows a fall from £1.58 to £1.52 in the year, due in part to the lower sales of exhibition catalogues in the second half of the year.

### **Future developments of the business**

The directors are pleased with the performance of the company in the year and believe The British Museum Company to be in a strong position to exploit the opportunities of the China exhibition programme in the forthcoming year.

### **Principal risks and uncertainties**

The directors are of the opinion that a thorough risk management process is in place that involves the formal review of key risks facing the business. Processes are in place to monitor and mitigate such risks. Key risks are

- **Visitor numbers and exhibitions**

Turnover is largely dependent on visitor numbers and a strong exhibition programme. The company liaises closely with The British Museum about expectations of forthcoming visitor numbers and exhibition programmes, and plans accordingly.

The level of visitors may also be affected by events in central London, such as security issues or disruption to international travel. The company participates in Museum committees that plan reactions to potential catastrophes.

- **Credit risk**

The company's principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the finance manager on a regular basis in conjunction with debt aging and collection history.

# **THE BRITISH MUSEUM COMPANY LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 MARCH 2007

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### **Results and dividends**

There was a profit for the year after taxation amounting to £654,000 (2006 loss of £792,000)

The directors do not recommend the payment of a dividend, with payments under Gift Aid amounting to £431,000 (2006 £363,000) and a donation amounting to £309,000 (2006 £nil) to be made to the Trustees of The British Museum

### **Directors**

The present membership of the Board of the company is set out below

Niall Fitzgerald - Chairman  
Professor Sir Barrington Cunliffe  
Philippa Harrison  
Christopher Herring  
David Lindsell  
Neil MacGregor  
Eric Salama  
Hugh Stevenson (resigned June 16, 2006)  
Andrew Thatcher  
Sir John Tusa

No director had any interest in the shares of the company at either 31 March 2007 or 31 March 2006

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# THE BRITISH MUSEUM COMPANY LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 MARCH 2007

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For each director

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware,
- the directors have taken steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD



Helen Watts  
Secretary  
June 7, 2007

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE BRITISH MUSEUM COMPANY LIMITED**

We have audited the consolidated financial statements of The British Museum Company Limited and its subsidiary British Museum Ventures Limited (the group), for the year ended 31 March 2007 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE BRITISH MUSEUM COMPANY LIMITED**

**Opinion**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom General Accepted Accounting Practice of the state of affairs of the company and the group as at 31 March 2007 and of its profit for the period then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Grant Thornton UK LLP*

**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

LONDON

*11 June* 2007



# **THE BRITISH MUSEUM COMPANY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 MARCH 2007

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### **BASIS OF PREPARATION**

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The group has taken advantage of paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with The British Museum, whose consolidated accounts are publicly available.

The principal accounting policies of the group have remained unchanged from the previous year. Details of the principal accounting policies are set out below.

### **BASIS OF CONSOLIDATION**

The group financial statements consolidate those of the company and of its active subsidiary undertaking (see note 8) drawn up to 31 March 2007.

### **TURNOVER**

Turnover comprises trade and retail sales of books and other products and services relating to The British Museum, net of Value Added Tax.

### **INVESTMENTS**

Investments are shown at the lower of cost and market value.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Fixtures and fittings	3 – 5 years
Shop fixtures	7 – 15 years
Computer equipment	3 – 5 years
Motor vehicles	3 years

### **STOCKS AND WORK IN PROGRESS**

Stocks and work in progress are stated at the lower of cost and net realisable value, where cost includes materials, labour and attributable overheads.

### **FOREIGN CURRENCIES**

Transactions in foreign currencies are expressed in sterling at the rates of exchange ruling on the date of conversion into sterling. Balances at the year end are translated using the closing rate at that date.

### **OPERATING LEASES**

Payments in respect of operating lease agreements are charged to the profit and loss account on a straight line basis.

# **THE BRITISH MUSEUM COMPANY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 MARCH 2007

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### **CONTRIBUTIONS TO PENSION SCHEMES**

#### ***Defined Contribution Scheme***

The British Museum Company Limited operates a defined contribution scheme. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### ***Defined Benefit Scheme***

The British Museum Company Limited operates a defined benefit scheme which requires contributions to be made to a separately administered fund.

Scheme assets are measured at 'fair values'. Scheme liabilities are measured on an actuarial basis using the 'projected unit' method and are discounted at appropriate high quality corporate bond rates. The net deficit is presented separately from other net liabilities on the balance sheet.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on scheme liabilities and the expected return on scheme assets are included in note 19 of the accompanying financial statements.

Actuarial gains and losses are reported in the statement of total recognised gains and losses.

# THE BRITISH MUSEUM COMPANY LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 2007

	Note	2007 £'000	2006 £'000
<b>Turnover</b>		<b>9,121</b>	<b>9,094</b>
Cost of sales	2	<u>(3,635)</u>	<u>(3,681)</u>
Gross profit		<b>5,486</b>	<b>5,413</b>
Selling and distribution costs	2	<b>(2,677)</b>	<b>(2,659)</b>
Administrative expenses	2	<b>(2,091)</b>	<b>(2,181)</b>
Other operating income	2	<u><b>69</b></u>	<u><b>80</b></u>
<b>Operating profit</b>		<b>787</b>	<b>653</b>
Finance cost		<b>(60)</b>	<b>(120)</b>
Contribution to the Trustees of The British Museum	3	<b>(740)</b>	<b>(363)</b>
Interest receivable		<u><b>73</b></u>	<u><b>74</b></u>
		<b>60</b>	<b>244</b>
<b>Exceptional item</b>			
Onerous lease provision and repairs to onerous lease		<u><b>594</b></u>	<u><b>(1,036)</b></u>
<b>Profit/(loss) for the year before and after taxation</b>	1	<u><b>654</b></u>	<u><b>(792)</b></u>

All transactions arise from continuing operations

The accompanying accounting policies and notes form an integral part of these financial statements

# THE BRITISH MUSEUM COMPANY LIMITED

## CONSOLIDATED BALANCE SHEET

For the year ended 31 MARCH 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Tangible assets	7	<u>1,536</u>	<u>1,467</u>
<b>Current assets</b>			
Stock	9	1,896	2,026
Debtors	10	641	646
Cash at bank and in hand		<u>1,842</u>	<u>1,066</u>
		<u>4,379</u>	<u>3,738</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,374)</u>	<u>(1,458)</u>
<b>Net current assets</b>		<u>2,005</u>	<u>2,280</u>
<b>Total assets less current liabilities</b>		<b>3,541</b>	<b>3,747</b>
<b>Provision for liabilities and charges</b>	12	(210)	(1,010)
<b>Pension liability</b>	20	<u>(2,270)</u>	<u>(3,100)</u>
<b>Net assets</b>		<u>1,061</u>	<u>(363)</u>
<b>Equity capital and reserves</b>			
Called up share capital	13	750	750
Profit and loss account	14	311	(1,113)
<b>Shareholders' funds</b>	15	<u>1,061</u>	<u>(363)</u>

The financial statements were signed on behalf of the Board of Directors on June 7, 2007



Andrew Thatcher - Director


The accompanying accounting policies and notes form an integral part of these financial statements

# THE BRITISH MUSEUM COMPANY LIMITED

## COMPANY BALANCE SHEET AT 31 MARCH 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Tangible assets	7	1,536	1,467
Investments	8	<u>1,000</u>	<u>1,000</u>
		<b>2,536</b>	<b>2,467</b>
<b>Current assets</b>			
Stock	9	1,387	1,502
Debtors	10	641	646
Cash at bank and in hand		<u>1,842</u>	<u>1,066</u>
		<b>3,870</b>	<b>3,214</b>
<b>Creditors, amounts falling due within one year</b>	11	<u>(2,865)</u>	<u>(1,934)</u>
<b>Net current assets</b>		<b>1,005</b>	<b>1,280</b>
<b>Total assets less current liabilities</b>		<b>3,541</b>	<b>3,747</b>
<b>Provisions for liabilities and charges</b>	12	(210)	(1,010)
<b>Pension liability</b>	20	<u>(2,270)</u>	<u>(3,100)</u>
<b>Net assets</b>		<b>1,061</b>	<b>(363)</b>
<b>Equity capital and reserves</b>			
Called up share capital	13	750	750
Profit and loss account	14	<u>311</u>	<u>(1,113)</u>
<b>Shareholders' funds</b>	15	<b>1,061</b>	<b>(363)</b>

The financial statements were signed on behalf of the Board of Directors on June 7, 2007



**Andrew Thatcher - Director**

The accompanying accounting policies and notes form an integral part of these financial statements

# THE BRITISH MUSEUM COMPANY LIMITED

## CASH FLOW STATEMENT

For the year ended 31 MARCH 2007

	Note	2007 £'000	2006 £'000
<b>Net cash inflow from operating activities</b>	16	<b>1,670</b>	<b>144</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		73	74
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(398)	(226)
Repairs to onerous lease		(206)	(210)
Sale of tangible fixed assets		-	10
<b>Funds transferred to the Trustees of the British Museum</b>	3	<b>(363)</b>	<b>(630)</b>
<b>Increase/(decrease) in cash</b>		<b>776</b>	<b>(838)</b>

The accompanying accounting policies and notes form an integral part of these financial statements

# THE BRITISH MUSEUM COMPANY LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 MARCH 2007

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	2007 £'000	2006 £'000
<b>Profit/(loss) for the year</b>	<b>654</b>	<b>(792)</b>
Gain on pension assets	70	690
Gain/(loss) on change in pension assumptions	700	(1,110)
<b>Total profit/(loss) for the year</b>	<b>1,424</b>	<b>(1,212)</b>
Prior year adjustment	-	(3,360)
	<b>1,424</b>	<b>(4,572)</b>

The accompanying accounting policies and notes form an integral part of these financial statements

# THE BRITISH MUSEUM COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### 1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/(loss) on ordinary activities is stated after charging

	2007 £'000	2006 £'000
Auditors' remuneration		
Audit work	19	18
Depreciation	322	315
Other operating lease rentals	260	247

### 2 COST OF SALES AND OTHER OPERATING INCOME AND CHARGES

	2007 £'000	2006 £'000
Cost of sales	3,635	3,681
Other operating income and charges		
Selling and distribution costs	2,677	2,659
Administrative costs	2,091	2,181
Other operating income	(69)	(80)

### 3 CONTRIBUTION TO THE TRUSTEES OF THE BRITISH MUSEUM

The Trustees of The British Museum own the entire share capital of the company

During the year the group made donations and gift aid payments to the Museum amounting to £363,000 (2006 £630,000). A further £740,000 is due in respect of the year ended 31 March 2007 (2006 £363,000). The company also made payments to the Museum in respect of property rentals amounting to £108,000 (2006 £104,000).

### 4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows

	2007 £'000	2006 £'000
Wages and salaries	2,651	2,525
Social security costs	237	232
Pension costs	328	232

The average number of employees of the company during the year was 108 (2006 110)



# THE BRITISH MUSEUM COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of the executive director was as follows

	2007 £'000	2006 £'000
Emoluments	104	100

During the year one director has been accruing benefits under a money purchase pension scheme

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The group is subject to UK Corporation Tax. The corporation tax charge for the year at current rates is £nil, based on the result for the year (2006 £nil)

### 6 PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements

The group profit for the year includes a profit of £654,000 (2006 loss of £792,000) which is dealt with in the financial statements of the company

### 7 TANGIBLE FIXED ASSETS - GROUP AND COMPANY

	Fixtures and fittings £'000	Computer equipment £'000	Group and Company Total £'000
Cost			
At 1 April 2006	2,432	379	2,811
Additions	30	368	398
Disposals	-	(203)	(203)
At 31 March 2007	2,462	544	3,006
Depreciation			
At 1 April 2006	1,075	269	1,344
Provided in the year	276	46	322
Disposals	-	(196)	(196)
At 31 March 2007	1,351	119	1,470
Net book amount at 31 March 2007	1,111	425	1,536
Net book amount at 31 March 2006	1,357	110	1,467

# THE BRITISH MUSEUM COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### 8 INVESTMENTS

The company owned the whole of the £1 million of issued share capital of British Museum Ventures Limited, which is registered in England and Wales

### 9 STOCKS

	Group 2007 £'000	Company 2007 £'000	Group 2006 £'000	Company 2006 £'000
Work in progress	119	119	68	68
Finished goods and goods for resale	1,777	1,268	1,958	1,434
	<u>1,896</u>	<u>1,387</u>	<u>2,026</u>	<u>1,502</u>

### 10 DEBTORS

	Group 2007 £'000	Company 2007 £'000	Group 2006 £'000	Company 2006 £'000
Trade debtors	425	425	378	378
Other debtors	38	38	41	41
Prepayments and accrued income	124	124	149	149
Amounts due from parent undertaking	54	54	78	78
	<u>641</u>	<u>641</u>	<u>646</u>	<u>646</u>

### 11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2007 £'000	Company 2007 £'000	Group 2006 £'000	Company 2006 £'000
Trade creditors	871	871	577	577
Amounts owed to parent undertaking	852	439	474	132
Amounts owed to subsidiary undertaking	-	904	-	821
Other taxation and social security	72	72	66	66
Accruals and deferred income	579	579	341	338
	<u>2,374</u>	<u>2,865</u>	<u>1,458</u>	<u>1,934</u>

# THE BRITISH MUSEUM COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### 12 PROVISION FOR LIABILITIES AND CHARGES

#### Group and Company

	£'000
At 1 April 2006	(1,010)
Provided during the year	800
At 31 March 2007	<u>(210)</u>

This represents a provision to cover an onerous lease on one of the company's properties

### 13 SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised		
750,000 ordinary shares of £1 each	<u>750</u>	<u>750</u>
Allotted, called up and fully paid		
750,000 ordinary shares of £1 each	<u>750</u>	<u>750</u>

### 14 PROFIT AND LOSS RESERVE

#### Group and Company

	£'000
At 1 April 2006	(1,113)
Profit for the year	654
Statement of recognised gains	770
At 31 March 2007	<u>311</u>

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £'000
At 1 April 2006	(363)
Profit/(loss) for the year	654
Gain on pension assets	70
Gain on change in pension assumptions	700
Shareholders' funds at 31 March 2007	<u>1,061</u>

# THE BRITISH MUSEUM COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### 16 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £'000	2006 £'000
Operating profit	787	653
Depreciation	322	315
Loss on disposal of fixed assets	7	-
Difference between pension cost and cash contributions	(120)	(800)
Decrease in stocks	130	165
Decrease/(increase) in debtors	5	(128)
Increase/(decrease) in creditors	539	(61)
Net cash inflow from operating activities	<u>1,670</u>	<u>144</u>

### 17 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £'000	2006 £'000
Increase/(decrease) in cash in the year	776	(838)
Net funds at 1 April 2006	<u>1,066</u>	<u>1,904</u>
Net funds at 31 March 2007	<u>1,842</u>	<u>1,066</u>

### 18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2006 £'000	Cash flow £'000	At 31 March 2007 £'000
Cash in hand and at bank	<u>1,066</u>	<u>776</u>	<u>1,842</u>

### 19 CAPITAL COMMITMENTS

The company has capital commitments of £186,000 as at 31 March 2007 (31 March 2006 £60,000)

### 20 PENSIONS

#### 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.

#### Defined Benefit Scheme

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

# THE BRITISH MUSEUM COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

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### PENSIONS (CONTINUED)

The most recent full actuarial review of the scheme was carried out at 1 May 2005 and updated to 31 March 2007 by a qualified independent actuary to reflect the difference in actuarial assumptions and the time period elapsed

Pension costs are assessed in accordance with the advice of a qualified actuary using the attained age method. The assumptions, which have the most significant effect on the results of the valuation, are that, over the long term, investment returns would be at the rate of 6.5% per annum and that this would exceed the rate of salary growth by 3.0%.

The market value of the scheme assets as at 1 May 2005 was £4,434,313. The actuarial value of those assets was sufficient to cover 100% of the benefits that had accrued to members, after allowing for expected future increases in earnings on a minimum funding rate basis. Current and future contributions reflect the deficiency.

With effect from 1 May 2006, a schedule of contributions was put in place to fund the scheme's defined benefits at the rate of 18% per annum of pensionable salary for scheme members. For employees joining the scheme before 1 November 1993, the scheme is non-contributory. Employees joining the scheme with effect from 1 November 1993 pay 5% of pensionable salary towards the total. The cost of insuring the death in service benefits is payable in addition to these amounts.

The total employer's pension contributions for entities adhering to the scheme was £ 267,000 (2006 £910,000).

### Financial Reporting Standard No 17

The qualified actuary, independent of any participating employers, has adjusted the data used in the actuarial valuation for the 1 May 2002 valuation, for the purposes of calculating the Financial Reporting Standard No 17 disclosures for the year ended 31 March 2007.

The information required in connection with Financial Reporting Standard No 17 and the defined benefit scheme is as follows:

At 31 March 2007 the market value of the assets in the scheme, the expected long-term rate of return from them and the present value of scheme liabilities, all as defined in accordance with Financial Reporting Standard No 17 and valued by the group's actuary were as follows:

	2007	2006	2005
Rate of increase in salaries	3.0%	2.25%	2.25%
Rate of increase in inflation	3.0%	2.25%	2.25%
Rate of increase of pensions in payment	nil to 5.0%	nil to 5.5%	n/a
Discount rate	5.5%	5.0%	5.5%

# THE BRITISH MUSEUM COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### PENSIONS (CONTINUED)

The assets in the scheme and the expected long-term rate of return were

	Long-term rate of return expected at 31 March 2007	Value at 31 March 2007	Long-term rate of return expected at 31 March 2006	Restated value at 31 March 2006	Long-term rate of return expected at 31 March 2005	Restated value at 31 March 2005	Long-term rate of return expected at 31 March 2004	Value at 31 March 2004
		£'000		£'000		£'000		£'000
Property	7.0%	1,370	-	-	-	-	-	-
Equities	7.0%	4,360	7.0%	4,520	7.5%	3,110	7.5%	2,650
Bonds	5.5%	600	5.0%	600	5.5%	1,310	5.5%	1,410
Other	5.5%	620	4.5%	1,210	4.5%	10	4.0%	10
Total market value of assets		6,950		6,330		4,430		3,800
Present value of scheme liabilities		(9,220)		(9,430)		(7,790)		(5,400)
Deficit in the scheme		(2,270)		(3,100)		(3,360)		(1,600)

The amount charged to operating profit following full implementation of FRS17 is

	2007 £'000	2006 £'000	2005 £'000
Current service cost	110	110	150
Total operating charge	110	110	150

Other finance income/(costs) charged following full implementation of FRS 17 comprise

	2007 £'000	2006 £'000	2005 £'000
Expected return on pension scheme assets	410	310	260
Interest on pension scheme liabilities	(470)	(430)	(400)
Net return	(60)	(120)	(140)

The history of experience gains and losses has been

	2007	2006	2005	2004
Difference between expected and actual return on scheme assets Amount (£'000)	70	690	180	450
Percentage of scheme assets	1%	11%	4%	10%
Percentage of the present value of the scheme liabilities	0%	0%	0%	0%
Total actuarial gains and losses Amount (£'000)	770	420	130	450
Percentage of scheme assets	8%	4%	2%	7%

# THE BRITISH MUSEUM COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### PENSIONS (CONTINUED)

The movement in the deficit in the year was

	2007 £'000	2006 £'000	2005 £'000
Deficit in scheme at 1 April	(3,100)	(3,360)	(1,600)
Prior year adjustment	-	-	(1,790)
Current service cost	(110)	(110)	(150)
Contributions	230	910	190
Other finance cost	(60)	(120)	(140)
Actuarial gain/(loss)	770	(420)	130
Deficit in scheme at 31 March	(2,270)	(3,100)	(3,360)

### 21 LEASING COMMITMENTS

Operating lease payments amounting to £261,000 (2006 £261,000) are due within one year. The leases to which these amounts relate expire as follows:

	Group and Company	
	Land and buildings	Land and buildings
	2007	2006
	£'000	£'000
Between one and five years	77	77
In five years or more	184	184
	<u>261</u>	<u>261</u>

### 22 RELATED PARTY TRANSACTIONS

As a wholly-owned subsidiary of The British Museum, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group headed by the Trustees.

The British Museum Company Limited Retirement Scheme invests contributions to Standard Life Investments Limited, which is a trading subsidiary of The Standard Life Assurance Company Limited. During the year, Hugh Stevenson was a director of The British Museum Company Limited and is a director of Standard Life Investments Limited and Standard Life Assurance Limited. Total investments made into this scheme by the company totalled £276,000.

### 23 CONTROLLING RELATED PARTY

The directors consider the ultimate controllers of this company to be the Trustees of The British Museum.

Copies of the group financial statements can be obtained from the registered office of The British Museum, Great Russell Street, London, WC1B 3DG.