



Annual Report and Financial Statements
for the year ended 31 March 2020

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Directors and Trustees

Sir Richard Lambert (Chair)
Professor Dame Mary Beard DBE, FSA, FBA (appointed 19 Mar 2020)
The Hon. Nigel Boardman
Ms Cheryl Carolus
Dame Elizabeth Corley DBE
Miss Patricia Cumper MBE
Ms Clarissa Farr
Professor Chris Gosden FBA
Ms Muriel Gray
Mr Philipp Hildebrand (appointed 1 Aug 2019)
Dame Vivian Hunt DBE
Professor Nicola Lacey CBE, FBA (resigned 31 Aug 2019)
Sir Deryck Maughan
Sir Charlie Mayfield
Mr John Micklethwait CBE (resigned 31 Jul 2019)
Sir Paul Nurse FRS
Mr Gavin Patterson
Mr Mark Pears CBE
Grayson Perry CBE, RA
Sir Paul Ruddock FSA
Lord Sassoon
Dame Nemat (Minouche) Shafik DBE
Ms Ahdaf Soueif (resigned 4 Jul 2019)
Lord Turner of Ecchinswell FRS
Mr George Weston
Professor Sarah Worthington QC (Hon), FBA (appointed 1 Mar 2020)

Auditors

Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Registered Office

The British Museum Friends
Great Russell Street
London WC1B 3DG

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Bankers

National Westminster
PO Box 158, 214 High Holborn
London WC1V 7BX

Bank of Scotland
PO Box 545
Faryners House
25 Monument Street
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Structure, Governance and Management

Organisational Structure

The British Museum Friends (BMF) is a registered charity (registration number 1086080) and a company limited by guarantee (registration number 4133346). The Board of Trustees of the British Museum, as a body corporate, is the sole company law member of the BMF. The Trustees of the British Museum are, individually, the charity trustees and the company law directors of the BMF. They govern the BMF in accordance with its Memorandum and Articles of Association.

The Board of Trustees is responsible for determining the overall strategy of the BMF. Trustees are appointed automatically on their appointment to the Board of Trustees of the British Museum, for fixed terms of service coterminous with their trusteeship of the British Museum. They are non-executive and unpaid. The Board of Trustees of the British Museum may consist of up to 25 members, of which 15 are appointed by the Prime Minister, one by the Sovereign, four by the Secretary of State on the nominations of the Royal Academy, the British Academy, the Society of Antiquaries of London and the Royal Society, and five by the Museum's Trustees. The Chair is appointed by the Board from its members.

Day-to-day management of the BMF is delegated to the Head of Membership who is supported by a team of staff, all of whom are employed by the British Museum. Volunteers are occasionally used to assist with programme delivery; this can involve working at one of the Member events, assisting with membership recruitment or performing one-off office tasks.

The Board of Trustees is supported by the Advisory Council to the BMF (the "Council"). Elected from amongst the Membership, the Council acts to ensure that the work of the BMF is in line with the interests of the Members as a whole, and advises on approaches likely to be of most interest. It provides advice and support to the Head of Membership on the strategic approach to marketing, fundraising, events and communication activities. The Council holds a skills register to record the expertise of Council Members. Vacancies are advertised through the regular membership mailings. The Council Members are then appointed following a selection and interview process led by the Chair of the Council, through the nominations committee. New Council Members have induction meetings with the Chair, Deputy Chair and Head of Membership.

Risk Management

Risk is unavoidable and the resources available for managing risk are finite. The aim of risk management within the BMF is therefore to achieve an optimum response to risk, prioritised in accordance with an evaluation of the risks. Risk management is everybody's responsibility, and is embedded within the BMF through established business planning processes, which ensure that risks to achieving planned initiatives are identified as those initiatives are developed. The Board, the Museum's Internal Controls Committee, and the Audit Committee support this through regular review of the risk register.

The inherent risks faced by the BMF include reaching membership profit targets, member retention, and management of the Members' room. Each of these is mitigated effectively by a strong system of internal control. The COVID-19 pandemic is likely to impact new Member recruitment, event income and Members' Room. However, BMF generates most income through membership renewals. Through positive Member engagement and by closely managing costs the Board is optimistic that these risks can be effectively managed over the coming year.

Objectives and Activities

The overall object of the BMF, as laid down in the Memorandum of Association, is “to support and assist the British Museum in maintaining and expanding its collections and services to scholars and to the general public and to assist other charitable museums to any extent that in the opinion of the Friends might help the British Museum in the aforementioned manner”.

The BMF fulfils this object by granting funds to the British Museum from the surplus generated from membership subscriptions and other activities as part of the membership offer. The BMF also runs fundraising campaigns to generate funds for specific items or projects as requested by the British Museum.

The overall strategy of the BMF is to increase the level of support to the British Museum, through increasing member numbers and income, whilst providing an excellent quality of service to all Members.

Achievements and Performance

2019/20 was a good year for The British Museum Friends. BMF granted the Museum £4.3m (including restricted grants) this year. The success of the Citi exhibition *Manga* resulted in higher than average recruitment of Under 26 Members, and the BP exhibition *Troy: myth and reality* contributed to excellent recruitment rates for the second half of the year. Expansion of the Member event programme and improvements in communications have also delivered high retention rates.

Achievement and Performance Against Objectives

The BMF has performed well against the objectives set out in last year’s report.

- Reviewing our digital offering for Members

The Membership team undertook a thorough review of our email marketing communications in 2019/20 and we have made changes to our approach based on our findings. While previously emails had focussed on promoting events, now the focus is on sharing content and ensuring the email itself is of value. We have seen an increase in open and click rates since making this change and will continue to build on this progress in 2020/21.

- Reviewing our print communications, including the *British Museum Magazine* to ensure our programme of mailings is sustainable while meeting the needs of Members

In 2019/20 the team conducted a large-scale survey of Members to understand where they get information about the Museum from and spoke at length with the British Museum Friends Advisory Council about printed communications. While Members want the Museum to be environmentally responsible, they also enjoy printed communications and feel that it is important that they continue. The *British Museum Magazine* is now sent in biodegradable and compostable potato starch wrap not plastic, and the paper used for mailings is FSC certified using wood from well-managed forests. Our mailing house carbon balance all the paper we use for mailings and our key suppliers are Chain of Custody certified.

- Ensuring the Members’ Room continues to act as a valued part of the Membership offering

Traffic into the Members Room increased by 6% in 2019/20, with the third highest annual visits since the improved Members’ Room opened in 2012 (with only 2013, when the *Pompeii* exhibition was open,

and 2017, when *Hokusai* was open, having higher visitation). Despite an increase in traffic, Member satisfaction with the Room remains high.

- Increasing the level of grant to the Museum, with a particular focus on securing donations and Gift Aid declarations

2019/20 was a successful year for the British Museum Friends in terms of income generated from charitable activities. £135,000 was generously donated by Members to create a fund in support of the Museum's Conservation Department. It was a good year for Gift Aid with over £700,000 accrued for the financial year.

- Continuing the growth of membership activities in line with our strategy.

The British Museum Friends finished the year with over 75,000 Members. This is ahead of strategy and is in large part due to higher than forecast retention rates.

Plans for Future Periods

For 2020/21 we will need to review our activities in light of the inevitable impact of the COVID-19 pandemic. At this stage it is impossible to know what the scale of that impact will be. However, we plan to focus on deepening Member engagement with the Museum, through improved communications and a refined events programme.

Key priorities for the forthcoming financial year are:

- Understanding and responding to the impact of the COVID-19 pandemic: during the Museum's closure the Membership team has expanded communications with Members and will review what level remains appropriate once the Museum reopens. On reopening we will focus on maintaining a strong and safe offer to Members to ensure their uninterrupted support.
- Reviewing our communications, with a particular focus on improving digital opportunities to engage with the Museum
- Ensuring the Member events programme is a valued part of the Membership offering, accessible by as many Members as possible
- Maximising the level of grant to the Museum, with a focus on securing donations and Gift Aid declarations
- Continuing the growth of membership activities in line with our strategy.

Grants

Grants totalling £4.3m million were awarded to the British Museum in 2019/20, of which £4.1 million was unrestricted and supports the British Museum in general. This compares to a total of £2.3 million in 2018/19, of which £2.1 million was unrestricted.

Restricted grants made during the year included:

Contribution towards the Museum's work in preserving the collection (£135k)
Contribution towards the Museum's work in the Middle East or Central Asia (£22k)

Restricted grants for the prior financial year included £180k towards the Museum's work in the Middle East or Central Asia, and £12k towards the Townley Research Fund.

Public Benefit

In setting the BMF's objectives and planning its activities, 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 Charity Commission.

The Trustees demonstrate this through making grants to the British Museum for new acquisitions for the collection, research, and other projects, which will benefit not just Members but also the general public in deepening our understanding of the cultures of the world. The Trustees also deliver public benefit by providing the opportunity for all visitors to the British Museum to become a Member at cost-effective rates; and by providing a set of valued benefits to Members of the BMF (particularly engagement with, and increased accessibility to, the Museum and its collection).

Fundraising

The BMF is registered with the Fundraising Regulator and works according to the Fundraising Promise. No agents are used for fundraising and the staff involved in fundraising are subject to the British Museum Code of Conduct. The BMF has a number of feedback channels and responds to questions from its supporters.

Auditors

Kingston Smith LLP changed their name to Moore Kingston Smith LLP in September 2019 and have accordingly signed their report in their new name. They have expressed their willingness to continue in office and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Disclosure of Information to Auditors

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

Financial Review

Income and Expenditure (Excluding Grants)

Total incoming resources of £5.5 million were generated this year, a decrease of £0.2 million or 4% compared with 2018/19. Income from charitable activities was 7% higher at £5.1 million. Donations and legacies were lower than 2018/19 at £0.4m, due to a reduction of significant legacies bequeathed to BMF.

The BMF incurred expenditure (excluding grants and exceptional item) of £1.6 million in the year, an increase of 4% compared to 2018/19.

Balance Sheet

Total funds at 31 March 2020 were £1.8 million, all of which were unrestricted and held as current assets. The cash position remains satisfactory.

Reserves Policy

The reserves policy is to retain three to six months' expenditure (excluding grants and exceptional item), to provide financial stability and to act as a safeguard against unforeseen expenditure and lower than expected income. This represents £0.4m - £0.8m, based on current year expenditure figures. As at 31 March 2020, the BMF held general reserves of £1.8 million, which is in excess of the amount required by the policy.

Small Companies Exemption

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.



Sir Richard Lambert
Chair
The British Museum Friends
2 July 2020

Independent Auditor's Report to the Members of the British Museum Friends

We have audited the financial statements of The British Museum Friends ('the company') for the year ended 31 March 2020, which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of 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 Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on Which We Are Required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 an auditor's report that includes our 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

Moore Kingston Smith LLP

8 July 2020

James Cross (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP,
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Statement of Trustees' Responsibilities

The Trustees (who are also directors of The British Museum Friends for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with United Kingdom Accounting Standards and applicable laws (FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Companies Act 2006).

Company law requires trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charitable company and of its income and expenditure for the financial year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice applies and has been followed, subject to any material departures which are explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Financial Activities (Including Income and Expenditure Account) for the Year Ended 31 March 2020

	Note	Unrestricted Funds 2020 £'000	Restricted Funds 2020 £'000	TOTAL 2020 £'000	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	TOTAL 2019 £'000
Income from:							
Donations and legacies	2	196	164	360	765	194	959
Charitable activities	3	5,090	-	5,090	4,746	-	4,746
Investments	4	11	-	11	8	-	8
Total		5,297	164	5,461	5,519	194	5,713
Expenditure on:							
Raising funds	5	8	-	8	2	-	2
Charitable activities:							
Members' activities	6	1,560	-	1,560	1,500	-	1,500
Grant making	8	4,100	164	4,264	2,100	194	2,294
Exceptional item	9	-	-	-	1,862	-	1,862
Total		5,668	164	5,832	5,464	194	5,658
Net income / (expenditure)		(371)	-	(371)	55	-	55
Transfers between funds	14	-	-	-	-	-	-
Net movement in funds		(371)	-	(371)	55	-	55
Reconciliation of funds:							
Total funds brought forward	14	2,180	-	2,180	2,125	-	2,125
Total funds carried forward	14	1,809	-	1,809	2,180	-	2,180

All activities are derived from continuing operations.
 The Statement of Financial Activities contains all gains and losses in the year.
 The notes on pages 15 to 23 form part of these accounts.

Balance Sheet as at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	10	610	-
		<u>610</u>	<u>-</u>
Current assets			
Debtors	11	903	2,165
Investments	12	-	605
Cash at bank and in hand		1,025	1,972
		<u>1,928</u>	<u>4,742</u>
Liabilities			
Creditors: amounts falling due within one year	13	(682)	(2,512)
		<u>1,246</u>	<u>2,230</u>
Net current assets			
		<u>1,856</u>	<u>2,230</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	14	(47)	(50)
		<u>1,809</u>	<u>2,180</u>
Total net assets			
Represented by:			
Restricted funds	15-16	-	-
Unrestricted funds	15-16	1,809	2,180
		<u>1,809</u>	<u>2,180</u>
Total charity funds			

The notes on pages 15 to 23 form part of these accounts.

These financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies, the Statement of Recommended Practice, Accounting & Reporting by Charities (SORP FRS 102), and applicable accounting standards.

The financial statements were approved at a Board meeting on 2 July 2020 and signed on its behalf by:



Sir Richard Lambert – Chair

Notes to the Accounts for the Year Ended 31 March 2020

1. Accounting Policies

Basis of Accounting

The financial statements comply with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (Charities SORP (FRS 102)); and the Companies Act 2006. The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis, after consideration of possible events or conditions that might cast significant doubt on the ability of the BMF to continue as a going concern. The occurrence of COVID-19, which has expanded post year end, is a global threat, however in the opinion of the Trustees it is not considered an event subsequent to the balance sheet date with a material effect on these financial statements. However its impact is under review and the Trustees will make appropriate decisions in the light of this.

At this time the Trustees have a reasonable expectation that the organisation has adequate cash resources available, to finance its operations and meet its obligations as they fall due for a period of not less than twelve months following the date of approval of the financial statements. Accordingly they have continued to adopt the going concern basis in the preparation of the financial statements.

The principal accounting policies adopted in the preparation of the financial statements are as follows:

a) Income

In general, income is accounted for when a transaction or other event results in an increase in the BMF's assets or a reduction in its liabilities.

Subscriptions are recognised on a receipts basis. Life subscriptions are recognised in the Statement of Financial Activities (SOFA) over the expected length of lifetime membership. The balance not recognised in the current year is treated as deferred income.

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

Income from 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.

Catering income is recognised based on the net profit generated during the year by the catering provider. Any catering losses are recognised as costs incurred during the year.

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.

b) Expenditure

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. Resources expended are classified in the SOFA under the principal categories of expenditure on raising funds and on charitable activities.

Costs of raising funds are those incurred in seeking voluntary contributions for the BMF. Costs of charitable activities are those incurred in supporting the membership and include the governance costs incurred to ensure compliance with constitutional and statutory requirements. Support costs are assigned to the SOFA headings in the same proportion as directly attributable staff costs.

c) Fixed Assets and Depreciation

Tangible assets with an economic life of more than one year and value greater than £5,000 are capitalised. Depreciation is provided on these tangible assets, at rates calculated to write off the value of each asset evenly over its expected useful economic life (see below) with no residual value assumed.

- Furniture, fit out and equipment – 2 to 20 years

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

No assets of a depreciating nature are currently held.

d) Investments

All investments are stated at fair value at year end. 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 SOFA includes any realised and unrealised investment gains and losses arising on revaluation and disposals throughout the year.

Investments that are intended to produce a return, but which are placed in deposits of less than six months' duration, are treated as current assets. All other investments, which are intended to produce a long-term return and not intended to be spent within the next year, are treated as fixed assets.

e) Irrecoverable VAT

Irrecoverable VAT is treated as a support cost and is apportioned over the activities of the BMF as described in note 6.

f) Grants

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 attached to payment that limit recognition.

g) Funds Structure

The BMF has the following categories of funds:

- Unrestricted funds: these are available for use at the discretion of the Trustees in furtherance of the general objectives of the BMF. These include designated funds, which are set aside at the discretion of the Trustees for specific purposes;
- Restricted funds: these funds are subject to specific restrictions imposed by donors.

The major funds comprising each category, the summary results for the year and a description of the movements between the funds are set out in Note 14.

h) Financial Instruments

The BMF only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Significant Judgements and Estimates

All judgements applied in preparing the financial statements are disclosed in the accounting policies above. No material estimates have been applied.

Disclosure Exemptions

As a qualifying subsidiary of the British Museum, the BMF has taken advantage of some of the disclosure exemptions available under FRS 102. These are:

- A statement of cash flows;
- Detailed disclosures relating to financial instruments (equivalent disclosures are included in the Museum's consolidated accounts); and
- Disclosure of total remuneration of key management personnel (reference is made in note 6e to the equivalent disclosures included in the consolidated accounts)

The British Museum's consolidated financial statements are available to view at:
http://www.britishmuseum.org/about_us/management/annual_reports_and_accounts.aspx.

2. Donations and Legacies

	2020 £'000	2019 £'000
Unrestricted		
Legacies	142	740
Donations	54	25
Total unrestricted	<u>196</u>	<u>765</u>
Restricted		
Legacies	22	180
Preserving the collection	135	-
Iraq scheme	4	1
Townley	2	12
Others	1	1
Total restricted	<u>164</u>	<u>194</u>
Total unrestricted and restricted	<u><u>360</u></u>	<u><u>959</u></u>

3. Charitable Activities

	2020 £'000	2019 £'000
Membership subscriptions	4,687	4,434
Paid events and catering	286	199
Publications	117	113
	<u>5,090</u>	<u>4,746</u>

4. Investments

	2020	2019
	£'000	£'000
Interest income receivable	<u>11</u>	<u>8</u>

5. Cost of Raising Funds

	2020	2019
	£'000	£'000
Fundraising costs	<u>8</u>	<u>2</u>

6. Members' Activities

	Directly attributable costs		Support Costs	Total	Total
	Staff £'000	Others £'000	Note 6 (a) £'000	2020 £'000	2019 £'000
Member promotion	202	26	62	290	241
Membership services	331	324	102	757	721
Paid events and catering	122	181	37	340	367
Publications	28	136	9	173	171
	<u>683</u>	<u>667</u>	<u>210</u>	<u>1,560</u>	<u>1,500</u>

6. (a) Support Costs

	2020	2019
	£'000	£'000
External audit fee		
Current year	8	8
Underprovision in previous year	4	-
Non-audit services provided by the auditor	-	-
Council expenses	1	-
Directors', officers' and trustees' liability insurance	1	1
Total governance costs	<u>14</u>	<u>9</u>
Staff costs	63	66
Other non-staff costs	133	65
	<u>210</u>	<u>140</u>

Support costs have been allocated to charitable activities in the same proportion as directly attributable staff costs.

6. (b) Staff Costs

	2020	2019
	£'000	£'000
Wages and salaries	423	415
Social security costs	43	43
Pension costs	101	74
Agency staff costs	179	168
	<u>746</u>	<u>700</u>

Permanent staff are employed by the British Museum, who recharge these costs to the BMF. Agency staff are contracted directly by the BMF.

6. (c) The average staff head count during 2019/20 was 14.11 (2018/19: 14.22). Including agency staff, 21.32 full time equivalent employees were employed in 2019/20 (2018/19: 22.49 FTE).

6. (d) No employees received employee benefits (excluding employer pension costs) of more than £60,000 (2018/19: 0).

6. (e) The British Museum employs senior management that oversees the BMF. Remuneration of the British Museum's key management personnel is disclosed in their financial statements, available to view at: http://www.britishmuseum.org/about_us/management/annual_reports_and_accounts.aspx

7. Trustees

The Trustees neither received nor waived any emoluments or other benefits from the BMF in the year (2018/19: £0).

All Trustees are entitled to reimbursement for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2019/20, no travel and subsistence expenses were paid to Trustees or directly to third parties on their behalf (2018/19: £0).

During the year, the BMF purchased charity trustees' liability insurance at a premium of £1,420 (2018/19: £1,419).

8. Grant Making

	2020	2019
	£'000	£'000
Unrestricted donation	4,100	2,100
Restricted donation	164	194
Total grants	<u>4,264</u>	<u>2,294</u>

All grants were made to the British Museum. Details of grants can be found on page 6.

9. Exceptional Item

	2020	2019
	£'000	£'000
Revised VAT treatment of membership subscriptions	<u>-</u>	<u>1,862</u>

The exceptional item expenditure incurred in 2018/19 was in relation to tax changes resulting from an HM Revenue & Customs ruling. The BMF has appealed the ruling, but as the full amount was paid in April 2019 it was recognised in the 2018/19 accounts.

10. Investments

	2020	2019
	£'000	£'000
Fixed asset investments	<u>610</u>	<u>-</u>

11. Debtors

	2020	2019
	£'000	£'000
Trade debtors	98	57
Less: Provision for bad debts	<u>(23)</u>	<u>(10)</u>
	75	47
Other debtors:		
The British Museum	104	6
The British Museum Company	4	9
HM Revenue & Customs	708	1,369
Prepayments and accrued income	12	734
	<u>903</u>	<u>2,165</u>

12. Investments

	2020	2019
	£'000	£'000
Current investments	<u>-</u>	<u>605</u>

13. Creditors: Amounts Falling Due Within One Year

	Note	2020 £'000	2019 £'000
Trade creditors		9	17
The British Museum		438	249
The British Museum Company		-	-
HM Revenue & Customs	9, 12 (a)	132	2,127
Accruals, deferred income and others		103	119
		<u>682</u>	<u>2,512</u>

13. (a) The HM Revenue & Customs (HMRC) creditor in 2018/19 included additional VAT payable to HMRC at year-end in respect of rulings made on the VAT treatment of membership subscriptions.

14. Creditors: Amounts Falling Due After More Than One Year

	2020 £'000	2019 £'000
Deferred income	<u>47</u>	<u>50</u>

14. (a) Deferred Income

Deferred income falling due within one year relates to ticket sales for 2020/21 events as shown in Note 12. Deferred income falling due after more than one year relates to life membership fees, which are recognised over the expected length of the lifetime memberships.

The movement on the deferred income account for deferred income falling due within one year and after more than one year is as follows:

	Total 2020 £'000	Total 2019 £'000
Deferred income brought forward	82	75
Released in year	22	(21)
Deferred in year	<u>(27)</u>	<u>28</u>
Deferred income carried forward	<u>77</u>	<u>82</u>

15. Funds

	At 1 April 2018 £'000	Incoming resources 2018/19 £'000	Resources expended 2018/19 £'000	At 1 April 2019 £'000	Incoming resources 2019/20 £'000	Resources expended 2019/20 £'000	At 31 March 2020 £'000
Unrestricted Funds	2,125	5,519	(5,464)	2,180	5,297	(5,668)	1,809
Restricted Funds:							
Legacies	1 -	180	(180)	-	22	(22)	-
Preserving the collection	2 -	-	-	-	135	(135)	-
Iraq scheme	3 -	1	(1)	-	4	(4)	-
Townley	4 -	12	(12)	-	2	(2)	-
Others	-	1	(1)	-	1	(1)	-
	<u>-</u>	<u>194</u>	<u>(194)</u>	<u>-</u>	<u>164</u>	<u>(164)</u>	<u>-</u>
	<u>2,125</u>	<u>5,713</u>	<u>(5,658)</u>	<u>2,180</u>	<u>5,461</u>	<u>(5,832)</u>	<u>1,809</u>

- 1 The restricted legacy was accrued for the further excavation and development of the history of human civilisation in the middle east or central Asia.
- 2 The 2019/20 Preserving the collection appeal was set up to fund vital conservation projects at the Museum
- 3 The 2017/18 Iraq appeal was set up to advance the study of ancient civilisations in Iraq.
- 4 The Townley Research Fund was set up to support research in the Museum.

16. Analysis of Net Assets Between Funds

	Unrestricted funds 2020	Restricted funds 2020	Total 2020	Unrestricted funds 2019	Restricted funds 2019	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Current assets	2,374	164	2,538	4,548	194	4,742
Creditors	(565)	(164)	(729)	(2,368)	(194)	(2,562)
	1,809	-	1,809	2,180	-	2,180

17. Member's Liability

The charity is a company limited by guarantee and has no share capital. The liability of the Member in the event of winding-up is limited to £1.

18. Related Party Transactions

The financial statements of the BMF are consolidated into the British Museum's group financial statements (available to view at: <https://www.britishmuseum.org/about-us/governance>).

In line with paragraph 33.1A of FRS 102, the BMF, as a wholly owned subsidiary of the British Museum, is not required to disclose transactions with other wholly owned members of the group headed by the Trustees of the British Museum.

There were no other transactions with related parties during the year requiring disclosure.

A number of employees of the British Museum, Trustees and co-opted members of Board Committees and their family members, and members of the BMF Advisory Council, are members of the BMF.

Trustees and employees of the BMF and the British Museum are entitled to discounts on purchases from the Museum's shops and cafes.