

**THE NATURAL HISTORY MUSEUM TRADING
COMPANY LIMITED**

Company No. 02909192

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014**

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The Natural History Museum Trading Company Limited

Company Information

Directors

Dr Sir Michael Dixon
Lord Stephen Green
Mr Neil Greenwood

Secretary

Mr Neil Greenwood

Registered Office

The Natural History Museum
Cromwell Road
London
SW7 5BD

Bankers

The Royal Bank of Scotland
Nat West Bank Branch
Brompton Road
London
SW3 1HL

Auditors

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

The Natural History Museum Trading Company Limited

Directors' Report

Strategic Report

Business Review

The principal activities of the company throughout the year comprised the commercial activities of the Natural

Touring Exhibitions

Brand Management and Licensing

Image resources

Functions and Banqueting

Catering

Retailing

Wildlife Photographer of the Year Exhibition

Animatronic model sales

Consultancy - scientific, museum development, and health and safety

A summary of the results for the year for significant areas of business is set out below. The key performance indicators for each key area are driven by operating profit with each area having a defined target. There are however areas where this is not fully applicable such as touring exhibitions where the success is also measured by the number of people attending exhibitions.

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

Touring Exhibitions:-

Touring Exhibitions made an operating profit of £372k (2013:£151k) based on a significant increase in sales for the 3D portfolio.

Brand management/licensing:-

The operating profit from Brand Management was £62k (2013: £70k), reflecting turnover continuing at a lower level than a few years ago. To compensate, costs have also been maintained at a lower level.

Image Resources:-

Image Resources made an operating loss of £122k (2013: £89k loss) which was in line with expectations for the year as turnover has reduced in recent years.

Functions and Banqueting:-

Functions and Banqueting made an operating profit of £2,151k (2013: £2,002k) which is an increase of 7%. This reflects a significant increase in both the overall number of events and spend per event, a strong performance from the ice rink, and facility filming. This is a further increase in the strong growth from 2011-12.

Catering:-

The operating profit from the Catering increased to £470k (2013: £273k) reflecting an increase in concession turnover by 17% to £879k based on higher visitor numbers. There was an increase in overhead charge which in part offset the turnover increase.

Retailing:-

The operating profit from Retailing amounted to £1,608k (2013: £1,326k) - an increase of 21%, while total turnover increased by 12% to £7,950k. This reflects in part the continuing growth in on site public visitors.

Wildlife Photographer of the Year:-

The operating loss from the Wildlife Photographer of the Year competition amounted to £313k (2013: £66k loss) which was broadly in line with expectations, reflecting the loss in sponsorship for the year.

The Natural History Museum Trading Company Limited

Directors' Report (continued)

Animatronic model sales:-

The operating loss from animatronic model sales amounted to £58k (2013: £26k loss) reflecting a decrease in sales.

Science Consultancy:-

Science Consultancy made an operating profit of £249k (2013: £377k) reflecting a decrease in turnover by 32% and decreases in both staffing and support costs.

Museums Consultancy:-

Museums Consultancy made an operating loss of £64k (2013: £320k loss) reflecting a reduction in turnover as the business has gone through a period of restructuring.

Health and Safety advisory:-

Health and Safety advisory made an operating profit of £20k (2013: £35k), and was broadly in line with expectations following the loss of a contract during the year, and the intention to close this business activity during 2014-15.

Results and Dividends

The operating profit after accounting for an overhead charge for accommodation and support from the Natural History Museum amounted to £4,330k (2013: £3,713k).

No dividend was payable.

Donations

A gift aid donation of £4,330k (2013: £3,713k) is to be made to the Natural History Museum in respect of the year ended 31 March 2014.

Principal Risks and uncertainties

The Directors consider that the key risks to business performance are those which impact upon the volume of visitors to the Natural History Museum including tourism in London, brand and reputation, the overall state of the economy and those which relate to carrying out international business.

Risk management is fully embedded within the annual business planning processes carried out by business unit managers, and this includes the development and implementation of risk management strategies.

Future Plans

Following the growth of the retail and catering businesses over the last few years the focus will remain on driving income from visitors. In addition there will be an emphasis on securing further licensing arrangements, progressing international consultancy work and seeking revenue growth in the Functions and Banqueting

Directors and their Interests

The directors, none of whom had any interests in the shares of the company, who served the company during the period were as follows:

Mr Daniel Alexander (resigned 17 June 2014)

Ms Louise Charlton (resigned 17 June 2014)

Dr Sir Michael Dixon

Mr Neil Greenwood

Mr Oliver Stocken (resigned 31 December 2013)

Lord Stephen Green was appointed as a director on 17 June 2014.

The Natural History Museum Trading Company Limited

Directors' Report (continued)

Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 2006 it is proposed that they be re-appointed as auditors for the ensuing year.

Disclosure of Information to Auditors

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

By Order of the Board



Mr Neil Greenwood
Secretary

The Natural History Museum
Cromwell Road
London SW7 5BD

Date: 17 June 2014

-Independent Auditors' Report to the Members of The Natural History Museum Trading Company Limited

We have audited the financial statements of The Natural History Museum Trading Company Limited for the year ended 31 March 2014 which comprise of the Profit and Loss account, the Balance Sheet, the Cash Flow Statement 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).

This report is made solely to the 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors 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 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we have read all the financial and non-financial information in the Directors' 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit 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 the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception:

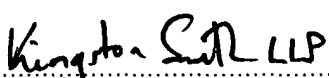
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date:

26th June 2014


Martin Burchmore (Senior Statutory Auditor)
For and on behalf of Kingston Smith LLP

Chartered Accountants
Statutory Auditor

The Natural History Museum Trading Company Limited
Profit and Loss Account
For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Turnover	2	15,372	14,892
Cost of sales		<u>(5,551)</u>	<u>(6,443)</u>
Gross Profit		9,821	8,449
Administrative expenses		<u>(5,491)</u>	<u>(4,736)</u>
Operating Profit	2 & 3	4,330	3,713
Gift aid	4	<u>(4,330)</u>	<u>(3,713)</u>
Profit on Ordinary Activities before Taxation		-	-
Taxation	6	<u>-</u>	<u>-</u>
Retained Profit transferred to Reserves	12	<u>-</u>	<u>-</u>

There are no recognised gains or losses in the year other than the profit for the year.

The notes on pages 9 to 13 form part of these financial statements.

The Natural History Museum Trading Company Limited

Balance Sheet at 31 March 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed Assets					
Tangible assets	7		729		702
Current Assets					
Stocks	8	531		602	
Debtors	9	1,777		1,850	
Cash at bank and in hand		267		289	
		<u>2,575</u>		<u>2,741</u>	
Creditors: Amounts falling due within one year	10	<u>(3,004)</u>		<u>(2,978)</u>	
Net Current Liabilities			<u>(429)</u>		<u>(237)</u>
Total Assets Less Current Liabilities			300		465
Provisions for liabilities	11		<u>-</u>		<u>(165)</u>
Net Assets			<u><u>300</u></u>		<u><u>300</u></u>
Capital and Reserves					
Called up share capital - equity interests	12		300		300
Profit and loss account	12		<u>-</u>		<u>-</u>
Shareholders' Funds	12		<u><u>300</u></u>		<u><u>300</u></u>

Approved by the Board and authorised for issue on 17 June 2014



Dr Sir Michael Dixon

Director

Company Registration No. 02909192

The notes on pages 9 to 13 form part of these financial statements.

The Natural History Museum Trading Company Limited
Cash Flow Statement
For the year ended 31st March 2014

	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Operating Profit		4,330		3,713
Depreciation		132		117
Loss on disposal of fixed assets		-		10
Decrease in stocks		71		51
Decrease in debtors		73		132
(Decrease)/increase in creditors		(121)		33
(Decrease)/increase in provisions		(165)		165
Net Cash Inflow from Operating Activities		4,320		4,221
Returns on Investments and Servicing of Finance				
Gift aid	(4,330)		(3,713)	
Net Cash Outflow from Returns on Investments and Servicing of Finance		(4,330)		(3,713)
Taxation				
Corporation tax paid	-		-	
Tax paid		-		-
Capital Expenditure and Financial Investment				
Purchase of tangible fixed assets	(159)		(392)	
Net Cash Outflow for Capital Expenditure and Financial Investment		(159)		(392)
(Decrease)/increase in Cash		(169)		116
1 Reconciliation of Net Cash Flow to movement in Net Funds (note 2)				
Net funds brought forward		289		-
Decrease in cash in the year		(169)		116
Net funds carried forward		120		116
2 Analysis of Changes in Net Funds				
	At 1st April 2013 £'000	Cash Flows £'000	At 31st March 2014 £'000	
Cash at bank and in hand	289	(22)	267	
Bank overdraft	-	(147)	(147)	
	289	(169)	120	

The notes on pages 9 to 13 form part of these financial statements.

The Natural History Museum Trading Company Limited

Notes to the Financial Statements

For the year ended 31 March 2014

1 Accounting Policies

Accounting convention

The financial statements have been prepared under the historical cost convention.

Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding the net current liabilities of £429k. The directors believe it is appropriate for the following reason.

The company is dependent for its working capital on funds provided by its parent undertaking. The parent has provided an undertaking that for at least 12 months from the date of approval of these financial statements, that it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. As with any company placing reliance on financial support, the directors acknowledge that there can be no certainty that this will continue although, at the date of approval of these financial statements, they have no reason to believe it will not do so. On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis. The accounts do not include any adjustments that would result from the basis of preparation being inappropriate.

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

Turnover

Turnover is recognised net of VAT in the following ways for each class of business:

Retail and catering income is recognised on a cash basis as goods are sold.

Touring exhibitions and Wildlife Photographer of the Year income is recognised as tickets are sold and sponsorship is recognised over the period the event takes place.

Consultancy income comprising science, exhibitions and health and safety is recognised on an accruals basis as the consultancy is provided.

Animatronic sales are recognised when the models are completed and delivered.

Brand management and image resource royalties are recognised as the intellectual property is used by a third party

Functions and banqueting income is recognised when the event date arises.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment, IT equipment and fixtures and fittings - 10%-33% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

Foreign Currencies

Profit and loss transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

The Natural History Museum Trading Company Limited

Notes to the Financial Statements

For the year ended 31 March 2014 (Continued)

2 Analysis by Class of Business and Geographical Area

	2014		2013	
	Turnover	Operating Profit/ (Loss)	Turnover	Operating Profit/ (Loss)
By Class of Business	£'000	£'000	£'000	£'000
Touring exhibitions	1,715	372	1,224	151
Brand management	111	62	115	70
Image Resources	105	(122)	105	(89)
Functions and banqueting	3,496	2,151	3,050	2,002
Catering	1,095	470	879	273
Retailing	7,950	1,608	7,089	1,326
Central costs	2	(45)	5	(20)
Wildlife photographer of the year	52	(313)	258	(66)
Animatronic model sales	-	(58)	679	(26)
Science consultancy	775	249	1,137	377
Museum consultancy	41	(64)	230	(320)
Health and safety advisory	30	20	121	35
	<u>15,372</u>	<u>4,330</u>	<u>14,892</u>	<u>3,713</u>

The operating profit is calculated after accounting for an overhead charge for accommodation and support costs from the Natural History Museum. For 2013/14 this amounted to £1,964k (2013 - £1,923k).

	2014		2013	
	Turnover	Operating Profit	Turnover	Operating Profit
By Geographical Area	£'000	£'000	£'000	£'000
United Kingdom	13,511	3,335	12,478	2,710
Europe	785	444	956	417
Middle East	2	2	280	255
North America	222	92	10	10
Rest of World	852	457	1,168	321
	<u>15,372</u>	<u>4,330</u>	<u>14,892</u>	<u>3,713</u>

A payment of £4,330k is to be made under gift aid to the Trustees of the Natural History Museum (2013 - £3,713k). This payment has not been deducted in arriving at the operating profit shown above.

3 Operating Profit

	2014 £'000	2013 £'000
The operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	132	117
Loss on disposal of fixed assets	-	10
Auditors' remuneration:		
- Audit - current year	20	16
- Other	8	6
	<u>160</u>	<u>149</u>

The Natural History Museum Trading Company Limited
Notes to the Financial Statements
For the year ended 31 March 2014 (Continued)

4 Gift aid	2014 £'000	2013 £'000
Gift aid to the Natural History Museum	<u>4,330</u>	<u>3,713</u>

5 Employee Information and Directors' Emoluments

The company does not employ any persons. Staff and pension costs are instead re-charged from The Natural History Museum. None of the directors received any remuneration from the company in the year.

6 Taxation	2014 £'000	2013 £'000
Analysis of charge in the period		
Current Tax		
UK corporation tax on profits of the period	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the period		
Loss on ordinary activities before tax	<u>-</u>	<u>-</u>
Loss on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 20% (2013 - 20%)	-	-
Effects of:		
Capital allowances	(52)	(33)
Depreciation	26	24
Others	<u>26</u>	<u>9</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

7 Tangible Assets	Fixtures and Fittings £'000	Equipment, IT Equipment and software £'000	Assets under construction £'000	Total £'000
Cost				
At 1st April 2013	437	678	150	1,265
Additions	9	70	80	159
Transfers in	-	150	(150)	-
Disposals	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>
At 31st March 2014	<u>446</u>	<u>892</u>	<u>80</u>	<u>1,418</u>
Depreciation				
At 1st April 2013	199	364	-	563
Charge for the year	49	83	-	132
Eliminated on disposal	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>
At 31st March 2014	<u>248</u>	<u>441</u>	<u>-</u>	<u>689</u>
Net Book Value				
At 31st March 2014	<u>198</u>	<u>451</u>	<u>80</u>	<u>729</u>
At 31st March 2013	<u>238</u>	<u>314</u>	<u>150</u>	<u>702</u>

The Natural History Museum Trading Company Limited
Notes to the Financial Statements
For the year ended 31 March 2014 (Continued)

8	Stocks	2014 £'000	2013 £'000
	Goods for resale	<u>531</u>	<u>602</u>
9	Debtors	2014 £'000	2013 £'000
	Trade debtors	784	1,152
	Prepayments and accrued income	555	697
	Amounts owed from parent undertaking	434	-
	Other debtors	<u>4</u>	<u>1</u>
		<u>1,777</u>	<u>1,850</u>
10	Creditors: Amounts Falling Due Within One Year	2014 £'000	2013 £'000
	Bank loans and overdraft	147	-
	Trade creditors	41	178
	Amounts owed to parent undertaking	-	309
	Other creditors	51	35
	Accruals and deferred income	<u>2,765</u>	<u>2,456</u>
		<u>3,004</u>	<u>2,978</u>
11	Provisions for liabilities	2014 £'000	2013 £'000
	Recharge of redundancy costs	<u>-</u>	<u>165</u>

The Natural History Museum Trading Company Limited
Notes to the Financial Statements
For the year ended 31 March 2014
(Continued)

12 Shareholders' Funds	Profit and Loss Account £'000	Called up Share Capital £'000	Total £'000
2014			
At 1st April 2013	-	300	300
Profit for the year	-	-	-
At 31st March 2014	<u>-</u>	<u>300</u>	<u>300</u>
2013	Profit and Loss Account £'000	Called up Share Capital £'000	Total £'000
At 1st April 2012	-	300	300
Profit for the year	-	-	-
At 31st March 2013	<u>-</u>	<u>300</u>	<u>300</u>
The share capital comprises:		2014 £'000	2013 £'000
Called up, allotted and fully paid: 300,000 Ordinary shares of £1 each		<u>300</u>	<u>300</u>

13 Parent Undertaking and Controlling Party

The parent undertaking is The Trustees of The Natural History Museum, a body corporate set up by the British Museum Act 1963.

The directors believe there is no ultimate controlling party.

14 Related Party Transactions

Transactions with the Natural History Museum have not been disclosed under the provisions of FRS 8 as the Natural History Museum Trading Company is a wholly owned subsidiary of the Museum and consolidated accounts are publicly available from its Registered Office.