

Registered Charity No: 1139250

# **MUSEUM OF LONDON**

**Governors' Report and  
Financial Statements for the year ended  
31 March 2017**

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## CHAIRMAN'S STATEMENT

Our aim is to open the doors on an entirely new Museum of London housed in the extraordinary Victorian market buildings at West Smithfield, Farringdon, by 2023.

This has been a year of remarkable progress for the project: the well-received international architectural competition resulted in the appointment, in July 2016, of architects Stanton Williams, Asif Khan and Julian Harrap to lead the design of the New Museum. January 2017 was a defining moment when our partners the City of London Corporation (COL) and the Greater London Authority (GLA) publicly confirmed their support for the project, announcing funding commitments totalling £180 million. Alongside this the Museum has committed to the largest capital fundraising campaign in its history. Intensive preparation throughout 2016/17 has laid the groundwork for future success.

Going forward harnessing creativity and expertise from a huge number of people will be vital at every stage of the development. This will include not only our internal team, and the array of experts that we have helping us, but Londoners themselves, whom I hope will play a big part. We have started to shape the detailed roadmap of the next phase through to the opening date, and this remains the task ahead as we bring together an iconic design, compelling content and commercial opportunities to unlock the extraordinary potential of the West Smithfield site.

The New Museum is an ever-present theme but our focus does not waiver from the immediate priority, here and now, of creating an outstanding experience for our audiences. Along with the inevitable challenges, this year has seen many achievements and successes.

We welcomed over a million people through our doors. Visitors of all ages were captivated by *Fire! Fire!* which has become our most visited exhibition to date. At the Museum of London Docklands our exhibition *Tunnel: The Archaeology of Crossrail* has already contributed to the highest visitor numbers on record for that site. It was also an exceptional year for our learning programmes as we engaged more schoolchildren, families and students than ever before.

None of this would be possible without our partners, including the City of London Corporation, the Mayor of London and Greater London Authority, and Arts Council England (ACE). Our Partnerships have continued to strengthen as we work together across a common agenda for London that takes in culture, education, tourism and much more. For their support, we say "thank you".

I would also like to thank all my fellow Governors for their invaluable contributions and ongoing commitment to the work of the Board. Their intelligent involvement with many aspects of the Museum, namely, the architectural competition, Academic Panel, current and planned exhibitions, has made all the difference.

On behalf of all the Board of Governors, I congratulate the Director Sharon Ament and her team for their dedication to ensure that the Museum continues to grow its contribution to the lives of London and Londoners – both today and in the future. As we prepare to launch our ground-breaking *City Now, City Future* season I look forward to another exciting year ahead.

**Clive Bannister**  
Chairman, Museum of London  
October 2017

## 2016/17: A YEAR OF IMPLEMENTATION

### FOREWORD BY SHARON AMENT, DIRECTOR

We set out to make 2016/17 our Implementation Year. The title signified a shift in momentum as a series of strategic initiatives and projects moved from the 'drawing board' to delivery. These ranged from our transformational plans for a New Museum becoming a live project to rolling out new Customer Relationship Management (CRM) and website capabilities. Every project and initiative we undertake is a chance to learn, refine what we do and deliver greater impact and value.

Our vision for the New Museum – We Are London – began to take real shape this year and we galvanised our thinking across many aspects of the project from interpretation and audiences through to fundraising. An initial business case was completed setting out the commercial potential of the site and the positive economic case for investment. The excitement and interest surrounding the project was evident with over 70 applications received in the first stage of our international architectural competition, which culminated in the appointment of London-based architects Stanton Williams, Asif Khan and Julian Harrap.

It was without doubt a more challenging visitor market throughout this year, particularly for the Museum of London in its central London location. In 2016/17 a total of 786,700 visits were made to the museum. This result was lower than anticipated and we were not able to achieve the ambitious targets for growth that we had set for the year. Analysis shows that our experience reflected wider trends from across the London visitor market and, with few exceptions, other London museums reported lower visitor numbers than in 2015/16. Visitor numbers are driven by a complex set of variables and our focus is on continually improving our insight and analysis, using this to inform our programming and communications activity.

Within this broader context there are many considerable successes. Our temporary exhibition at the Museum of London *Fire! Fire!* told the iconic London story of the Great Fire from a fresh perspective and commemorated the 350<sup>th</sup> anniversary. With 153,011 visits it has become our most successful charged-for exhibition, significantly exceeding the original visitor target of 130,000 visitors and associated ticketing income targets.

Museum of London Docklands set a new record for visitor numbers for the second year running, with 298,338 visits in 2016/17, an increase of 5.3% on 2015/16. The first year of our new Docklands Strategy was centred on growing the local family audience at the Museum of London Docklands and early analysis indicates we have been successful in achieving this. This growth was boosted by the success of our recently opened exhibition *Tunnel: The Archaeology of Crossrail*, which received 33,694 visits in the first two months of opening. One particularly poignant part of our Docklands programming was the *Caribbean's Great War*, an important piece of history curated and displayed in partnership with the West India Committee, which closed in May 2016 after a successful seven month run.

The museum is known for high quality and innovative learning programmes and in 2016/17 we engaged a record 227,795 schoolchildren, families and students. Our lively family festivals have been particularly successful, regularly attracting several thousand visits in a single weekend and receiving rave reviews.

Our programming has continued to set us apart. Whether it was '*The museum of last parties*' event examining the history and future of nightlife in the city, an expert panel discussion on the history of London in video games or the *Hidden Treasures and Sea Legends* baby rave at the Museum of London Docklands, there was uniquely London content for our visitors at every point throughout the year.

Working in partnership remained a core theme throughout our activities as we continued to demonstrate the potential and possibilities that emerge from coming together with others. We played a central role in the City of London's Learning and Engagement Forum, including administration of the Schools Visits Fund, and the plans to create a Cultural Hub within the City. Major projects in partnership with the GLA included a successful year-long Punk London programme and the much-loved London Knowledge quiz, with teams from schools all over London taking part.

Year Two of our Arts Council England (ACE) Major Partner Museum and Museums Development programmes were delivered. A significant milestone was the submission of our application to ACE for a further four years of National Partner Organisation (NPO) funding, centred on models of engagement and content creation for the New Museum that would transform current practice in these areas.

The London Collection has continued to develop and evolve and new acquisitions continued to represent the breadth of London life. This spanned from grime from the wall of Westminster Hall captured in Jorge Otero-Pailos' artwork *The Ethics of Dust* to printed toilet roll, titled *On the Roll*, commissioned by the First 100 Years project to commemorate the journey of women in the legal profession from 1919 to present day. All objects are connected by the stories they enable us to tell about Londoners past and present. The departure of two vessels – *Knocker White* and *Varlet* – from West India Quay in the small hours of a November morning, to a new home at Trinity Buoy Wharf, represented the successful culmination of several years' work.

No quick summary truly captures the breadth of our work, be it loaning over 100 objects to a selection of venues from London to Singapore; appointing new cleaning contractors to keep our museums in good shape for our visitors; providing advice to over 100 museums across the capital through our Regional Museums Development team; collaborating with London artists to create bespoke retail ranges or handling over 5,000 requests through our ICT helpdesk. These really are just a snapshot of the collective achievements and contributions in 2016/17.

As we report on another year I am reminded just how much the whole team – including volunteers, apprentices, partners and colleagues – has achieved. Our ability to bring people together, to start conversations, spark ideas and form connections between Londoners, the city and the museum is more important now than ever.

**Sharon Ament**  
**Director, Museum of London**  
October 2017

## GOVERNORS' ANNUAL REPORT

### Our vision (Strategic Plan 2013/14 – 2017/18)

Our passion for London is infectious and is born out of our commitment to exploring the ever-changing story of this great world city. We want to inspire such passion in others through releasing the power that is currently locked behind our bastion walls. We aim to stimulate thinking and engagement with London in new ways, to be a part of every Londoner's life from an early age and to contribute to the City's international, educational, cultural, economic and reputational impetus.

### Our objectives

Our Strategic Plan 2013 – 2018 sets out five objectives for the period that guide everything that we do:

1. Reach more people
2. Become better known
3. Stretch thinking
4. Engage every school child
5. Stand on our own two feet

## 2016/17 AGAINST OUR FIVE STRATEGIC OBJECTIVES

### 1. Reach more people

#### Our visitors

In total 1,085,038 visits were made to the Museum of London and the Museum of London Docklands in 2016/17. This was alongside activity that takes place 'out and about' in London ranging from primary schools outreach to walking tours.

We are proud to report another record year at the Museum of London Docklands with 298,338 visits. This result was an increase of 5.3% on visitor numbers from 2015/16 and is a positive result following the implementation of the first year of our new Docklands Strategy. Our focus is growing the family audiences from the five surrounding boroughs (Tower Hamlets, Newham, Southwark, Lewisham and Greenwich) and early analysis indicates that we have seen an uplift in visits from London families.

It was a more challenging year at the Museum of London. A total of 786,700 visits were made which represents a 12.3% decrease on visitor numbers in 2015/16. It is worth noting that our focus on programming from exhibitions to family festivals helped in part to boost numbers but was unable to offset an overall decrease in visitor numbers. Sharing data and drawing on all available research in order to better understand the wider picture is key and this work is ongoing.

Comparator data drawn from across London museums shows a similar trend with many other museums, from those in South Kensington to the centre of the City, experiencing comparable pressures on total visitor numbers. Initial analysis from the Association of Leading Visitor Attractions (ALVA) indicates that the overall London visitor market did not experience growth in 2016/17 identifying factors such as changes in overseas tourism – fewer visits for leisure tourism – and Southern Rail strikes affecting visitor numbers from the South East of London all playing a part.

Our audience development strategy ensures we are precise in our thinking about audiences and that we align all our activity and resources to attract and retain those groups. At the Museum of London Docklands the focus was on reaching our leading audience of Families (Kids First Families and Learning Families). At the Museum of London we focused on attracting visits from core audiences, particularly families, as well as continuing to grow visits and brand awareness across our leading audience segments – London Insiders, Cultural Connoisseurs and Experience Seekers.

We want our visitor experience to exceed visitor expectations at every point through their interaction with the museum, from using the website to plan a visit to the goodbye from a member of our visitor host team. This will ensure people visit us again and recommend the museum to others which are essential in maintaining visitor numbers. We take part in comprehensive external ALVA benchmarking which provides an independent assessment of our visitors' experience. We were thrilled to see year-on-year increases in the scores for our visitor experience at both museums.

### **Standout London programming**

Our public offer is comprised of many different elements that each play an important role. Every year is different and 2016/17 offered new stories, ideas and experiences for our audiences with London as the connecting theme.

In July we opened *Fire! Fire!* which was visited by 153,011 people – our most visited exhibition to date. The exhibition told the story of one of London's most iconic events, presenting extraordinary objects in a dramatic and interactive setting to reveal the impact of the Great Fire of 1666 on the city and its people. The exhibition also formed a key part of the City's Great Fire programme marking the 350<sup>th</sup> anniversary of the fire. This was the first time we had created a major temporary exhibition aimed at younger visitors and we have been successful in attracting families, schools and adult audiences.

*Tunnel: The Archaeology of Crossrail* opened in February and will run until September 2017. The exhibition, delivered in partnership with Crossrail, is on track to significantly exceed its initial target of 40,000 visitors. The exhibition tells the story of building the new Elizabeth Line and the archaeological discoveries made during its construction. The exhibition was developed to appeal to family as well as adult audiences, with the inclusion of interpretation and interactivity aimed at our family visitors.

Building the Museum of London brand through exhibitions can be achieved in many ways. One of these is through touring exhibitions and our ACE-funded touring exhibitions project. There were over 10,000 visits to *Skeletons: Our Buried Bones*, an exhibition drawing on our human remains collection in partnership with the Hunterian Art Gallery in Glasgow. Planning also got underway for the exhibition to move to its second touring location at M Shed in Bristol.

In addition to major exhibitions, we programmed a range of other smaller exhibition spaces across our museums; this allowed us to focus on topics that might interest particular audiences and respond to topical issues or events for London. It is our intention to involve Londoners at every stage of the New Museum project and a key display during the year consisted of the six, shortlisted architectural competition submissions. The public display included a facility for visitors to feedback their thoughts and comment on their aspirations for what the New Museum should be like.

Inspiring London continued to explore themes that talk to contemporary London topics moving from the alternative fashion of *Tattoo London* to the striking photography of Dick Scott-Stewart, followed by *Punk London* as part of the London-wide programme to mark the 40<sup>th</sup> anniversary of punk, and finished with a look back at the devastation of war as captured by War Artists during the Second World War to complement *Fire! Fire!* The *Punk London* display also formed part of a year-long collaboration with a GLA-led, HLF-funded consortium that also included a participative collecting project and an event series.

Our 'quick response' spaces delivered a second year of programming as we build on our experience of delivering in this different way. Highlights included a punk costume display in *Show Space* and a Shakespeare display in the archaeology-based *Looking for Londoners*. At the Museum of London Docklands *The Royal African* exhibition explored the story of William Ansah Sessarakoo, an African prince sent to England to be educated but sold into slavery in Barbados as part of our *London, Sugar & Slavery* gallery. This was an important story to be told at the museum with its deep connections to the history of London's slave trade and its impact on London.

### **Transforming our digital capability**

Our core digital capacity was revitalised through two projects that went live at the start of the year. Our new website has transformed the online experience for our visitors, attracting over 2 million visits during the year and receiving two awards for web design. Alongside a fresh, contemporary look and improved functionality, extensive new content was created including over 175 pages for schools, families and universities.

Our first CRM system has enabled us to move towards a single customer view, through the integration of all marketing databases onto a single platform and integration with our ticketing system and website. This has been a priority initiative as it enables us to understand our customers and their interests, cultivating stronger relationships over time. Dynamic reporting dashboards using the available data have improved our ability to monitor exhibition and events sales at every stage.

### **Docklands Strategy**

A defining theme for 2016/17 was the new strategy for the Museum of London Docklands: *From the East End to the World* with all investment and activity – communications, programming, partnerships, enterprise, fundraising, content – aligned with this. Lively family programming included the popular pirate-themed *Shiver Me Timbers* during the summer. Compelling content rooted in the Docklands story was made accessible for younger audiences in new ways. An example was display of the rare George Cross medal with a specially-commissioned graphic novel retelling the events of one night during the Blitz that resulted in the award of the medal. These are just some of the activities throughout the year that created a palpable sense of momentum behind the strategy.

As we promote the Museum of London Docklands to a family audience it is essential that the onsite experience is family friendly in every aspect. In 2016/17 a series of upgrades to the permanent galleries – the Family Highlights project – were developed to aid learning and enjoyment for families throughout the galleries. The first of these to be installed was a ‘Dockers’ Living Room’ complete with a piano. A new Foreshore Finds interactive was installed in the *Mudlarks* gallery which continues to attract families and younger children.

### **Connecting to London through volunteering**

The value of our volunteers – through the numbers of volunteers and the hours of time contributed to the museum – has grown year on year. A standout event was the well-attended London Volunteers in Museums Awards, hosted by the museum, with over 180 volunteers from 120 museums present at the event.

The range of roles and activities undertaken by volunteers has also continued to expand. The use of volunteers in collections care through a series of pilot projects was a success and we will go on to look at how volunteers could be used strategically in future museum moves work required to create the New Museum. A notable success was the new Archaeology Online volunteer project that saw 16 volunteers catalogue our entire collection of Roman ceramic oil lamps – 450 objects – in just ten weeks!

This year an important development was the pilot of our new work experience programme for a group of 11 young people between 14 to 18 years old. This ran across four departments. Young people were able to apply to take part through a fair and transparent process which included the opportunity to attend an insight day to find out more before submitting an application. The aim is to provide the opportunity to a more diverse range of young people. We also funded our apprenticeship scheme for a second year supporting three young Londoners in apprentice roles across our Audio Visual, Technicians and Visitor Services teams.

## 2. Become better known

### A New Museum for London

2016/17 marked a significant shift as the New Museum project entered its first full year as a 'live' project. The major strands of work we completed this year will lay the groundwork for the remainder of the project.

Our vision – We Are London – began to take real shape. We produced our interpretation strategy that articulates how the vision shapes and informs our content. This takes as a starting point the view that all Londoners have a certain expertise about living in the city which is unique to them. Diversity is at the core of our strategic vision and the aspiration is to forge a new relationship with Londoners through the creation of the New Museum.

A defining moment took place in January 2017, when the City of London Corporation and the GLA publicly confirmed their support for the New Museum, announcing funding commitments totalling £180 million. The museum will generate £70m through the largest capital campaign ever undertaken in our history and during the year we set out our fundraising strategy to meet this target.

The high-profile international architectural competition attracted over 70 applications in the first stage, culminating in the selection of London-based architects Stanton Williams and Asif Khan. The first round of appointments to the building design team got underway including cost consultants, structural engineers and planning consultants. There remains much to learn about the physical site itself. A Smithfield Technical Study was completed to provide information for the architectural competition and through our curatorial teams we have continued to research and champion the history and significance of the Smithfield site.

A business case was completed setting out the significant commercial potential of the site and the positive economic case for investment. This also examined options for the operating model for the New Museum. To progress our business planning to the next level of detail we have appointed specialist consultancies to work with us on developing areas such as the commercial aspects and the organisational design for the New Museum. These workstreams will continue into 2017/18.

### Raising our profile

Programming, content and communications all play a role in attracting, captivating and retaining our audiences and contribute to building a strong and enduring brand.

Being clear and precise about the audiences we are aiming to attract has delivered positive results, demonstrated in two key areas. The first of these was the high profile campaign developed to promote the *Fire! Fire!* exhibition, supported by PR and social media activity. We specifically designed the marketing creative to appeal to family audiences. Evaluation has shown that we were successful in attracting this segment and that the campaign had generated awareness of the exhibition.

The second area was the investment in communications resources dedicated to the Museum of London Docklands, focused on growing a family audience. The approach included local advertising in visible places such as Docklands Light Railway stations and the distribution of promotional materials in the target local boroughs. Early indications are that this has increased the London family audience throughout the year. The advertising campaign for *Tunnel: The Archaeology of Crossrail* has been the most high profile and successful campaign at the Museum of London Docklands, designed to appeal to both archaeology fans and families.

Staying front of mind for our visitors is critical as we compete for their attention and time in a busy London market place. We set a new record for media coverage with 4,671 pieces generated, estimated to have reached 84% of the UK adult audience. We maintained a strong profile in print and online media with features in outlets spanning from the Evening Standard to the Barking and Dagenham Post to the Architects' Journal. It is rich content and powerful objects that create interest as evidenced by the strong media response to the display of the ancient London Stone in our *War, Plague and Fire* gallery, temporarily rehomed from Cannon Street. The New Museum architectural competition also gained considerable national and international coverage.

Work to develop our brand has focused around two areas. We have continued to embed our brand personality across our communications activity. The personality sets out who we are and how we do things using six traits: surprising, provocative, connected, sophisticated, irreverent and energetic. We know a consistent visual identity is an important aspect of managing our brand and with this in mind we completed a brand mark review project which has updated the logo and refreshed how we are applying this across all our materials.

Our social media presence has continued to grow and offers us a different, more immediate way to engage with our audiences. We have continued to invest in the creation of content for our owned social media channels, focusing on Facebook, Twitter and Instagram. We have seen strong growth in all three channels, but particularly on Instagram where followers have risen to over 16,000 in a short space of time.

The adoption of a CRM system marked a change in the way we communicate to visitors using digital marketing technology. A key task was the development and implementation of an initial set of customer journeys, which are the routes by which we engage our digital customers, which included elements such as 'welcome' and 'anniversary of purchase' in order to send relevant, targeted communications at key points. With over a year's worth of data we are now better able to segment customers based on actual behaviour and send them emails targeted to their specific interests.

### 3. Stretch thinking

Our aim is that we engage with the 'big' questions about London and about its place in the world. Our Content Framework enables us to do this through four content priorities that inform and connect our programming, collecting and communicating. These are *Global City*, *Iconic London*, *City Now*, *City Future* and *Creative Capital*. We have continued to test and evolve how we apply the framework across our curatorial outputs and public programme.

Developing temporary exhibitions is a mainstay of our curatorial activity. Every exhibition requires a different approach; delving into the subject, drawing on our collection and those of others, identifying the stories we will tell and working with a large multi-disciplinary team to create the best possible product for our visitors. In addition to delivering the content for our temporary exhibitions that opened at both sites during the year, planning has begun for our forthcoming exhibitions in 2018 and 2019 which explore the themes of *London Nights* and *London Animals* respectively.

Experimenting with new ways of creating and delivering content is essential if we are to meet our audiences' changing needs and expectations and deliver our aspirations for the New Museum. This has been an overarching theme for 2016/17 and a particular focus for the development of the *City Now*, *City Future* season. This will comprise a major exhibition and an extensive range of commissions, displays and events. Our approach has been highly experimental from the scale of the programming that will support the exhibition, to the participatory nature of the programme that aims to engage our audiences in debate and discussion about the future of London.

Through ACE funding we have implemented a new Commissioning Curator role and the creation of a new creative commissioning programme. This consisted of artists' commissions and engaging performance based practice. Something truly different was the sell-out evening series *The Night Museum*. This took in everything from nocturnal walks to 'The museum of last parties' event examining the history and future of nightlife in the city and brought a new audience into the museum.

Alongside major exhibitions we curated smaller displays covering many diverse topics that ensure there is always something new to see. These ranged from Dick Scott-Stewart's photographs of the eclectic social scenes of London in the 1970s and 1980s through to the impact of the slave trade on London in the seventeenth and eighteenth centuries, working with guest curator Dr William Pettigrew (University of Kent) to produce *The Royal African* display.

The epic task of creating content for an entirely New Museum was never far from our thoughts this year. Two key outputs were the development of our interpretation strategy and a collections statement that assessed the significance of the London Collection and how this might be utilised in the New Museum. The development of an Academic Panel is also an important area of activity in

developing a New Museum. Following an initial consultation with a wide range of academics, this year has seen the formal establishment of the Panel, with new members identified. Its role is to stimulate, utilise and mobilise new academic thinking about London, guide our research outputs and advise on strategic partnership opportunities.

A notable milestone achieved during the year was the submission of our application to ACE for a further four years of NPO funding. This programme, titled *Curating London*, will continue our focus on introducing new models for content creation and engagement. The aims are to introduce more diversity into the curatorial profession in London, acquire items into the London Collection that have never been collected before that speak to the cultural diversity of the city as lived today and produce a series of public art commissions that uncover the hidden histories of London.

Our collections underpin all that we do and embody the energy and history of London itself. Developing and caring for them is core to our ongoing work. This activity is undertaken within our Collections Management Framework, a set of policies and procedures used to develop and care for the collections. In 2016/17 we renewed the two key policies in the Framework Collections Development Policy and the Collections Management Policy that will guide our activity as we progress towards the New Museum. We also applied for renewal of our formal Accreditation status for both museums. Our ACE-funded London collections care development programme ran for a second year as we continue to hold an important leading, regional role. This included sharing our expertise through delivering training courses including collection health checks and physical support for collection care for smaller museums.

Developing, managing and caring for our collections is a continuous process that can take many forms of activity. Hundreds of new items enter the collection each year, and only a handful captured here, but notable acquisitions included *The Ethics of Dust*, a sheet of laminated latex containing grime removed from the wall of Westminster Hall, a rare George Cross medal awarded for bravery in bomb disposal work during the Blitz and photographic series *Hackney Flowers*, by Stephen Gill, recently acquired through the HLF-funded *Collecting Cultures* project. Items also leave the collection. The departure of two vessels – *Knocker White* and *Varlet* – from West India Quay in the small hours of a November morning, to a new home at Trinity Buoy Wharf, represented the culmination of several years' work.

Universities and the higher education sector are important stakeholders and we continued to grow our brand amongst this group through our programme of co-taught MA modules and summer schools with a range of universities including Westminster, King's College, UCL, Birkbeck and Royal Holloway. Our ACE-funded higher education work included development and implementation of a new framework for partnerships between the museum and universities. We worked with a record 3,616 students through teaching activities, courses, placements and research visits, against a target of 2,000.

#### 4. Engage every schoolchild

Through engaging schoolchildren and families we are able to reach young Londoners early in their cultural lives and form meaningful connections with the breadth of communities across London. This year we engaged more schoolchildren and families than ever before. We were proud to win our second successive Sandford Award which concluded that our learning programmes continue to be world-class with the report noting the museum "*is a marvellous ambassador for London and should be an essential place for all children to visit.*"

In total 157,737 schoolchildren enjoyed our rich, cross-curricular schools programme. Over 140 different types of sessions were delivered offering creative and inclusive experiences for all key stages and abilities. The sessions are just one element of our multi-faceted learning offer and we provide other ways for many more thousands of children to engage with our content indirectly through online learning resources, live streaming, teacher training, competitions, loan boxes and partnership projects.

The iconic story of the Great Fire of London remains a key topic on the curriculum for Key Stage 1 (5–7 year olds) and is a major draw for our schools audiences. Our decision to focus on this subject

through our temporary exhibition offered an unmissable opportunity to create a new experience for school groups and we were successful in attracting over 30,000 pupil visits to the exhibition.

The digital landscape continues to offer huge potential for providing exciting new learning experiences. We created an award-winning new Great Fire of London website, in partnership with the London Metropolitan Archives and others, replacing our much-loved site that was eight years old and not compatible with smartphones or tablets. We also produced a Great Fire Minecraft game, consisting of some of the most extensive Minecraft maps ever made, to mark the 350th anniversary of the fire. Both resources have been a great success – in their first six months the website received over 1 million page views and the Minecraft game was downloaded in 115 countries. We also successfully delivered our first large-scale live streamed event on a Great Fire theme that simultaneously reached 30 schools and 1,500 pupils nationwide.

Funding from Arts Council England enables us to expand our impact and reach, with innovative workstreams integrated across our learning offer. This year we expanded our sector-leading programme focused on some 2,000 community-run supplementary schools across the city. A particular highlight was the successful *The World in Our City* family event that was attended by over 700 people from 36 supplementary schools, with over half the attendees visiting the museum for the first time. Our primary schools outreach programme was successfully developed to include new drama-led, interactive shows including Shakespeare's London and Prehistoric London.

Our objective to engage every London schoolchild contributes directly to City of London Corporation and GLA education priorities. Throughout the year we collaborated on a range of partnership projects to benefit pupils across the capital. We continued to play a key role in the evolution of the City's Learning & Engagement Forum and successfully managed the City of London Schools Visits Fund. In 2016/17 over 6,000 pupils from disadvantaged communities in 28 London boroughs were able to visit the City's cultural venues as a result of the fund. Partnership programmes included City Stories, a programme of activities for the City academies that introduce Year 7 pupils to the City and its heritage, and Young City Poets, in partnership with the National Literacy Trust. This involved 40 schools and resulted in the creation of new teacher training modules and online resources.

The development of the London Curriculum has been a longstanding collaboration between the museum and the GLA. In 2016/17 a key achievement was the development of units for primary schools, building on the success of those for secondary schools. A major event in our annual calendar is the final of the Mayor's London Knowledge Quiz which was hosted at the museum in July. The online competition is open to all schools across the city and we draw on our content to provide the questions and related teacher resources which cover a huge range of topics covering all aspects of London past and present.

Our partnership with the Charterhouse came to fruition this year, with the historic site opening its doors to the public for the first time in February. We are responsible for overseeing the development of learning programmes for schools, families, universities and adult learners at the site which are proving very popular with visitors.

2016/17 was also a bumper year for participation in our family activities, with 66,622 people taking part in engaging and inspirational events ranging from digital workshops and drama-led shows to dance performances and interactive storytelling. Our sell-out 'baby rave' event, run for a second year at Museum of London Docklands in partnership with Big Fish Little Fish, won best event at the Family Arts Festival awards and attracted 800 people, many of whom were first time visitors. An effective way of raising awareness of our family offer is through outreach activities that reach people who might not otherwise visit our museums. The Learning team ran events at a number of community festivals, including the Latitude music festival in Suffolk where over 800 people took part in the Big Dig archaeological excavation activity to engage families with real Roman artefacts.

We have been experimenting throughout the year with larger scale, more impactful family events at key holiday periods. This was extremely successful in driving visitor numbers, creating lively, memorable experiences and attracting new audiences to both museums. At the Museum of London a family festival to celebrate the 350<sup>th</sup> anniversary of the Great Fire attracted over 5,000 visitors and at Museum of London Docklands the *Hello London, Hello Barbados* festival engaged over 4,200 people in one weekend of which over 90% were from Black, Asian and minority ethnic (BAME) backgrounds and almost all were first time visitors. Partnerships enable us to add real value for our

visitors, for example our *Families Find Out* festival focused on STEM (Science, Technology, Engineering and Maths) topics, attracted 3,000 people and was delivered in partnership with Science Communication students from Imperial College London.

## 5. Stand on our own two feet

This objective is about growing the impact of what we do, making our public funding go further and ensuring that we plan ahead to support our own future.

Our Enterprise Strategy brings together our shops, cafés, restaurants, commercial events and venue hire. These form an important element of our overall visitor experience. In 2016/17 we generated £2.5m income across all Enterprise areas. Many of our core income streams are driven by visitor numbers so total income was lower than 2015/16 levels but the impact on museum operations was minimised through close financial management throughout the year. The picture differed across museum sites where the record visitor levels at the Museum of London Docklands helped to drive strong sales and above budget performance in the café and restaurant. This performance also reflects the alignment of our Enterprise activities with our Docklands Strategy ensuring a family friendly visitor experience – from menus to retail ranges – is reflected right across our offer.

Commercially the *Fire! Fire!* exhibition performed well as it consistently exceeded visitor targets and generated substantial ticketing income. Although this was the first time we had produced an exhibition aimed at school and family audiences we anticipated the differences in patterns of visitation throughout term-time and holiday periods and the exhibition performed above target throughout its run. Using data to develop a better understanding of what our visitors want, through our CRM capability, has been an ongoing activity as we have focused on tailoring communications and content around areas most likely to result in visits and sales.

Offering great London-themed products drawn from our content is a key part of our retail offer. During the year we have begun a comprehensive process of updating and refreshing our core retail ranges replacing nearly half of these in 2016/17. We completed a successful trial with Craft Central, teaming up with the designer-maker charity to introduce new elements of London design and sourcing into our ranges. The handcrafted, original products were a hit with our visitors and this partnership is set to continue next year.

Each year our venue hire business provides an important way to maximise the use of our spaces and enable us to connect with a diverse range of organisations, hosting more than 300 events. It is important that we ensure the optimum use of space across our buildings and at the Museum of London Docklands we have invested in reconfiguring a key area – the Wilberforce Room. This has created a much more flexible space that can be used for an expanded range of functions and which will help to boost sales in the months ahead.

The New Museum site at West Smithfield has the potential to generate significant commercial revenues including those from retail, venue hire and catering businesses. Work began in detail this year to identify the possible configurations within the physical space and the best prospects for long term commercial viability.

### Development

The first part of the year focused on strategy development and planning for the New Museum campaign. This included setting an ambitious target based on rigorous research, including a thorough feasibility study, and designing a robust campaign plan. We then moved into the first formal phase of the campaign – the Quiet or ‘Private’ phase. This involves developing important relationships with prospective lead donors, leading to substantial asks. We also began to identify and engage with several prospective second wave donors. Conversations were begun, which will come to fruition over the next 9 to 18 months. We also began to build the team that will deliver the campaign, recruiting new team members from UCL and from Royal Botanic Gardens Kew, both with large capital campaign experience.

This year saw us make a major grant bid to the HLF which acted as a catalyst for much valuable work to move the project on in terms of vision, content and engagement. Although they were unable to fund the project this round due to an extremely competitive round of applications, they have invited a further application – we are in discussions with them about the best time to make that approach. We have continued to develop deep and broad connections with donors across London identifying where we can work together on shared agendas and ideas. Relationships with businesses led to rich and inventive sponsorships and partnerships with companies that included Bloomberg, DLA Piper and Eversheds – to identify just a few. Support was also received from The DCMS/Wolfson Foundation and The Goldsmiths’ Company for learning and family programmes. All of these are relationships that we can build on as we develop the New Museum campaign.

The Society of Londoners has continued to grow and is proving a strong source of revenue, new relationships and deeply engaged supporters. A powerful example was securing the acquisition of the Hatton Garden Vault from a member of the Society of Londoners. Our Friends group also reached a record 1,000 members this year.

### **Sustainability**

It remains the case that energy consumption presents a challenge at all three of our buildings and we continue to monitor our energy consumption in order to track our patterns of usage. Upgrading our aging infrastructure through discrete projects to introduce newer plant and equipment is one way to improve efficiency. Projects included installing more energy efficient lighting at the Museum of London Docklands and at Mortimer Wheeler House we completed upgrades to the heating and cooling plant and repairs to the roof of the building.

Sustainability was identified as a priority in the brief for the architectural competition and we have begun to discuss with the building design team how we scope our future sustainability strategy for the New Museum project.

## 2016/17 in numbers

Area of activity	2015/16 Actual	2016/17 Target	2016/17 Actual
Visits made to the Museum of London	897,508	960,000	<b>786,700</b>
Visits made to the Museum of London Docklands	283,265	300,000	<b>298,338</b>
Visits to the <i>Fire! Fire!</i> exhibition (23 July 2016 to 17 April 2017)		130,000	<b>153,011</b>
Visits to the <i>Tunnel: The Archaeology of Crossrail</i> exhibition (full run 9 February – 3 September 2017)		9,700 <i>(up to 31/03/17)</i>	<b>33,694</b> <i>(up to 31/03/17)</i>
Visits to <i>Skeletons: Our Buried Bones</i> at the Hunterian Art Gallery (touring exhibition) (19 August 2016 – 8 January 2017)			<b>10,381</b>
Schoolchildren visiting the Museum or taking part in our schools programme	136,100	150,000	<b>157,737</b>
People taking part in family events and activities	47,393	50,000	<b>66,622</b>
Visits to the museum website	2.55m	2.57m	<b>2.61m</b>
Media articles generated	4,199	3,900	<b>4,671</b>
Trading income generated	£2.9m	£3.1m	<b>£2.7m</b>

In 2016/17 there were also:

- **130,766 Facebook likes, 100,150 followers** on Twitter and **16,300 followers** on Instagram
- **16,422 enquiries, talks, teaching and research visits** connecting to the collections
- **285 volunteers, 3 apprentices** and **11 students** on work experience placements were engaged across the museum

## FUTURE PLANS

2017/18 will see the completion of our fifth and final year of our current Strategic Plan and the beginning of an intensive period of formation as we define our strategy for the next five years, looking ahead to opening a New Museum in 2023. In 2017/18 1.2 million people will visit our museums including over 141,000 school children and 60,000 children and adults taking part in our family programmes.

Standout programming will offer something different for our visitors. At the Museum of London our *City Now, City Future* season – a major exhibition and four ‘waves’ of programming throughout the year – will invite all of London to consider what it means to live in a truly global city. At the Museum of London Docklands we will continue to capture the imaginations of our visitors through the interwoven themes of archaeology and 21<sup>st</sup> century engineering in *Tunnel: The Archaeology of Crossrail*.

Our project to create a New Museum for London will enter a second year. Activity will concentrate around the development of the architectural brief for the building, moving into a period of concept design, preparing for the submission of a planning application and detailed development of the business case. Our content teams will take the interpretation strategy to the next stage of detail. Alongside this our communications strategy for the project, our engagement strategy for London and major fundraising campaign will continue to gather momentum and become more visible.

The second year of our strategy for the Museum of London Docklands, *From the East End to the World*, will focus on drawing a new and larger family audience. The strategy will be underpinned by a series of capital projects focused on refreshing key aspects of the visitor experience.

Enterprise activities will continue to develop visitors’ enjoyment of the museum, providing a variety of free and paid-for services that enhance the visitor offer alongside growing our retail, catering and venue hire businesses. We will continue to implement our Digital Strategy, developing our website and CRM knowledge and focusing on digital as a means to connect beyond our physical walls, build long lasting relationships with audiences, create high quality experiences and tell stories in new ways.

Year three of our Arts Council England programme will be completed and our partnerships will continue to grow with the City of London Corporation and the Greater London Authority as we collaborate closely on education, culture and shaping a New Museum for London.

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 requires the Governors to prepare financial statements for each financial year. The Governors have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. The Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### **Disclosure of information to Auditor**

The Governors confirm that as far as they are aware there is no relevant audit information that has not been brought to the attention of the group's auditor, and that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Adoption of report and financial statements**

Adopted and signed for and on behalf of the Board of Governors.

**Clive Bannister**  
Chairman of the Board of Governors  
of the Museum of London

**Alison Gowman**  
Governor of the Museum of London

**Date:** 04 October 2017

## INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF MUSEUM OF LONDON

We have audited the financial statements of Museum of London for the year ended 31 March 2017 which comprise the consolidated and museum statements of financial activities, the consolidated and museum balance sheets, the consolidated 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's Governors, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Governors 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 anyone other than the charity and its Governors as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Governors and Auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 16, the Governors are responsible for the preparation of the financial statements which give a true and fair view. We have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act. Our responsibility is to audit and express an opinion on 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 Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2017 and of the group's and parent charity's 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 Charities Act 2011.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Governors' Annual Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

**Date:** 04 October 2017

Grant Thornton UK LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

## MUSEUM OF LONDON GROUP CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Expressed in £'000	Notes	2017				2016
		Unrestricted Funds Funds	Restricted Funds Funds	Endowment Fund Funds	Total Funds Funds	Total Funds Funds
<b>INCOME AND ENDOWMENTS</b>						
Donations, grants and legacies	3	13,283	2,659	–	15,942	15,958
Other trading activities	4	2,689	4	–	2,693	2,922
New Museum project	5	–	2,096	–	2,096	400
Investment income	6	289	66	–	355	326
Income from charitable activities	7	1,067	4	–	1,071	1,557
<b>Total Income and Endowments</b>		<b>17,328</b>	<b>4,829</b>	<b>–</b>	<b>22,157</b>	<b>21,163</b>
<b>EXPENDITURE ON</b>						
Raising funds	8	3,323	–	–	3,323	3,567
Charitable activities	8	17,336	2,885	–	20,221	19,327
New Museum project	8	(15)	1,791	–	1,776	359
<b>Total Expenditure before gains / (losses) on investments</b>		<b>20,644</b>	<b>4,676</b>	<b>–</b>	<b>25,320</b>	<b>23,253</b>
Gains / (losses) on investments	14	–	272	293	565	(110)
<b>Net (outgoing) / incoming resources before transfers</b>		<b>(3,316)</b>	<b>425</b>	<b>293</b>	<b>(2,598)</b>	<b>(2,200)</b>
Transfers between funds	17 (A)	376	(376)	–	–	–
<b>Net expenditure before other recognised gains and losses</b>		<b>(2,940)</b>	<b>49</b>	<b>293</b>	<b>(2,598)</b>	<b>(2,200)</b>
<b>Other recognised gains and losses</b>						
Actuarial (loss) / gain on defined benefit pension schemes	21	(6,811)	–	–	(6,811)	4,940
<b>Net movement in funds</b>		<b>(9,751)</b>	<b>49</b>	<b>293</b>	<b>(9,409)</b>	<b>2,740</b>
<b>Funds brought forward at 1 April</b>		<b>8,757</b>	<b>7,758</b>	<b>1,474</b>	<b>17,989</b>	<b>15,249</b>
<b>Funds carried forward at 31 March</b>	17 (A)	<b>(994)</b>	<b>7,807</b>	<b>1,767</b>	<b>8,580</b>	<b>17,989</b>

There are no other gains or losses other than those recognised above and therefore no separate statement of total gains and losses has been prepared. All activities derive from continuing operations.

The notes on pages 23 to 45 form part of these financial statements.

## MUSEUM OF LONDON STATEMENT OF FINANCIAL ACTIVITIES

Expressed in £'000	Notes	2017			2016
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
<b>INCOME AND ENDOWMENTS</b>					
Donations, grants and legacies	3	13,366	2,745	16,111	16,058
Other trading activities	4	1,646	4	1,650	1,782
New Museum project	5	-	2,096	2,096	400
Investment income	6	267	-	267	237
Income from charitable activities	7	1,067	4	1,071	1,558
<b>Total Income and Endowments</b>		<b>16,346</b>	<b>4,849</b>	<b>21,195</b>	20,035
<b>EXPENDITURE ON</b>					
Raising funds		2,362	-	2,362	2,476
Charitable activities		17,298	2,918	20,216	19,338
New Museum project		(15)	1,791	1,776	361
<b>Total Expenditure</b>	8	<b>19,645</b>	<b>4,709</b>	<b>24,354</b>	22,175
<b>Net (outgoing) / incoming resources before transfers</b>		<b>(3,299)</b>	<b>140</b>	<b>(3,159)</b>	(2,140)
<b>Transfers between funds</b>	17 (A)	376	(376)	-	-
<b>Net expenditure before other recognised gains and losses</b>		<b>(2,923)</b>	<b>(236)</b>	<b>(3,159)</b>	(2,140)
<b>Other recognised gains and losses</b>					
Actuarial (loss) / gain on defined benefit pension schemes	21	(6,811)	-	(6,811)	4,940
<b>Net movement in funds</b>		<b>(9,734)</b>	<b>(236)</b>	<b>(9,970)</b>	2,800
<b>Funds brought forward at 1 April</b>		<b>8,698</b>	<b>6,190</b>	<b>14,888</b>	12,088
<b>Funds carried forward at 31 March</b>		<b>(1,036)</b>	<b>5,954</b>	<b>4,918</b>	14,888

There are no other gains or losses other than those recognised above and therefore no separate statement of total gains and losses has been prepared. All activities derive from continuing operations.

The notes on pages 23 to 45 form part of these financial statements.

## MUSEUM OF LONDON GROUP AND MUSEUM BALANCE SHEETS

Expressed in £'000	Notes	Group		Museum	
		2017	2016	2017	2016
<b>Fixed assets</b>					
Heritage assets	12 & 13	6,242	6,466	6,242	6,466
Intangible assets	12	331	302	331	302
Other tangible assets	12	36,491	38,145	36,491	38,145
		<b>43,064</b>	<b>44,913</b>	<b>43,064</b>	<b>44,913</b>
Investments	14	3,416	2,851	-	-
<b>Total fixed assets</b>		<b>46,480</b>	<b>47,764</b>	<b>43,064</b>	<b>44,913</b>
<b>Current assets</b>					
Stock		245	325	-	-
Long term loan receivable	15	683	865	683	865
Debtors	15	1,797	1,610	3,588	2,886
Cash at bank and in hand		10,554	10,804	8,440	9,326
<b>Total current assets</b>		<b>13,279</b>	<b>13,604</b>	<b>12,711</b>	<b>13,077</b>
<b>Current liabilities</b>					
Creditors amounts falling due within one year	16	(4,806)	(4,616)	(4,484)	(4,339)
<b>Net current assets</b>		<b>8,473</b>	<b>8,988</b>	<b>8,227</b>	<b>8,738</b>
<b>Total assets less current liabilities</b>		<b>54,953</b>	<b>56,752</b>	<b>51,291</b>	<b>53,651</b>
<b>Creditors amounts falling due after one year</b>					
City of London Corporation	20 B	(8,870)	(9,657)	(8,870)	(9,657)
<b>Net assets excluding pension liability</b>		<b>46,083</b>	<b>47,095</b>	<b>42,421</b>	<b>43,994</b>
Defined benefit pension liability	21	(37,503)	(29,106)	(37,503)	(29,106)
<b>Net assets including pension liability</b>		<b>8,580</b>	<b>17,989</b>	<b>4,918</b>	<b>14,888</b>
<b>The funds of the charity</b>	17 & 18				
Endowment funds		1,767	1,474	-	-
Restricted income funds		7,807	7,758	5,954	6,190
Designated funds		28,560	29,194	28,560	29,194
Designated defined benefit pension reserve		(37,503)	(29,106)	(37,503)	(29,106)
		<b>631</b>	<b>9,320</b>	<b>(2,989)</b>	<b>6,278</b>
<b>Reserves</b>					
General reserve		7,949	8,669	7,907	8,610
<b>Total funds and reserves</b>		<b>8,580</b>	<b>17,989</b>	<b>4,918</b>	<b>14,888</b>

The notes on pages 23 to 45 form part of these financial statements.

The financial statements were approved by the Board of Governors on 04 October 2017.

Signed on its behalf by:

**Clive Bannister**  
Chairman of the Board of Governors of the  
Museum of London

**Alison Gowman**  
Governor of the Museum of London

## CONSOLIDATED CASH FLOW STATEMENT

Expressed in £'000	Notes	2017	2016
Net cash inflow from operating activities	1	2,075	3,117
<b>Returns on investment and servicing of finance</b>			
Interest and dividends received		355	326
Interest paid		(145)	(165)
<b>Capital expenditure and financial investments</b>			
Payments to acquire tangible fixed assets		<u>(1,784)</u>	<u>(1,831)</u>
Increase in cash and cash equivalents before financing		501	1,447
Financing – Repayments of long-term borrowing		<u>(751)</u>	<u>(715)</u>
<b>(Decrease) / increase in cash and cash equivalents in the year</b>		<u><b>(250)</b></u>	<u><b>732</b></u>

## SUMMARY OF MOVEMENT IN CASH AND CASH EQUIVALENTS

Expressed in £'000	Balance 1 Apr 2016	Movement In the year	Balance 31 Mar 2017
Cash at bank	4,804	(1,250)	3,554
Cash on deposit	6,000	1,000	7,000
<b>Total cash and cash equivalents</b>	<u>10,804</u>	<u>(250)</u>	<u>10,554</u>

## 1. NOTE TO THE CASH FLOW STATEMENT

### RECONCILIATION OF NET EXPENDITURE TO NET CASH INFLOW FROM OPERATING ACTIVITIES

EXPRESSED IN £'000	2017	2016
Net expenditure before other recognised gains and losses	(2,598)	(2,200)
Interest and dividends receivable	(355)	(326)
Interest payable	145	167
(Gains) / losses on investments	(565)	108
Pension costs – see Note 21	1,586	1,849
Fixed assets scrapped	9	–
Depreciation	<u>3,624</u>	<u>3,552</u>
<b>Net Operating Income</b>	<b>1,846</b>	<b>3,150</b>
Decrease / (increase) in stock	80	(7)
(Increase) in debtors and long term contracts	(5)	(447)
Increase in creditors (excluding loans/overdrafts)	<u>154</u>	<u>421</u>
<b>Net cash inflow from operating activities</b>	<u><b>2,075</b></u>	<u><b>3,117</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1) ACCOUNTING POLICIES

#### A) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared, on a going concern basis as detailed on page 54, under the historical cost accounting convention, with the exception of investments which have been included at market value, and comply with the Charities Act 2011, the Statement of Recommended Practice Accounting and Reporting by Charities SORP (FRS 102) and applicable accounting standards in the United Kingdom. The Museum of London is a public benefit entity under FRS 102.

Consolidated financial statements have been prepared for the museum, which consolidate the financial statements of the Museum of London, Museum of London (Trading) Limited, the London Museum Fund, the Joicey Fund and the Mackenzie Bell Fund on a line by line basis. Uniform accounting policies have been applied across the group and have been applied consistently year on year. The functional currency is GBP Sterling.

#### B) INCOME

Income is recognised when the museum has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably. Grant income is recognised as income when the conditions for its receipt have been met. Retail income is recognised when the sale takes place. Event and commercial hire income is recognised when the event takes place. Donations are accounted for when the museum has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. Gift Aid receivable is included in income when there is a valid declaration from the donor.

#### C) EXPENDITURE

Expenditure is classified under the principal categories of the cost of raising funds (costs of activities that are not in themselves charitable but which are incurred to generate income to support charitable activities), charitable activities (costs incurred in furtherance of the charity's objectives, including governance costs), and other costs.

Within the costs of raising funds are the costs of generating voluntary income and fundraising trading: costs of goods sold and other costs. The costs of generating voluntary income are the costs of fundraising and the costs of administering the museum's Friends' scheme. Fundraising trading costs relate to the museum shops, event hire and catering.

Expenditure incurred on charitable activities is subdivided into communications, programmes and learning (adult, family and schools education programmes), galleries and exhibitions, collections (conservation and curation) and governance (costs in connection with the constitutional and statutory requirements of the museum).

Categories of expenditure include direct and indirect costs. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with their use of the resources.

Pension financing costs, arising from changes in the net of the interest costs and the expected return on assets, have been apportioned across the expenditure categories on the basis of the number of pensionable employees.

Financing costs relating to interest payable on loans are included in the building maintenance category for purposes of apportionment as the loans are for building improvements.

As detailed in Note 9, support costs comprise finance, administration, human resources, information technology, Directorate and some premises costs. Support costs are apportioned across the

resources expended categories on a basis consistent with their use of the resources, principally by reference to staff head count.

Resources expended are accounted for on an accruals basis.

#### **D) IRRECOVERABLE VAT**

Irrecoverable VAT is charged as an expense apportioned across expenditure categories pro-rata.

#### **E) FUND ACCOUNTING**

The museum's financial statements comprise a number of individual funds that divide into distinct categories. These are defined below.

General funds are unrestricted funds and comprise revenue balances that have arisen and are available for use at the discretion of the Board of Governors in furtherance of the general objectives of the museum. The London Museum Trust (income element) is also a general fund, which, although the responsibility of a separate Trust, is available for the general objectives of the museum.

Designated funds are also unrestricted and comprise funds that have been set aside at the discretion of the Board of Governors for specific purposes. Funds representing the net book value of the tangible fixed assets of the museum not funded by loans are transferred to a designated fund to the extent that sufficient general funds are available.

Restricted funds are subject to specific restrictions imposed by the donor and include grants and donations for Museum of London major projects, Mackenzie Bell Trust and the Joicey Trust (income element).

Endowment funds – Joicey Trust and London Museum Trust are trust funds in which the donor has provided that the capital cannot be converted to income (London Museum – except by the approval of the Board of Governors).

#### **F) FIXED ASSETS**

##### **Heritage Assets**

The Museum of London is one of the world's largest urban history museums and cares for over two million objects in its collection.

The Trustees consider that the vast majority of items in the collection would be difficult, if not impossible, to value. The collection includes social history and archaeological items with no obvious market value as well as many unique items with no comparable sale records to use as the basis for valuation. Even if valuations could be obtained, the costs would be onerous compared with the benefit derived by the museum and the users of the financial statements. As a result, no value is reported for these assets in the museum's balance sheet.

The exception is for heritage assets purchased since 1 April 2001, which are capitalised if the cost is greater than £3,000. Items in the collection that are capitalised are stated at cost but, with the exception of the Docklands property, are not depreciated as the amount of depreciation is regarded as immaterial due to their anticipated high residual value. The Museum of London Docklands building is largely depreciated over 20 years.

##### **Tangible Assets**

Tangible fixed assets are stated at cost. All tangible assets with a cost greater than £3,000 are capitalised and depreciated on a straight-line basis to write off the cost over their expected useful lives. Assets under construction are depreciated from the year of completion. From 1 April 2001 historic artefacts and inalienable assets purchased, with a value of over £3,000 have been capitalised. No depreciation is charged on these items.

Leasehold property including buildings, improvements, renovations and extensions	Over 5–99 years; the shorter of the expected useful life and the length of the lease.
Historic artefacts and museum exhibits	No depreciation is charged on acquired historic artefacts. Museum exhibits are depreciated over the expected life of the exhibit, typically 10 years.
Assets under construction	No depreciation is charged until completion.
Other assets including furniture, equipment, vehicles and plant	Over 4 years (25%) or the asset’s expected useful life if shorter.

Impairment reviews of tangible fixed assets are carried out in accordance with operational needs.

### **Intangible Assets**

Intangible fixed assets are stated at cost. All intangible assets with a cost greater than £3,000 are capitalised and depreciated on a straight-line basis to write off the cost over their expected useful lives, typically 10 years.

### **G) INVESTMENTS**

Listed investments are valued annually at mid-market price at the balance sheet date. Investments in subsidiaries are recognised at cost in the financial statements of Museum of London. The unrealised profit or loss on investments is shown on the Consolidated Statement of Financial Activities.

### **H) STOCK**

Stock consists of purchased goods for resale and is valued at the lower of cost and net realisable value using the weighted average cost method.

### **I) RECOGNITION OF LIABILITIES**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

### **J) PENSION COSTS**

The museum’s employees are eligible to contribute to the Museum of London Staff Pension Fund (the Fund), which is part of a multi-employer defined benefit scheme called the City of London Corporation Pension Fund, administered under the regulations of the Local Government Scheme.

Charges are made to the income and expenditure account based on the recommendations of the Fund’s actuary. They are applied between the Fund’s triennial valuations so as to include the expected cost of providing pensions on a systematic and rational basis over the period during which the museum derives benefit from the employees’ services.

The current service cost of the defined benefit scheme is charged to employee costs over the anticipated period of employment. Net pension finance income or costs are included immediately in employee costs and allocated via support costs. Actuarial gains and losses are recognised immediately on the face of the Consolidated Statement of Financial Activities. A provision for the scheme deficit is shown on the face of the balance sheet. The amounts charged to the Consolidated Statement of Financial Activities for defined contribution schemes represent the contributions payable in the period.

### **K) HOLIDAY PAY**

In accordance with the requirements of the new Charity SORP (FRS 102) holiday entitlement accrued but untaken as at the balance sheet date is accrued in full.

## **L) DONATED GOODS, FACILITIES AND SERVICES**

Donated goods, facilities and services are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the museum is not recognised. Refer to the Governors' Annual Report for more information about their contribution.

On receipt, donated goods, facilities and services are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is recognised in expenditure in the period of receipt.

Donated fixed assets for on-going use by the museum are recognised as tangible fixed assets when their fair value exceeds the museum's threshold for capitalisation set by the museum's accounting policy. The corresponding gain is recognised as income. In common with any other tangible assets, donated goods held as tangible fixed assets are depreciated over their useful economic life.

## **M) CASH AT BANK AND IN HAND**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## **N) KEY JUDGEMENTS AND ESTIMATES**

In preparing these financial statements the following judgements have been made:

The present value of the museum's share of the City of London Corporation Pension Fund Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. Any changes in these assumptions, which are disclosed in Note 21, will impact the carrying amount of the pension liability. A roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 March 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The fair value of the investments recognised in the financial statements is based on the market value of the investments held at the year end. The investments are listed, and therefore their valuation is based on publicly available market information. As such, there is no estimation uncertainty in this area.

Depreciation is based on the management's judgement of the useful economic life of each asset or asset group which determines the rate at which the asset or asset group is written down.

## **O) FINANCIAL INSTRUMENTS**

Museum of London has adopted Section 11 FRS 102 in respect of financial instruments.

### **(i) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price. Loan receivable from MOLA carries interest at Bank of England Base Rate plus 2.5% (see Note 15) and is therefore recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

Museum of London has no financial instruments that fall within the scope of Section 12 of FRS 102.

## 2) CONSOLIDATION OF SUBSIDIARY UNDERTAKINGS

The Joicey Trust, Mackenzie Bell Trust and London Museum Trust all have objects which are exclusively to provide funds for the Museum of London and Trustees who are appointed by the Museum of London. They are therefore treated as subsidiary charities in accordance with Charities SORP (FRS 102).

The Museum of the Port of London and Docklands Limited was merged into the Museum of London in 2009 and became dormant. The Museum of the Port of London and Docklands Limited was closed in the year.

The Museum of London holds the entire share capital (£2) of the Museum of London (Trading) Limited.

The results of the subsidiary entities for the year ended 31 March 2017 were as follows:

Expressed in £'000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum of London (Trading)	Total 2017	Total 2016
Incoming resources	24	42	21	2,523	2,610	2,706
Resources expended	(10)	(42)	(38)	(2,523)	(2,613)	(2,657)
<b>Net incoming / (outgoing) resources</b>	<b>14</b>	<b>-</b>	<b>(17)</b>	<b>-</b>	<b>(3)</b>	<b>49</b>
Unrealised gain / (loss) on investments	157	272	137	-	566	(110)
<b>Net movement in funds</b>	<b>171</b>	<b>272</b>	<b>120</b>	<b>-</b>	<b>563</b>	<b>(61)</b>

Museum of London (Trading) resources expended includes gift aid of £83k (2016: £64k). The previously dormant subsidiary, Museum of the Port of London and Docklands, was closed in the year.

The assets, liabilities and funds of the subsidiary undertakings as at 31 March 2017 were as follows:

Expressed in £'000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum of London (Trading)	Total 2017	Total 2016
<b>Net Assets</b>						
Investments	951	1,645	820	-	3,416	2,851
Current assets	59	192	42	2,271	2,564	2,086
Current liabilities	-	(41)	(6)	(2,271)	(2,318)	(1,837)
<b>Total net assets</b>	<b>1,010</b>	<b>1,796</b>	<b>856</b>	<b>-</b>	<b>3,662</b>	<b>3,100</b>
<b>Funds employed</b>						
Permanent endowment	953	-	814	-	1,767	1,474
Restricted funds	57	1,796	-	-	1,853	1,567
Unrestricted funds	-	-	42	-	42	59
<b>Total funds</b>	<b>1,010</b>	<b>1,796</b>	<b>856</b>	<b>-</b>	<b>3,662</b>	<b>3,100</b>

### 3) DONATIONS, GRANTS AND LEGACIES

Expressed in £'000

	MUSEUM OF LONDON GROUP			Total 2016
	Unrestricted Funds	Restricted Funds	Total 2017	
Greater London Authority Revenue grants	7,600	–	7,600	7,600
Greater London Authority Capital grants	–	571	571	184
City of London Corporation Revenue grants	5,291	31	5,322	5,397
Arts Council England and related programmes	–	1,472	1,472	1,460
Other grants	42	405	447	526
Other donations	350	180	530	791
<b>Total</b>	<b>13,283</b>	<b>2,659</b>	<b>15,942</b>	<b>15,958</b>

Included in Donations, Grants and Legacies Group income in the prior year is £2,556k of restricted funds. Gifts in kind and pro bono services received in the year were valued and recorded by the museum in accordance with the Accounting Policy Note 1 (L). Other donations include £25k for gifts and services in kind received during the year (2016: £22k).

Expressed in £'000

	MUSEUM OF LONDON			Total 2016
	Unrestricted Funds	Restricted Funds	Total 2017	
Total income as above	13,283	2,659	15,942	15,958
Gift Aid from Museum of London (Trading) Limited	83	–	83	64
Grants from Trust Fund subsidiaries	–	86	86	36
<b>Total</b>	<b>13,366</b>	<b>2,745</b>	<b>16,111</b>	<b>16,058</b>

Included in Donations, Grants and Legacies Museum of London income in the prior year is £2,592k of restricted funds.

### 4) OTHER TRADING ACTIVITIES

Expressed in £'000

	MUSEUM OF LONDON GROUP	
	2017	2016
Shops	1,027	1,146
Private events and functions	1,296	1,513
Photographic library and licensing	89	86
Other	281	177
<b>Total</b>	<b>2,693</b>	<b>2,922</b>

Other Trading Activities income is split between Museum of London (Trading) Limited £2,523k and Museum of London £170k, of which £4k is restricted (2016: £2k).

Other Trading Activities in the Museum of London also includes £1,480k of recharges from the Museum of London (Trading) Limited, which are eliminated on consolidation.

## 5) NEW MUSEUM PROJECT

Expressed in £'000

	MUSEUM OF LONDON AND MUSEUM OF LONDON GROUP	
	2017	2016
<b>INCOME</b>		
Greater London Authority	230	200
City of London Corporation	1,845	200
Other donations	32	–
<b>Total</b>	<b>2,096</b>	<b>400</b>

Restricted funds of £2,096k (2016: £400k) were received during the year to fund specific activities for the New Museum project including RIBA Stage 1 project costs. Income includes £21k for pro bono services received during the year.

## 6) INVESTMENT INCOME

Expressed in £'000

	MUSEUM OF LONDON GROUP	
	2017	2016
Interest on cash balances	81	95
Dividends received	86	86
Property income	188	145
<b>Total</b>	<b>355</b>	<b>326</b>

Investment Income is split Museum of London £267k and subsidiaries £88k.

Some of the cash balances for the Museum of London and the Trust Funds are invested by the Chamberlain of the City of London Corporation at competitive rates that averaged 0.604% in 2017 (2016: 0.61%). Included in Investment Income is £66k (2016: £66k) of restricted funds.

## 7) INCOME FROM CHARITABLE ACTIVITIES

Expressed in £'000

	MUSEUM OF LONDON AND MUSEUM OF LONDON GROUP	
	2017	2016
Exhibitions	990	1,463
Other	81	94
<b>Total</b>	<b>1,071</b>	<b>1,557</b>

Included in Income from Charitable Activities is £4k (2016: £19k) of restricted funds.

## 8) EXPENDITURE

MUSEUM OF LONDON GROUP Expressed in £'000	Direct Staff Costs	Other Direct Costs	Support Costs	Total 2017	Total 2016
<b>Expenditure on Raising funds</b>					
Cost of generating voluntary income	382	186	169	737	760
Fundraising trading	924	1,083	579	2,586	2,807
	1,306	1,269	748	3,323	3,567
<b>Expenditure on Charitable activities</b>					
Communications	562	834	290	1,686	1,461
Programmes and learning	1,753	2,295	989	5,037	4,367
Galleries and exhibitions	2,113	3,686	1,496	7,295	7,197
Collections	2,687	2,294	1,110	6,091	6,183
Governance	34	54	24	112	119
	7,149	9,163	3,909	20,221	19,327
New Museum project	-	1,776	-	1,776	359
<b>Total Expenditure</b>	<b>8,455</b>	<b>12,208</b>	<b>4,657</b>	<b>25,320</b>	<b>23,253</b>

Governance costs comprise audit fees, an apportionment of directors' remuneration and other costs and an apportionment of support costs.

Expenditure is split Museum of London £24,354k and subsidiaries £966k.

Expenditure includes £4,676k (2016: £3,118k) of restricted funds.

## 9) ALLOCATION OF SUPPORT COSTS

MUSEUM OF LONDON GROUP Expressed in £'000	Cost of Raising Funds	Charitable Activities	Governance Costs	Total 2017	Total 2016
Finance and administration	154	794	5	953	1,009
Management costs	175	916	5	1,096	896
Human resources and IT	164	853	5	1,022	1,054
Pension liability – finance costs, etc.	255	1,323	8	1,586	1,849
<b>Group total support costs</b>	<b>748</b>	<b>3,886</b>	<b>23</b>	<b>4,657</b>	<b>4,808</b>

Support costs are defined and allocated as disclosed in Note 1, Accounting Policies.

## 10) EMPLOYEES

### STAFF COSTS

Expressed in £'000	MUSEUM OF LONDON GROUP	
	2017	2016
Salaries and wages	8,064	8,014
Social security costs	810	619
Pension costs	1,045	983
Employment agencies	961	764
	<u>10,880</u>	<u>10,380</u>

The Governors neither received nor waived any emoluments during the year (2016: £nil). Reimbursements of expenses to the Governors of the Museum of London were in total £1,674, paid to two Governors (2016: £820, paid to three Governors).

Staff costs in 2017 include redundancy costs of £93k (2016: £32k).

The number of employees with remuneration above £60,000 was within the ranges listed below:

	MUSEUM OF LONDON GROUP	
	2017	2016
£60,000 to £70,000	5	5
£70,001 to £80,000	3	1
£80,001 to £90,000	–	3
£90,001 to £100,000	1	2
£100,001 to £110,000	2	1
£110,001 to £120,000	1	1
£120,001 to £130,000	1	–
£140,001 to £150,000	1	–
£150,001 to £160,000	1	1

Of the 15 employees disclosed above, retirement benefits are accruing to 14 staff under the museum's defined benefit pension scheme.

The compensation (including employer's national insurance contributions) of the key management personnel was £919k (2016: £999k).

The remuneration of the Director, who was also the highest paid employee, was as follows:

	2017	2016
	£	£
Salary (including performance related bonus)	154,318	154,371
Contribution to pension scheme	<u>22,418</u>	<u>22,824</u>

## BENEFITS IN KIND

No employee received any benefit in kind during the year.

## AVERAGE NUMBER OF EMPLOYEES

The average number of employees, analysed by the categories of resources expended, and after the apportionment of 47 (2016: 46) support staff, was:

	MUSEUM OF LONDON GROUP	
	2017	2016
<b>Cost of Raising Funds</b>		
Costs of generating voluntary income	8	10
Fundraising trading	29	28
	<b>37</b>	<b>38</b>
<b>Charitable Activities</b>		
Communications	14	11
Programmes and learning	51	44
Galleries and exhibitions	78	77
Collections	59	62
	<b>202</b>	<b>194</b>
<b>Total</b>	<b>239</b>	<b>232</b>

The staff costs above include casual staff equivalent to approximately 2 full time staff (2016: 4).

## 11) NET OUTGOING RESOURCES

Is stated after charging:

Expressed in £'000	MUSEUM OF LONDON GROUP	
	2017	2016
Depreciation	3,624	3,552
Auditor's remuneration:		
Audit fees – statutory audit	50	50
Taxation compliance fees	2	2
Other fees paid to the Auditor:		
Taxation advisory fees	12	6

## 12) FIXED ASSETS

The historic artefacts and museum exhibits at the Museum of London are regarded as heritage assets. This is due to their historical importance and their being held for the purposes of preservation and public education. As explained in Note 1 (F) only historic artefacts and exhibits purchased since 1 April 2001 have been included in the balance sheet due to the impracticality of economically valuing assets acquired before that date.

The Museum of London buildings at London Wall and Eagle Wharf Road are not heritage assets as their preservation is not an objective of the museum. This contrasts with the Museum of London Docklands building, a former spice warehouse, which is historic, and the restoration and continued preservation of which is part of the museum's objective.

As stated in Note 1 (F) fixed assets are stated at cost.

MUSEUM OF LONDON GROUP AND CHARITY Expressed in £'000	Leasehold property	Historic artefacts & museum exhibits	Other assets	Total
<b>Cost</b>				
At 1 April 2016	54,090	15,788	17,215	<b>87,093</b>
Additions	855	474	455	<b>1,784</b>
Disposals	-	-	(144)	<b>(144)</b>
At 31 March 2017	<b>54,945</b>	<b>16,262</b>	<b>17,526</b>	<b>88,733</b>
<b>Accumulated Depreciation</b>				
At 1 April 2016	21,032	9,034	12,114	<b>42,180</b>
Charge	2,162	680	782	<b>3,624</b>
Disposals	-	-	(135)	<b>(135)</b>
At 31 March 2017	<b>23,194</b>	<b>9,714</b>	<b>12,761</b>	<b>45,669</b>
<b>Net book value</b>				
At 1 April 2016	33,058	6,754	5,101	<b>44,913</b>
At 31 March 2017	<b>31,751</b>	<b>6,548</b>	<b>4,765</b>	<b>43,064</b>

At 31 March 2017 no fixed assets were held by any subsidiary company and both the opening and the closing positions for fixed assets were identical in the charity and the group.

## HERITAGE ASSETS

The transactions relating to heritage assets for the current year and preceding four years are shown below. There have been no impairments.

Expressed in £'000	2017	2016	2015	2014	2013
Cost of acquisitions	301	706	162	63	79
Disposals	2	-	-	88	13

Fixed assets divide into heritage, tangible and intangible assets.

<b>MUSEUM OF LONDON GROUP</b> Expressed in £'000	<b>Heritage assets</b>	<b>tangible assets</b>	<b>Intangible assets</b>	<b>Total 2017</b>	<b>Total 2016</b>
Leasehold property (Museum of London)	–	31,751	–	<b>31,751</b>	33,058
Leasehold property (MoL Docklands)	4,196	–	–	<b>4,196</b>	4,461
Other historic artefacts & museum exhibits	2,046	306	–	<b>2,352</b>	2,293
Other assets	–	4,434	331	<b>4,765</b>	5,101
	<b>6,242</b>	<b>36,491</b>	<b>331</b>	<b>43,064</b>	<b>44,913</b>

The net book value of leasehold property (including the Museum of London Docklands building which is classified as a Heritage Asset) represents the refurbishment and renovation costs less depreciation of the following properties:

<b>MUSEUM OF LONDON GROUP</b> Expressed in £'000	<b>2017</b>	<b>2016</b>
150 London Wall	<b>20,757</b>	22,679
Mortimer Wheeler House, Eagle Wharf Road	<b>10,994</b>	10,379
1 West India Quay	<b>4,196</b>	4,461
	<b>35,947</b>	<b>37,519</b>

### 13) HERITAGE ASSETS NOT DISCLOSED IN THE BALANCE SHEET

#### Nature and scale of Heritage Assets held

The Museum of London cares for over two million objects in its collection, a proportion of which it inherited from the Guildhall and the London Museums when it opened in 1976. The museum collects objects that illustrate and document the past and present cultures and people of London. It operates under the terms of the Museum of London Act 1965 (as subsequently amended) which defines London as all of Greater London and the surrounding region. Generally this is considered to be the 32 London Boroughs and the City of London. The museum collections cover all periods of time, from the earliest hominid occupation in prehistory to the present day. They include field archaeology, ceramics, jewellery, numismatics, metalwork and human remains, paintings, prints and drawings, photography, ephemera, social and working history items, decorative arts and costume as well as tape recordings, film, video and other electronic media.

#### Policies for acquisition, preservation management and disposal of Heritage Assets

The museum has a Collections Management Policy and an Acquisitions and Disposal Policy. It uses the collections management system MIMSY XG for the day-to-day management of its collections.

The museum continues to add actively to its collection via a number of means including purchase, gift, bequest and excavation, and occasionally divests itself of objects through transfer to other museums or organisations, sale and recycling/destruction. Reasons for disposal include objects being outside the museum's current collecting policy, unprovenanced objects, duplication in collections, underuse (no known future potential for research or display), damage beyond any possible use and health and safety reasons.

Access to collections is provided through our permanent displays, temporary exhibitions, web site, public access to stored collections, public programmes such as loans out and learning activities.

#### Further Details

Can be obtained from our website at

<http://www.museumoflondon.org.uk/Collections-Research/About-the-collections/>

## 14) INVESTMENTS

<b>MUSEUM OF LONDON GROUP</b>	<b>2017</b>	<b>2016</b>
<b>Expressed in £'000</b>		
<b>Listed investments</b>		
Market value at 1 April	2,851	2,961
Unrealised gains / (losses) on investments	565	(110)
Market value at 31 March	3,416	2,851
Less Cost at 31 March	(1,159)	(1,159)
Cumulative unrealised gain at 31 March	2,257	1,692

The above is represented by holdings in Charishare which is a common investment fund managed by BlackRock Investment Management in accordance with a scheme maintained under the provisions of Section 22(1) of the Charities Act 2011. Charishare contains investments in equities. All investments are held in the U.K. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

Holdings in excess of 5% of the market value of the portfolio at 31 March 2017 are as follows and are all invested in the Charishare Common Investment Fund Income:

<b>MUSEUM OF LONDON GROUP</b>	<b>Total</b>	<b>Total</b>
<b>Expressed in £'000</b>	<b>2017</b>	<b>2016</b>
Joicey	951	794
Mackenzie Bell	1,645	1,373
London Museum	820	684
Market value at 31 March	3,416	2,851

## 15) DEBTORS DUE WITHIN ONE YEAR

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>		<b>MUSEUM OF LONDON GROUP</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Loan receivable from related party	683	865	683	865
Trade debtors	305	273	149	90
Amounts owed by group undertakings	-	-	1,947	1,551
Other debtors	420	387	423	386
Prepayments and accrued income	1,072	950	1,069	859
	1,797	1,610	3,588	2,886

Included within Trade debtors is a provision for bad and doubtful debts of £nil (2016: £nil).

The loan receivable is due from MOLA (formerly the museum's field archaeology division) – see Note 20 for further details. The amount due from group undertakings is due from the Museum of London (Trading) Limited. The loan receivable from MOLA carries interest at Bank of England Base Rate plus 2.5%.

**16) CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

Expressed in £'000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2017	2016	2017	2016
Trade creditors	1,026	1,836	1,008	1,809
Accruals	1,436	632	1,436	632
Debt repayable	786	750	786	750
Other creditors	1,507	1,270	1,203	1,020
Payments in advance	51	128	51	128
	<b>4,806</b>	<b>4,616</b>	<b>4,484</b>	<b>4,339</b>

Deferred income included in Other Creditors and Payments in advance represent income received in 2016/17 for ticketed events and venue hire occurring in the following financial year and rental income received in advance to June 2017. Movements from the prior year are shown below:

Expressed in £'000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2017	2016	2017	2016
Balance at 1 April	330	174	128	73
Released during the year	(330)	(174)	(128)	(73)
Newly assigned	309	330	51	128
<b>Balance at 31 March</b>	<b>309</b>	<b>330</b>	<b>51</b>	<b>128</b>

## 17) TOTAL FUNDS

### A) FUNDS ANALYSIS – MUSEUM OF LONDON GROUP

Expressed in £'000	Balance at 1 April 2016	Income	Expendi- ture	Transfer between funds	Other gains & losses	Balance at 31 March 2017
<b>ENDOWMENT FUNDS</b>						
London Museum Trust	678	-	-	-	136	814
Joicey Trust	796	-	-	-	157	953
<b>Total Endowment funds</b>	<b>1,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293</b>	<b>1,767</b>
<b>RESTRICTED FUNDS</b>						
<b>Museum of London</b>						
Fixed Assets Fund	1,296	-	-	-	-	1,296
Major Projects Fund	440	1,022	(640)	(376)	-	446
New Museum Project Fund	84	2,096	(1,776)	-	-	404
ACE Programmes Fund	179	1,375	(1,482)	-	-	72
ACE Capital Fund	-	97	(97)	-	-	-
<b>Museum in Docklands</b>						
Capital fund	4,192	173	(629)	-	-	3,736
<b>Trust funds</b>						
Joicey Trust Income Fund	43	24	(10)	-	-	57
Mackenzie Bell Trust	1,524	42	(42)	-	272	1,796
<b>Total restricted funds</b>	<b>7,758</b>	<b>4,829</b>	<b>(4,676)</b>	<b>(376)</b>	<b>272</b>	<b>7,807</b>
<b>DESIGNATED FUNDS</b>						
Fixed Assets Fund	29,022	-	(3,004)	2,370	-	28,388
Arts Council England	172	-	-	-	-	172
<b>Designated funds</b>	<b>29,194</b>	<b>-</b>	<b>(3,004)</b>	<b>2,370</b>	<b>-</b>	<b>28,560</b>
<b>Designated defined benefit pension reserve</b>	<b>(29,106)</b>	<b>-</b>	<b>(1,586)</b>	<b>-</b>	<b>(6,811)</b>	<b>(37,503)</b>
<b>GENERAL RESERVES</b>						
Museum of London	8,610	17,307	(16,016)	(1,994)	-	7,907
London Museum Trust	59	21	(38)	-	-	42
<b>Total General Reserves</b>	<b>8,669</b>	<b>17,328</b>	<b>(16,054)</b>	<b>(1,994)</b>	<b>-</b>	<b>7,949</b>
<b>TOTAL FUNDS</b>	<b>17,989</b>	<b>22,157</b>	<b>(25,320)</b>	<b>-</b>	<b>(6,246)</b>	<b>8,580</b>

## B) EXPLANATION OF FUNDS

### Endowment Funds

The London Museum Trust and Joicey Trust Funds are both endowment funds, established by benefactors to provide funds to the museum in pursuit of its objectives. The Joicey Trust Fund is a permanent endowment fund which means that the income can be spent but not capital. The London Museum Trust Fund is an expendable endowment which means that both income and capital can be spent but the latter only with the approval of the Board of Governors of the museum. Income arising in the year is treated as unrestricted in the London Museum Trust, restricted in the Joicey Trust.

### Restricted Funds

Where a donor or sponsor has specified a particular purpose for a donation, grant or sponsorship income, that income is shown as restricted income in the year in which receipt is due.

Museum of London Fixed Assets Fund represents the net book value of tangible fixed assets located at the Museum of London financed out of restricted income, it funds future depreciation of those assets.

Museum of London Major Projects Fund arises from a variety of external funding, ranging from major capital works at the museum to specialised work on the collections.

Museum of London New Museum Project Fund was set up in 2015 to represent the restricted funds received for the New Museum project.

Museum of London ACE Programmes Fund arises from funding from the Arts Council England 2015–18 Major Partner Museums investment and 2015–18 Museum Development Grants, a three year grant covering primarily a spectrum of learning, community and regional programmes. It funds the museum's commitment to delivering on the programme agreed with ACE.

Museum of London ACE Capital Fund relates to a specific programme of Arts Council England capital grants provided to the Museum of London during 2016/17 for granting to regional museums.

Museum in Docklands Capital Fund dates from the inception of the Museum in Docklands, it arose from the restricted funding obtained to restore the old warehouse building that is now that museum (included in "Heritage Assets" in the financial statements). It funds future depreciation of those assets.

The Mackenzie Bell Trust Fund is similar to the Joicey and London Museum Trust Funds except that both capital and income can be spent in support of the museum's objectives.

### Designated Funds

Where the museum decides to commit to a specific project or set aside a sum for a specific need, an allocation is made to a designated fund.

The Fixed Assets Fund has been designated by Governors to ensure the museum maintains sufficient reserves to replace fixed assets that were acquired without any kind of external funding. Defined as the net book value of tangible fixed assets less the outstanding amount of related long-term loans, it funds future depreciation of those assets.

The Arts Council England Fund arises from funding from the Renaissance Major Grants programme, a three year grant covering primarily a spectrum of learning, community and regional programmes. It funds the museum's commitment to delivering on the programme agreed with ACE.

The Defined Benefit Pension Reserve represents the current shortfall on the Defined Benefit Pension Scheme.

### General Reserves

General Reserves are otherwise referred to as "Free reserves" as Governors can use them in any way connected with the running of the museum. Both arise from unrestricted income.

## C) TRANSFERS BETWEEN RESERVES

Major Projects Fund – the transfer out of £0.4m is primarily to reflect the substantial completion of certain capital works funded partly or fully by external sources. Once the works have been completed the conditions attaching to the grants have been met and that amount can be transferred to general reserves.

Designated Fixed Assets Fund – the balance on this fund is maintained at a level representing the net book value of total fixed assets less the outstanding amount of related long-term loans. As the cover required each year is affected by a collection of factors, such as depreciation, loan repayments, fixed asset disposals and acquisitions, each year a specific calculation is made to determine the transfer required from general to designated funds. The transfer from general reserves for 2016/17 was £2.4m.

General Reserves – the transfer of £2.0m is the net balance of the two transfers referred to above.

## 18) ANALYSIS OF NET ASSETS BETWEEN FUNDS – MUSEUM OF LONDON GROUP

Expressed in £'000	Tangible Fixed Assets	Invest- ments	Current Assets	Current Liabilities	Long term Liabilities and Provisions	Pension Liabilities	Total Net Assets
<b>ENDOWMENT FUNDS</b>							
London Museum Trust	-	820	-	(6)	-	-	814
Joicey Trust	-	951	2	-	-	-	953
<b>Endowment funds total</b>	<b>-</b>	<b>1,771</b>	<b>2</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>1,767</b>
<b>RESTRICTED FUNDS</b>							
<b>Museum of London</b>							
Fixed Assets Fund	1,296	-	-	-	-	-	1,296
Major Projects Fund	-	-	446	-	-	-	446
New Museum Project Fund	-	-	404	-	-	-	404
ACE Programmes Fund	-	-	72	-	-	-	72
ACE Capital Fund	-	-	-	-	-	-	-
<b>Museum in Docklands</b>							
Capital fund	3,736	-	-	-	-	-	3,736
<b>Trust Funds</b>							
Joicey Trust Income Fund	-	-	57	-	-	-	57
Mackenzie Bell	-	1,645	192	(41)	-	-	1,796
<b>Restricted funds total</b>	<b>5,032</b>	<b>1,645</b>	<b>1,171</b>	<b>(41)</b>	<b>-</b>	<b>-</b>	<b>7,807</b>
<b>DESIGNATED FUNDS</b>							
Fixed Assets Fund	38,032	-	-	(774)	(8,870)	-	28,388
Arts Council England	-	-	172	-	-	-	172
<b>Designated funds total</b>	<b>38,032</b>	<b>-</b>	<b>172</b>	<b>(774)</b>	<b>(8,870)</b>	<b>-</b>	<b>28,560</b>
Designated defined benefit pension reserve	-	-	-	-	-	(37,503)	(37,503)
<b>GENERAL RESERVES</b>							
Museum of London	-	-	11,892	(3,985)	-	-	7,907
London Museum Trust	-	-	42	-	-	-	42
<b>General Reserves total</b>	<b>-</b>	<b>-</b>	<b>11,934</b>	<b>(3,985)</b>	<b>-</b>	<b>-</b>	<b>7,949</b>
<b>TOTAL FUNDS</b>	<b>43,064</b>	<b>3,416</b>	<b>13,279</b>	<b>(4,806)</b>	<b>(8,870)</b>	<b>(37,503)</b>	<b>8,580</b>

## **19) TAX STATUS**

The activities of the museum are undertaken for charitable purposes. Under Part 11 of CTA 2010 no liability to corporation tax has arisen for the year to 31 March 2017 (2016: £nil).

## **20) RELATED PARTIES**

The following disclosures are made in recognition of the principles underlying Financial Reporting Standard 8 concerning related party transactions.

### **A) GREATER LONDON AUTHORITY (GLA)**

The GLA is considered a related party since it has the right to appoint half of the Governing Body of the museum and is one of the two main sponsors of the museum along with the City of London Corporation (see below). The museum received grants from the GLA totalling £8.4m (2016: £8.0m) during the financial year ended 31 March 2017. Included in the 2017 figure above is £0.6m of capital funding (2016: £0.2m), which was for capital works carried out in 2016/17. Also included in the 2017 figure is £0.2m for the New Museum project (2016: £0.2m).

### **B) CITY OF LONDON CORPORATION (COL)**

The City of London Corporation is considered a related party since it has the right to appoint half of the Governing Body of the museum and is one of the two main sponsors of the museum along with the GLA (see above). The museum received grants from the City of London Corporation during the year of £7.2m (2016: £5.5m). Included in the 2017 figure is £1.8m for the New Museum project (2016: £0.2m).

The City of London Corporation in accordance with the Museum of London Act 1965 is required from amongst the officers of the City of London Corporation to appoint persons who, whilst remaining officers of the City of London Corporation, act as Secretary and as Treasurer to the Board. Additionally, the Board has appointed other officers of the City of London Corporation to provide various services including legal, payroll and internal audit services. The provision of all these services by the COL is the subject of a charge in accordance with the 1965 Act. During the financial year ended 31 March 2017 the charges for these services were £0.1m (2016: £0.1m).

Outstanding loans from COL to the Museum of London totalled £9.7m at 31 March 2017 (2016: £10.4m). This total includes a balance of £164k on a loan originally made to the Museum of London Docklands (2016: £185k). Of these loans, £786k is due within one year (2016: £750k) and £8,870k is due after more than one year (2016: £9,657k). The museum incurred interest charges related to these loans of £145k (2016: £156k).

### **C) MOLA**

MOLA is considered a related party due to the close association between it and the museum, as reflected in the loan advanced to MOLA by the museum, the Memorandum of Understanding that governs relations between the two organisations and the on-going link between the organisations through Boards of Management with close and regular contact. The museum does not exercise control over MOLA which is an independently constituted charitable company separately managed by its own Board of Trustees. One of the Museum of London's Governors, Alderman Alison Gowman, is a Board Director and Trustee at MOLA, representing the Museum of London on the MOLA Board.

Outstanding loans from the museum to MOLA amounted £0.7m at 31 March 2017 (2016: £0.9m). The loan is repayable in 115 equal instalments which commenced on 3 April 2012. It is secured by a floating charge over the assets of MOLA and carries a commercial rate of interest. These financial statements include interest of £22k received from MOLA during the year (2016: £29k). A charge of £245k was made by the museum to MOLA for a licence to occupy space in Mortimer Wheeler House (2016: £230k).

## D) GOVERNORS AND STAFF

None of the Governors, key managerial staff or their related parties has undertaken any material transactions with the museum or its subsidiary undertakings during the year. The museum has received £20,000 donations in total from a number of the Governors, in the normal course of charitable giving.

## 21) RETIREMENT BENEFITS

The Museum of London participates in the City of London Corporation Pension Fund, a defined benefit pension scheme. The amounts below relate to the Museum of London's share of the fund. The valuation used for the disclosures in this note has been based on the results of the last full actuarial valuation carried out at 31 March 2016, as updated to 31 March 2017 using financial assumptions that comply with FRS 102.

The contributions made by the employer over the financial year amounted to £1,050k (2016: £991k). The contribution rate set for the year was 14.44% (2016: 14.44%). These rates include a supplementary employer's contribution of 0.44% (2016: 0.44%) in respect of the capitalised cost of added years plus the cost of early retirement, in respect of early non ill health retirements, and these additional costs are fully recoverable over a five-year period. The adjusted rate will continue to be amended in light of any added years granted in respect of early non ill health retirements. For 2017/18 the employer contribution has been set at 15.10%, including a maximum 0.10% supplementary contribution.

### ASSUMPTIONS

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

Valuation Method	2017 %	2016 %	2015 %
RPI Increases	<b>3.60%</b>	3.30%	3.20%
CPI Increases	<b>2.60%</b>	2.40%	2.40%
Salary Increases	<b>4.10%</b>	3.90%	3.90%
Pension Increases	<b>2.60%</b>	2.40%	2.40%
Discount Rate	<b>2.80%</b>	3.70%	3.30%

The assumed life expectations from age 65 are:

Life expectations (years)	Males	Females
Retiring today	23.8	25.2
Retiring in 20 years	25.2	26.7

## NET ASSETS OF THE SCHEME

The Museum of London's share of the net assets in the scheme was as follows:

Expressed in £'000	Assets at 31 March 2017	Assets at 31 March 2016	Assets at 31 March 2015
Equities	42,893	34,447	46,152
Gilts	-	-	7,479
Cash	(11)	(8)	1,343
Infrastructure	2,957	2,222	-
Absolute return portfolio <i>(previously split between various asset classes including equities, gilts and cash)</i>	19,917	18,384	-
<b>Total Assets (A)</b>	<b>65,756</b>	<b>55,045</b>	<b>54,974</b>
Present Value of Scheme Liabilities	(102,735)	(83,633)	(86,472)
Present Value of Unfunded Liabilities	(524)	(518)	(699)
<b>Total Value of Liabilities (B)</b>	<b>(103,259)</b>	<b>(84,151)</b>	<b>(87,171)</b>
<b>Net Pension (Liability) (A) – (B)</b>	<b>(37,503)</b>	<b>(29,106)</b>	<b>(32,197)</b>

## ANALYSIS OF PENSION SCHEME OUTGOING RESOURCES

Expressed in £'000	MUSEUM OF LONDON GROUP		
	2017	2016	2015
<b>Analysis of the amount charged to resources expended</b>			
Service Cost	1,581	1,797	1,466
Employer Contributions	(1,050)	(991)	(939)
Unfunded Pension Payments	(41)	(42)	(41)
Net interest on the defined liability	1,057	1,046	1,025
Administration expenses	39	39	34
<b>Net Resources Expended</b>	<b>1,586</b>	<b>1,849</b>	<b>1,545</b>

Pension fund operational costs are apportioned to the expenditure heading on the Consolidated Statement of Financial Activities according to staff costs in each category.

**ANALYSIS OF AMOUNT RECOGNISED IN OTHER RECOGNISED  
GAINS AND LOSSES**

	MUSEUM OF LONDON GROUP		
Expressed in £'000	2017	2016	2015
Return on assets	9,174	(1,775)	3,824
Changes in assumptions underlying the present value of the scheme liabilities	(15,985)	6,715	(12,001)
<b>Actuarial (loss) / gain recognised in Consolidated Statement of Total Recognised Gains and Losses</b>	<b>(6,811)</b>	4,940	(8,177)

**MOVEMENT IN DEFICIT DURING THE YEAR**

	MUSEUM OF LONDON GROUP		
Expressed in £'000	2017	2016	2015
Deficit at beginning of the year	(29,106)	(32,197)	(22,476)
Service Cost	(1,581)	(1,797)	(1,466)
Employer Contributions	1,050	991	939
Unfunded Pension Payments	41	42	41
Net interest on the defined liability	(1,057)	(1,046)	(1,025)
Administration expenses	(39)	(39)	(34)
Actuarial (loss) / gain	(6,811)	4,940	(8,177)
<b>Deficit at end of the year</b>	<b>(37,503)</b>	(29,106)	(32,197)

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE PRESENT VALUE OF THE DEFINED  
BENEFIT OBLIGATION**

	MUSEUM OF LONDON GROUP	
Expressed in £'000	2017	2016
Opening defined benefit obligation	84,151	87,171
Service cost	1,581	1,778
Interest cost	3,087	2,861
Change in financial assumptions <sup>[1]</sup>	19,358	(6,571)
Change in demographic assumptions	(3,107)	-
Experience (gain) on obligation	(382)	(144)
Estimated benefits paid net of transfers in	(1,905)	(1,416)
Past service costs	-	19
Contributions by Scheme participants	517	495
Unfunded pension payments	(41)	(42)
<b>Closing defined benefit obligation</b>	<b>103,259</b>	84,151

<sup>[1]</sup> Arising from changes in assumptions underlying the present value of the Fund liabilities.

## RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF SCHEME ASSETS

Expressed in £'000	MUSEUM OF LONDON GROUP	
	2017	2016
Opening fair value of Scheme assets	55,045	54,974
Interest on assets	2,030	1,815
Return on assets less interest	9,174	(1,775)
Other actuarial loss	(116)	-
Administration expenses	(39)	(39)
Contributions by employer including unfunded benefits	1,092	1,033
Contributions by Scheme participants	517	495
Estimated benefits paid and unfunded net transfers	(1,947)	(1,458)
<b>Fair value of Scheme assets at end of period</b>	<b>65,756</b>	<b>55,045</b>

## SENSITIVITY ANALYSIS

The following table sets out the impact of a change in the discount rates on the Total Obligation and Projected Service Cost along with a +/- 1 year age rating adjustment to the mortality assumption.

	2017	2016	2015
Adjustment to discount rate	+0.1%	+0.1%	+0.1%
- Present value of total obligation £'000	101,284	82,594	85,552
- Projected service cost £'000	2,318	1,544	1,647
Adjustment to mortality age rating assumption	+1 year	+1 year	+1 year
- Present value of total obligation £'000	107,055	86,611	84,111
- Projected service cost £'000	2,454	1,620	1,628

## PROJECTED PENSION EXPENSE FOR THE YEAR TO 31 MARCH 2018

	£ 000s
Service cost	2,378
Interest cost	1,034
Administration expenses	47
<b>Total loss</b>	<b>3,459</b>
<b>Employer contributions</b>	<b>1,096</b>

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Name</b>	Museum of London
<b>Address</b>	150 London Wall, London EC2Y 5HN
<b>Registered Charity number</b>	1139250

**Board of Governors** A Board of Governors, consisting of 18 members of whom the Greater London Authority (GLA) (prior to April 2008: the Prime Minister) and the City of London Corporation (COL), each appoints 9 members, is responsible for the strategic direction and oversight of the museum. The following Governors served throughout the financial year, except where indicated.

**Appointed by the City of London Corporation** Rt Hon the Lord Boateng DL  
Sir Steve Bullock (ceased to be a Governor 15 Jul 2017)  
Alderman Alison Gowman  
Tom Hoffman CC  
Vivienne Littlechild JP CC  
Alderman Julian H Malins QC (ceased to be a Governor 07 Feb 2017)  
Dominic Reid OBE (ceased to be a Governor 02 May 2017)  
Jeremy Mayhew CC (appointed 25 May 2017)  
John Scott JP CC  
Councillor Richard Watts (appointed 17 Jul 2017)  
Michael Welbank MBE CC

**Appointed by the GLA** Sally Balcombe  
Clive Bannister  
David Camp  
Evan Davis  
Simon Fanshawe OBE  
Sir Edward Lister (appointed 07 April 2016)  
Jörn Rausing  
Professor Sir Richard Trainor KBE  
David Wormsley

**Administration** Under the Museum of London Acts 1965 and 1986, the Board is required to appoint a Director of the museum to be responsible to the Board for:

- The care of all property in possession of the Board;
- The general administration of the collections vested in the Board and any place where those collections are kept; and
- The administration of any services provided by the Board in the exercise of their functions.

The Treasurer and Secretary to the Board are required to be officers of the City of London Corporation.

<b>Director</b>	Sharon Ament
<b>Treasurer</b>	Kate Limna, Guildhall, London EC2P 2EJ
<b>Secretary</b>	John Barradell, Guildhall, London, EC2P 2EJ
<b>Bankers</b>	Lloyds Bank, 25 Gresham Street, London EC2V 7HN Chamberlain of London, Guildhall, London, EC2P 2EJ
<b>Legal Advisers</b>	City of London Corporation, Guildhall, London, EC2P 2EJ Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3BR
<b>Independent Auditor</b>	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor 30 Finsbury Square London, EC2P 2YU
<b>Investment Adviser</b>	BlackRock Investment Management 33 King William Street London, EC4R 9AS
<b>SUBSIDIARY UNDERTAKINGS</b>	The financial statements consolidate the accounts of the Museum of London together with its subsidiary undertakings which are listed below.
<b>Museum of the Port of London and Docklands ("Museum in Docklands")</b>	<p>The Museum of the Port of London and Docklands is a company limited by guarantee and a registered charity. It was constituted as a subsidiary undertaking of the Museum of London. On 1 April 2009 the museum was amalgamated with the Museum of London. On that date all of the assets and liabilities of the subsidiary were transferred to the parent body at which point the company became dormant.</p> <p>The previously dormant subsidiary, the Museum of the Port of London and Docklands Limited was closed in March 2017.</p>
<b>Museum of London (Trading) Limited</b>	The Museum of London (Trading) Limited is a company limited by shares. Its principal activities are the provision of corporate hire and catering services and the retail function at the museum shops.
<b>The Trust Funds</b>	<p>The Trust Funds were acquired from the London Museum in accordance with the provisions of Section 2 of the Museum of London Act 1965 and are separate legal entities. The Board of Governors appoints their Trustees. Individual financial statements are produced for each trust and they are also consolidated into the financial statements of the Museum of London.</p> <p>The trusts are:</p> <p>London Museum Fund Joicey Fund Mackenzie Bell Fund</p> <p>The appropriate clauses defining the control of their expenditure are:</p>
<b>London Museum Fund</b>	"The Trustees shall hereof apply the income of the Charity for such charitable purposes as the Trustees shall from time to time consider best in the interests of the Museum including in particular:

- The acquisition for the Museum of artefacts, pictures, photographs, books, manuscripts, films and other objects of any description whatsoever relating to any aspects of the history of London;
- The rendering of assistance to the Museum in preservation, maintenance and repair of objects of all kinds owned by or in the custody of the Museum for the purposes of exhibition to the public or for use for the purposes of study or research;
- The promotion of the study of history of London by the publication of books and other printed matter, the provision of exhibitions, lectures, seminars, recitals, recorded music and prizes and the commissioning of literary or artistic works, photographs or films; or
- The provision of improvement of amenities and facilities at the Museum”.

**Joicey Fund**

The Trust was established from the estate of John George Joicey. The relevant extract from his will states:

“The remainder of the said estate shall be made over to the Trustees of the London Museum to form a fund, the income from which shall be applied as the Trustees of the Museum think fit in the purchase of articles, specimens, curios, etc., for the Museum”.

**Mackenzie Bell Fund**

“The said assets and property and any income thereof shall be used as the Trustees of the London Museum shall from time to time think fit for the purpose of maintaining and adding to the collection in the said Museum”.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Incorporation and status

The Museum of London was established by the Museum of London Act 1965 and was opened in 1976. It is governed by the Museum of London Act 1965 (as subsequently amended) and the GLA Act 2007. Since December 2010 it has been a registered charity, number 1139250.

As at 31 March 2017 the museum had 4 subsidiaries: Museum of London (Trading) Ltd, and the London Museum, Joicey and Mackenzie Bell Trust Funds and therefore presents consolidated financial statements. The previously dormant subsidiary, the Museum of the Port of London and Docklands Limited (dormant since April 2009) was closed in March 2017.

The reference and administrative details on pages 46 to 48 form part of this report.

### Governor recruitment, appointment and induction

Governors (who are also the Trustees under charity law) are appointed in equal number by the GLA and the City of London Corporation in accordance with the requirements of the Museum of London Act 1965 (as subsequently amended) and guidance issued by the Commissioner for Public Appointments. The Governors serve for four years and are eligible for re-appointment by their sponsoring body.

Governors appoint the Chairman from among themselves. When Board vacancies arise, the Chairman of the Board is responsible for advising the GLA and the City of London Corporation of the needs of the museum with a view to ensuring a proper balance of expertise, including professional and financial expertise, and that the balance of GLA and City of London Corporation appointments is maintained.

Governor induction is managed by the office of the Director of the Museum of London. The standard induction procedures are that Governors receive a copy of the Museum's Code of Practice for Governors which describes the committee and management structure and the duties and responsibilities of Governors. To underline the importance of Governors' responsibilities the procedures require Governors to sign to confirm that the Code of Practice has been received and is understood. Induction procedures require that Governors also receive the Museum of London Acts together with the museum's Financial Governance Manual, Strategic and Business Plans, Annual Report and Financial Statements, Annual Review and Guidebook, the Museums Association's Code of Ethics and Charity Commission guidance documents on trusteeship, good governance, conflicts of interest, and the "hallmarks of an effective charity". The Nolan principles form the foundation of the Governors' induction.

The Director of the Museum also meets with new Governors to explain current issues and future plans, introduce them to Executive Directors and to offer a tour of the museum. Further ongoing training is arranged for Governors individually or the Board as a whole as needed.

### Organisational structure

Museum of London is responsible for the management of Museum of London at London Wall, and Museum of London Docklands at West India Quay.

The Board of Governors sets broad strategic direction, long-term objectives and priorities for the museum. The Board, which meets four times a year, is also responsible for ensuring that the museum's management team fulfils its responsibilities for the effective, efficient and economical management of the organisation. There are four Board committees on which Governors serve, all of which have met during the year:

- Audit and Risk Management Committee
- Finance and General Purposes Committee
- Trusts and Acquisitions Committee

- Remuneration Committee

In addition there are three boards on which Governors serve and meet as required:

- New Museum Project Board
- New Museum Campaign Board
- Museum of London Academic Panel

### Key management personnel

All Governors give of their time freely and no Governor received remuneration in the year. Details of Governors' expenses and related party transactions are disclosed in Note 10 to the accounts. The pay of the key management personnel is reviewed and benchmarked annually by the Remuneration Committee.

The Governors are key management personnel as defined by FRS 102. The Governors also consider the Executive Board of Directors to be the key management personnel of the charity in charge of directing and controlling, running and operating the museum on a day to day basis. The management team is headed by the Director of the Museum, who is appointed by the Board.

The primary functions of the museum relate to care and management of collections, lifelong learning, exhibitions and other public programmes. All are designed to inform and engage visitor interest in the history, heritage and cultures of London. To achieve its aim the museum has six directorate Groups, each led by a Director. The Directors of the Groups, under the overall direction of the Director of the Museum, form the Executive Board which meets monthly and is responsible for the operational management of the museum. For the year under review the Groups comprised:

**Assets:** Responsibility for finance, human resources, security, facilities and estates, ICT, corporate planning, insurance and risk management, and liaison with the GLA and City of London Corporation.

**Communications:** Responsibility for press and marketing campaigns, communications for the museum's public programme including exhibitions, events and projects, audience development and public affairs.

**Content:** Responsibility for curatorial activity (across the Archaeology Collections and History Collections teams), learning, information resources, conservation and collections care, the Museum Development regional programme and our relationship with Arts Council England.

**Development:** Responsibility for capital and revenue fundraising, major campaigns and donor and supporter networks, including the Society of Londoners.

**Enterprise:** Responsibility for retail, licensing, hospitality, commercial events, front of house and visitor services.

**Transformation:** Responsibility for planning and delivery of capital projects including the New Museum project, exhibitions and design.

### Relationships with related parties

Governance is primarily exercised through the Board of Governors appointed by the museum's two principal funders. Meetings are also held with officers of the City of London Corporation and the GLA to consult on the business plan and review progress. The City of London Corporation is the museum's landlord at its premises at London Wall and Eagle Wharf Road, and supplies various services to the museum. In addition, two of its officers are appointed as the Secretary and Treasurer to the museum, as required by the Museum of London Act 1965.

Note 20 to these financial statements includes details of the museum's transactions with the GLA and the City of London Corporation and other related party transactions.

## OBJECTIVES & ACTIVITIES

### Governing objects

The principal governing document of the museum is the Museum of London Act 1965 (as subsequently amended). This requires the Board of Governors to

- (a) Care for, preserve and add to the objects in their collections;
- (b) Ensure that those objects are exhibited to the public and made available to persons seeking to inspect them in connection with study or research;
- (c) Generally promote understanding and appreciation of historic and contemporary London and of its society and culture, both by means of their collections and by such other means as they consider appropriate; and
- (d) Take any action as they think necessary or expedient to fulfil the aims and objectives of the museum set out in legislation.

### Public benefit

The Charities Act 2011 (“the Act”) requires charities to publish details of the public benefit they deliver. The Governors believe that the museum delivers charitable benefits under two of the headings allowed by the Act; firstly and primarily through the advancement of the arts, culture, heritage or science and secondly through the advancement of education.

As entrance to the museum is unrestricted and is free the Governors believe that there are no unreasonable restrictions on access to the benefits which are therefore available to the public in accordance with the definition of the Act. The Governors believe that the remaining requirements of disclosure placed on charities by the Act are met by the Governors’ Report contained herein.

### Human Resources

The museum takes a strategic approach to the effective, efficient and economic use of its staff across all aspects of the business and is committed to making this organisation an employer of choice in the sector. We recognise that our people lie at the heart of everything we do and that we must have a talented, engaged and motivated workforce to be able to deliver the museum’s vision for the future. Having a workforce that is characterised by high-performance and a focus on delivery is essential in an environment with stretching targets and reducing resources and we see this as fundamental to our long-term success. All appointments are made based on merit and we are committed to the principles of the Disability Confident scheme which indicates a specific commitment to encouraging and supporting applications from disabled candidates and to the use of fair and open competition. The museum treats all staff equally in respect of reward, career development, training opportunities, promotion and all other aspects of the employment relationship. All of this adds to a working community that is supportive, values professionalism and sets high standards for itself and others.

Everyone at the museum works to personal objectives which are aligned with the departmental and strategic objectives across the organisation and managers have regular meetings with their staff to discuss and review individual performance against those objectives. We have recently introduced an online Performance Management system which enables management to view and measure performance against objectives across the entire organisation. We have a positive and constructive approach to employee relations and meet regularly with representatives of Prospect which is the recognised trade union for the purpose of collective bargaining.

In parallel with the paid workforce we are fortunate in that we have a large number of skilled and committed volunteers supporting us across a very wide range of activities. We are seeking to continue to develop our volunteer programme in the years to come following the provision of funding by Arts Council England (which has allowed volunteer co-ordination to be centralised) and will be focussing attention on increasing the engagement and integration of our volunteer workforce

to support valuable activities in partnership and collaboration with paid staff. We have recently been awarded Investing in Volunteers which is an external accredited recognition of best practice in volunteer management.

The museum makes every effort to create and maintain a healthy and safe working environment for our staff. This includes areas such as working conditions, the environment and the personal capacities of individuals, making reasonable adjustments as necessary. Our aim is to prevent work-related physical or mental illness as well as accidents at work. We always encourage staff to establish and maintain an appropriate balance between their professional and private lives to avoid stress-related illness or overworking. Regular meetings of Health and Safety Committees (both local and strategic) take place to review the current position and staff representatives attend these meetings to ensure issues can be discussed and addressed where possible.

## FINANCIAL REVIEW

The results for the year are set out on the Statement of Financial Activities on page 19.

Total Group Incoming Resources were £22.2m during the year (2016: £21.2m).

The museum's main sources of funding were the Greater London Authority and the City of London Corporation, which together contributed 85% of the group's donations, grants and legacies revenue funding (2016: 83%). Other grants and donations included £1.4m from Arts Council England (2016: £1.4m). Group expenditure on charitable activities increased from 2016, predominantly on programming, learning and communications.

Trading activities, comprised primarily of venue hire and catering plus two retail outlets, performed marginally lower than the prior year at £2.7m (2016: £2.9m). All commercial trading is carried out through the museum's trading subsidiary, The Museum of London (Trading) Limited.

The Museum of London recorded an operating surplus (before transfers) on its unrestricted free reserves (general fund) of £1.3m (Note 17A "General Reserves – Museum of London") (2016: £2.9m).

### Financial reserves

After transfers from restricted and designated funds and other losses, the Museum of London's total general reserves stood at £7.9m at 31 March 2017 (2016: £8.7m). The group's restricted funds were £7.8m at 31 March 2017 (2016: £7.8m) and the group's designated funds, excluding the Defined Benefit Pension Reserve, were £28.6m at 31 March 2017 (2016: £29.2m). The designated funds are largely comprised of the Fixed Assets Fund which is being used to fund future depreciation of those assets acquired from unrestricted funds.

The group's cash balances and cash flow forecast remain adequate for its needs. Total group funds carried forward at 31 March 2017 are £8.6m (2016: £18m).

The pension deficit calculated in accordance with Financial Reporting Standard 102 (FRS 102) has increased in the year to £37.5m (2016: deficit of £29.1m). See Note 21 for further details. The increase in the deficit includes an actuarial loss of £6.8m (2016: actuarial gain of £4.9m). The increase in the pension deficit has given rise to negative unrestricted reserves of £1.0m. However, this is not indicative of any liability that is expected to crystallise in the short term as it represents the accounting valuation of the scheme under FRS 102 rather than the level of future contributions to be paid. This is explained in more detail below.

The Museum of London's pension scheme is part of the City of London Corporation's scheme and the Museum of London's deficit is largely proportional with its share of total assets in the fund (approximately 7%). The museum's pension contribution rates are reviewed every three years, after an actuarial valuation in which the surpluses and deficits may be measured differently to the FRS 102 valuation, in accordance with the museum's accounting policy as described in Note 1 (J). The triennial funding valuation is used to set the required level of contributions to be paid and reflects a longer term view of the level of employer contributions required to ensure the assets are sufficient to meet the liabilities. At October 2016, the total fund had contributions set at a level to meet the deficit in 17 years. The next funding valuation is scheduled for March 2019.

In contrast, the annual accounting valuation is calculated as required by FRS 102, using corporate bonds yield as the discount rate for the present value of the scheme's liabilities. As corporate bond yields are usually lower than the expected return from the assets held, this results in a significantly higher valuation of the liabilities and a worse position than the funding valuation. This is a mechanism for accounting purposes and does not reflect the level of future contributions to be paid.

### Investment policy and performance

The capital funds of the Trust Funds are invested in Common Investment Funds. Targets are not set but the Trustees of the funds periodically review the performance of the investments to ensure the returns are satisfactory. During the year to 31 March 2017 an increase in carrying values arose. Total income received over the year was in line with receipts in previous years.

Available cash balances held by the Museum of London and its subsidiary undertakings are placed within the City of London Corporation's account and with Lloyds Bank.

## Going concern

The Governors consider there is one key external financial issue with the potential to adversely impact the museum. This, together with the Governors' assessment of the impact on the museum and the actions being taken to ensure that it does not destabilise the business, is shown below.

Issue	Potential Effect	Response
<p>There continues to be a significant strain on UK government spending and a need to reduce the budget deficit.</p> <p>The Brexit negotiations and resulting economic uncertainty may increase that pressure.</p>	<p>The government may make further cuts in the funding to the Arts/Heritage sector. The grant paid to the museum could be cut substantially.</p>	<ul style="list-style-type: none"> <li>• The museum has confirmed funding up until the end of March 2018 but the position after that is less clear. The museum has invested in strengthening its Executive Team and has a strong Board of Governors bringing expert experience to the museum.</li> <li>• A Development Strategy is in place aimed at building relationships and increasing sponsorship income.</li> <li>• An Enterprise Strategy is in place incorporating measures for growing our commercial income generated through our shops, restaurants, cafés, events and corporate hire opportunities.</li> <li>• Increasing visitor numbers and improved income generation are key elements of the Strategic Plan.</li> <li>• The museum has in place robust financial modelling procedures that will allow it to deal effectively and in a timely manner with any significant variations from the income levels anticipated.</li> </ul>

On the basis of the above, Governors believe that the museum has put in place a robust structure that, in conjunction with the prudent reserves policy explained below, will allow it to manage the foreseeable risks to the organisation and that consequently the financial statements are properly prepared on the going concern basis.

## Reserves policy

The Reserves Policy underpins the Museum's Strategic Plan and Strategic Objectives 2013/14 to 2017/18 and establishes the financial parameters within which the long-term delivery of our mission and objectives can be achieved.

The Board has adopted a Reserves Policy which is based on the evaluation of major risks facing the museum and which is reviewed by the Board annually. The objective is to provide a level of unrestricted reserves that will minimise the impact to museum services, should any of the risks materialise, but that does not fully cover all of the main risks as the Board believes that this would provide an unreasonable level of excess reserves. The Board has identified the following as its main risks.

The museum:

- Fails to generate satisfactory revenues from its activities.
- Fails to secure sufficient grant income as a result of continued cuts in government spending.
- Suffers a sudden failure of building structure or major plant requiring immediate attention in order to continue operations.
- Requires further restructuring of operations should grant in aid be substantially reduced.
- Suffers loss of assets as a result of fraud, theft or cybercrime.

- Fails to respond appropriately to an act of terrorism or major emergency at all/any of the Group sites, causing a fall in income and/or loss of reputation.
- Accordingly, the Board holds reserves to mitigate the effect of the above risks in the following way:
- Approximately £6m to cover operating expenditure for 4 months (this excludes discretionary spend such as projects),
- £1m to cover building emergency repairs or restructuring costs which may arise and are not currently budgeted for, and
- £1m to cover short term cash flow fluctuations which may arise during the year.

As at 31 March 2017 the balance on the Museum of London's general funds (as shown in Note 17 – Total General Funds) stood at £7.9m (excluding designated fixed asset and pension reserves) (2016: £8.7m). While the net asset position is strong this is predominantly in fixed assets, restricted funds, endowment funds or designated funds. Therefore, the Reserves Policy and the level of general funds held is vital to protect the museum from the risks and issues noted above and enables the museum to continue to deliver our mission and objectives.

The Museum has a designated Fixed Asset Reserve equating to the net book amount of tangible fixed assets that have not been funded by loans, to reflect the fact that some unrestricted funds are utilised to finance fixed assets and are thus unavailable for working capital.

## **Structure of the financial statements**

The museum financial statements consist of the following statements, which include comparative figures for the previous year.

- Consolidated Statement of Financial Activities showing all incoming resources and all expenditure incurred and reconciling all changes in the funds of the museum and its subsidiary undertakings.
- Museum of London Statement of Financial Activities showing all incoming resources and all expenditure incurred and reconciling all changes in the funds of the museum.
- Consolidated Balance Sheet setting out the assets and liabilities of the museum and its subsidiary undertakings.
- Museum of London Balance Sheet setting out the assets and liabilities of the museum.
- Consolidated Cash Flow Statement that summarises the movement of cash for the year for the museum and its subsidiary undertakings.
- Notes to the financial statements explaining the accounting policies adopted and information contained in the statements.

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Charities SORP (FRS 102), and applicable accounting standards in the United Kingdom. ~~Where necessary comparatives have been restated in accordance with FRS 102 and additional disclosure has been included.~~

## **Risk management and internal control**

### **Purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than eliminate the risk of failure to achieve policies, aims and objectives. The system can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Museum of London and its subsidiary undertakings during the year ended 31 March 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Museum of London has a structured risk management process as detailed in the *Risk Management Policy and Strategy*. The Director has the ultimate responsibility for promoting and embedding this policy and strategy.

Each divisional director has responsibility for the identification and assessment of risks within their division and for ensuring that these are managed appropriately.

The Director of Assets provides advice and support to the museum on the risk management strategy, policy, framework and processes. The museum uses the internal audit unit of the City of London Corporation, which operates in accordance with local government internal audit standards as laid down in the CIPFA code of practice. The work of the internal audit unit is informed by an analysis of the risk to which the museum is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the museum's Audit and Risk Management Committee. At least annually, the Chief Internal Auditor provides the Audit and Risk Management Committee with a report on internal audit activity in the museum. The report includes the Chief Internal Auditor's independent opinion on the adequacy and effectiveness of the museum's systems of risk management, internal control and corporate governance.

### **Risk and Control Framework**

The museum's *Risk Management Policy and Strategy* explains the organisation's approach to risk management; provides risk definitions; raises awareness of the principles and benefits involved in the risk management process; identifies the main reporting procedures and promotes good risk management. Embedding of risk management is generally sound but continues to progress. Further work is always required, when personnel and priorities change, to ensure that this continues to be part of all the operations of the organisation.

The *Risk Management Policy and Strategy* sets out the risk assessment process whereby risks are identified and included within the risk register according to the category of risk and the likelihood and impact of the risk event occurring.

These identified risks are controlled through the system of internal control which is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- an organisational structure with clear accountability and levels of authority, from the Governors overall responsibility down to the individual staff member;
- comprehensive budgeting systems with an annual budget and five year rolling financial plan that are reviewed and agreed by the Board of Governors;
- regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial and operational performance against plans and forecasts;
- setting targets to measure financial and other performance;
- clearly defined review procedures for proposed capital investments;
- as appropriate, formal project management disciplines;
- codes of conduct for Governors and staff;
- annual signoffs by senior management that they have complied with their responsibilities.

The risk reporting programme agreed with the Audit and Risk Management Committee is as follows:

- Strategic and major operational risks are reported to and reviewed by the Board of Governors at least once per year and at least twice per year by the Audit and Risk Management Committee and Directorate.
- Departmental operational risks are regularly reviewed by the Directorate, heads of department, project managers and other senior managers as appropriate.

### **Review of effectiveness**

The effectiveness of the system of internal control is reviewed by the Audit and Risk Management Committee who meet at least twice a year and report their findings to the full Board. Their work is informed by the work of the internal auditors, the executive managers within the museum who have responsibility for the development and maintenance of the control framework, and comments made by the external auditors in their management letter and other reports.