



**Annual Report and Financial Statements
for the year ended 31 March 2018**

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Trustees

Sir Richard Lambert (Chair)
The Hon. Nigel Boardman
Ms Cheryl Carolus
Ms Elizabeth Corley CBE
Ms Patricia Cumper MBE
Ms Clarissa Farr
Professor Clive Gamble FBA
Ms Muriel Gray
Ms Wasfi Kani OBE (retired 26 Sep 2017)
Professor Nicola Lacey CBE FBA
Lord Lupton CBE (retired 7 Jul 2017)
Sir Deryck Maughan
Mr John Micklethwait CBE
Sir Paul Nurse FRS
Mr Gavin Patterson
Mr Mark Pears CBE (appointed 7 Jul 2017)
Grayson Perry CBE RA
Sir Paul Ruddock
Lord Sassoon
Professor Amartya Sen CH FBA
Dame Nemat (Minouche) Shafik
Ms Ahdaf Soueif
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
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Bankers

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25 Kings Hill Avenue
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Bank of Scotland
PO Box 545
Faryners House
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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 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.

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

2017/18 was an excellent year for The British Museum Friends. The exceptional success of *Hokusai: beyond the Great Wave* saw Member numbers increase to over 76,000. In 2018/19 we will focus on retaining this new group of Members, and ensuring our activities are sustainable as our community grows.

Achievement and performance against objectives

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

- Continuing to adapt and improve our communications and event programming

We have continued to improve the quality of our communications and make sure Members don't miss out on any of their benefits. We will continue to expand this work in 2018/19, while ensuring we are compliant with changing Data Protection legislation (see plans for future periods).

- Ensuring the Members' Room is a valued addition to our Membership offering

Throughout 2017/18 the Members' Room has enjoyed high visitor numbers. We have continued to monitor and improve the Room to respond to this, including introducing a second food and drink service point upstairs during busy periods.

- Ensuring the Membership Office continues to deliver excellent customer service for all Members

The high volume of Member recruitment during *Hokusai: beyond the Great Wave* meant an increase in the number of emails, phone calls and letters to the Membership Office. Thanks to new systems, we were able to respond to all communications within our ideal timeframes, and to ensure a high level of retention.

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

This year Members were asked to donate towards the Museum's vital work in Iraq. This project particularly resonated with those concerned about the Museum's role beyond our Bloomsbury site, and raised £77k. We also undertook a Gift Aid campaign, and over 70% of Members have an active declaration. We will look to increase this percentage in 2018/19.

- Continuing the growth of membership activities in line with our 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 2017/18 we have recruited more Members than expected, and have in turn managed to increase the grant awarded to the Museum.

Plans for Future Periods

For 2018/19 we want to maintain a high level of satisfaction from the current Membership body, with a tailored strategy for the significant number of Members who joined in order to visit *Hokusai: beyond the Great Wave*. We hope to do this through improved technological systems, further development of Member communications and expansion of our exclusive events programme.

Key priorities for the forthcoming (2018/19) financial year are:

- Moving to a new online sales platform for the purchase and renewal of Membership, which will respond to feedback from Members and improve back office processes
- Ensuring that the activities of the Membership team are compliant with new Data Protection legislation
- Expanding our Membership events programme, to ensure we are offering a diverse and enticing programme
- Increasing the level of grant to the Museum, with a particular focus on securing donations and Gift Aid declarations
- Developing a new strategy for the sustainable growth of membership activities

Grants

Grants totalling £4.8m million were awarded to the British Museum in 2017/18, of which £4.4 million was unrestricted and supports the British Museum in general. This compares to a total of £3.8 million in 2016/17, of which £3.7 million was unrestricted.

Restricted grants made during the year were:

Contribution towards the Museum's work in the Middle East or Central Asia (£350k)
Contribution towards the Museum's work in Iraq (£77k)
Contribution to the Townley Research Fund (£14k)

Restricted grants for the prior financial year included £113k towards the purchase of a microscope, £4k towards the Museum's Stoney Waterloo Album, and £13k 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 £6.8 million were generated this year, increasing by £1.6 million or 31% compared with 2016/17. Income from charitable activities was 15% higher at £5.7 million, supported by increased Member numbers. Donations and legacies increased to £1.1m, owing to a significant legacy bequeathed to BMF.

The BMF incurred expenditure (excluding grants) of £1.5 million in the year, in line with 2016/17.

Balance Sheet

Total funds at 31 March 2018 were £2.1 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 - £0.7m, based on current year expenditure figures. As at 31 March 2018, the BMF held general reserves of £2.1 million, which is in excess of the amount required by the policy. As such, the BMF plan to make another grant to the Museum 2018/19.

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
5 July 2018

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 2018, 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 2018 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 have 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.

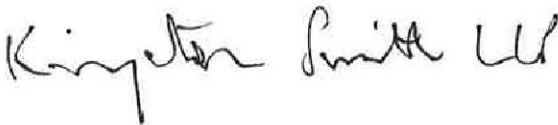
Auditor's responsibilities for the audit of the financial statements

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.



6 July 2018

James Cross (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 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 2018

Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	TOTAL 2018 £	Unrestricted Funds 2017 £	Restricted Funds 2017 £	TOTAL 2017 £
Income from:						
2 Donations and legacies	655,783	442,057	1,097,840	90,199	129,438	219,637
3 Charitable activities	5,652,414	-	5,652,414	4,928,596	-	4,928,596
4 Investments	3,937	-	3,937	7,449	-	7,449
Total	6,312,134	442,057	6,754,191	5,026,244	129,438	5,155,682
Expenditure on:						
5 Raising funds	14,391	-	14,391	20,877	-	20,877
Charitable activities:						
6 Members' activities	1,461,801	-	1,461,801	1,509,088	-	1,509,088
8 Grant making	4,400,000	443,246	4,843,246	3,700,000	129,438	3,829,438
Total	5,876,192	443,246	6,319,438	5,229,965	129,438	5,359,403
Net income / (expenditure)	435,942	(1,189)	434,753	(203,721)	-	(203,721)
Transfers between funds	14 (1,189)	1,189	-	-	-	-
Net movement in funds	434,753	-	434,753	(203,721)	-	(203,721)
Reconciliation of funds:						
Total funds brought forward	1,690,652	-	1,690,652	1,894,373	-	1,894,373
Total funds carried forward	14 2,125,405	-	2,125,405	1,690,652	-	1,690,652

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 24 form part of these accounts.

Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	-	1,280
		<u>-</u>	<u>1,280</u>
Current assets			
Debtors	10	2,012,263	1,385,640
Investments	11	601,077	608,686
Cash at bank and in hand		353,873	307,966
		<u>2,967,213</u>	<u>2,302,292</u>
Liabilities			
Creditors: amounts falling due within one year	12	(786,931)	(552,804)
Net current assets		<u>2,180,282</u>	<u>1,749,488</u>
Total assets less current liabilities		<u>2,180,282</u>	<u>1,750,768</u>
Creditors: amounts falling due after more than one year	13	(54,877)	(60,116)
Total net assets		<u>2,125,405</u>	<u>1,690,652</u>
Represented by:			
Restricted funds	14/15	-	-
Unrestricted funds	14/15	2,125,405	1,690,652
Total charity funds		<u>2,125,405</u>	<u>1,690,652</u>

The notes on pages 15 to 24 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 5 July 2018 and signed on its behalf by:



Sir Richard Lambert – Chair

Notes to the accounts for the year ended 31 March 2018

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

	2018 £	2017 £
Unrestricted		
Legacies	628,311	75,959
Donations	27,472	14,240
Total unrestricted	<u>655,783</u>	<u>90,199</u>
Restricted		
Legacies	350,000	-
Stoney Waterloo	-	3,649
Microscope	1,579	113,089
Iraq scheme	77,150	-
Townley	14,395	12,700
Others	(1,067)	-
Total restricted	<u>442,057</u>	<u>129,438</u>
Total unrestricted and restricted	<u><u>1,097,840</u></u>	<u><u>219,637</u></u>

3. Charitable activities

	2018 £	2017 £
Membership subscriptions	5,312,058	4,605,928
Paid events and catering	263,233	224,245
Publications	77,123	98,423
Others	-	-
	<u><u>5,652,414</u></u>	<u><u>4,928,596</u></u>

4. Investments

	2018 £	2017 £
Interest income receivable	<u>3,937</u>	<u>7,449</u>

5. Cost of raising funds

	2018 £	2017 £
Fundraising costs	<u>14,391</u>	<u>20,877</u>

6. Members' activities

	Directly attributable costs		Support Costs (Note 6a)	Total 2018 £	Total 2017 £
	Staff £	Others £	£		
Member promotion	181,759	33,089	56,240	271,088	257,354
Membership services	299,924	329,536	92,803	722,263	800,990
Paid events and catering	123,591	149,830	38,242	311,663	290,773
Publications	27,966	120,168	8,653	156,787	159,971
	<u>633,240</u>	<u>632,623</u>	<u>195,938</u>	<u>1,461,801</u>	<u>1,509,088</u>

6 (a) Support costs

	2018 £	2017 £
Professional services	-	340
External audit fee	8,100	8,300
Non-audit services provided by the auditor	200	-
Council expenses	141	153
Directors', officers' and trustees' liability insurance	1,367	1,169
Total governance costs	<u>9,808</u>	<u>9,962</u>
Staff costs	74,111	70,553
Other non-staff costs	112,019	103,420
	<u>195,938</u>	<u>183,935</u>

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

6 (b) Staff Costs

	2018 £	2017 £
Wages and salaries	390,761	352,033
Social security costs	40,622	34,239
Pension costs	75,472	70,706
Agency staff costs	200,496	209,992
	707,351	666,970

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 2017/18 was 13.01 (2016/17: 12.5). Including agency staff, 20.26 full time equivalent employees were employed in 2017/18 (2016/17: 19.15 FTE).

6 (d) No employees received employee benefits (excluding employer pension costs) of more than £60,000 (2016/17: 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 (2016/17: £0).

All Trustees are entitled to reimbursement for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2017/18, no travel and subsistence expenses were paid to Trustees or directly to third parties on their behalf (2016/17: £0).

During the year, the BMF purchased charity trustees' liability insurance at a premium of £1,367 (2016/17: £1,169).

8. Grant making

	2018 £	2017 £
Unrestricted donation	4,400,000	3,700,000
Restricted donation	443,246	129,438
Total grants	4,843,246	3,829,438

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 a digital microscope (£113,089).

9. Tangible fixed assets

	Furniture & effects of an appreciating nature £
Cost or valuation	
Balance brought forward at 1 April 2017	1,280
Additions	-
Disposals	(1,280)
At 31 March 2018	-
Depreciation	
Balance brought forward at 1 April 2017	-
Disposals	-
Charge for the year	-
At 31 March 2018	-
Net book value	
At 31 March 2018	-
At 31 March 2017	1,280

Assets of an appreciating nature are legacy items received in prior years and are valued as explained in Note 1. Following a review against our accounting policy these assets have been written off as they are immaterial and below the capitalisation threshold.

10. Debtors

	2018 £	2017 £
Trade debtors	66,505	22,883
Less: Provision for bad debts	(7,660)	(7,210)
	<u>58,845</u>	<u>15,673</u>
Other debtors:		
The British Museum	87,632	60,849
The British Museum Company	4,573	2,720
HM Revenue & Customs	1,301,133	1,274,165
Prepayments and accrued income	560,080	32,233
	<u>2,012,263</u>	<u>1,385,640</u>

11. Investments

	2018 £	2017 £
Current asset investments	<u>601,077</u>	<u>608,686</u>

12. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	32,986	60,478
The British Museum	687,661	395,048
The British Museum Company	875	2,056
Accruals, deferred income and others	65,409	95,222
	786,931	552,804

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

	2018	2017
	£	£
Deferred income	54,877	60,116

13 a) Deferred income

Deferred income falling due within one year relates to ticket sales for 2018/19 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:

	2018	2017
	£	£
Deferred income brought forward	79,874	92,520
Released in year	(21,503)	(28,563)
Deferred in year	16,092	15,917
Deferred income carried forward	74,463	79,874

14. Funds

	Balances brought forward at 1 April 2017 £	Incoming resources 2017/18 £	Resources expended 2017/18 £	Transfers between funds 2017/18 £	Balances carried forward at 31 March 2018 £	Balances brought forward at 1 April 2016 £	Incoming resources 2016/17 £	Resources expended 2016/17 £	Transfers between funds 2016/17 £	Balances carried forward at 31 March 2017 £
Unrestricted Funds	1,690,652	6,312,134	(5,876,192)	(1,189)	2,125,405	1,894,373	5,026,244	(5,229,965)	-	1,690,652
Restricted Funds:										
1 Iraq scheme	-	77,150	(77,150)	-	-	-	-	-	-	-
2 Microscope	-	1,579	(1,579)	-	-	-	113,089	(113,089)	-	-
Stoney	-	-	-	-	-	-	3,649	(3,649)	-	-
Waterloo	-	-	-	-	-	-	12,700	(12,700)	-	-
3 Townley	-	14,395	(14,395)	-	-	-	-	-	-	-
4 Legacy	-	350,000	(350,000)	-	-	-	-	-	-	-
5 Other	-	(1,067)	(122)	1,189	-	-	-	-	-	-
	-	442,057	(443,246)	1,189	-	-	129,438	(129,438)	-	-
	1,690,652	6,754,191	(6,319,438)	-	2,125,405	1,894,373	5,155,682	(5,359,403)	-	1,690,652

- 1 The 2017/18 Iraq appeal was set up to advance the study of ancient civilisations in Iraq.
- 2 The 2016/17 membership appeal was set up to fund the purchase of a microscope for the Museum.
- 3 The Townley Research Fund was set up to support research in the Museum.
- 4 The restricted legacy was received for the further excavation and development of the history of human civilisation in the middle east or central Asia.
- 5 Includes a membership appeal to support the construction of the World Conservation and Exhibitions Centre (WCEC) and the purchase of the Lacock Cup. The reserves transfer was made to cover the 2015/16 overaccrual of gift aid income relating to the Lacock Cup appeal.

15. Analysis of net assets between funds

	Unrestricted funds 2018	Restricted funds 2018	Total 2018	Unrestricted funds 2017	Restricted funds 2017	Total 2017
	£	£	£	£	£	£
Tangible assets	-	-	-	1,280	-	1,280
Current assets	2,873,967	93,246	2,967,213	2,172,854	129,438	2,302,292
Creditors	(748,562)	(93,246)	(841,808)	(483,482)	(129,438)	(612,920)
	2,125,405	-	2,125,405	1,690,652	-	1,690,652

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 2018 £	Expenditure for the year ended 31 March 2018 £	Debtor balance as at 31 March 2018 £	Creditor balance as at 31 March 2018 £
The British Museum	The Trustees of the BM are also the Trustees and the company law directors of the BMF.	Charitable Activities (Members' Activities)	2,213	(653,237)	87,632	(594,415)
		Charitable Activities (Grant Making)	-	(4,843,246)	-	(93,246)
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)	- *	(12,331)	4,573	(875)

* excludes funds collected by The British Museum Company in its capacity as the BMF's agent.

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.