

THE
BRITISH
MUSEUM
FRIENDS

Annual Report and Financial Statements
for the year ended 31 March 2017

Contents

	Page
Trustees	3
Auditors, Registered Office, Bankers, Company Secretary	3
Structure, Governance and Management	4
Achievements and Performance	5
Plans for Future Periods	6
Grants	6
Public Benefit	6
Auditors	7
Disclosure of Information to Auditors	7
Financial Review	8
Independent Auditor's Report to the Members	9
Statement of Trustees' Responsibilities	11
Statement of Financial Activities	12
Balance Sheet	13
Notes to the accounts	14

Trustees

Sir Richard Lambert (Chair)
Ms Karen Armstrong OBE (retired 02/10/16)
The Hon Nigel Boardman (reappointed 01/01/17)
Ms Cheryl Carolus (reappointed 19/06/16)
Ms Elizabeth Corley CBE (appointed 2/10/16)
Miss Patricia Cumper MBE
Ms Clarissa Farr (appointed 02/10/16)
Dame Liz Forgan DBE FBA (retired 02/10/16)
Professor Clive Gamble
Ms Muriel Gray
Ms Wasfi Kani OBE
Professor Nicola Lacey FBA
Lord Lupton CBE (reappointed 02/06/16)
Sir Deryck Maughan
Mr John Micklethwait CBE
Sir Paul Nurse FRS (reappointed 28/09/16)
Mr Gavin Patterson (reappointed 02/06/16)
Mr Grayson Perry CBE RA
Sir Paul Ruddock (appointed 02/10/16)
Lord Sassoon
Professor Amartya Sen
Dame Nemat (Minouche) Shafik
Ms Ahdaf Soueif (reappointed 02/06/16)
Lord Stern of Brentford PBA (retired 02/10/16)
Lord Turner of Ecchinswell FRS
Baroness Wheatcroft of Blackheath

Auditors

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

Registered Office

The British Museum Friends
Great Russell Street
London WC1B 3DG

Telephone +44(0)20 7323 8195
Facsimile +44(0)20 7323 8985
friends@britishmuseum.org

Bankers

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

CAF Bank
25 Kings Hill Avenue
West Malling
Kent ME19 4LQ

Bank of Scotland
PO Box 545
Faryners House
25 Monument Street
London EC2R 8BQ

Company Secretary

Tony Doubleday
British Museum
Great Russell Street
London WC1B 3DG

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 plan 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.

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

2016/17 has been another positive year for the BMF, with stability across our Membership numbers and income. It has been a particularly successful year for our fundraising activity, with Members donating generously to assist the Museum with specific initiatives.

Achievement and performance against objectives

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

- Learning more about how our Members currently engage with the Museum (both on-site and online)

In 2016/17 the British Museum Friends began exploring visit patterns to exhibitions and the Members' Room to ensure any future plans take into account how Members use their benefits.

- Adapting our communications programme to reflect an enhanced knowledge of our Members' behaviours and preferences

We are increasingly using feedback from Members to inform decisions about the contents of our communications, and also the structure of our wider programme.

We have been pleased to see that improvements in our communications have allowed us to maintain excellent retention rates across all Membership categories.

- Ensuring the Membership Office continues to deliver excellent customer service for all Members, with a particular focus on improving digital systems

Progress has been made in 2016/17 to improve the experience for Members booking events or making purchases online. This year much of this work has taken place “behind the scenes”, but improvements in our systems will be rolled out to Members in 2017/18 and we expect to see further improvement in satisfaction levels as a result.

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

Once again, it has been a successful year for fundraising, with over £0.2m of donations. Members helped the Museum to acquire a portable digital microscope. This non-invasive, state-of-the-art technology is a remarkable addition for the Department of Scientific Research.

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

In 2015/16 the Museum's Board of Trustees approved a revised strategy for Membership, which focused on increasing the level of grant to the Museum. We are pleased that in 2016/17 we have managed to increase the grant awarded to the Museum, in large part because excellent retention rates have been maintained.

Plans for Future Periods

For 2017/18 our primary focus will once again be on maintaining a high level of satisfaction from the current Membership body. We hope to do this through further development of Member communications and our exclusive events programme. We will seek to ensure that we are also maximising support for the work of the Museum.

Key priorities for the forthcoming (2017/18) financial year are:

- Continuing to adapt and improve our communications and event programming
- Ensuring the Membership Office continues to deliver excellent customer service for all Members
- Increasing the level of grant to the Museum, with a particular focus on securing donations and Gift Aid declarations
- Continuing the growth of membership activities in line with our strategy

Grants

Grants totalling £3.8m million were awarded to the British Museum in 2016/17, of which £3.7 million was unrestricted and supports the British Museum in general. This compares to a total of £3.3 million in 2015/16, of which £3.2 million was unrestricted. A further grant will be made in 2017/18 to reduce the BMF's reserves figure.

Other grants made during the year were:

Contribution towards the Museum's purchase of a microscope (£113k)
Contribution towards the Museum's purchase of the Stoney Waterloo album (£4k)
Contribution to the Townley Research Fund (£13k)

Other grants for the prior financial year included £103k towards the purchase of the Stoney Waterloo Album, £8k towards the Museum's International training programme, and £24k 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.

They 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).

Auditors

Kingston Smith LLP, having expressed their willingness to continue in office, 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 £5.2 million were generated this year, increasing by £0.2 million or 5% compared with 2015/16. Income from charitable activities was 4% higher at £4.9 million, supported by increased retention rates. Donations and legacies remained consistent at £0.2m, owing to a successful fundraising campaign for the acquisition of a microscope and increased legacy receipts from donors.

The BMF incurred expenditure (excluding grants) of £1.5 million in the year, which is a £0.2 million increase from 2015/16.

Balance Sheet

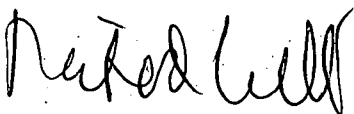
Total funds at 31 March 2017 were £1.7 million, the majority of which were unrestricted and held as current assets. The cash position remains satisfactory.

Reserves Policy

The reserves policy is to retain three to six months' expenditure (excluding grants), 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 2017, the BMF held general reserves of £1.7 million, which is in excess of the amount required by the policy. As such, the BMF plan to make another grant to the Museum 2017/18.

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
6 July 2017

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

We have audited the financial statements of The British Museum Friends for the year ended 31 March 2017, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 'The Financial Reporting Standards Applicable in the UK and Ireland'.

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities, set out on page 11, 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

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

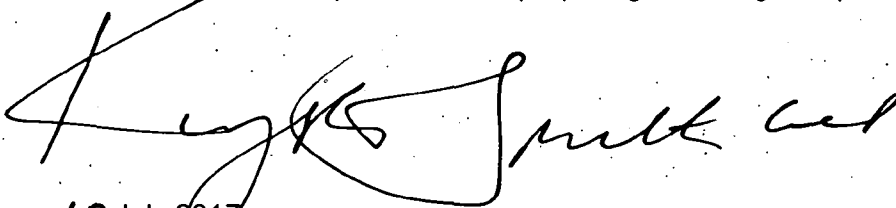
- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

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.



10 July 2017

Nicholas Brooks (Senior Statutory Auditor)
for and on behalf of 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 net resource outturn, application of resources, changes in funds and cash flows 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 2017

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	TOTAL 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	TOTAL 2016 £
Income from:							
Donations and legacies	2	90,199	129,438	219,637	53,593	135,494	189,087
Charitable activities	3	4,928,596	-	4,928,596	4,724,537	-	4,724,537
Investments	4	7,449	-	7,449	8,615	-	8,615
Total		5,026,244	129,438	5,155,682	4,786,745	135,494	4,922,239
Expenditure on:							
Raising funds	5	20,877	-	20,877	16,972	-	16,972
Charitable activities:							
Members' activities	6	1,509,088	-	1,509,088	1,309,781	-	1,309,781
Grant making	8	3,700,000	129,438	3,829,438	3,200,000	135,494	3,335,494
Total		5,229,965	129,438	5,359,403	4,526,753	135,494	4,662,247
Net income / (expenditure)		(203,721)	-	(203,721)	259,992	-	259,992
Transfers between funds	14	-	-	-	-	-	-
Net movement in funds		(203,721)	-	(203,721)	259,992	-	259,992
Reconciliation of funds:							
Total funds brought forward	14	1,894,373	-	1,894,373	1,634,381	-	1,634,381
Total funds carried forward	14	1,690,652	-	1,690,652	1,894,373	-	1,894,373

All activities are derived from continuing operations.
 The Statement of Financial Activities contains all gains and losses in the year.
 The notes on pages 14 to 23 form part of these accounts.

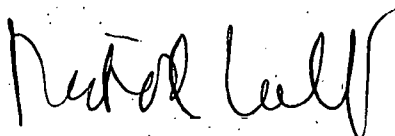
Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	9	1,280	1,280
		<u>1,280</u>	<u>1,280</u>
Current assets			
Debtors	10	1,385,640	1,726,911
Investments	11	608,686	603,845
Cash at bank and in hand		307,966	177,888
		<u>2,302,292</u>	<u>2,508,644</u>
Liabilities			
Creditors: amounts falling due within one year	12	(552,804)	(550,506)
		<u>1,749,488</u>	<u>1,958,138</u>
Net current assets			
		<u>1,750,768</u>	<u>1,959,418</u>
Total assets less current liabilities			
		<u>1,750,768</u>	<u>1,959,418</u>
Creditors: amounts falling due after more than one year	13	(60,116)	(65,045)
		<u>1,690,652</u>	<u>1,894,373</u>
Total net assets / (liabilities)			
		<u>1,690,652</u>	<u>1,894,373</u>
Represented by:			
Restricted funds	14/15	-	-
Unrestricted funds	14/15	1,690,652	1,894,373
		<u>1,690,652</u>	<u>1,894,373</u>
Total charity funds			
		<u>1,690,652</u>	<u>1,894,373</u>

The notes on pages 14 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 6 July 2017 and signed on its behalf by:



Sir Richard Lambert – Chair

Notes to the accounts for the year ended 31 March 2017

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 Trustees have a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future.

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

Artefacts of an appreciating nature are included in the financial statements at open market valuation, as initially determined by a professional valuer. They are not depreciated as their residual values are not materially different from the carrying values included in the accounts. All other 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. A full year of depreciation is charged in the year of acquisition and no depreciation is given in the year of disposal.

- Furniture fit out and equipment – 1 to 20 years

No assets of a depreciating nature are currently held.

d) Irrecoverable VAT

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

e) 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.

f) 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.

g) 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

	2017 £	2016 £
Unrestricted	<u>90,199</u>	<u>53,593</u>
Restricted		
Stoney Waterloo	3,649	103,218
International training programme	-	8,328
Microscope	113,089	-
Townley	12,700	23,658
WCEC	-	290
Total restricted	<u>129,438</u>	<u>135,494</u>
Total unrestricted and restricted	<u><u>219,637</u></u>	<u><u>189,087</u></u>

3. Charitable activities

	2017 £	2016 £
Membership subscriptions	4,605,928	4,448,064
Paid events and catering	224,245	188,074
Publications	98,423	86,836
Others	-	1,563
	<u><u>4,928,596</u></u>	<u><u>4,724,537</u></u>

4. Investments

	2017 £	2016 £
Interest income receivable	<u><u>7,449</u></u>	<u><u>8,615</u></u>

5. Cost of raising funds

	2017 £	2016 £
Fundraising costs	<u>20,877</u>	<u>16,972</u>

6. Members' activities

	Directly attributable costs		Support Costs	Total	Total
	Staff £	Others £	(Note 6a) £	2017 £	2016 £
Member promotion	163,944	42,850	50,560	257,354	216,147
Membership services	294,407	415,787	90,796	800,990	634,793
Paid events and catering	111,275	145,181	34,317	290,773	302,275
Publications	26,791	124,918	8,262	159,971	156,566
	<u>596,417</u>	<u>728,736</u>	<u>183,935</u>	<u>1,509,088</u>	<u>1,309,781</u>

6 (a) Support costs

	2017 £	2016 £
Professional services	340	3,350
External audit fee	8,300	8,300
Council expenses	153	212
Directors', officers' and trustees' liability insurance	1,169	1,030
Total governance costs	<u>9,962</u>	<u>12,892</u>
Staff costs	70,553	52,613
Other non-staff costs	103,420	97,989
	<u>183,935</u>	<u>163,494</u>

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

6 (b) Staff Costs

	2017 £	2016 £
Wages and salaries	352,033	340,322
Social security costs	34,239	24,837
Pension costs	70,706	66,180
Agency staff costs	209,992	153,263
	<u>666,970</u>	<u>584,602</u>

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

6 (c) The average staff head count during 2016/17 was 12.5 (2015/16: 13). Including agency staff, 19.15 full time equivalent employees were employed in 2016/17 (2015/16: 19.16 FTE).

6 (d) No employees received employee benefits (excluding employer pension costs) of more than £60,000 (2015/16: 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 or the British Museum in the year (2015/16: £0).

All Trustees are entitled to reimbursement for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2016/17, no travel and subsistence expenses were paid to Trustees or directly to third parties on their behalf (2015/16: £0).

During the year, the BMF purchased charity trustees' liability insurance at a premium of £1,169 (2015/16: £1,030).

8. Grant making

	2017 £	2016 £
Unrestricted donation	3,700,000	3,200,000
Restricted donation	129,438	135,494
Total grants	<u>3,829,438</u>	<u>3,335,494</u>

All grants were made to the British Museum. Details of the current year grants can be found on page 6. In the prior year the most significant restricted grant was towards the purchase of the Stoney Waterloo album (£103,218).

9. Tangible fixed assets

	Furniture & effects of an appreciating nature £
Cost or valuation	
Balance brought forward at 1 April 2016	1,280
Additions	-
Disposals	-
At 31 March 2017	<u>1,280</u>
Depreciation	
Balance brought forward at 1 April 2016	-
Disposals	-
Charge for the year	-
At 31 March 2017	<u>-</u>
Net book value	
At 31 March 2017	<u>1,280</u>
At 31 March 2016	<u>1,280</u>

Assets of an appreciating nature are legacy items received in prior years and are valued as explained in Note 1.

10. Debtors

	2017 £	2016 £
Trade debtors	22,883	153,870
Less: Provision for bad debts	<u>(7,210)</u>	<u>(8,279)</u>
	15,673	145,591
Other debtors:		
The British Museum	60,849	84,445
The British Museum Company	2,720	10,733
HM Revenue & Customs	1,274,165	1,458,941
Prepayments and accrued income	32,233	27,201
	<u>1,385,640</u>	<u>1,726,911</u>

11. Investments

	2017 £	2016 £
Current asset investments	<u>608,686</u>	<u>603,845</u>

12. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	60,478	75,734
The British Museum	395,048	373,196
The British Museum Company	2,056	1,117
Accruals, deferred income and others	95,222	100,459
	<u>552,804</u>	<u>550,506</u>

13. Creditors: Amounts falling due after more than one year

	2017	2016
	£	£
Deferred income	<u>60,116</u>	<u>65,045</u>

13 a) Deferred income

Deferred income falling due within one year relates to ticket sales for 2017/18 events. 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 is as follows:

	2017	2016
	£	£
Deferred income brought forward	92,520	94,921
Released in year	(28,563)	(26,190)
Deferred in year	15,917	23,789
Deferred income carried forward	<u>79,874</u>	<u>92,520</u>

14. Funds

	Balances brought forward at 01/04/16 £	Incoming resources 2016/17 £	Resources expended 2016/17 £	Transfers between funds 2016/17 £	Balances carried forward at 31/3/17 £	Balances brought forward at 01/04/15 £	Incoming resources 2015/16 £	Resources expended 2015/16 £	Transfers between funds 2015/16 £	Balances carried forward at 31/3/16 £
Unrestricted Funds*	1,894,373	5,026,244	(5,229,965)	-	1,690,652	1,634,381	4,786,745	(4,526,753)	-	1,894,373
Restricted Funds:										
Stoney Waterloo	1	3,649	(3,649)	-	-	-	103,218	(103,218)	-	-
International Training Programme	2	-	-	-	-	-	8,328	(8,328)	-	-
Townley	3	-	12,700	-	-	-	23,658	(23,658)	-	-
Microscope	4	-	113,089	-	-	-	-	-	-	-
Other	5	-	-	-	-	-	290	(290)	-	-
		129,438	(129,438)	-	-	-	135,494	(135,494)	-	-
	1,894,373	5,155,682	(5,359,403)	-	1,690,652	1,634,381	4,922,239	(4,662,247)	-	1,894,373

* Unrestricted funds include designated funds of £1,280 (£1,280 at 31/03/16 & 01/04/16. £1,540 at 31/03/15 and 01/04/15), currently held as tangible fixed assets.

- 1 The Stoney Waterloo appeal was set up to fund the purchase of the Stoney Waterloo album.
- 2 The 2014/15 membership appeal was set up to fund international training programmes run by the Museum.
- 3 The Townley Research Fund was set up to support research in the Museum.
- 4 The 2016/17 membership appeal raised funds to purchase a microscope.
- 5 Includes a membership appeal to support the construction of the World Conservation and Exhibitions Centre (WCEC).

15. Analysis of net assets between funds

	Unrestricted funds 2017	Restricted funds 2017	Total 2017	Unrestricted funds 2016	Restricted funds 2016	Total 2016
	£	£	£	£	£	£
Tangible assets	1,280	-	1,280	1,280	-	1,280
Current assets	2,172,854	129,438	2,302,292	2,373,150	135,494	2,508,644
Creditors	(483,482)	(129,438)	(612,920)	(480,057)	(135,494)	(615,551)
	1,690,652	-	1,690,652	1,894,373	-	1,894,373

16. 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.

17. Related party transactions

The financial statements of the BMF are consolidated into the British Museum's group financial statements (available to view at: http://www.britishmuseum.org/about_us/management/annual_reports_and_accounts.aspx). The following transactions were made in the year between BMF and the British Museum, and between BMF and the British Museum Company, a wholly owned subsidiary of the British Museum.

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2017 £	Expenditure for the year ended 31 March 2017 £	Debtor balance as at 31 March 2017 £	Creditor balance as at 31 March 2017 £
The British Museum	The Trustees of the BM are also the Trustees and the company law directors of the BMF.	Charitable Activities (Members' Activities)	155	(619,348)	60,849	(265,609)
		Charitable Activities (Grant Making)	-	(3,829,438)	-	(129,438)
The British Museum Company Limited	The British Museum Company is wholly owned by the Trustees of the British Museum. The Museum's Trustees are also the Trustees and company law Directors of the BMF.	Charitable Activities (Members' Activities)	35,195	(9,352)	2,720	(2,056)

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

A number of 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.