

**THE NATURAL HISTORY MUSEUM TRADING
COMPANY LIMITED**

Company No.2909192

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2007

The Natural History Museum Trading Company Limited

Company Information

Directors

Mr Oliver Stocken (chairman)
Ms Sharon Ament
Ms Louise Charlton
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 2007.

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:

Touring Exhibitions
Brand Management
Image Resources
Functions and Banqueting
Catering
Retailing
Provision of heating services to South Kensington Museums (Joint Venture Account)
Wildlife Photographer of the Year Exhibition
Animatronic model sales
Consultancy - science and exhibition development

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 will not be fully applicable such as touring exhibitions where the success is also measured by the number of people attending exhibitions.

Touring Exhibitions:-

Touring Exhibitions made an operating loss of £5k (2006: £20k operating profit) which was lower than the expected loss for the year. This accommodated the full year costs of the relocation of the warehouse. In excess of 1.7m visitors attended the exhibitions.

Functions and Banqueting:-

Functions and Banqueting made an operating profit of £1.474m (2006: £1.282m) which is an increase of 15% compared with 2005-06. This was attributable to an increase in revenue across all hire venues and increased concession commission.

Catering:-

The net operating profit from the Catering franchise amounted to £218k (2006: £29k). This reflects a significant increase in the concession income by £157k to £583k which in turn reflects the increased visitor numbers during the year (c600k) and more effective management on site, resulting in increased conversion and spend per cover.

Retailing:-

The net operating profit from Retailing amounted to £740k (2006: £266k). This reflects an increase in turnover from £3.478m to £4.475m (29% increase) which is a continuation of the growth from 2004-05 (turnover 2004-05 was £3.045m). Similar to catering this reflects the increase in total number of visitors during the year but also increased conversion and average transaction value, the impact of a new buyer and merchandiser, and better stock management.

Wildlife Photographer of the Year:-

The net operating profit from the Wildlife Photographer of the Year competition amounted to £366k (2006: £96k operating loss). The significant increase is based on the receipt of c.£600k of sponsorship.

Animatronic model sales:

The net operating profit from animatronic model sales amounted to £182k (2006: £25k). This is significantly below the target for the year and reflects slippage in the Restless Planet project.

Science Consultancy:-

Science Consultancy made an operating profit of £154k (2006: £65k operating loss). The increase reflects a reduction in staffing costs.

Exhibitions Consultancy:-

Exhibitions Consultancy made an operating loss of £348k (2006: £967k profit) which is significantly below the target for the year. The loss takes account of a bad debt provision of £500k which is necessary following delays beyond the control of the company in the Restless Planet project and thus reflects a potential loss of profit.

Results and Dividends

The operating profit after accounting for an overhead charge for accommodation and support from the Natural History Museum amounted to £2.814m (2006: £2.355m).

No dividend was payable.

Donations

A gift aid donation of £2,714k (2006: £2,349k) was approved prior to the year end in favour of the Natural History Museum in respect of the year ended 31st March 2007.

The Natural History Museum Trading Company Limited

Directors' Report

Future Plans

Following the growth of the retail and catering businesses over the last couple of years the focus will remain on driving income from visitors. In addition there will be an emphasis on securing further licensing arrangements, progressing the exhibitions consultancy work and animatronic models sales in the Middle East, and maintaining the revenue growth in the Functions and Banqueting business.

Risk Management

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.

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	
Ms Louise Charlton	appointed 27 March 2007
Dr Michael Dixon	
Mr Neil Greenwood	
Professor Linda Partridge	
Mr Oliver Stocken	

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.

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 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:

2 July 2007

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 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 in accordance with 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

The responsibilities of the directors for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Annual 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.

Opinion

In our opinion:

the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2007 and of its profit and loss for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985; and
the information provided in the Directors' Annual Report is consistent with the financial statements.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 17th July 2007

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 2007

	Note	2007 £'000	2006 £'000
Turnover	2	12,255	12,948
Cost of sales		<u>(5,144)</u>	<u>(6,396)</u>
Gross Profit		7,111	6,552
Administrative expenses		<u>(4,297)</u>	<u>(4,197)</u>
Operating Profit	2 & 3	2,814	2,355
Gift aid	4	(2,714)	(2,349)
Interest receivable and similar income		<u>5</u>	<u>8</u>
Profit/(Loss) on Ordinary Activities before Taxation		105	14
Taxation	6	<u>(19)</u>	<u>-</u>
Retained Profit transferred to Reserves	11	<u><u>86</u></u>	<u><u>14</u></u>

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

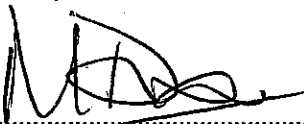
The notes on the accompanying pages form part of these accounts.

The Natural History Museum Trading Company Limited
Balance Sheet at 31st March 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed Assets					
Tangible assets	7		<u>93</u>		<u>73</u>
Current Assets					
Stocks	8	403		436	
Debtors	9	3,231		3,572	
Cash at bank and in hand		<u>353</u>		<u>209</u>	
		3,987		4,217	
Creditors: Amounts falling due within one year	10	<u>(3,794)</u>		<u>(4,090)</u>	
Net Current Assets			<u>193</u>		<u>127</u>
Net Assets			<u><u>286</u></u>		<u><u>200</u></u>
Capital and Reserves					
Called up share capital - equity interests	11		300		300
Profit and loss account	11		<u>(14)</u>		<u>(100)</u>
Shareholders' Funds			<u><u>286</u></u>		<u><u>200</u></u>

The accompanying notes form part of these financial statements.

Approved by the Board on 2 July 2007



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 Dr. Michael Dixon

Director

The Natural History Museum Trading Company Limited
Cash Flow Statement
For the year ended 31st March 2007

	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Operating Profit		2,814		2,355
Depreciation		29		24
(Increase)/decrease in stocks		33		(35)
(Increase)/decrease in debtors		341		(1,810)
Increase/(decrease) in creditors		<u>(296)</u>		<u>1,611</u>
Net Cash Inflow from Operating Activities		2,921		2,145
Returns on Investments and Servicing of Finance				
Interest received	5		8	
Gift aid	<u>(2,714)</u>		<u>(2,349)</u>	
Net Cash (Outflow) from Returns on Investments and Servicing of Finance		(2,709)		(2,341)
Taxation				
Corporation tax paid	<u>(19)</u>		<u>-</u>	
Tax paid		(19)		
Capital Expenditure and Financial Investment				
Purchase of tangible fixed assets	<u>(49)</u>		<u>(42)</u>	
Net Cash (Outflow) for Capital Expenditure and Financial Investment		(49)		(42)
Increase/(decrease) in Cash		<u>144</u>		<u>(238)</u>
1 Reconciliation of Net Cash Flow to movement in Net Funds (note 2)				
Net funds at 1st April 2006		209		447
(Increase)/(decrease) in cash in the year		<u>144</u>		<u>(238)</u>
Net funds at 31st March 2007		<u>353</u>		<u>209</u>

2 Analysis of Changes in Net Funds

	At 1st April 2006 £'000	Cash Flows £'000	At 31st March 2007 £'000
Cash at bank and in hand	<u>209</u>	<u>144</u>	<u>353</u>

The Natural History Museum Trading Company Limited

Notes to the Financial Statements

For the year ended 31st March 2007

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 2007 (Continued)

2 Analysis by Class of Business and Geographical Area

By Class of Business	2007		2006	
	Turnover £'000	Operating Profit/ (Loss) £'000	Turnover £'000	Operating Profit/ (Loss) £'000
Touring exhibitions	698	(5)	808	20
Brand management	138	73	68	23
Image Resources	194	(37)	203	1
Functions and banqueting	2,838	1,474	2,365	1,282
Catering	583	218	426	29
Retailing	4,475	740	3,478	266
Joint venture account	210	-	362	-
Central costs	1	(6)	(5)	(97)
Wildlife photographer of the year	711	366	105	(96)
Animatronic model sales	826	182	2,274	25
Science consultancy	1,034	154	1,371	(65)
Exhibitions consultancy	544	(348)	1,491	967
Tring	-	-	1	(1)
Photo unit	3	3	1	1
	<u>12,255</u>	<u>2,814</u>	<u>12,948</u>	<u>2,355</u>

The operating profit/(loss) is calculated after accounting for an overhead charge for accommodation and support costs from the Natural History Museum. For 2006/07 this amounted to £1,415k (2006 - £1,495k).

By Geographical Area	2007		2006	
	Turnover £'000	Operating Profit/ (Loss) £'000	Turnover £'000	Operating Profit/ (Loss) £'000
United Kingdom	10,128	2,434	8,362	1,363
Europe	432	67	447	47
Middle East	1,450	238	3,911	955
Rest of World	245	75	228	(10)
	<u>12,255</u>	<u>2,814</u>	<u>12,948</u>	<u>2,355</u>

A payment of £2,714k is to be made under gift aid to the Trustees of the Natural History Museum (2006 - £2,349k). This payment has not been deducted in arriving at the Operating Profit shown above.

3 Operating Profit

	2007 £'000	2006 £'000
The operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	29	24
Auditors' remuneration:		
- Audit	11	10
- Under/ (over) provision	1	(1)
- Other	10	11
	<u>50</u>	<u>44</u>

The Natural History Museum Trading Company Limited
Notes to the Financial Statements
For the year ended 31st March 2007 (Continued)

4 Gift aid		2007	2006
		£'000	£'000
Gift aid to the Natural History Museum		<u>2,714</u>	<u>2,349</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

	2007
	£
Analysis of charge in the period	
Current Tax	
UK corporation tax on profits of the period	<u>19,000</u>
Factors affecting the tax charge for the period	
Profit on ordinary activities before tax	<u>111,207</u>
Profit on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 19%	21,129
Effects of:	
Capital allowances	(8,557)
Depreciation	5,468
Others	960
Current tax charge for the period	<u>19,000</u>

In 2006 no provision for corporation tax was made as all profits generated were donated to the Natural History Museum, hence no corporation tax liability arose.

7 Tangible Assets

	Fixtures and Fittings £'000	IT Equipment and software £'000	Equipment £'000	Total £'000
Cost				
At 1st April 2006	69	38	162	269
Additions	-	7	42	49
At 31st March 2007	<u>69</u>	<u>45</u>	<u>204</u>	<u>318</u>
Depreciation				
At 1st April 2006	64	26	106	196
Charge for the year	4	9	16	29
At 31st March 2007	<u>68</u>	<u>35</u>	<u>122</u>	<u>225</u>
Net Book Value				
At 31st March 2007	<u>1 -</u>	<u>10 -</u>	<u>82 -</u>	<u>93</u>
At 31st March 2006	<u>5 -</u>	<u>12 -</u>	<u>56 -</u>	<u>73</u>

8 Stocks

	2007	2006
	£'000	£'000
Finished goods and goods for resale	<u>403</u>	<u>436</u>

The Natural History Museum Trading Company Limited

Notes to the Financial Statements

For the year ended 31st March 2007 (Continued)

9 Debtors	2007 £'000	2006 £'000
Trade debtors	2,887	3,305
Other debtors	90	9
Prepayments and accrued income	254	258
	<u>3,231</u>	<u>3,572</u>

10 Creditors: Amounts Falling Due Within One Year	2007 £'000	2006 £'000
Trade creditors	37	431
Amounts owed to parent undertaking	1,085	1,389
Accruals and deferred income	2,609	2,255
Taxation	19	-
Other creditors	44	15
	<u>3,794</u>	<u>4,090</u>

11 Shareholders' Funds	Profit and Loss Account £'000	Called up Share Capital £'000	Total £'000
2007			
At 1st April 2006	(100)	300	200
Profit for the year	86	-	86
At 31st March 2007	<u>(14)</u>	<u>300</u>	<u>286</u>

	Profit and Loss Account £'000	Called up Share Capital £'000	Total £'000
2006			
At 1st April 2005	(114)	300	186
Profit for the year	14	-	14
At 31st March 2006	<u>(100)</u>	<u>300</u>	<u>200</u>

The share capital comprises:	2007 £'000	2006 £'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.