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**THE BRITISH MUSEUM
COMPANY LIMITED**

CONSOLIDATED FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2005

THE BRITISH MUSEUM COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

Company Registration Number: 1079888

Registered Office: 38 Russell Square
London
WC1B 3QQ

Directors: David Norgrove (Chairman)
Dawn Austwick
Professor Barrington Cunliffe
Philippa Harrison
Neil MacGregor
Eric Salama
Hugh Stevenson
Andrew Thatcher
Sir John Tusa

Secretary: Helen Watts

Bankers: Barclays Bank plc
Level 26
1 Church Place
Canary Wharf
London E14 5HP

Solicitors: Memery Crystal
44 Southampton Buildings
London
WC2A 1AP

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

THE BRITISH MUSEUM COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

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THE BRITISH MUSEUM COMPANY LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 MARCH 2005

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 2005.

Review of business

The company's activities support the aims of the British Museum as stated in the Museum's plan. These include publishing trade books, guide books and catalogues, the sales and licensing of replicas, jewellery, textiles and stationery based on the collections, and retailing on the Museum site and at Heathrow Airport.

The shop at Terminal 4, Heathrow Airport, was closed at the end of May 2005 with the lease not renewed. All other activities are continuing.

The retail business operated successfully with higher levels of profitability. The publishing business made a loss in part due to the weakness of the US Dollar and the impact this has had on trade sales.

Results and dividends

There was a loss for the year after taxation amounting to £374,000 (2004: £547,000).

The directors do not recommend the payment of a dividend, with payments under Gift Aid amounting to £413,000 (2004: £416,000) and a donation amounting to £217,000 (2004: £244,000) to be made to the Trustees of The British Museum.

Directors

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

David Norgrove - Chairman (appointed 1 July 2004)

Dawn Austwick

Professor Barrington Cunliffe

Philippa Harrison

Neil MacGregor

Eric Salama

Hugh Stevenson

Andrew Thatcher

Sir John Tusa

No director had any interest in the shares of the company at either 31 March 2005 or 31 March 2004.

THE BRITISH MUSEUM COMPANY LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 MARCH 2005

Directors' responsibilities for the financial statements

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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Helen Watts
Secretary

JULY 12TH, 2005

**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 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, and notes 1 to 22. 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 United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 other information contained in the directors' report, 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. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures 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 of the state of affairs of the company and the group as at 31 March 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

LONDON

 12 2005

THE BRITISH MUSEUM COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 and 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 2005.

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 excluding assets at Terminal 4, Heathrow	7 – 15 years
Shop fixtures at Terminal 4, Heathrow	Remaining period of current contract
Computer equipment	3 years

STOCKS

Stocks 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

CONTRIBUTIONS TO PENSION SCHEMES

Defined Benefit Scheme

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

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.

THE BRITISH MUSEUM COMPANY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Turnover					
Continuing operations	1	9,334		9,981	
Discontinued operations	1	-		992	
			9,334		10,973
Cost of sales	2		(3,694)		(5,026)
Gross profit			5,640		5,947
Selling and distribution costs	2		(2,795)		(2,740)
Administrative expenses	2		(2,420)		(2,707)
Other operating income	2		306		118
Operating profit					
Continuing operations		731		535	
Discontinued operations		-		83	
			731		618
Exceptional item					
Loss on sale of 22 Bloomsbury Street fixed assets			-		(547)
Loss on disposal of 46 Bloomsbury Street fixed assets			(557)		-
Contribution to the Trustees of The British Museum	3		(630)		(660)
Interest receivable			82		42
Loss for the year before and after taxation	1		(374)		(547)
Profit and loss account brought forward			3,833		4,380
Profit and loss account carried forward			3,459		3,833

The group has no recognised gains or losses other than its profit for the year as set out above.

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

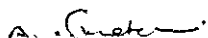
THE BRITISH MUSEUM COMPANY LIMITED

CONSOLIDATED BALANCE SHEET

For the year ended 31 MARCH 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	7	<u>1,567</u>	<u>1,915</u>
Current assets			
Stock	9	2,191	2,171
Debtors	10	518	556
Cash at bank and in hand		<u>1,904</u>	<u>1,758</u>
		<u>4,613</u>	<u>4,485</u>
Creditors: amounts falling due within one year	11	<u>(1,788)</u>	<u>(1,817)</u>
Net current assets		<u>2,825</u>	<u>2,668</u>
Total assets less current liabilities		<u>4,392</u>	<u>4,583</u>
Provision for liabilities and charges	12	<u>(183)</u>	<u>-</u>
Net assets		<u>4,209</u>	<u>4,583</u>
Equity capital and reserves			
Called up share capital	13	750	750
Profit and loss account	13	<u>3,459</u>	<u>3,833</u>
Shareholders' funds	14	<u>4,209</u>	<u>4,583</u>

The financial statements were signed on behalf of the Board of Directors on JULY 12TH, 2005.



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 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	7	1,567	1,915
Investments	8	1,000	1,000
		<u>2,567</u>	<u>2,915</u>
Current assets			
Stock	9	1,387	1,591
Debtors	10	518	556
Cash at bank and in hand		1,904	1,758
		<u>3,809</u>	<u>3,905</u>
Creditors: amounts falling due within one year	11	<u>(1,984)</u>	<u>(2,237)</u>
Net current assets		<u>1,825</u>	<u>1,668</u>
Total assets less current liabilities		<u>4,392</u>	<u>4,583</u>
Provisions for liabilities and charges	12	<u>(183)</u>	<u>-</u>
Net assets		<u>4,209</u>	<u>4,583</u>
Equity capital and reserves			
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Profit and loss account	13	3,459	3,833
Shareholders' funds	14	<u>4,209</u>	<u>4,583</u>

The financial statements were signed on behalf of the Board of Directors on JULY 12TH, 2005.



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 2005

	Note	2005 £'000	2004 £'000
Net cash inflow from operating activities	15	1,066	957
Returns on investments and servicing of finance			
Interest received		82	42
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(343)	(119)
Sale of tangible fixed assets		1	23
Funds transferred to the Trustees of the British Museum	3	(660)	(386)
Increase in cash		146	517

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

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after charging:

	2005 £'000	2004 £'000
Auditors' remuneration:		
Audit work	18	16
Non audit work	-	3
Depreciation	343	398
Other operating lease rentals	247	309

2 COST OF SALES AND OTHER OPERATING INCOME AND CHARGES

	2005		2004		
	Continuing £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Cost of sales	3,694	3,694	4,283	743	5,026
Other operating income and charges:					
Selling and distribution costs	3,110	3,110	2,574	166	2,740
Administrative costs	2,105	2,105	2,707	-	2,707
Other operating income	(306)	(306)	(118)	-	(118)
	4,909	4,909	5,163	166	5,329

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 £660,000 (2004: £386,000). A further £813,000 is due in respect of the year ended 31 March 2005 (2004: £660,000). The company also made payments to the Museum in respect of property rentals amounting to £99,000 (2004: £105,000).

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2005 £'000	2004 £'000
Wages and salaries	2,807	2,657
Social security costs	225	224
Pension costs	221	237
	3,253	3,118

The average number of employees of the company during the year was 114 (2004: 118).

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of the directors was as follows:

	2005 £'000	2004 £'000
Emoluments	102	86

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 (2004: £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 loss for the year includes a loss of £79,000 (2004: loss of £345,000) 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 2004	2,864	564	3,428
Additions	288	55	343
Disposals	(527)	(145)	(672)
At 31 March 2005	2,625	474	3,099
Depreciation			
At 1 April 2004	1,095	418	1,513
Provided in the year	268	75	343
Disposals	(184)	(140)	(324)
At 31 March 2005	1,179	353	1,532
Net book amount at 31 March 2005	1,446	121	1,567
Net book amount at 31 March 2004	1,769	146	1,915

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

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 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Work in progress	209	209	221	221
Finished goods and goods for resale	1,982	1,178	1,950	1,370
	<u>2,191</u>	<u>1,387</u>	<u>2,171</u>	<u>1,591</u>

10 DEBTORS

	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Trade debtors	238	238	291	291
Other debtors	81	81	23	23
Prepayments and accrued income	150	150	141	141
Amounts due from parent undertaking	49	49	101	101
	<u>518</u>	<u>518</u>	<u>556</u>	<u>556</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Trade creditors	639	639	481	481
Amounts owed to parent undertaking	743	348	765	367
Amounts owed to subsidiary undertaking	-	591	-	818
Other taxation and social security	69	69	75	75
Accruals and deferred income	337	337	496	496
	<u>1,788</u>	<u>1,984</u>	<u>1,817</u>	<u>2,237</u>

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

12 PROVISION FOR LIABILITIES AND CHARGES

Group and Company

£'000

At 1 April 2004

-

Provided during the year

(183)

(183)

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

13 SHARE CAPITAL

2005

2004

£'000

£'000

Authorised

750,000 ordinary shares of £1 each

750

750

Allotted, called up and fully paid

750,000 ordinary shares of £1 each

750

750

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

2005

2004

£'000

£'000

Loss for the financial year

(374)

(547)

Shareholders' funds at 1 April 2004

4,583

5,130

Shareholders' funds at 31 March 2005

4,209

4,583

15 NET CASH INFLOW FROM OPERATING ACTIVITIES

2005

2004

£'000

£'000

Operating profit

703

618

Depreciation

343

398

(Increase)/decrease in stocks

(20)

59

Decrease/(increase) in debtors

38

139

(Increase)/decrease in creditors

2

(257)

Net cash inflow from operating activities

1,066

957

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £'000	2004 £'000
Increase in cash in the year	146	517
Net funds at 1 April 2004	1,758	1,241
Net funds at 31 March 2005	1,904	1,758

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2004 £'000	Cash flow £'000	At 31 March 2005 £'000
Cash in hand and at bank	1,758	146	1,904
	1,758	146	1,904

18 CAPITAL COMMITMENTS

There were no capital commitments as at 31 March 2005 or 31 March 2004.

19 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 British Museum Company Trustee Company Limited.

The most recent full actuarial review of the scheme was carried out at 1 May 2002 and updated to 31 March 2005 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 8.5% per annum and that this would exceed the rate of salary growth by 2.5%.

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

PENSIONS (CONTINUED)

The market value of the scheme assets as at 1 May 2002 was £3,625,618. The actuarial value of those assets was sufficient to cover 90% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Current and future contributions reflect the deficiency.

With effect from 1 May 2003, a schedule of contributions was put in place to fund the scheme's defined benefits at the rate of 28% per annum of pensionable salary for scheme members. For employees joining the scheme before 1 November 1993, the scheme is non-contributory. Employees joining the scheme with effect from 1 November 1993 pay 5% of pensionable salary towards the total. The cost of insuring the death in service benefits is payable in addition to these amounts.

The total employer's pension contributions for entities adhering to the scheme was £160,000 (2004: £201,000).

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

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

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

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 FRS No 17 disclosures for the year ended 31 March 2005.

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

- (a) At 31 March 2005 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:

	2005	2004
Rate of increase in salaries*	2.25%	2.0%
Rate of increase in inflation*	2.25%	2.0%
Rate of increase of Guaranteed Minimum Pensions (GMP) earned before 6 April 1988	N/A	N/A
Rate of increase of Guaranteed Minimum Pensions (GMP) earned after 6 April 1988	5.0%	5.0%
Rate of increase of pensions in excess of GMP earned before 30 April 1991	3.0%	3.0%
Rate of increase of pensions in excess of GMP earned after 30 April 1991 but before 1 January 2002	5.0%	5.0%
Rate of increase of pensions in excess of GMP earned after 1 January 2002	1.8%	1.8%
Rate of revaluation of GMPs	Fixed rate	Fixed rate
Rate of revaluation of deferred pensions in excess of GMP	5.0%	5.0%
Discount rate	5.5%	5.5%

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

PENSIONS (CONTINUED)

* Chosen by the employer

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

	Long-term rate of return expected at 31 March 2005	Value at 31 March 2005 £'000	Long-term rate of return expected at 31 March 2004	Value at 31 March 2004 £'000
Equities	7.5%	3,110	7.5%	2,650
Bonds	5.5%	1,310	5.5%	1,140
Other	4.5%	10	4.0%	10
Total market value of assets		4,430		3,800
Present value of scheme liabilities		(6,030)		(5,400)
Deficit in the scheme		(1,600)		(1,600)
Related deferred tax asset		480		480
Net pension (deficit)		(1,120)		(1,120)

The amount which would be charged to operating profit following full implementation of FRS17 is:

	2005 £'000	2004 £'000
Current service cost	150	200
Total operating charge	150	200

Other finance income/(costs) which would be charged following full implementation of FRS 17 comprise:

	2005 £'000	2004 £'000
Expected return on pension scheme assets	260	210
Interest on pension scheme liabilities	(300)	(270)
Net return	(40)	(60)

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

PENSIONS (CONTINUED)

The amount which would be recognised in the statement of total recognised gains and losses following full implementation of FRS17 is:

	2005 £'000	2004 £'000
Actual return less expected return on pension scheme assets	180	450
Experience gains and losses arising on the scheme liabilities	10	20
Changes in the assumptions underlying the present value of the scheme liabilities	(190)	-
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	-	470

The history of experience gains and losses has been:

	2005	2004
Difference between expected and actual return on scheme assets		
Amount (£'000)	180	470
Percentage of scheme assets	4%	12%
Experience gains and losses arising on the scheme liabilities		
Amount (£'000)	10	20
Percentage of the present value of the scheme liabilities	0%	0%
Total actuarial gains and losses		
Amount (£'000)	-	470
Percentage of scheme assets	0%	9%

The movement in the deficit in the year was:

	2005 £'000	2004 £'000
Deficit in scheme at 1 April	(1,600)	(2,010)
Current service cost	(150)	(200)
Contributions	190	200
Other finance income	(40)	(60)
Actuarial gain / (loss)	-	470
	(1,600)	(1,600)

(b) The effect on the group net assets at 31 March 2005, is shown below:

	2005 £'000	2004 £'000
Consolidated net assets before pension deficit	4,209	4,583
Net pension deficit as above	(1,120)	(1,120)
Consolidated net assets after pension deficit	3,089	3,463

THE BRITISH MUSEUM COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2005

20 LEASING COMMITMENTS

Operating lease payments amounting to £257,000 (2004: £209,000) are due within one year. The leases to which these amounts relate expire as follows:

	Group and Company	
	Land and buildings	Land and buildings
	2005	2004
	£'000	£'000
Between one and five years	77	34
In five years or more	180	175
	257	209

21 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. Hugh Stevenson is a director of The British Museum Company Limited, Standard Life Investments Limited and Standard Life Assurance Limited. Total investments made into this scheme by the company totalled £176,000.

22 CONTROLLING RELATED PARTY

The directors consider that 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.