

**THE NATURAL HISTORY MUSEUM TRADING
COMPANY LIMITED**

Company No.2909192

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2006

The Natural History Museum Trading Company Limited

Company Information

Directors

Mr Oliver Stocken (chairman)
Ms Sharon Ament
Dr Michael Dixon
Mr Neil Greenwood
Professor Linda Partridge

Secretary

Mr Neil Greenwood

Registered Office

The Natural History Museum
Cromwell Road
London
SW7 5BD

Bankers

National Westminster Bank plc
Brompton Road
London
SW3 1XJ

Auditors

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

The Natural History Museum Trading Company Limited

Directors' Report

The directors have pleasure in presenting their report and financial statements for the year ended 31st March 2006.

Principal Activities and Business Review

The principal activities of the company throughout the year comprised the commercial activities of The Natural History Museum. Specifically these are made up of:

Retailing
Brand Management
Picture Library
Functions and Banqueting
Touring Exhibitions
Catering
Provision of heating services to South Kensington Museums (Joint Venture Account)
Animatronic model sales
Consultancy
Wildlife Photographer of the Year Exhibition

The trading company has had a successful year. An analysis of the turnover and operating results by class of business are given in Note 2 to the financial statements.

Results and Dividends

The results of the company for the year are set out on page 4.

Risks and Uncertainties

There are a number of risks and uncertainties inherent in the company's business which could materially affect its revenue and operating profit. The Natural History Museum's risk management processes are designed to identify, assess, monitor, report, manage and mitigate each of the various types of risk or uncertainty. This risk management process includes consideration of the activities and related risks and uncertainties of the Museum's trading entity. The principle risks affecting the company are directly related to the number of visitors who visit the museum, either for functions or as visitors using the retail and catering outlets.

Directors and their Interests

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

Sir Keith O'Nions (resigned 15 June 2006)
Ms Sharon Ament
Mr Neil Greenwood
Professor Linda Partridge
Mr Oliver Stocken
Dr Michael Dixon

Donations

A donation of £2,349,173 (2005 - £1,004,878) is to be made to the Natural History Museum in respect of the year ended 31st March 2006.

Auditors

On 1st May 2006, Kingston Smith transferred their business to Kingston Smith LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given to treating the appointment of Kingston Smith as extending to Kingston Smith LLP under the provision of section 26(5) of the Companies Act 1989. Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

The Natural History Museum Trading Company Limited

Directors' Report (Continued)

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 the steps they ought to have taken 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: 3rd July 2006

The Natural History Museum Trading Company Limited

Directors' Responsibilities and Report of the Auditors

Statement of Directors' Responsibilities

The Director is 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 1985. 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.

Independent Auditors' Report to the Shareholders 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 31st March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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 audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

The Natural History Museum Trading Company Limited

Directors' Responsibilities and Report of the Auditors (Continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 11th July 2006

Kingston Smith LLP

Kingston Smith LLP
Chartered Accountants
and Registered Auditors

The Natural History Museum Trading Company Limited
Profit and Loss Account
For the year ended 31st March 2006

	Note	2006 £'000	2005 £'000
Turnover	2	12,948	10,586
Cost of sales		<u>(6,396)</u>	<u>(5,362)</u>
Gross Profit		6,552	5,224
Administrative expenses		<u>(4,197)</u>	<u>(4,232)</u>
Operating Profit	2 & 3	2,355	992
Gift aid	4	(2,349)	(1,004)
Interest receivable and similar income		<u>8</u>	<u>11</u>
Profit/(Loss) on Ordinary Activities before Taxation		14	(1)
Taxation	6	<u>-</u>	<u>-</u>
Retained Profit transferred to Reserves	11	<u><u>14</u></u>	<u><u>(1)</u></u>

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

The notes on the accompanying pages form part of these accounts.

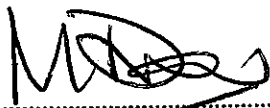
The Natural History Museum Trading Company Limited

Company Information

	Note	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Fixed Assets					
Tangible assets	7		<u>73</u>		<u>55</u>
Current Assets					
Stocks	8	436		401	
Debtors	9	3,572		1,762	
Cash at bank and in hand		<u>209</u>		<u>447</u>	
		4,217		2,610	
Creditors: Amounts falling due within one year	10	<u>(4,090)</u>		<u>(2,479)</u>	
Net Current Assets			<u>127</u>		<u>131</u>
Net Assets			<u>200</u>		<u>186</u>
Capital and Reserves					
Called up share capital - equity interests	11		300		300
Profit and loss account	11		<u>(100)</u>		<u>(114)</u>
Shareholders' Funds			<u>200</u>		<u>186</u>

The accompanying notes form part of these financial statements.

Approved by the Board on *3 July 2006*



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Dr Michael Barton

Director

The Natural History Museum Trading Company Limited
Cash Flow Statement
For the year ended 31st March 2006

	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Operating Profit		2,355		992
Depreciation		24		34
(Increase) in stocks		(35)		(16)
(Increase) in debtors		(1,810)		(28)
Increase in creditors		<u>1,611</u>		<u>21</u>
Net Cash (Outflow)/Inflow from Operating Activities		2,145		1,003
Returns on Investments and Servicing of Finance				
Interest received	8		11	
Gift aid	<u>(2,349)</u>		<u>(1,004)</u>	
Net Cash Inflow/(Outflow) from Returns on Investments and Servicing of Finance		(2,341)		(993)
Capital Expenditure and Financial Investment				
Purchase of tangible fixed assets		<u>(42)</u>		<u>(10)</u>
Net Cash (Outflow) for Capital Expenditure and Financial Investment		(42)		(10)
Decrease in Cash		<u>(238)</u>		<u>-</u>

1 Reconciliation of Net Cash Flow to movement in Net Funds (note 2)

Net funds at 1st April 2005			447
Decrease in cash in the year			<u>(238)</u>
Net funds at 31st March 2006			<u><u>209</u></u>

2 Analysis of Changes in Net Funds

	At 1st April 2005 £'000	Cash Flows £'000	At 31st March 2006 £'000
Cash at bank and in hand	<u>447</u>	<u>(238)</u>	<u><u>209</u></u>

The Natural History Museum Trading Company Limited

Notes to the Financial Statements For the year ended 31st March 2006

1 Accounting Policies

Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Depreciation

Depreciation on fixed assets is provided 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
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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.

Deferred Taxation

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. 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 31st March 2006 (Continued)

2 Analysis by Class of Business and Geographical Area

	2006		2005	
	Turnover £'000	Operating Profit/ (Loss) £'000	Turnover £'000	Operating Profit/ (Loss) £'000
By Class of Business				
Touring exhibitions	808	20	1,003	(67)
Brand management	68	23	52	7
Picture library	203	1	160	(19)
Functions and banqueting	2,365	1,282	1,655	762
Catering	426	29	483	185
Retailing	3,478	266	3,045	228
Joint venture account	362	-	273	-
Central costs	(5)	(97)	9	(28)
Wildlife photographer of the year	105	(96)	130	(14)
Kokoro sales	2,274	25	6	(44)
Science consultancy	1,371	(65)	1,404	(198)
Exhibitions consultancy	1,491	967	2,338	176
Field study tours and education				(10)
Tring	1	(1)	-	-
Internal Audit consultancy	-	-	27	13
Photo unit	1	1	1	1
	<u>12,948</u>	<u>2,355</u>	<u>10,586</u>	<u>992</u>

The operating profit/(loss) is calculated after accounting for an overhead charge for accommodation and support costs from the Natural History Museum. For 2005/06 this amounted to £1,495k (2005 - £1,434k).

	2006		2005	
	Turnover £'000	Operating Profit/ (Loss) £'000	Turnover £'000	Operating Profit/ (Loss) £'000
By Geographical Area				
United Kingdom	8,362	1,363	7,385	860
Europe	447	47	706	(75)
Middle East	3,911	955	2,358	183
Rest of World	228	(10)	137	24
	<u>12,948</u>	<u>2,355</u>	<u>10,586</u>	<u>992</u>

A payment of £2,349k is to be made under gift aid to the Trustees of the Natural History Museum (2005 - £1,004k). This payment has not been deducted in arriving at the Operating Profit shown above.

3 Operating Profit

	2006 £'000	2005 £'000
The operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	24	34
Auditors' remuneration	<u>20</u>	<u>15</u>

The Natural History Museum Trading Company Limited
Notes to the Financial Statements
For the year ended 31st March 2006 (Continued)

4	Gift aid	2006 £'000	2005 £'000
	Gift aid to the Natural History Museum	2,349	1,004

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**

No provision for corporation tax has been made as profits generated have been donated to the Natural History Museum; hence no corporation tax liability arises.

7 **Tangible Assets**

	Fixtures and Fittings £'000	IT Equipment and software £'000	Equipment £'000	Total £'000
Cost				
At 1st April 2005	62	31	134	227
Re classification	7	-	(7)	-
Additions	-	7	35	42
Disposals	-	-	-	-
	69	38	162	269
Depreciation				
At 1st April 2005	34	19	119	172
Re classification	21	-	(21)	-
Charge for the year	9	7	8	24
Eliminated on disposals	-	-	-	-
	64	26	106	196
Net Book Value				
At 31st March 2006	5	12	56	73
At 31st March 2005	28	12	15	55

8	Stocks	2006 £'000	2005 £'000
	Finished goods and goods for resale	436	401

9	Debtors	2006 £'000	2005 £'000
	Trade debtors	3,305	1,552
	Other debtors	9	96
	Prepayments and accrued income	258	114
		3,572	1,762

The Natural History Museum Trading Company Limited
Notes to the Financial Statements
For the year ended 31st March 2006 (Continued)

10 Creditors: Amounts Falling Due Within One Year	2006 £'000	2005 £'000
Trade creditors	431	566
Amounts owed to parent undertaking	1,389	892
Accruals and deferred income	2,255	1,010
Other creditors	15	11
	<u>4,090</u>	<u>2,479</u>

11 Shareholders' Funds	Profit and Loss Account	Called up Share Capital	Total
	£'000	£'000	£'000
2006			
At 1st April 2005	(114)	300	186
Profit for the year	14	-	14
	<u>(100)</u>	<u>300</u>	<u>200</u>

	Profit and Loss Account	Called up Share Capital	Total
	£'000	£'000	£'000
2005			
At 1st April 2004	(113)	300	187
Loss for the year	(1)	-	(1)
	<u>(114)</u>	<u>300</u>	<u>186</u>

The share capital comprises:	2006 £'000	2005 £'000
Authorised:		
300,000 Ordinary shares of £1 each	<u>300</u>	<u>300</u>
Called up, allotted and fully paid:		
300,000 Ordinary shares of £1 each	<u>300</u>	<u>300</u>

12 Parent Undertaking

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

13 Related Party Transactions

Transactions with the Natural History Museum have not been disclosed as the Natural History Museum Trading Company is a wholly owned subsidiary of the museum and consolidated accounts are publicly available.