

**THE NATURAL HISTORY MUSEUM TRADING  
COMPANY LIMITED**

**Company No. 2909192**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST MARCH 2008**

# The Natural History Museum Trading Company Limited

## Company Information

### **Directors**

Mr Oliver Stocken (Chairman)  
Mr Daniel Alexander  
Ms Sharon Ament  
Ms Louise Charlton  
Dr Michael Dixon  
Mr Neil Greenwood

### **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 2008.

### 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 and Licensing  
Image resources  
Functions and Banqueting  
Catering  
Retailing  
Wildlife Photographer of the Year Exhibition  
Animatronic model sales  
Consultancy - science, exhibition 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.

### Touring Exhibitions:-

Touring Exhibitions made an operating loss of £150k (2007: £5k) though total turnover increased to £877k (2007: £698k). The loss was attributable to an increase in both overhead support costs and direct costs particularly for the Dinojaws exhibition. In excess of 1.6 million visitors attended the exhibitions.

### Brand management/licensing:-

The operating profit from Brand Management increased to £130k (2007: £73k) which reflects an increase in turnover. This was however below the target for the year.

### Image Resources:-

Image Resources made an operating loss of £5k (2007: £37k loss) which was in line with expectations for the year.

### Functions and Banqueting:-

Functions and Banqueting made an operating profit of £1,850k (2007: £1,474k) which is an increase of 26% compared with 2006-07. This was attributable to an increase in number of events in the main hall, increased concession commissions and a strong performance from events in the Museum's grounds.

### Catering:-

The operating profit from the Catering franchise amounted to £191k (2007: £218k). The overall concession turnover increased to £606k and hence the decrease in operating profit reflects an increase in overhead support costs for the year.

### Retailing:-

The operating profit from Retailing amounted to £869k (2007: £740k) which was ahead of the budgeted figure. This reflects an increase in turnover from £4,475k to £4,963k (11% increase) which is a continuation of the strong growth from 2004-05 (turnover 2004-05 was £3,045k). Total museum visitor numbers for 2007-08 (3,779k) was marginally below 2006-07 (3,893k) and hence the growth was driven by increased conversion and average transaction value.

### Wildlife Photographer of the Year:-

The operating profit from the Wildlife Photographer of the Year competition amounted to £12k (2006: £366k). The reduction in the profit and turnover reflects the loss of sponsorship income.

### Animatronic model sales:-

The operating profit from animatronic model sales amounted to £23k (2007: £184k). The reduction reflects the slippage in the Restless Planet project.

### Science Consultancy:-

Science Consultancy made an operating profit of £127k (2007: £154k). The outturn was in line with the expected performance.

# The Natural History Museum Trading Company Limited

## Directors' Report (continued)

### Exhibitions Consultancy:-

Exhibitions Consultancy made an operating loss of £189k (2007: £348k loss) which is significantly below the target for the year. The loss reflects slippage in the Restless Planet project, though small number of short term contracts were delivered during the year.

### Health and Safety advisory:-

Health and Safety advisory made an operating profit of £7k and is a new business which started up in the latter part of 2007-08.

### Results and Dividends

The operating profit after accounting for an overhead charge for accommodation and support from the Natural History Museum amounted to £2,714k (2007: £2,814k).

No dividend was payable.

### Donations

A gift aid donation of £2,709k (2007: £2,714k) is to be made to the Natural History Museum in respect of the year ended 31st March 2008.

### 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 period were as follows:

Mr Daniel Alexander	Appointed 1 July 2008
Ms Sharon Ament	
Ms Louise Charlton	
Dr Michael Dixon	
Mr Neil Greenwood	
Professor Linda Partridge	Resigned 4 June 2008
Mr Oliver Stocken	

### 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 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.

# **The Natural History Museum Trading Company Limited**

## **Directors' Report (continued)**

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.

### **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

3 July 2008

# 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 2008 set out on pages 6 to 13. 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 the 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 on page 3.

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 2008 and of its profit and loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information proved in the Directors' Annual Report is consistent with the financial statements.

Devonshire House  
60 Goswell Road  
London EC1M 7AD

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**Kingston Smith LLP**  
Chartered Accountants  
and Registered Auditors

3 July 2008

**The Natural History Museum Trading Company Limited**  
**Profit and Loss Account**  
**For the year ended 31st March 2008**

	Note	2008 £'000	2007 £'000
<b>Turnover</b>	2	12,262	12,255
Cost of sales		<u>(5,147)</u>	<u>(5,144)</u>
<b>Gross Profit</b>		7,115	7,111
Administrative expenses		<u>(4,401)</u>	<u>(4,297)</u>
<b>Operating Profit</b>	2 & 3	2,714	2,814
Gift aid	4	(2,709)	(2,714)
Interest receivable and similar income		<u>9</u>	<u>5</u>
<b>Profit on Ordinary Activities before Taxation</b>		14	105
Taxation	6	<u>-</u>	<u>(19)</u>
<b>Retained Profit transferred to Reserves</b>	11	<u><u>14</u></u>	<u><u>86</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 31st March 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Fixed Assets</b>					
Tangible assets	7		192		93
<b>Current Assets</b>					
Stocks	8	394		403	
Debtors	9	2,284		3,231	
Cash at bank and in hand		411		353	
		3,089		3,987	
<b>Creditors: Amounts falling due within one year</b>	10	<b>(2,981)</b>		<b>(3,794)</b>	
<b>Net Current Assets</b>			<b>108</b>		<b>193</b>
<b>Net Assets</b>			<b>300</b>		<b>286</b>
 <b>Capital and Reserves</b>					
Called up share capital - equity interests	11		300		300
Profit and loss account	11		-		(14)
<b>Shareholders' Funds</b>	11		<b>300</b>		<b>286</b>

Approved by the Board and authorised for issue on 3 July 2008

Dr Michael Dixon

Director

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 2008**

	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Operating Profit		2,714		2,814
Depreciation		42		29
Loss on disposal of fixed assets		3		-
Decrease in stocks		9		33
Decrease in debtors		947		341
(Decrease) in creditors		<u>(813)</u>		<u>(315)</u>
<b>Net Cash Inflow from Operating Activities</b>		<b>2,902</b>		<b>2,902</b>
<b>Returns on Investments and Servicing of Finance</b>				
Interest received	9		5	
Gift aid	<u>(2,709)</u>		<u>(2,714)</u>	
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>		<b>(2,700)</b>		<b>(2,709)</b>
<b>Taxation</b>				
Corporation tax paid	<u>-</u>		<u>-</u>	
<b>Tax paid</b>				-
<b>Capital Expenditure and Financial Investment</b>				
Purchase of tangible fixed assets	<u>(144)</u>		<u>(49)</u>	
<b>Net Cash Outflow for Capital Expenditure and Financial Investment</b>		<b>(144)</b>		<b>(49)</b>
<b>Increase in Cash</b>		<b><u>58</u></b>		<b><u>144</u></b>
<b>1 Reconciliation of Net Cash Flow to movement in Net Funds (note 2)</b>				
Net funds brought forward		353		209
Increase in cash in the year		<u>58</u>		<u>144</u>
Net funds carried forward		<u>411</u>		<u>353</u>
<b>2 Analysis of Changes in Net Funds</b>		<b>At</b>		<b>At</b>
		<b>1st April</b>	<b>Cash</b>	<b>31st March</b>
		<b>2007</b>	<b>Flows</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand		<u>353</u>	<u>58</u>	<u>411</u>

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 31st March 2008

#### 1 Accounting Policies

##### **Accounting convention**

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

##### **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 represents, on a receivable basis, the value of goods sold and services provided net of VAT.

##### **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
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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.

##### **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 31st March 2008 (Continued)**

**2 Analysis by Class of Business and Geographical Area**

By Class of Business	2008		2007	
	Turnover £'000	Operating Profit/ (Loss) £'000	Turnover £'000	Operating Profit/ (Loss) £'000
Touring exhibitions	877	(150)	698	(5)
Brand management	189	130	138	73
Image Resources	218	(5)	194	(37)
Functions and banqueting	3,277	1,850	2,838	1,474
Catering	606	191	583	218
Retailing	4,963	866	4,475	740
Joint venture account	-	-	210	-
Central costs	5	23	1	(6)
Wildlife photographer of the year	288	12	711	366
Animatronic model sales	199	(148)	826	184
Science consultancy	1,151	127	1,034	154
Exhibitions consultancy	471	(189)	544	(348)
Health and safety advisory	18	7	-	-
Photo unit	-	-	3	3
	<u>12,262</u>	<u>2,714</u>	<u>12,255</u>	<u>2,814</u>

The operating profit is calculated after accounting for an overhead charge for accommodation and support costs from the Natural History Museum. For 2007/08 this amounted to £1,513k (2007 - £1,415k).

By Geographical Area	2008		2007	
	Turnover £'000	Operating Profit/ (Loss) £'000	Turnover £'000	Operating Profit £'000
United Kingdom	10,389	2,626	10,128	2,434
Europe	737	(2)	432	67
Middle East	479	(105)	1,450	238
North America	19	8	-	-
Rest of World	638	187	245	75
	<u>12,262</u>	<u>2,714</u>	<u>12,255</u>	<u>2,814</u>

A payment of £2,709k is to be made under gift aid to the Trustees of the Natural History Museum (2007 - £2,714k). This payment has not been deducted in arriving at the Operating Profit shown above.

**3 Operating Profit**

	2008 £'000	2007 £'000
The operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	42	29
Loss on disposal of fixed assets	3	-
Auditors' remuneration:		
- Audit - current year	15	11
- Under provision in previous years	1	1
- Other	9	10
	<u>9</u>	<u>10</u>

**The Natural History Museum Trading Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2008 (Continued)**

<b>4</b>	<b>Gift aid</b>	<b>2008</b>	<b>2007</b>
		<b>£'000</b>	<b>£'000</b>
	Gift aid to the Natural History Museum	<u>2,709</u>	<u>2,714</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.

<b>6</b>	<b>Taxation</b>	<b>2008</b>	<b>2007</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Analysis of charge in the period</b>		
	Current Tax		
	UK corporation tax on profits of the period	<u>-</u>	<u>19</u>
	<b>Factors affecting the tax charge for the period</b>		
	Profit on ordinary activities before tax	<u>14</u>	<u>105</u>
	Profit on ordinary activities before tax multiplied by the standard rate of UK corporation tax of 20% (2007 19%)	3	20
	Effects of:		
	Capital allowances	(15)	(7)
	Depreciation	9	5
	Others	3	1
	<b>Current tax charge for the period</b>	<u>-</u>	<u>19</u>

<b>7</b>	<b>Tangible Assets</b>	<b>Fixtures and Fittings</b>	<b>Equipment, IT Equipment and software</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Cost</b>			
	At 1st April 2007	69	249	318
	Additions	33	111	144
	Disposals	<u>-</u>	<u>(63)</u>	<u>(63)</u>
	At 31st March 2008	<u>102</u>	<u>297</u>	<u>399</u>
	<b>Depreciation</b>			
	At 1st April 2007	68	157	225
	Charge for the year	2	40	42
	Eliminated on disposals	<u>-</u>	<u>(60)</u>	<u>(60)</u>
	At 31st March 2008	<u>70</u>	<u>137</u>	<u>207</u>
	<b>Net Book Value</b>			
	At 31st March 2008	<u>32</u>	<u>160</u>	<u>192</u>
	At 31st March 2007	<u>1</u>	<u>92</u>	<u>93</u>

**The Natural History Museum Trading Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2008 (Continued)**

<b>8</b>	<b>Stocks</b>	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>	
	Goods for resale	<u>394</u>	<u>403</u>	
<b>9</b>	<b>Debtors</b>	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>	
	Trade debtors	1,741	2,887	
	Other debtors	56	90	
	Prepayments and accrued income	<u>487</u>	<u>254</u>	
		<u><u>2,284</u></u>	<u><u>3,231</u></u>	
<b>10</b>	<b>Creditors: Amounts Falling Due Within One Year</b>	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>	
	Trade creditors	215	37	
	Amounts owed to parent undertaking	822	1,085	
	Corporation tax	19	19	
	Other creditors	10	44	
	Accruals and deferred income	<u>1,915</u>	<u>2,609</u>	
		<u><u>2,981</u></u>	<u><u>3,794</u></u>	
<b>11</b>	<b>Shareholders' Funds</b>	<b>Profit and Loss Account £'000</b>	<b>Called up Share Capital £'000</b>	<b>Total £'000</b>
	<b>2008</b>			
	At 1st April 2007	(14)	300	286
	Profit for the year	<u>14</u>	<u>-</u>	<u>14</u>
	At 31st March 2008	<u><u>-</u></u>	<u><u>300</u></u>	<u><u>300</u></u>
	<b>2007</b>			
	At 1st April 2006	(100)	300	200
	Profit for the year	<u>86</u>	<u>-</u>	<u>86</u>
	At 31st March 2007	<u><u>(14)</u></u>	<u><u>300</u></u>	<u><u>286</u></u>
	The share capital comprises:	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>	
	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><u>300</u></u>	<u><u>300</u></u>	

**The Natural History Museum Trading Company Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2008 (Continued)**

**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 from the Registered Office.