

Registered Charity No: 1139250

MUSEUM OF LONDON

**Governors' Report and
Financial Statements for the year ended
31 March 2016**

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CHAIRMAN'S STATEMENT

A New Museum for London at West Smithfield by 2021 is our bold ambition.

The groundwork was laid last year and today the sense of momentum is palpable. With the help of our partners, the City of London Corporation and the Greater London Authority, we are on our way. We have started with the competition process of finding a world-class architectural team that will shape our charismatic vision for West Smithfield.

There is much to celebrate this year with respect to current achievements, whilst planning for the New Museum. This year we welcomed over a million people through our doors. We delivered our most successful blockbuster exhibition to date – *The Crime Museum Uncovered* – which broke all the records: visitor numbers, ticket income, book sales and more.

Our exhibition at the Museum of London Docklands, *Soldiers and Suffragettes: The Photography of Christina Broom*, also achieved record visitor numbers. Our public programme continued to captivate and surprise. I particularly enjoyed seeing the Museum full of a vibrant and eclectic crowd as we opened Tattoo London.

The more we learn about West Smithfield the greater the potential becomes: there could hardly be a more quintessential London site. Astride Farringdon and the Crossrail development, no other London museum will be so well connected across the capital, the UK and internationally. In this historic site the New Museum will curate the phenomenon of London which we are uniquely placed to do; bringing insights about our present through the lens of history, whilst keeping an eye firmly on the future.

The detailed planning now begins. We are building a roadmap to move us from today's derelict Smithfield building to opening the doors in 2021. We will enlist the help of an extensive team of experts, as well as harness the ideas and creativity within the Museum – and importantly from Londoners themselves.

The support of our partners including the City of London Corporation, the Mayor of London and the Greater London Authority, and Arts Council England has been invaluable in 2015/16. Our success is deeply linked to our partners, not only through their financial support but also their ideas and insights that encourage and enable us to do things differently - and better.

I would like to thank all my fellow Governors for their leadership on the Board and our Committees. It is their thoughtful and valuable contributions that make the Museum stronger. It is their dedication and dynamic support for the executive team that produces a very powerful and unified "top team".

Already our thoughts are immersed in our next major exhibition *Fire! Fire!* which opened on the 23rd July; and, in the telling of this most iconic of London stories, we begin another exciting year.

On behalf of all the Board of Governors, I congratulate the Director Sharon Ament and her colleagues on their achievements which continue to transform the role that the Museum plays in the life of London and Londoners.

Clive Bannister
Chairman
Museum of London
October 2016

2015/16: A YEAR OF TRANSFORMATION

FOREWORD BY SHARON AMENT, DIRECTOR

This year was our Transformation Year and looking back on 2015/16 we are in a radically different place from where we were a year ago. There is much to celebrate but as always there is also much more to do, as we are an organisation that constantly strives to do more for London in a better way.

The New Museum project has taken shape and moved far beyond the Options Appraisal process of early 2015: an international architectural competition has launched, a high level Strategic Brief has captured our aspirations and principles and, because the City of London Corporation has bought back the lease of the West Smithfield site, we have confidence that our plans can be realised.

What has been striking to see are the types of people we can convene around the topic of London. This extraordinary ability to connect with all sorts of people and all sorts of interests will be something we explore more deeply over the forthcoming year. We want to create a completely new organisation and a museum that redefines its relationship with Londoners. The New Museum at West Smithfield will be a glorious moment when all of the many and varied conversations with Londoners are manifested. This year the work we have started in engaging Londoners will ramp up, sparking thinking about what really matters to people and prompting the question: *What would you put in a new museum for London?*

The 2015/16 exhibition programme has been our most successful year yet. At Museum of London Docklands, *Soldiers and Suffragettes: the Photography of Christina Broom* attracted over 28,000 visitors. At Museum of London, *The Crime Museum Uncovered* exhibition attracted over 130,000 visitors. This exhibition broke new ground for the Museum in many ways: from the approaches to content and the ethics of display, to the successful use of variable ticket pricing.

Museum of London Docklands had a transformative year with its best ever visitor numbers and an impressive 12.5% growth on last year. This is a great baseline for our new Docklands Strategy which will see the Museum developing deeper connections with the East End. The opening of the striking new Warehouse One gallery, which brings the fascinating building to life for visitors, is the first of a programme of projects.

There were also areas of challenge and learning in 2015/16. At Museum of London visitor numbers just fell short of the original ambitious target. You can truly judge an organisation by its response when things don't go to plan: from a tough first quarter we went on to deliver our busiest month ever in October and through active visitor management we went on to reduce the shortfall quarter on quarter. We achieved a positive financial outturn for the year despite lower than forecast visitor numbers.

A brand new Customer Relationship Management function and an entirely redesigned website have been launched and we are anticipating that these will greatly enhance our digital capabilities and online presence.

Our reach extended across London and beyond - whether archaeological dig days with school children in Hounslow, Kibbo Kift material on display at the Whitechapel Art Gallery, or papers being presented at the University of London's Anglo-American Conference of Historians; we certainly got beyond our 'bastion' walls.

We transformed our thinking around our Audiences, Brand and Content creating our ABC framework, following a lively 'strategy season' involving the whole organisation. A thoughtful approach to content, a distinctive brand and voice, and deep understanding of our audiences are how we ensure our relevance and connection to London and Londoners.

Partnership working remained a core theme throughout our activities as we continue to demonstrate the greater impact we can have though working with others. We partnered with the GLA on well-established initiatives such as the London Curriculum and on new initiatives such as the Punk London programme.

With the City of London Corporation we worked in partnership to devise and launch the School Visits Fund, to help shape and manifest the Cultural Hub, and to deliver lively events such as Gladiator Games in the Guildhall Yard.

The first year of our new Arts Council England programmes were successfully completed. As a Major Partner Museum we deliver a diverse programme with outputs this year ranging from working with more volunteers, to displaying collections not previously seen, to new programmes engaging Supplementary Schools. Our Museum Development programme has a regional remit and provided support and advice to museums across London.

We always aim to meet and in some cases exceed the relevant standards across all areas of our work. You will notice some changes to the layout and content of this Annual Report and Financial Statements as it is the first one to be produced in accordance with the new Financial Reporting Standards (FRS102). The Governors' Annual Report from page 5 continues to highlight progress against our objectives whilst from page 48 onwards sets out how we structure and operate the Museum. All additional information required to comply with FRS102 has been included within these sections.

And finally – whether it was adding new acquisitions which ranged from a miniature monstrosity (a foreshore find) to a series of London-related video games, selling 12,000 *The Crime Museum Uncovered* books, cataloguing photographs from the Port of London Authority archive to be used in the new Warehouse One gallery, processing 10,000 purchase and sales invoices, procuring new contracts for services ranging from fire maintenance to legal services, welcoming over 30,000 corporate hire clients, deaccessioning just under 6,000 objects from the collection or keeping our visitors, buildings, collections and people safe and secure – a staggering amount of behind the scenes work has gone into delivering our entire operation and only a fraction is highlighted here.

I am proud of the way the whole Museum team including volunteers, apprentices, partners and colleagues have pushed boundaries, tackled challenges and showed the resilience and creativity that is characteristic of the city that we represent and champion. The year ahead promises to be quite something.

Sharon Ament
Director
Museum of London
October 2016

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 Strategic Plan 2013 – 2018 sets out five objectives and ambitious targets for each. They are:

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

By 2017/18 we will have:

- Reached 1.5 million visitors per year at Museum of London and Museum of London Docklands
- Been involved in 10 big London issues and more people will know who we are, where we are and what we stand for
- Grown the use of our collections for research and significantly increased research activity and its impact
- Engaged and inspired over 850,000 school children
- Generated £100m total income across all our sources of funding

2015/16 in numbers

- **897,508 visitors** to Museum of London, against 902,922 in 2014/15
- **283,265 visitors** to Museum of London Docklands, against 251,883 in 2014/15
- **131,416 visitors** made a trip to *The Crime Museum Uncovered* exhibition (during the full exhibition run from 9 October 2015 to 10 April 2016)
- **28,706 visitors** made a trip to the *Soldiers and Suffragettes: The Photography of Christina Broom* exhibition
- **4,199 media articles** generated, with a reach of 90% of UK adults
- **83,040 followers** on Twitter and **110,329 Facebook likes**
- **129,785 schoolchildren** visited the Museum or took part in our schools programme
- **12,136 enquiries, talks, teaching and research visits** connecting to the collections
- **46,591 people** took part in family events and activities
- **Over 272 volunteers, 5 apprentices** and **24 students** on work experience placements were engaged across the museum
- **£2.9m of trading income** in line with 2014/15

2015/16 Against our five strategic objectives

1. Reach more people

Our visitors

In 2015/16 1,180,773 visits were made to Museum of London and Museum of London Docklands. We achieved growth of 2.2% on the number of people that visited in 2014/15, yet again reaching more people than ever before.

We are proud to report a record year at Museum of London Docklands with 283,265 visits. This result was an increase of 12.5% on visit numbers from 2014/15 and meant we exceeded our stretching target of 278,256 by 1.8%. This is a great starting place ahead of implementing the new Docklands Strategy.

The year held more challenges for visitor numbers at Museum of London. With 897,508 visits this was just 0.6% behind our 2014/15 visitor numbers and 5.0% below our target. A whole organisation focus on programming and communications to drive visitors delivered a strong second half of the year including two record months of over 100,000 visits (October and March) although we were not able to fully reverse the impact of the tough early months, impacted by factors such as a drop in overseas schools visits and changes in tourist visiting patterns.

Understanding our visitors – how to reach them, what would prompt them to make a visit, what they do when they visit – is at the heart of providing the best offer we can. We do this through our audience development strategy and in 2015/16 we made some important changes, revising our bespoke audience segmentation and choosing to target different leading audiences at each museum for the greatest impact. At Museum of London this is comprised of London Insiders, Cultural Connoisseurs and the new addition of Experience Seekers. At Museum of London Docklands our leading audience is now families (Learning Families and Kids First Families).

Our onsite visitor experience is always a priority to ensure that every aspect of this is a high quality. We undertake a range of activity to ensure standards remain high and we were thrilled to be awarded a certificate of excellence from Trip Advisor for consistently achieving 4 and 5 star ratings from visitors.

A packed public programme

Our public programme was packed with distinctive content, centred around uniquely London stories. Each year we grow our understanding of how each element of the public programme attracts different audiences. No matter what the season there was something to be enjoyed by visitors. There was spectacle and gore in the form of Gladiatorial re-enactments in the Guildhall as part of our Roman Summer. At Christmas, visitors were transported back to a Victorian-style Christmas in our Santa's Grotto whilst keen craft enthusiasts were able to enjoy a quirky Christmas market in partnership with Crafty Fox. We opened up London's history with our Museum of London walks including delights such as gin-themed walks around London streets.

Our two major exhibitions attracted record visitor numbers at both museums. They were centred around collections that had never been on display before, offering something entirely new. In June we opened *Soldiers and Suffragettes: the Photography of Christina Broom* at Museum of London Docklands which was visited by 28,706 people. This was the first exhibition of the photography of this pioneering female photographer and creative entrepreneur.

In October we opened *The Crime Museum Uncovered* which was visited by 131,416 people and will become the most successful charged-for exhibition in the Museum's history. This exhibition offered unprecedented access to the highlights of this extraordinary, hidden collection that grew from its early roots in instruction about burglary to include exhibits that formed the evidence to many infamous crimes.

Through focusing on the people – victims, perpetrators and police officers – we used the objects to explore the human stories behind these crimes.

Alongside major exhibitions there was much to see. Photography featured in Rut Blees Luxemburg's *London Dust* explored urban landscapes and development of the city and two of these new works were acquired by the Museum. Significant moments were commemorated, including World War I, with *Zeppelin Offensive* acknowledging 100 years since the first aerial bombardments of London.

Reflecting the contemporary and considering the future is important in maintaining our relevance to the lives of Londoners. *Tattoo London* combined a look at four current tattoo artists who work in the capital with a study of the history of tattooing in London. It succeeded in bringing a different audience to the museum.

Our 'rapid response' display spaces were used to maximum effect this year in providing the opportunity to be nimble and responsive in our programming. *Show Space* took in topics from the Women's Right to Serve March in 1915 to a commemoration of anniversary of the Battle of Waterloo. *Looking for Londoners* draws on our world-class archaeological collections. One popular display looked at unlocking the secrets of Roman Londoners through DNA research on skeletons whilst another featured objects from our Tudor and Stuart collection that are mentioned in Shakespeare's plays.

Enhancing gallery spaces

Each year we make choices about investing in our permanent gallery offer, selecting those areas where we can make the most impact for our visitor experience. At Museum of London of particular significance was the new permanent display of the Book of Tributes, completed to mark the 10th anniversary of the London bombings, a display that goes to the heart of our purpose to represent Londoners and their stories. There has been a notable increase in schools visits to our *London Before London* gallery since the topic of prehistory was added to the National Curriculum for the first time in 2014/15. We introduced new banners, timelines and children's artwork to make this gallery more accessible to primary schools.

At Museum of London Docklands the No.1 Warehouse gallery opened in March, the next major stage in refreshing our permanent galleries. This gallery has exposed more of the stunning Grade I listed building and interpreted its story for visitors. The content also emphasises the history of West India Dock, the building and operation of the warehouse and its links to the world. The new design supports interpretation and enjoyment of the gallery by families and young children as well as adult visitors in support of the new Docklands Strategy.

Transforming our digital capacity

We define digital as what allows us to connect with our audiences wherever they are and in ways that are tailored to the individual. The big themes this year were re-developing our website and bringing Customer Relationship Management (CRM) practice to the Museum for the first time. Much of this work was 'virtual' and behind-the-scenes as we assessed our technical requirements, focused on getting the right functionality in place and completed phases of design and development.

We have created a clearer, more engaging experience for users in a website that showcases our galleries, content and brand. Our CRM project will allow us to pull together our customer data in a central system and tailor our communications so audiences receive information that is timely, personalised and aligned with their areas of interest.

Growing volunteering

We reach Londoners through a combination of volunteering, work placement and apprenticeship opportunities and volunteering is at the core of our ACE programme.

In 2015/16 we worked with 272 dedicated and enthusiastic volunteers involved in a wide range of activities across the Museum who make a valuable contribution to Museum projects through their time and commitment. In turn they are able to learn new skills and engage with a range of museum activities. Examples of activities our volunteers assist with include: assisting with schools and families events and sessions at the museum; repackaging the Museum's archive collection and cataloguing collections; supporting the museum hosts in the galleries and also supporting behind-the-scenes functions such as Human Resources and Finance.

Highlights from this year included our Archaeology Online team receiving Highly Commended in the *Best Team* category at the London Volunteers in Museums Awards ceremony that celebrates volunteering across London museums. The fourteenth cohort of the Museum's popular volunteer-inclusion project at our Archaeological Archive took place, successfully tackling important collections tasks such as repacking a collapsed plaster ceiling from the Roman villa at Beddington, South London.

Docklands Strategy

A new Docklands Strategy was approved by the Board of Governors setting the strategic direction for the next five years. For centuries London's docks have provided a gateway that has connected the city and its people to the rest of the world and we will connect our audiences to this incredible story. We will grow visits from the local audiences that already provide a strong visitor base for the Museum. Families will be the leading audience as we will seek to double visits from the surrounding boroughs and we will continue to raise the profile of the museum amongst the global business community located at Canary Wharf. Museum of London Docklands will become visited by, and connected to, more Londoners than ever before.

2. Become better known

A New Museum for London

2015/16 has been a transformative year for our project to create a New Museum for London. Our target date to move to our new site, the Smithfield General Market in Farringdon, remains 2021. In December 2015 it was announced that the City of London Corporation had completed the purchase of the lease for the site. This significant milestone was a huge step towards realising our future plans.

Our focus, across several major strands of work, has been to prepare for a period of more detailed design that will begin in 2016/17. A Strategic Brief, drawing on the vision for a New Museum, identified the needs, aspirations and principles that will steer the design of the new space and make it work for all our different purposes. The Smithfield Study got underway examining the technical aspects of the site including structural engineering and heritage architecture.

In February 2016 we launched a two-stage international design competition that attracted widespread media coverage and interest. A shortlisting panel chaired by Governor Evan Davis selected six submissions from a total of 80 submissions made up from 140 practices around the world. From this, a winning architect team will be selected.

The building will be one element but our plans extend to the creation of an entirely new organisation to deliver a New Museum for London. We have begun to shape the mobilisation programme for the whole

Museum which takes in areas from fundraising to learning to operations and much more besides as every aspect of our operation will become aligned with creating the New Museum. A project of this scale requires the input and expertise of a vast range of experts and disciplines. We have begun to build a team that will work with us on all aspects from legal advice to communications to business planning as we progress through the next phases.

At the heart of the vision is the proposition that We Are London. No other organisation can do this quite like the Museum through our central role in the formation of a collective understanding of London. Creation of the New Museum will provide the chance to redefine our relationship with Londoners. This year we began work on an engagement strategy which will be a major theme throughout the project.

The history of West Smithfield is incredibly rich. We have already begun to focus our research activity on Smithfield and will champion its history and significance to London. One of the ways in which we have started to do this is through the production of a three-part documentary series, *History of Smithfield*, which attracted almost 200,000 views on YouTube and Facebook demonstrating the enduring fascination with that area.

Exciting plans for the City of London Cultural Hub continue to progress. This year we have contributed to the development of the plans through co-chairing the Content Steering Group for the Cultural Hub with the Barbican. The New Museum will be part of the Cultural Hub with other City of London institutions that will come together to relaunch this area as a vibrant cultural destination.

Being seen and heard

Compelling content, memorable advertising campaigns and our audience strategy work together ensure that we stay front of mind for our audiences. Our recently developed brand personality – including the traits of surprising, provocative, connected, sophisticated, irreverent and energetic – was applied across all that we did. High profile campaigns for our major exhibitions helped to drive record footfall to both *Soldiers and Suffragettes: the Photography of Christina Broom* and *The Crime Museum Uncovered* whilst our ‘London Look Again’ campaign promoted our free galleries.

A record 4,199 pieces of media coverage were generated in 2015/16, estimated to have reached 90% of the UK adult audience. Our stories were featured in many places from The Times to The Huffington Post to the Mail Online. We are always exploring different ways to raise our profile. We know that getting the word out has an impact: *The Crime Museum Uncovered* was featured on BBC London and we subsequently experienced our busiest day for ticket sales.

Captivating content is what engages people so this is what generates media interest. An example was our story of how mudlarks found decorative pieces of Tudor gold on the Thames foreshore. We released it via a world exclusive with the Guardian to make a great Christmas story that caught the imagination of many.

Our reach through social media continues to grow and we are strategic about the channels we use and how we use them. Our Twitter and Facebook audiences continue to grow year-on-year. This year we launched our Instagram account and our content lends itself very well to an image-led approach. We have been innovative in our use of film in visitor facing and corporate communications through You Tube and Facebook. The *Tattoo London* film amassed over 500,000 views in its first month. Our email subscriber base has grown significantly and the next stage will be to enhance the quality of the engagement through use of CRM.

London as the connecting theme

Partnerships enable us to extend our reach across London and beyond. Each year we work with, and are inspired by, an incredible range of individuals and organisations. Through a partnership with the Wellcome Trust an exhibition featuring skeletons from our collections will reach new audiences in different venues. We are part of the GLA-led consortium, with partners including the Design Museum, the British Film Institute and the Roundhouse, that was successful in receiving HLF funding to deliver Punk London and share the story of punk with a whole new generation.

Our partnership with ACE is embedded across the organisation to deliver innovative and impactful programmes in programming, commissioning and learning. Outputs from this significant programme range from creating online resources to developing touring exhibitions, from volunteering to primary schools outreach, from working with supplementary schools to delivering university models. Our Museum Development team, also funded by ACE, worked with more organisations than ever before providing bespoke support and advice to London museums.

We represent a global city and ensuring we connect internationally is essential. In 2015/16 this included hosting visits from Abu Dhabi, China, Australia and Denmark as well as our ongoing collaboration with Continium Discovery Centre and Nausicaá to explore potential EU funding sources. We were proud to be the host venue for the Bloomberg CityLab 2015 attended by 350 mayors from around the world.

3. Stretch thinking

Curating 'London' in its entirety is a complex task and our Content Framework provides a tool by which we can approach this. There are 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*. 2015/16 has been about taking these big areas and actively applying them to our programming. *The Crime Museum Uncovered* exhibition explored Iconic London whilst *Tattoo London* connected to Creative Capital. Our new strategy for Docklands focuses around the theme of 'Global City'. Planning has begun for our major exhibition in 2017 around the topic of City Now, City Future and will explore cities – London and others – today and in the future.

Growing our academic impact and raising our reputation for academic excellence is at the core of our strategic objective to stretch thinking and demonstrate our relevance to contemporary London. We are in the process of establishing an Academic Board to guide research outputs and strategic partnership opportunities. Significant progress was made this year through an initial consultation meeting with academics from a wide range of disciplines looking at how external academic expertise can facilitate new research and thinking about London. This will be an important area of activity in developing a New Museum.

Holding a collection about London enables us to engage with big issues that the city and society face. In each instance we explore how we can draw on the collection and objects to tell many different stories. For *The Crime Museum Uncovered* we transformed our content development processes to consider every aspect of the exhibition from text to advertising to object selection, to ensure that we focused on stories of the victims of crime. Through our collection and programmes we are able connect to a huge variety of topics. Examples this year ranged from our Centre for Human Bioarchaeology team talking about public health through time to our Punk Show and Tell where we invited punks to share their stories.

Each year our collection shifts and grows like London itself. There are important choices to be made to acquire objects that reveal or contribute towards particular London stories. Hundreds of new items enter the collection each year, and only a handful are highlighted here, but notable acquisitions included an iconic Mary Quant carpet from the 1970s which the donor had in her bedroom until recently, a child's Scottish Highland outfit complete with the original box from Gorrings' Department Store in 1911, a bible

burnt in the Great Fire of London and over 100 photographs from Dick Scott-Stewart from the 1970s and 1980s.

We also have to make choices about those items that we no longer need to keep. In 2015/16 a major rationalisation project resulted in the assessment of 100,000 objects of which over 6,000 items then went through the Museum's deaccessioning procedure. This is a careful and complex process to ensure that objects are offered to other organisations that can make use of them.

Behind the scenes, caring for our collection is an important area of activity. Our biennial audit of collection stores was completed this year, showing overall improvement in our collections storage conditions. The range of standards and statutory requirements we must meet requires multidisciplinary skills from our team. For example, we made significant upgrades to ensure we met security requirements for receiving the Crime Museum collection.

Universities and higher education institutions are important partners for us, providing opportunities to raise our profile as a leading source of knowledge about London and its history, and to grow the use of our collections including through research. Our higher education work forms part of our ACE programme and this year we have significantly grown the numbers of students we reached through teaching activities, courses, placements and research visits to 3,400 against a target of 2,000. Highlights from our teaching work included the 'Museum Narratives' module of the University of Westminster's MA and a Birkbeck University of London evening course 'Everyday life in Medieval London.'

Students engaged with the collections in a variety of ways from researching the human remains collections to an art student exploring how illustration might allow us to interpret the collection in new ways. We also ran our first webinar as part of our Arts Council England-funded digital learning programme. The webinar for students explored the museological challenges involved in developing *The Crime Museum Uncovered* exhibition.

4. Engage every school child

Engaging people with London's culture and heritage has the potential to change lives and this holds especially true for young Londoners. We engaged 136,100 schoolchildren directly with the history of the city through visits to our museums and our onsite and outreach programmes. This was just slightly below our 2014/15 levels, in part due to fewer visits from overseas schools as a result of exchange rate changes and following the terrorist attacks in Paris and Brussels. We reached many more children indirectly through our content including online learning resources, teacher training and loan boxes.

We delivered extensive primary, secondary and special schools programmes, offering over 130 different sessions. We focus on ensuring that our programming is creative and inclusive, and that it supports the new National Curriculum. New sessions developed for primary schools included an Invaders and Settlers object handling and drama workshop supporting the teaching of Vikings and Anglo-Saxons and an interactive outreach show about Shakespeare in London to mark the 400th anniversary of Shakespeare's death. For secondary schools, new programming included the introduction of a study day about the British Caribbean and the First World War. New sessions for special schools included My City, an exploration of Londoners' lives today using digital technologies. We reached over 5,000 pupils through a new Arts Council England (ACE) funded outreach programme for primary schools and our rapidly developing schools programme at the Archaeological Archive was unable to meet demand.

Our aim is to be an invaluable resource for teachers in London and we continued to develop our teacher training offer. A highlight this year was the completion of our Prehistory in the Primary Classroom project which was supported by the GLA's London Schools Excellence Fund. Over 450 teachers and student teachers from every London borough attended training sessions over the course of the 18 month project, which included the creation of a suite of interactive online classroom resources.

It is through our work with schools that we are able to connect with the full diversity of London's population. For example, thanks to funding from ACE, we launched a targeted programme for the 2,000 or so supplementary schools in London. These volunteer-run schools meet at weekends to celebrate, sustain and share the cultural heritage of a wide range of communities and to support pupils' work in mainstream schools. Our new programme of museum-based and outreach sessions and events are designed to engage not only pupils but also their families and communities.

Collaboration with our funding partners continued through a variety of learning projects. As a leading member of the City of London's Learning and Engagement Forum, we contributed to the creation of the City's education strategy and led the development of a new website, working with the London Metropolitan Archives (LMA) and other partners, about the Great Fire of London that will be launched in September 2016 to mark the 350th anniversary of the fire. We also took the lead in creating and managing the City of London Schools Visits Fund, a new flagship initiative launched in November to provide financial assistance to schools in disadvantaged areas of the city to enable them to visit the 20 cultural venues funded by the City of London Corporation. Other projects included Young City Poets, with the Barbican, Tower Bridge, LMA and the National Literacy Trust, that used the City's cultural venues to inspire poetry in schools, and City Stories, a multi-partner project that introduced pupils from the City academies to the history of the City of London.

Our work as the GLA's collaborator on the London Curriculum continued throughout the year, firstly on the completion of new STEM (science, technology, engineering and maths) programmes of work for secondary schools, and then on the early development of a new London Curriculum for primary schools. We also worked closely with the GLA on the Mayor's London Knowledge Quiz, for the third successive year and the finals were held at the Museum of London in July. The questions for the two online rounds and finals, and all supporting schools' resources, are provided by the museum.

The Schools and Families Day of the National Festival of LGBT History took place at the Museum of London in February, in partnership with Schools OUT UK. Over 400 people registered for the event which included book readings by Sir Derek Jacobi, Bonnie Greer and Stuart Milk amongst others. The UK Children's Laureate, book illustrator and political cartoonist Chris Riddell attended the festival and created a sketch-diary of the day which he later posted on Instagram and Tumblr.

Our family events programme continues to go from strength to strength with 46,591 adults and children taking part, an increase of 6% on the previous year. Families are an important audience for the museum – and are the leading audience in our new Docklands Strategy - and we deliver an extensive range of events such as art activities, digital workshops, drama performances and storytelling at weekends and during school holidays that cater for the whole family. A family rave at the Museum of London Docklands in partnership with Big Fish Little Fish was a particular highlight. Some 650 people took part and over half were first-time visitors to the museum. Our under-fives programme, including the ever-popular Mini Moles babies' sessions, ran throughout the year and was enjoyed by 10,000 people, and we launched a new ACE funded family offer at the Archaeological Archive.

Weekend-long family festivals in collaboration with partner organisations and local communities, attracted significant visitor numbers and added something different to our family offer. These included Celebrating the City at the Museum of London that attracted over 4,000 people, and at the Museum of London Docklands Your River as part of the London-wide Totally Thames festival. We also had a presence at key community events, such as Walthamstow's Love the Lea festival, where we engaged families in art and object handling activities to raise awareness of the museum with local audiences.

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 ensure our own future. Across all our Enterprise areas we generated £2.9m income in line with £2.9m generated in 2014/15.

2015/16 was the first year in our new three-year Enterprise Strategy. This brings together our shops, cafes, restaurants, commercial events and venue hire. The strategy recognises the importance of raising income, growing brand and profile, and delivering great London products.

A major achievement was the successful implementation of an innovative, flexible approach to pricing the sales of tickets to *The Crime Museum Uncovered* exhibition. This supported income generation from ticket sales and helped to manage the varying demand for tickets on different days at different times.

Events enable us to reach a variety of audience segments and help us to be flexible in our programming. A pilot programme of commercial events was completed offering visitors intriguing and creative events. This ranged from a boat trip, *Tour of the Thames: crime, death and myths*, to a life drawing class with tattooed models led by Art Macabre in connection with *Tattoo London*. We held our first ever sleepovers – *London Night Owls* and *Pirates: A Swashbuckling Sleepover* – with fun packed programmes that enchanted our young guests for the night. This has informed our planning for the next three years of commercial events.

There are great opportunities for us to develop London products that stand out and demonstrate our brand. One important area is the publication of books that accompany exhibitions as a way to share our knowledge and provide something for the visitor to take home. The publication for *The Crime Museum Uncovered* exhibition has been our best-selling book so far, purchased by over 12,000 visitors.

2015/16 was a record year for our catering functions including both restaurants, London Wall Bar and Kitchen at Museum of London and Rum & Sugar at Museum of London Docklands – and our café at Museum of London Docklands. Our venue hire business continued to provide an important way to maximise the use of our spaces and enable us to connect with a diverse range of organisations through more than 400 events. From Christmas parties to weddings, these provide the chance to engage with people and teams that otherwise might not have visited.

Development

Creating lifelong and deep connections with our visitors, donors and supporters is at the centre of our strategy. All of our fundraising activity underpins our forward planning and our positioning for the New Museum. We continued to build momentum through our We Are London campaign that includes strands such as Every London Schoolchild that supports learning and The London Collection that supports exhibitions, acquisitions, conservation and access to collections. The We Are London campaign raised £1.2m in 2015/16.

In 2015/16 we focused on building strong foundations for the major fundraising campaign for a New Museum and initiated the ‘quiet phase’ that involves crucial early-stage discussions with key potential supporters. Through this work we are positioned well for the subsequent phases and are excited by the prospect of engaging Londoners more widely on this.

Examples of successes in 2015/16 included grants from the DCMS Wolfson and Foyle Foundations for the new No.1 Warehouse gallery at Museum of London Docklands, an innovative corporate partnership with Barratt London, securing sponsorship for our 2016/17 exhibition *Fire! Fire!* from Eversheds LLP and a three year grant in support of our special education needs programme from the Worshipful Company of Goldsmiths.

Our new higher level membership scheme, The Society of Londoners, was launched at the beginning of 2015/16 and has been a huge success, reaching new people and increasing revenue by 250%.

Sustainability

With our current complex buildings and aging infrastructure improving our sustainability remains an important principle but also a challenge. Our approach is centred on monitoring our energy consumption and increasing our understanding of this data. Alongside this we invest in selected practical projects. In 2015/16 we continued with our rolling programme to replace lighting with more energy efficient versions and implemented 'voltage regulation' equipment at Museum of London Docklands that achieves reductions in consumption, through supplying power into the building at a more constant level.

Future plans

In 2016/17 we begin the fourth, and penultimate, year of our current Strategic Plan - the Implementation year. Over 1.26m people will visit our museums including 150,000 school children and 50,000 people taking part in family activities.

Our project to create a New Museum for London at West Smithfield will enter its first full year as a live project. Major milestones will include the appointment of an architect through an international architectural competition, based on concept designs to transform the site. Our communications strategy for the project, our engagement strategy for London – based around our vision of We Are London – and major fundraising campaign will ramp up and become more visible.

The new five year strategy for Museum of London Docklands, *From the East End to the World*, gets underway aimed at drawing a new and larger family audience. We will reposition the Museum within the cultural landscape of a rapidly changing East London.

Varied programming will attract visitors, starting with our major exhibition *Fire! Fire!* at Museum of London when we will tell this iconic London story from new perspectives. In partnership with Crossrail, Museum of London Docklands has the opportunity to explore the building of Crossrail and the archaeological discoveries made during its construction, drawing on the twin themes of engineering and archaeology. Flexible programming that speaks to contemporary London will provide interest for visitors alongside the major exhibitions.

We will continue to implement our Digital Strategy. Our new website will help transform our online presence and our new customer relationship management system (CRM) will begin to realise the benefits of understanding more about our visitors as we look to create deeper and enduring relationships.

Enterprise activities will continue to develop visitors' enjoyment of the Museum, providing a variety of free and paid-for services that enhance their understanding and appreciation of our content. Commercially, we will seek to increase our self-generated income by tailoring products to our audience segments, and by exploiting the new CRM capability.

Partnerships will grow in strength with the City of London Corporation and the Greater London Authority particularly around the areas of the New Museum and education as we continue to find ways to contribute to delivering a common agenda for London.

Planning for the future will become a major strand of activity. We will start work on our next five year Strategic Plan beginning in 2018/19 and it will be through this plan we will demonstrate the contribution we can continue to make to the life of London and Londoners in the exciting years ahead.

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 judgments 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

05 October 2016

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 2016 which comprise the group and museum balance sheets, the consolidated statement of financial activities, 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 15, 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.

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 2016 and of the group'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: 13 October 2016

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		2016				2015
	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
INCOME AND ENDOWMENTS						
Donations, grants and legacies	3	13,402	2,556	-	15,958	15,999
Other trading activities	4	2,920	2	-	2,922	2,889
New Museum project	5	-	400	-	400	-
Investment income	6	260	66	-	326	177
Income from charitable activities	7	1,538	19	-	1,557	857
Total Income and Endowments		18,120	3,043	-	21,163	19,922
EXPENDITURE ON						
Raising Funds	8	3,567	-	-	3,567	3,357
Charitable activities	8	16,517	2,810	-	19,327	20,228
New Museum project	5	51	308	-	359	-
Total Expenditure before (losses) / gains on investments		20,135	3,118	-	23,253	23,585
(Losses) / gains on investments	14	-	(55)	(55)	(110)	148
Net outgoing resources before transfers		(2,015)	(130)	(55)	(2,200)	(3,515)
Transfers between funds	17 (C)	(428)	428	-	-	-
Net expenditure before other recognised gains and losses		(2,443)	298	(55)	(2,200)	(3,515)
Other recognised gains and losses						
Actuarial gain / (loss) on defined benefit pension schemes	21	4,940	-	-	4,940	(8,177)
Net movement in funds		2,497	298	(55)	2,740	(11,692)
Funds brought forward at 1 April		6,260	7,460	1,529	15,249	26,941
Funds carried forward at 31 March	17 (A)	8,757	7,758	1,474	17,989	15,249

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 21 to 44 form part of these financial statements. There is no material difference between the (deficit) / surplus for the year and its historical cost equivalent.

**MUSEUM OF LONDON GROUP
GROUP AND MUSEUM BALANCE SHEETS**

Expressed in £000	Notes	Group		Museum	
		2016	2015	2016	2015
Fixed assets					
Heritage assets	12 & 13	6,466	6,598	6,466	6,598
Intangible assets	12	302	-	302	-
Other tangible assets	12	38,145	40,035	38,145	40,035
		44,913	46,633	44,913	46,633
Investments	14	2,851	2,961	-	-
Total fixed assets		47,764	49,594	44,913	46,633
Current assets					
Stock		325	318	-	-
Long term loan receivable	15	865	1,059	865	1,059
Debtors	15	1,610	969	2,886	1,667
Cash at bank and in hand		10,804	10,072	9,326	9,267
Total current assets		13,604	12,418	13,077	11,993
Current liabilities					
Creditors amounts falling due within one year	16	(4,616)	(4,160)	(4,339)	(3,935)
Net current assets		8,988	8,258	8,738	8,058
Total assets less current liabilities		56,752	57,852	53,651	54,691
Creditors amounts falling due after one year					
City of London Corporation	20 B	(9,657)	(10,406)	(9,657)	(10,406)
Net assets excluding pension liability		47,095	47,446	43,994	44,285
Defined benefit pension liability	21	(29,106)	(32,197)	(29,106)	(32,197)
Net assets including pension liability		17,989	15,249	14,888	12,088
THE FUNDS OF THE CHARITY					
Endowment funds	17 & 18	1,474	1,529	-	-
Restricted income funds		7,758	7,461	6,190	5,869
Designated funds		29,194	29,970	29,194	29,970
Designated defined benefit pension reserve		(29,106)	(32,197)	(29,106)	(32,197)
		9,320	6,763	6,278	3,642
RESERVES					
General reserve		8,669	8,486	8,610	8,446
Total funds and reserves		17,989	15,249	14,888	12,088

The financial statements were approved by the Board of Governors on 05 October 2016.
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

The Notes on pages 21 to 44 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Expressed in £000	Notes	2016	2015
Net cash inflow from operating activities	1	3,117	2,879
Returns on investment and servicing of finance			
Interest and dividends received		326	177
Interest paid		(165)	(168)
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		(1,831)	(2,351)
(Decrease) / Increase in cash and cash equivalents before financing		1,447	537
Financing - Repayments of long-term borrowing		(715)	(680)
Increase / (Decrease) in cash and cash equivalents in the year		732	(143)

SUMMARY OF MOVEMENT IN CASH AND CASH EQUIVALENTS

EXPRESSED IN £000	BALANCE 1 APRIL 2015	MOVEMENT IN THE YEAR	BALANCE 31 MAR 2016
Cash at bank	3,072	1,732	4,804
Cash on deposit	7,000	(1,000)	6,000
Total cash and cash equivalents	10,072	732	10,804

NOTE TO THE CASH FLOW STATEMENT

RECONCILIATION OF NET EXPENDITURE TO NET CASH INFLOW FROM OPERATING ACTIVITIES

EXPRESSED IN £000	2016	2015
Net expenditure before other recognised gains and losses	(2,200)	(3,515)
Interest and dividends receivable	(326)	(177)
Interest payable	167	168
Losses / (Gains) on investments	108	(148)
Pension costs – see Note 21	1,849	1,545
Fixed assets scrapped	-	-
Depreciation	3,552	4,451
Net Operating Income	3,150	2,324
(Increase) in stock	(7)	(78)
(Increase) / Decrease in debtors and long term contracts	(447)	904
Increase / (Decrease) in creditors (excluding loans/overdrafts)	421	(271)
Net cash inflow from operating activities	3,117	2,879

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 53, 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 (FRS102) 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 1st 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.

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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 the middle 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) RESULTS OF THE MUSEUM OF LONDON (PARENT BODY)

The Museum has taken advantage of paragraph 397 of the Statement of Recommended Practice Accounting and Reporting by Charities SORP (FRS102) which absolves charities preparing consolidated financial statements from the need to publish a Statement of Financial Activities for the parent body. The results of the Museum of London (excluding subsidiary undertakings) for the year ended 31 March 2016 were: total incoming resources £20m (2015: £18.7m), total resources expended £22.2m (Restated 2015: £22.4m), net increase in funds (after actuarial gain) was £2.8m (Restated 2015: net decrease of £12m after actuarial loss).

L) HOLIDAY PAY

In accordance with the requirements of the new Charity SORP (FRS102) holiday entitlement accrued but untaken as at the balance sheet date is accrued in full.

M) 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.

N) 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.

O) TRANSITION TO FINANCIAL REPORTING STANDARD 102 (FRS102)

There were no restatements required of the opening fund balances at the date of transition (1st April 2014), however a restatement of the comparatives for pension costs and actuarial loss has been made in accordance with actuarial report as restated for FRS102 (see Note 21). This restatement did not result in any change in the closing reserves from the prior year.

No other restatements were required, however as required under FRS 102 changes in the value of financial instruments (which includes investments) measured at fair value are taken through profit and loss. In order to comply with this requirement, gains and losses on investments are now shown in the Statement of Financial Activities above 'Net outgoing resources before other recognised gains and losses'. In accordance with the requirements of FRS 102, a reconciliation showing the impact of the transition to FRS 102 is provided below.

EXPRESSED IN £000	MUSEUM OF LONDON GROUP
	2015
Net outgoing resources before other recognised gains and losses as previously stated	(2,381)
Pension costs restatement	
Restated Net Resources Expended – see Note 21	(1,545)
Pension Costs previously reported	263
Presentational change only	
Gains on investment assets now reported above the line	148
Net outgoing resources before other recognised gains and losses as restated	(3,515)

The last set of financial statements prepared under UK GAAP was for the year ended 31st March 2015.

P) 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 2016. 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 publically 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.

Q) FINANCIAL INSTRUMENTS

Museum of London has adopted Sections 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 (FRS102).

The Museum of the Port of London and Docklands Limited was merged into the Museum of London in 2009 and as such is now dormant. The Museum of London holds the entire share capital (£2) of the Museum of London Trading Limited.

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The results of the subsidiary entities for the year ended 31 March 2016 were as follows:

Expressed in £000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum of the Port of London and Docklands (dormant)	Museum of London Trading	Total 2016	Total 2015
Incoming resources	24	42	21	-	2,619	2,706	2,746
Resources Expended	(12)	(24)	(2)	-	(2,619)	(2,657)	(2,681)
Net incoming resources	12	18	19	-	-	49	65
Unrealised (loss) / gain on investments	(30)	(55)	(25)	-	-	(110)	148
Net movement in funds	(18)	(37)	(6)	-	-	(61)	213

Museum of London Trading resources expended includes gift aid of £64k (2015: £204k).

The assets, liabilities and funds of the subsidiary undertakings as at 31st March 2016 were as follows:

Expressed in £000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum in Docklands (dormant)	Museum of London Trading	Total 2016	Total 2015
Net Assets							
Investments	794	1,373	684	-	-	2,851	2,961
Current assets	45	151	59	-	1,831	2,086	1,287
Current liabilities	-	-	(6)	-	(1,831)	(1,837)	(1,087)
Total net assets	839	1,524	737	-	-	3,100	3,161
Funds employed							
Permanent endowment	796	-	678	-	-	1,474	1,529
Restricted funds	43	1,524	-	-	-	1,567	1,592
Unrestricted funds	-	-	59	-	-	59	40
Total funds	839	1,524	737	-	-	3,100	3,161

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3) DONATIONS, GRANTS AND LEGACIES

EXPRESSED IN £000

	<i>MUSEUM OF LONDON GROUP</i>			
	Unrestricted Funds	Restricted Funds	2016	2015
Greater London Authority Revenue Grants	7,600	-	7,600	7,600
Greater London Authority Capital Grants	-	184	184	800
City of London Corporation Revenue Grants	5,292	105	5,397	5,292
Arts Council England and related programmes	-	1,460	1,460	1,434
Other grants	129	397	526	399
Other donations	381	410	791	474
Total	13,402	2,556	15,958	15,999

Included in Donations, Grants and Legacies income in the prior year is £1,128k 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 (M). Other donations include £14k for gifts in kind and £7.5k for pro bono services received during the year.

4) OTHER TRADING ACTIVITIES

EXPRESSED IN £000

	<i>MUSEUM OF LONDON GROUP</i>	
	2016	2015
Shops	1,146	1,183
Private events and functions	1,513	1,415
Photographic library and licensing	86	93
Other	177	198
Total	2,922	2,889

Included in Other Trading Activities income is £2k (2015: £9k) of restricted funds.

5) NEW MUSEUM PROJECT

EXPRESSED IN £000

	<i>MUSEUM OF LONDON GROUP</i>	
	2016	2015
INCOME		
Greater London Authority	200	-
City of London Corporation	200	-
Other income	-	-
Total income	400	-

Restricted funds of £400k were received during the year to fund specific activities for the new Museum project including the architectural competition and the technical study of the site at West Smithfield. Of these restricted funds £308k was spent on the architectural competition, technical study and other procurement activity to launch the project.

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6) INVESTMENT INCOME

EXPRESSED IN £000

	<i>MUSEUM OF LONDON GROUP</i>	
	2016	2015
Interest on cash balances	95	91
Dividends received	86	86
Property income	145	-
Total	326	177

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 0.61% in 2016 (2015: 0.89%). Included in Investment Income is £66k (2015 £67k) of restricted funds.

7) INCOME FROM CHARITABLE ACTIVITIES

EXPRESSED IN £000

	<i>MUSEUM OF LONDON GROUP</i>	
	2016	2015
Exhibitions	1,463	761
Other	94	96
Total	1,557	857

Included in Income from Charitable Activities is £19k (2015: £nil) of restricted funds.

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8) EXPENDITURE

MUSEUM OF LONDON GROUP	DIRECT STAFF COSTS	OTHER DIRECT COSTS	SUPPORT COSTS	TOTAL	TOTAL
EXPRESSED IN £000				2016	2015
Expenditure on Raising Funds					
Cost of generating voluntary Income	391	162	207	760	775
Fundraising trading	967	1,246	594	2,807	2,582
	1,358	1,408	801	3,567	3,357
Expenditure on Charitable Activities					
Communications	475	753	233	1,461	1,691
Programmes and learning	1,405	2,057	905	4,367	4,554
Galleries and exhibitions	2,101	3,519	1,577	7,197	7,518
Collections	2,645	2,272	1,266	6,183	6,345
Governance	36	57	26	119	120
	6,662	8,658	4,007	19,327	20,228
New Museum costs	-	359	-	359	-
Total Expenditure	8,020	10,425	4,808	23,253	23,585

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

9) ALLOCATION OF SUPPORT COSTS

	Cost of Raising Funds	Charitable Activities	Governance Costs	TOTAL	TOTAL
EXPRESSED IN £000				2016	2015
MUSEUM OF LONDON					
Finance and administration	168	836	5	1,009	828
Management costs	149	742	5	896	924
Human resources and IT	176	872	6	1,054	1,092
Pension liability – finance costs etc.	308	1,531	10	1,849	1,545
GROUP TOTAL SUPPORT COSTS	801	3,981	26	4,808	4,389

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

10) EMPLOYEES

STAFF COSTS

EXPRESSED IN £000	MUSEUM OF LONDON GROUP	
	2016	2015
Salaries and wages	8,014	7,595
Social security costs	619	598
Pension costs	983	947
Employment agencies	764	950
	10,380	10,090

The Governors neither received nor waived any emoluments during the year (2015: £nil). Reimbursements of expenses to the Governors of the Museum of London were £820, paid to three Governors (2015: £2,000, paid to one Governor).

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

	MUSEUM OF LONDON GROUP	
	2016	2015
£60,000 to £70,000	5	8
£70,001 to £80,000	1	3
£80,001 to £90,000	3	1
£90,001 to £100,000	2	1
£100,001 to £110,000	1	1
£110,001 to £120,000	1	-
£150,001 to £160,000	1	1

Included in the 14 employees disclosed above is one employee whose role was made redundant during 2015/16 and their termination costs are included in 2015/16 staff costs.

Of the remaining employees disclosed above, retirement benefits are accruing to 12 staff under the Museum's defined benefit pension scheme.

The compensation (including employer's national insurance contributions) of the key management personnel was £999k (2015: £940k).

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

	2016	2015
	£	£
Salary (including performance related bonus)	154,371	153,442
Contribution to pension scheme	22,824	20,882

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 46 (2015: 43) support staff, was:

	MUSEUM OF LONDON GROUP	
	2016	2015
Cost of Raising Funds		
Costs of generating voluntary income	10	9
Fundraising trading	28	21
	38	30
Charitable Activities		
Communications	11	11
Programmes and learning	44	43
Galleries and exhibitions	77	72
Collections	62	58
	194	184
Total	232	214

The staff costs above include casual staff equivalent to approximately 4 full time staff (2015: 4).

11) NET OUTGOING RESOURCES

Is stated after charging:

EXPRESSED IN £000	MUSEUM OF LONDON GROUP	
	2016	2015
Depreciation	3,552	4,451
Auditor's remuneration:		
Audit fees – statutory audit	50	50
Taxation compliance fees	2	2
Other fees paid to the Auditor:		
Taxation advisory fees	6	7

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	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Cost					
At 1 April 2015	53,807	15,083	75	16,340	85,305
Additions	283	670	-	878	1,831
Disposals	-	-	-	(44)	(44)
Transfers	-	35	(75)	41	1
At 31 March 2016	54,090	15,788	-	17,215	87,093
Accumulated Depreciation					
At 1 April 2015	18,894	8,396	-	11,382	38,672
Charge	2,138	638	-	776	3,552
Disposals	-	-	-	(44)	(44)
Transfers	-	-	-	-	-
At 31 March 2016	21,032	9,034	-	12,114	42,180
Net book value					
At 1 April 2015	34,913	6,687	75	4,958	46,633
At 31 March 2016	33,058	6,754	-	5,101	44,913

At 31 March 2016 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	2016	2015	2014	2013	2012
Cost of acquisitions	706	162	63	79	167
Disposals	-	-	88	13	-

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Fixed assets divide into heritage, tangible and intangible assets.

MUSEUM OF LONDON GROUP EXPRESSED IN £000	HERITAGE ASSETS	TANGIBLE ASSETS	INTANGIBLE ASSETS	TOTAL 2016	TOTAL 2015
Leasehold property (Museum of London)	-	33,058	-	33,058	34,913
Leasehold property (MoL Docklands)	4,461	-	-	4,461	4,747
Other historic artefacts & museum exhibits	2,005	288	-	2,293	1,942
Assets under construction	-	-	-	-	75
Other assets	-	4,799	302	5,101	4,956
	6,466	38,145	302	44,913	46,633

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:

MUSEUM OF LONDON GROUP EXPRESSED IN £000	2016	2015
150 London Wall	22,679	24,591
Mortimer Wheeler House, Eagle Wharf Road	10,379	10,322
1 West India Quay	4,461	4,747
	37,519	39,660

13) HERITAGE ASSETS NOT DISCLOSED IN THE BALANCE SHEET

Nature & 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 & 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

MUSEUM OF LONDON GROUP EXPRESSED IN £000	2016	2015
Listed investments		
Market value at 1 April	2,961	2,813
Unrealised (losses) / gains on investments	(110)	148
Market value at 31 March	2,851	2,961
Less Cost at 31 March	1,159	1,159
Cumulative unrealised gain at 31 March	1,692	1,802

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 2016 are as follows and are all invested in the Charishare Common Investment Fund Income:

MUSEUM OF LONDON GROUP EXPRESSED IN £000	TOTAL 2016	TOTAL 2015
Joicey	794	824
Mackenzie Bell	1,373	1,427
London Museum	684	710
Market value at 31 March	2,851	2,961

15) DEBTORS DUE WITHIN ONE YEAR

EXPRESSED IN £000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2016	2015	2016	2015
Loan receivable from related party	865	1,059	865	1,059
Trade debtors	273	158	90	45
Amounts owed by group undertakings	-	-	1,551	839
Other debtors	387	276	386	275
Prepayments and accrued income	950	535	859	508
	1,610	969	2,886	1,667

Included within Trade debtors is a provision for bad and doubtful debts of £nil (2015: £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	
	2016	2015	2016	2015
Trade creditors	1,836	1,218	1,809	1,147
Accruals	632	1,795	632	1,795
Debt repayable	750	715	750	715
Other creditors	1,270	359	1,020	205
Payments in advance	128	73	128	73
	4,616	4,160	4,339	3,935

Deferred income included in Other Creditors and Payments in advance represent income received in 2015/16 for ticketed events and venue hire occurring in the following financial year and rental income received in advance to June 2016. Movements from the prior year are shown below:

EXPRESSED IN £000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2016	2015	2016	2015
Balance at 1 April	174	242	73	23
Released during the year	(174)	(242)	(73)	(23)
Newly assigned	330	174	128	73
Balance at 31 March	330	174	128	73

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17) TOTAL FUNDS

A) FUNDS ANALYSIS

MUSEUM OF LONDON GROUP EXPRESSED IN £000	BALANCE AT 1 APRIL 2015	INCOME	EXPENDI- TURE	TRANSFER BETWEEN FUNDS	OTHER GAINS & LOSSES	BALANCE AT 31 MARCH 2016
Endowment funds						
London Museum Trust	704	-	-	-	(26)	678
Joicey Trust	825	-	-	-	(29)	796
Total Endowment Funds	1,529	-	-	-	(55)	1,474
Restricted funds						
Museum of London						
Fixed Assets Fund	1,296	-	-	-	-	1,296
Major Projects Fund	151	1,117	(996)	168	-	439
New Museum Project Fund	-	400	(316)	-	-	84
ACE Programmes Fund	-	1,372	(1,193)	-	-	179
ACE Capital Fund	-	88	(88)	-	-	-
Museum in Docklands						
Capital fund	4,422	-	(489)	259	-	4,192
Other restricted funds	-	-	-	-	-	-
Trust funds						
Joicey Trust Income Fund	32	24	(12)	(1)	-	43
Mackenzie Bell Trust	1,560	42	(24)	1	(55)	1,524
Total Restricted Funds	7,461	3,043	(3,118)	427	(55)	7,758
Designated Funds						
Fixed Assets Fund	29,798	-	(3,063)	2,287	-	29,022
Arts Council England	172	-	-	-	-	172
Designated Funds	29,970	-	(3,063)	2,287	-	29,194
Designated Defined Benefit Pension Reserve	(32,197)	-	(1,849)	-	4,940	(29,106)
General Reserves						
Museum of London	8,446	18,099	(15,221)	(2,714)	-	8,610
London Museum Trust	40	21	(2)	-	-	59
Total General Reserves	8,486	18,120	(15,223)	(2,714)	-	8,669
Total Funds	15,249	21,163	(23,253)	-	4,830	17,989

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 Asset 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 2015/16 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 Asset 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 financed out of unrestricted funds, 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

Major Projects Fund - the transfer in of £0.2m 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. In 2015/16 the net transfer was from General Reserves to fund the final stages of projects that were not externally funded.

Designated Fixed Asset Fund – the balance on this fund is maintained so as to equal 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.

General Reserves – the transfer of £2.7m is the balance of the two transfers referred to above.

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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
Endowment funds							
London Museum Trust	-	684	-	(6)	-	-	678
Joicey Trust	-	794	2	-	-	-	796
Endowment Funds total	-	1,478	2	(6)	-	-	1,474
Restricted Funds							
Museum Of London							
Fixed Assets Fund	1,296	-	-	-	-	-	1,296
Major Projects Fund	-	-	440	-	-	-	440
New Museum Project Fund	-	-	84	-	-	-	84
ACE Programmes Fund	-	-	179	-	-	-	179
ACE Capital Fund	-	-	-	-	-	-	-
Museum in Docklands							
Capital fund	4,192	-	-	-	-	-	4,192
Other funds	-	-	-	-	-	-	-
Trust Funds							
Joicey Trust Income Fund	-	-	43	-	-	-	43
Mackenzie Bell	-	1,373	151	-	-	-	1,524
Restricted Funds total	5,488	1,373	897	-	-	-	7,758
Designated Funds							
Fixed Assets Fund	39,425	-	-	(746)	(9,657)	-	29,022
Arts Council England	-	-	172	-	-	-	172
Designated Funds total	39,425	-	172	(746)	(9,657)	-	29,194
Designated Defined Benefit Pension Reserve	-	-	-	-	-	(29,106)	(29,106)
General Reserves							
Museum of London	-	-	12,474	(3,864)	-	-	8,610
London Museum Trust	-	-	59	-	-	-	59
General Reserves total	-	-	12,533	(3,864)	-	-	8,669
Total Funds	44,913	2,851	13,604	(4,616)	(9,657)	(29,106)	17,989

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 2016 (2015: £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 £8.0m (2015: £8.4m) during the financial year ended 31 March 2016. Included in the 2016 figure above is £0.2m of capital funding (2015: £0.8m) which was for capital works carried out in 2015/16 and was accrued income at the year end. Also included in the 2016 figure is £0.2m for the New Museum Project.

B) CITY OF LONDON CORPORATION

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 £5.5m (2015: £5.3m). Included in the 2016 figure is £0.2m for the New Museum Project.

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 2016 the charges for these services were £100k (2015: £124k).

Outstanding loans from COL to the Museum of London totalled £10.4m at 31 March 2016 (2015: £11.1m). This total includes a balance of £185k on a loan originally made to the Museum of London Docklands (2015: £205k). Of these loans, £750k (2015: £715k) is due within one year. The Museum incurred interest charges related to these loans of £156k (2015: £167k).

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 £0.9m at 31 March 2016 (2015: £1.1m). 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 £29k received from MOLA during the year (2015: £34k). A charge of £230k was made by the Museum to MOLA for a licence to occupy space in Mortimer Wheeler House (2015: £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 donations 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 2013, as updated to 31 March 2016 using financial assumptions that comply with FRS102. Comparatives have been restated where necessary.

The contributions made by the employer over the financial year amounted to £991k (2015: £939k). The contribution rate set for the year was 14.44% (2015: 14.49%). These rates include a supplementary employer's contribution of 0.44% (2015: 0.49%) 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 2016-17 the employer contribution has been set at the same level as the prior year: 14.44%, including a maximum 0.44% supplementary contribution.

ASSUMPTIONS

The financial assumptions used to calculate scheme liabilities under FRS102 are:

Valuation Method	2016	2015	2014
	%	%	%
RPI Increases	3.3%	3.2%	3.6%
CPI Increases	2.4%	2.4%	2.8%
Salary Increases	3.9%	3.9%	4.3%
Pension Increases	2.4%	2.4%	2.8%
Discount Rate	3.7%	3.3%	4.5%

The assumed life expectations from age 65 are:

Life expectations (years)	Males	Females
Retiring today	23.0	25.4
Retiring in 20 years	24.8	27.3

NET ASSETS OF THE SCHEME

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

	ASSETS AT 31 MARCH 2016 £'000	ASSETS AT 31 MARCH 2015 £'000	ASSETS AT 31 MARCH 2014 £'000
Equities	34,447	46,152	40,965
Gilts	-	7,479	5,428
Other Bonds	-	-	2,468
Cash	(8)	1,343	494
Infrastructure	2,222	-	-
Absolute return portfolio (<i>previously split between various asset classes including equities, gilts and cash</i>)	18,384	-	-
Total Assets (A)	55,045	54,974	49,355
Present Value of Scheme Liabilities	(83,633)	(86,472)	(71,166)
Present Value of Unfunded Liabilities	(518)	(699)	(665)
Total Value of Liabilities (B)	(84,151)	(87,171)	(71,831)
Net Pension (Liability) (A) - (B)	(29,106)	(32,197)	(22,476)

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**ANALYSIS OF PENSION SCHEME OUTGOING RESOURCES
EXPRESSED IN £000**

MUSEUM OF LONDON GROUP

2016 2015 2014

Analysis of the amount charged to resources expended

Service Cost	1,797	1,466	1,641
Employer Contributions	(991)	(939)	(980)
Unfunded Pension Payments	(42)	(41)	(35)
Net interest on the defined liability	1,046	1,025	155
Administration expenses	39	34	-

Net Resources Expended

1,849 1,545 781

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
EXPRESSED IN £000**

MUSEUM OF LONDON GROUP

2016 2015 2014

Return on assets less interest	(1,775)	3,824	(524)
Changes in assumptions underlying the present value of the scheme liabilities	6,715	(12,001)	(3,281)
Actuarial gain / (loss) recognised in Consolidated Statement of Total Recognised Gains and Losses	4,940	(8,177)	(3,805)

**MOVEMENT IN DEFICIT DURING THE YEAR
EXPRESSED IN £000**

MUSEUM OF LONDON GROUP

2016 2015 2014

Deficit at beginning of the year	(32,197)	(22,476)	(17,890)
Service Cost	(1,797)	(1,466)	(1,641)
Employer Contributions	991	939	980
Unfunded Pension Payments	42	41	35
Net interest on the defined liability	(1,046)	(1,025)	(155)
Administration expenses	(39)	(34)	-
Actuarial gain / (loss)	4,940	(8,177)	(3,805)
Deficit at end of the year	(29,106)	(32,197)	(22,476)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

MUSEUM OF LONDON GROUP (expressed in £ 000s)	2016	2015
Opening defined benefit obligation	87,171	71,831
Service cost	1,778	1,304
Interest cost	2,861	3,237
Change in financial assumptions ^[3]	(6,571)	12,001
Experience (gain) / loss on obligation	(144)	-
Estimated benefits paid net of transfers in	(1,416)	(1,792)
Past service costs	19	162
Contributions by Scheme participants	495	469
Unfunded pension payments	(42)	(41)
Closing defined benefit obligation	84,151	87,171

^[3] 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

MUSEUM OF LONDON GROUP (expressed in £ 000s)	2016	2015
Opening fair value of Scheme assets	54,974	49,355
Interest on assets	1,815	2,212
Return on assets less interest	(1,775)	3,824
Administration expenses	(39)	(34)
Contributions by employer including unfunded benefits	1,033	980
Contributions by Scheme participants	495	469
Estimated benefits paid and unfunded net transfers	(1,458)	(1,832)
Fair value of Scheme assets at end of period	55,045	54,974

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.

	2016	2015	2014
Adjustment to discount rate	+0.1%	+0.1%	+0.1%
- Present value of total obligation £'000	82,594	85,552	70,512
- Projected service cost £'000	1,544	1,647	1,262
Adjustment to mortality age rating assumption	+1 year	+1 year	+1 year
- Present value of total obligation £'000	86,611	84,111	69,302
- Projected service cost £'000	1,620	1,628	1,247

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Projected Pension Expense for the year to 31 March 2017	£ 000s
Service cost	1,580
Interest cost	1,059
Administration expenses	39
TOTAL loss/(profit)	2,678
Employer contributions	1,015

22) FLORIDA PROPERTY

The Museum held the freehold title to a development property in Florida taken in part settlement of its civil action for recovery of the proceeds of theft from the Museum in 2008. The property was successfully marketed and sold in March 2016. The net proceeds from the sale were £155k.

REFERENCE AND ADMINISTRATIVE DETAILS

Name	Museum of London
Address	150 London Wall, London EC2Y 5HN
Registered Charity Number	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
Alderman Alison Gowman
Tom Hoffman
Vivienne Littlechild JP
Alderman Julian H Malins QC
Dominic Reid OBE
John Scott JP
Michael Welbank MBE

Appointed by the GLA Sally Balcombe
Clive Bannister
David Camp
Evan Davis
Gillian Day (ceased to be a Trustee 06 October 2015)
Simon Fanshawe OBE
Sir Edward Lister (appointed 07 April 2016)
Jörn Rausing (appointed 16 April 2015)
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

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Director	Sharon Ament
Treasurer	Kate Limna, Guildhall, London EC2P 2EJ
Secretary	John Barradell, Guildhall, London, EC2P 2EJ
Bankers	Lloyds Bank, 25 Gresham Street, London EC2V 7HN Chamberlain of London, Guildhall, London, EC2P 2EJ
Legal Advisers	City of London Corporation, Guildhall, London, EC2P 2EJ. Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3BR
Independent Auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor Grant Thornton House Melton Street Euston Square London, NW1 2EP
Investment Adviser	BlackRock Investment Management 33 King William Street London, EC4R 9AS
SUBSIDIARY UNDERTAKINGS	The financial statements consolidate the accounts of the Museum of London together with its subsidiary undertakings which are listed below.
Museum of the Port of London and Docklands ("Museum in Docklands")	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.
Museum of London (Trading) Limited	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.
The Trust Funds	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. The trusts are: London Museum Fund Joicey Fund Mackenzie Bell Fund The appropriate clauses defining the control of their expenditure are:
London Museum Fund	"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,

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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 2016 the Museum had 5 subsidiaries: Museum of London (Trading) Ltd, the London Museum, Joicey and Mackenzie Bell Trust Funds and the Museum of the Port of London and Docklands Limited (dormant since April 2009) and therefore presents consolidated financial statements.

The reference and administrative details on pages 45 to 47 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 Board

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, conservation and collections care, 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, 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 Two Ticks designation 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. We are the first museum in London to hold this.

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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 18.

Total Group Incoming Resources were £21.2m during the year (2015: £19.9m).

The Museum's main sources of funding were the Greater London Authority and the City of London Corporation, which together contributed 86% of the group's donations, grants and legacies revenue funding (2015: 81%). Other grants and donations included £1.4m from Arts Council England (2015: £1.4m). Group expenditure on charitable activities decreased marginally from 2015.

Trading activities, comprised primarily of venue hire and catering plus two retail outlets, performed marginally better than the prior year at £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 £2.9m (Note 17A "General Reserves – Museum of London") (2015: £2.0m). After transfers from restricted and designated funds and other gains, the Museum of London's total free reserves stood at £8.7m at 31 March 2016 (2015: £8.5m).

The group's restricted funds were £7.8m at 31 March 2016 (2015: £7.5m) and the group's designated funds, excluding the Defined Benefit Pension Reserve, were £29.2m at 31 March 2016 (2015: £30m). 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 2016 are £18m (2015: £15.2m). The pension deficit calculated in accordance with Financial Reporting Standard 102 (FRS102) has decreased in the year to £29.1m (2015: deficit of £32.2m). See Note 21 for further details where comparatives have been restated where necessary in accordance with FRS102. The decrease in the deficit is due to an actuarial gain of £4.9m (2015: actuarial loss of £8.2m). 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 FRS102 valuation, in accordance with the Museum's accounting policy as described in Note 1 (J). A triennial actuarial valuation was reported in January 2013 and as expected showed a deficit on the fund. Contribution rates have been set in order to recover the deficit over 20 years.

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 2016 a small decrease 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>Following the global economic crisis, there continues to be a significant strain on UK government spending and a need to reduce the budget deficit.</p> <p>The result of the recent EU membership referendum 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"> • The Museum has confirmed funding up until the end of March 2017 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. • A Development Strategy is in place aimed at building relationships and increasing sponsorship income. • An Enterprise Strategy has been launched incorporating plans for growing our commercial income generated through our shops, restaurants, cafes, events and corporate hire opportunities. • Increasing visitor numbers and improved income generation are key elements of the Strategic Plan. • 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.

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:

- £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 2016 the balance on the Museum of London's general funds (as shown in Note 17 – Total General Funds) stood at £8.7m (excluding designated fixed asset and pension reserves) (2015: £8.5m). 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.
- 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 (FRS102), 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 2016 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.