



Annual Report and Financial Statements
for the year ended 31 March 2022

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Directors and Trustees

Sir Richard Lambert (Chair) - (Retired 3 Oct 2021)
George Osborne CH (Chair) - (Appointed 1 Sept 2021,
Chair from 4 Oct 2021)
Ms Muriel Gray FRSE (Deputy Chair)
Lord Sassoon (Deputy Chair)
Baroness Shafik DBE (Deputy Chair)
Professor Abhijit Banerjee - (Appointed 23 Sept 2021)
Professor Dame Mary Beard DBE, FSA, FBA
Ms Cheryl Carolus - (Retired 19 June 2021)
Dame Elizabeth Corley DBE
Miss Patricia Cumper MBE - (Retired 26 Sept 2021)
Ms Clarissa Farr
Professor Chris Gosden FBA
Mr Philipp Hildebrand
Dame Vivian Hunt DBE
Lord Marland of Odstock - (Appointed 1 Dec 2021)
Sir Deryck Maughan - (Retired 26 Sept 2021)
Sir Charlie Mayfield
Mr Mark Pears CBE
Mr Grayson Perry CBE, RA
Sir Paul Ruddock FSA
Ms Priyanka Wadhawan – (Appointed 1 Dec 2021)
Professor Sir Mark Walport FRCP, FRS, FMedSci,
HonFRSE
Mr George Weston
Professor Dame Sarah Worthington DBE, QC (Hon), FBA

Auditors

Moore Kingston Smith LLP
6th Floor
9 Appold Street
London EC2A 2AP

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

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

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 continue 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

In 2021/22 The British Museum Friends has worked to recover from the impact of closures during 2020/21 until the end of May 2021 (2021/22). We have seen an exceptional level of recruitment of new Members this year, delivered thanks to a strong exhibition programme and campaigns to re-engage with lapsed Members.

This year has also seen the return of our full on-site events programme, and we have worked to integrate our expanded digital offering into the annual calendar of communications and events. Our priority has been to ensure that Members have an exceptional experience when engaging with the Museum, wherever they are in the world.

Achievement and performance against objectives

- Understanding and responding to the continued impact of the COVID-19 pandemic

The pandemic and repeated closures of the Museum led to a reduction in Member numbers, and there was great uncertainty about the speed of recovery. We are delighted that 2021/22 saw a return to pre-pandemic Member numbers, thanks to high retention rates and exceptionally strong recruitment levels in the second half of the year. This recruitment was largely due to the sustained success of the exhibition programme.

- Continue improving digital opportunities to engage with the Museum

After accelerating our digital activities in 2020/21 to respond to the pandemic, this year we have worked to evaluate our digital offer and how Members are engaging with us. We have maintained a higher frequency of email communication, sharing video content and encouraging Members to deep dive into the collection from home.

With the return of on-site lectures this year (see below), we have offered the opportunity for people to purchase live stream tickets to watch the event at home for a small fee. In addition to this, email communications have also offered the opportunity for all Members to catch up with recordings of these lectures for free at a later date. Alongside this, we have continued a programme of free digital-only talks which have been very well received, particularly with international Members.

- Ensuring the Member events programme is a valued part of the Membership offering, accessible by as many Members as possible

This year saw the return of many of our best-loved events on site, albeit in amended formats to ensure compliance with continuing government guidance. We reintroduced our paid-for lecture programme and were delighted to see the majority of our events sell out. As noted above, we have introduced the option to watch these lectures from home which ensures the paid-for programme can be enjoyed by Members who cannot easily make it to the Museum in person.

We were able to bring back Members' evenings, an important free part of the programme that offers the opportunity to engage with the Museum out of hours. We were also able to hold our popular Christmas event, hosting a performance by the London Philharmonic Choir. And we were delighted to see the return of our sought-after sleepovers for Young Friends at the beginning of 2022.

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

With high Member retention rates and recruitment, we have achieved net income of £3.6m, including legacies totalling £0.2m. Furthermore, the dispute with HMRC in respect of historic VAT charged on membership subscriptions concluded in June 2021, when HMRC refunded £2.8m to BMF. We have therefore recommended a restricted grant to the British Museum in 2021/22 of £7m for the Capital Programme, additionally we have made restricted grants of £27k mostly in respect of the 21/22 Membership Appeal in memory of Ian Jenkins (Greece & Rome). In light of residual uncertainty about recovery from the pandemic and economic and geopolitical activity, we have designated a resilience fund of £4m. The Trustees currently expect to make use of the designated fund over the next couple of years, but this will be kept under review.

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

As noted above, we are delighted to have returned to pre-pandemic Membership numbers. This year we have focussed on adjusting to the "new normal" in which we hope Members will feel their Membership offers valuable opportunities to interact with the Museum in person and online.

Plans for Future Periods

While we have been pleased to end 2021/22 with a return to pre-pandemic Membership numbers, the impact of the pandemic is still felt in reduced visitor numbers to the Museum. With this in mind, we propose to set similar goals to last year and to continue focusing on integrating our online and on-site activities, to ensure we are offering an exceptional experience for Members however they choose to engage with the Museum.

Key priorities for the forthcoming financial year are:

- Continuing to improve 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
- Reviewing the Young Friends programme
- 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 £7m were awarded to the British Museum in 2021/22, all of which was restricted. This compares to a total of £4k in 2020/21, all of which was restricted.

Restricted grants made during the year included:

- Contribution towards the Capital Programme (£7m)
- Appeal in memory of Ian Jenkins, to support the Greece & Rome department (£23k)
- Contribution towards the Museum's research of the collection (£3k)
- Contribution towards preserving the collection (£1k)

Restricted grants awarded during the prior financial year included £3k towards the Museum's research of the collection, and £1k towards preserving the collection.

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

Moore Kingston Smith LLP 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 BMF'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 BMF's auditors are aware of that information.

Financial Review

Income and Expenditure (Excluding Grants)

Total incoming resources of £5.2m million were generated this year, an increase of £0.1 million or 2% compared with 2020/21. Income from charitable activities was 21% higher at £4.9 million. Donations and legacies were lower than 2020/21 at £0.3m, due to a decrease in legacies bequeathed to BMF.

The BMF incurred expenditure (excluding grants) of £1.5 million in the year, an increase of 13% compared to 2020/21.

Balance Sheet

Total funds at 31 March 2022 were £5.0 million, all of which is unrestricted. 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. As at 31 March 2022, the BMF held unrestricted reserves of £5 million, of which £4m have been designated. The remaining £1m are general reserves, which is in excess of the amount required by the policy. It is currently expected that reserves will be brought in line with the reserves policy over the next couple of years.

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.

George Osborne CH
Chair
The British Museum Friends
11 July 2022

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.

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

Opinion

We have audited the financial statements of The British Museum Friends ('the company') for the year ended 31 March 2022, which comprise the Statement of Financial Activities, the Balance Sheet, and notes to the financial statements, including 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 Republic of 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 2022 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 the 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.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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

course of 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 themselves. 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 9, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council]
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

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.

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

6th Floor
9 Appold Street
London
EC2A 2AP

Statement of Financial Activities (Including Income and Expenditure Account) for the Year Ended 31 March 2022

	Note	Unrestricted Funds 2022 £'000	Restricted Funds 2022 £'000	TOTAL 2022 £'000	Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	TOTAL 2021 £'000
Income from:							
Donations and legacies	2	266	27	293	1,059	4	1,063
Charitable activities	3	4,870	-	4,870	4,017	-	4,017
Investments	4	1	-	1	3	-	3
Total		5,137	27	5,164	5,079	4	5,083
Expenditure on:							
Raising funds	5	(19)	-	(19)	-	-	-
Charitable activities:							
Members' activities	6	(1,513)	-	(1,513)	(1,351)	-	(1,351)
Grant making	8	(7,000)	(27)	(7,027)	-	(4)	(4)
Total expenditure		(8,532)	(27)	(8,559)	(1,351)	(4)	(1,355)
Exceptional item	9	2,839	-	2,839	-	-	-
Net income / (expenditure)		(556)	-	(556)	3,728	-	3,728
Transfers between funds	14	-	-	-	-	-	-
Net movement in funds		(556)	-	(556)	3,728	-	3,728
Reconciliation of funds:							
Total funds brought forward	14	5,537	-	5,537	1,809	-	1,809
Total funds carried forward	14	4,981	-	4,981	5,537	-	5,537

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 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	10	-	612
		<u>-</u>	<u>612</u>
Current assets			
Debtors	11	599	678
Investments	12	7,213	1,600
Cash at bank and in hand		4,415	3,107
		<u>12,227</u>	<u>5,385</u>
Liabilities			
Creditors: amounts falling due within one year	13	(7,246)	(460)
Net current assets		<u>4,981</u>	<u>4,925</u>
Total assets less current liabilities		<u>4,981</u>	<u>5,537</u>
Creditors: amounts falling due after more than one year		-	-
Total net assets		<u>4,981</u>	<u>5,537</u>
Represented by:			
Designated unrestricted funds	14-15	4,000	3,000
General unrestricted funds	14-15	981	2,537
Total charity funds		<u>4,981</u>	<u>5,537</u>

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 07 July 2022 and signed on its behalf by:

George Osborne CH
Chair
The British Museum Friends

Notes to the Accounts for the Year Ended 31 March 2022

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 on-going impact of COVID-19 remains under review and the Trustees will make appropriate decisions in the light of this.

The Trustees have reviewed the projections prepared by management, which demonstrate 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 as the charity is entitled to the subscription income once a member has paid. Membership extensions are only granted in exceptional circumstances. We ceased selling lifetime memberships in 2006.

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.

i) Cash at bank and in hand

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes.

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

	2022 £'000	2021 £'000
Unrestricted		
Legacies	180	896
Donations	86	163
Total unrestricted	266	1,059
Restricted		
Legacies	-	-
In memory of Ian Jenkins (Greece & Rome)	23	-
Preserving the collection	1	1
Townley	3	3
Total restricted	27	4
Total unrestricted and restricted	293	1,063

3. Charitable Activities

	2022 £'000	2021 £'000
Membership subscriptions	4,622	3,942
Paid events and catering	185	30
Publications	63	45
	4,870	4,017

4. Income from Investments

	2022 £'000	2021 £'000
Interest income receivable	1	3

5. Cost of Raising Funds

	2022 £'000	2021 £'000
Fundraising costs	19	-

6. Members' Activities

	Directly attributable costs		Support Costs	Total	Total
	Staff £'000	Others £'000	Note 6 (a) £'000	2022 £'000	2021 £'000
Member promotion	181	17	67	265	251
Membership services	342	335	128	805	806
Paid events and catering	136	99	51	286	151
Publications	36	108	13	157	143
	695	559	259	1,513	1,351

6. (a) Support Costs

	2022 £'000	2021 £'000
External audit fee		
Current year	10	9
Under provision in previous year	1	-
Council expenses	-	-
Directors', officers' and trustees' liability insurance	1	1
Total governance costs	12	10
Staff costs	61	61
Other non-staff costs	186	184
	259	255

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

6. (b) Staff Costs

	2022 £'000	2021 £'000
Wages and salaries	444	447
Social security costs	45	46
Pension costs	114	112
Agency staff costs	153	82
	<u>756</u>	<u>687</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 number of full-time equivalent employees excluding agency staff during 2021/22 was 13.75 (2020/21: 14.76). Including agency staff, 19.01 full time equivalent were employed in 2021/22 (2020/21: 17.83 FTE). The average head count during the year excluding agency staff was 15 (20/21: 15)

6. (d) No employees received employee benefits (excluding employer pension costs) of more than £60,000 (2020/21: 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 (2020/21: £0).

All Trustees are entitled to reimbursement for reasonable travel and subsistence expenses incurred in the performance of their duties. In 2021/22, no travel and subsistence expenses were paid to Trustees or directly to third parties on their behalf (2020/21: £0).

During the year, the BMF purchased charity trustees' liability insurance at a premium of £607 (2020/21: £661).

8. Grant Making

	2022 £'000	2021 £'000
Donations from unrestricted donations	7,000	-
Donations from restricted funds	27	4
Total grants	<u>7,027</u>	<u>4</u>

All grants were made to the British Museum. Details of grants can be found on page 7.

9. Exceptional item

	2022 £'000	2021 £'000
Refund of VAT on membership subscriptions	<u>2,839</u>	<u>-</u>

The dispute with HMRC in respect of historic VAT charged on membership subscriptions concluded in June 2021, when HMRC refunded £2.8m to BMF.

10. Fixed asset investments

	2022 £'000	2021 £'000
Investments brought-forward	612	610
Interest in the year	-	2
Disposal	<u>(612)</u>	<u>-</u>
Fixed asset investments	<u>-</u>	<u>612</u>

11. Debtors

	2022 £'000	2021 £'000
Trade debtors	21	21
Less: Provision for bad debts	<u>(4)</u>	<u>(9)</u>
	17	12
Other debtors:		
The British Museum	49	6
The British Museum Company	1	-
HM Revenue & Customs	492	619
Prepayments and accrued income	40	41
	<u>599</u>	<u>678</u>

12. Current asset investments

	2022 £'000	2021 £'000
Current asset investments	<u>7,213</u>	<u>1,600</u>

13. Creditors: Amounts Falling Due Within One Year

	2022	2021
	£'000	£'000
Trade creditors	51	23
The British Museum	7,120	299
HM Revenue & Customs	-	90
Accruals, deferred income and others	75	48
	<u>7,246</u>	<u>460</u>

13. (a) Deferred Income

	Total	Total
	2022	2021
	£'000	£'000
Falling due within one year	20	-
Falling due after more than one year	-	-
	<u>20</u>	<u>-</u>

The movement on the deferred income account is as follows:

	Total	Total
	2022	2021
	£'000	£'000
Deferred income brought forward	-	77
Released in year	-	(77)
Deferred in year	20	-
Deferred income carried forward	<u>20</u>	<u>-</u>

14. Funds

		At 1 April 2020	Incoming resources 2020/21	Resources expended 2020/21	Transfer between funds	At 31 March 2021	Incoming resources 2021/22	Resources expended 2021/22	Transfer between funds	At 31 March 2022
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds										
Designated funds	1	-	-	-	3,000	3,000	-	-	1,000	4,000
General funds	2	1,809	5,079	(1,351)	(3,000)	2,537	5,137	(5,693)	(1,000)	981
Restricted Funds:										
In memory of Ian Jenkins	3	-	-	-	-	-	23	(23)	-	-
Preserving the collection	4	-	1	(1)	-	-	1	(1)	-	-
Townley	5	-	3	(3)	-	-	3	(3)	-	-
		-	4	(4)	-	-	27	(27)	-	-
		<u>1,809</u>	<u>5,083</u>	<u>(1,355)</u>	<u>-</u>	<u>5,537</u>	<u>5,164</u>	<u>(5,720)</u>	<u>-</u>	<u>4,981</u>

- 1 To give BMF financial sustainability in the face of the current uncertainties, the Trustees have designated a resilience fund of £4m. The Trustees currently expect to make use of the designated fund over the next couple of years, but this will be kept under review.
- 2 The trustees have recommended a restricted grant to support the Capital Programme at the Museum
- 3 The 2021/22 appeal was set up in memory of Ian Jenkins to support Greece & Rome projects at the Museum
- 4 The 2019/20 Preserving the collection appeal was set up to fund vital conservation projects at the Museum
- 5 The Townley Research Fund was set up to support research in the Museum.

15. Analysis of Net Assets Between Funds

	Unrestricted funds 2022	Restricted funds 2022	Total 2022	Unrestricted funds 2021	Restricted funds 2021	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Current and fixed assets	12,200	27	12,227	5,993	4	5,997
Creditors	(7,219)	(27)	(7,246)	(456)	(4)	(460)
	4,981	-	4,981	5,537	-	5,537

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. Contingent asset

One unrestricted legacy was bequeathed to BMF in 2021/22. The amount and timing of this payment is uncertain. It is however estimated at £0.1m; this amount has not been recognised in the financial statements.

18. Events occurring after the end of the reporting period

No significant events took place after the end of the reporting period.

19. 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. However, details of material transactions and balances with the British Museum and other subsidiary entities of the British Museum are shown in the relevant notes to the financial statements.

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.