

Registered Charity No: 1139250

# **MUSEUM OF LONDON**

**Governors' Report and  
Financial Statements for the year ended  
31 March 2018**

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## CHAIRMAN'S STATEMENT

At the Museum of London we consider the past, present and future, how one informs and influences the other. This is how we approach our content and the subject matter of London itself. As a characteristic of our work as a museum, we deal well the daily life of being a significant cultural organisation whilst thinking and planning for our future in our New Museum.

In 2017/18 we welcomed a million visitors through the doors of our London Wall and Docklands museums, captivating people of all ages with the ever-changing story of our capital city.

At the same time our plans to relocate the Museum of London to a new home in the historic market buildings of West Smithfield moved forward considerably. The extraordinary potential of the site is now taking shape as we combine iconic design, compelling content and commercial opportunities to create a new "London Destination". The process is one of conversation and exchange with many, as we open up to Londoners for their ideas and inspiration.

Significant landmark donations towards the New Museum have helped make 2017/18 the most successful year for fundraising in our history. £27.2m has been raised by the Museum against a four year target of £70m. This included a new round of grant funding from Arts Council England (ACE), who remain a key Partner and we are immensely proud that they have chosen to continue support us, as we become a National Portfolio Organisation (NPO) for 2018–2022.

Despite a more challenging external environment, new records were set with the Museum of London Docklands achieving its highest visitor numbers of 312,000. Our exhibition *Tunnel: The Archaeology of Crossrail* alongside our well-established programming for families was key to this success.

At the Museum of London we demonstrated the truly remarkable breadth and depth of London stories that we can tell. Powerful programming took in topics from a 'fatberg' to food waste in our *City Now, City Future* season through to the moving individual stories of Suffragettes in *Votes for Women*.

Exceptional learning programmes, attracted visits from schools and families. These are a mainstay of our public offer. Each year the content of the programming develops as we tailor engaging activities to the needs and expectations of young Londoners. We are passionate about the Culture Mile partnership and the potential to draw together culture, creativity and learning to achieve greater impact.

Working side-by-side with our funding partners, the City of London Corporation and the Greater London Authority (GLA), we have been able to enhance our collective impact across culture, education and tourism for London. Our progress would not be possible without their continued engagement and support.

I would like to thank all my fellow Governors for their dedication to the work of the Board, where their thoughtful and expert insight, across a huge variety of activity, continues to play a vital role in guiding the work of the museum.

On behalf of the Board of Governors, I wish to thank all staff and volunteers, Director Sharon Ament and the Museum's Executive team, for their energy and focus. As we reflect on the successes of the past five years and the completion of our 2013 – 2018 Strategic Plan, I look forward to seeing this next chapter for the Museum unfold.

**Clive Bannister**  
**Chairman, Museum of London**  
October 2018

## 2017/18: A YEAR OF IMPLEMENTATION

### FOREWORD BY SHARON AMENT, DIRECTOR

At the outset of 2017/18 we identified two themes that would define the year: completion and formation. Completion of the fifth and final year of our 2013 – 2018 Strategic Plan, and formation in reference to setting our strategy for the next five years (2018–2023), and embarking on the process to create a New Museum of London in West Smithfield, in this time period.

Our new Strategic Plan 2018 – 2023, *We Are London*, is now in place. This sets the roadmap for the extraordinary time ahead. The five strategic objectives that have provided the framework for all our work over the previous five years, remain in place. Our focus will be on maintaining a vibrant presence in London at our museums and through wider programming whilst at the same time creating a New Museum for London.

A highlight of 2017/18 was the work undertaken to begin to realise the New Museum. There is a sense of energy and momentum across the project with milestone moments including an Inception Day held with our partners and stakeholders to mark the start of the project, major fundraising successes, and formally initiating the concept design – RIBA Stage 2. Developing content for an entire new museum is a hugely stimulating and demanding task. Our starting point is that the perspectives, ideas and challenges from others, together with our team, are essential and we have laid the groundwork for considering how we engage many others, and in particular Londoners, in this process.

Alongside our longer term plans, our immediate work of being a busy, world-class museums continues. At the Museum of London Docklands we set a new record for visitor numbers for the second year running, with 311,920 visits in 2017/18. In tandem with a standout temporary exhibition, *Tunnel: The Archaeology of Crossrail*, the third year of our Docklands Strategy was defined by a series of investments in the visitor experience as we continue to re-energise the museum as a major cultural brand in East London.

At the Museum of London a total of 679,949 visits were made. This result was lower than planned and we were not able to achieve the ambitious targets for growth that we had set for the year. Analysis across the wider London market continues to indicate a challenging visitor market, particularly for attractions in central London. In addition to onsite visits, more than 130,000 people engaged with the museum through outreach programmes and events. This included a successful touring exhibition *Skeletons: Our Buried Bones* in partnership with the Wellcome Trust, which was visited by more than 98,000 people at museums in Bristol and Leeds.

Organisations must show their strength and resilience when faced with such challenges, recognising that we are here for the long-term. The Museum galvanised around an outstanding programme to finish the year. Hot topics range from our Suffragette display *Votes for Women* to what lurks in the city's sewers. There was no doubting our eclectic and truly London programming. We often talk about being responsive and 'nimble' in our approach. This we demonstrated in our *Fatberg!* display – delivered in just 11 weeks.

Creating the space and opportunity to innovate and try new things is essential in creative and cultural organisations. The *City Now City Future* season that ran throughout the year at the Museum of London comprised of an exhibition – *The City is Ours* – and four ‘waves’ of programming. This approach was highly experimental and unlike anything we have undertaken before. A ‘takeover’ of the museum by London’s leading young artists, musicians and academics working together to design the capital’s future, and a lively launch event that featured artists from London’s grime scene, saw the museum packed with a diverse, younger audience are just two examples. Experimentation was key and alongside delivering an outstanding experience for our audiences it had enormous value as we look ahead to programming in the New Museum of London.

Underpinning our programmes is the London Collection, which continues to evolve with new acquisitions that tell all manner of London stories. Contemporary photography in the form of Niall McDiarmid’s striking portraits of Londoners, an 18<sup>th</sup> century travelling trunk made, unusually, by a female artisan, and the final bell ever to be cast at the Whitechapel Bell Foundry – complete with ‘We Are London’ inscription – are just some of the wide variety of items that we acquired.

The third and final year of our 2015–18 ACE programme was completed, marking the end of a rich and diverse programme that has enabled us to deliver greater impact including activity such as digital collecting, creative commissioning and volunteering. We have laid the groundwork for our new round of grant funding from ACE, which will centre on our ambitious *Curating London* programme as we aim to develop a new model for an urban history museum.

Our major funding partners, the City of London Corporation and the GLA, have set out new strategies for culture and through collaboration and joint initiatives we will contribute to a common agenda. Culture Mile is a powerful example of collaboration and the potential we can harness through partnership. Compelling Culture Mile events are taking place across all partners and the Museum of London is proud to be the lead for Culture Mile Learning.

A great share of the Museum’s work takes place behind-the-scenes. The above achievements are made possible by dedicated teams carrying out critical activity such as processing over 7,000 invoices to manage our finances, serving over 90,000 customers in our shops and generating valuable income, resolving more than 5,000 queries and issues through our ICT helpdesk, or growing the public value of our collection through loaning 129 objects across London, the UK and internationally. These are just a small selection of the activities carried out by the dedicated and talented team, together with our volunteers and partners.

This report concludes another strong 12 months for the Museum. We will succeed because of our bold vision, resilience and connection to the city we represent. We are ready and relishing the challenge ahead.

**Sharon Ament**  
**Director, Museum of London**  
October 2018

## GOVERNORS' ANNUAL REPORT

### **Our vision (*Strategic Plan 2013 – 2018*)**

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 aim to stimulate thinking and engagement with London in new ways, to be a part of every Londoner's life from an early age and to contribute to the City's international, educational, cultural, economic and reputational impetus.

### **Our objectives**

Our Strategic Plan 2013 – 2018 set out five objectives for the period that have guided all that we do:

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

## **2017/18 Against our five strategic objectives**

### **1. Reach more people**

#### **Our visitors**

In total 991,869 visits were made to the Museum of London and the Museum of London Docklands in 2017/18. It was another record year at the Museum of London Docklands with 311,920 visits. This result was an increase of 5% on visitor numbers from 2016/17. It was a more challenging year at the Museum of London. A total of 679,949 visits were made which represents a 14% decrease on visitor numbers in 2016/17. Our focus on programming from exhibitions to family festivals helped in part to boost numbers in the final quarter of the year but was unable to offset an overall decrease in visitor numbers.

We continue to draw on all available research to inform our analysis of the wider picture. Comparator data drawn from across London museums shows a similar trend with some other major museums, particularly those based in central London, which also experienced comparable pressure on visitor numbers. Factors such as concerns over the cost of living, rail strikes and engineering works, and concerns over terrorism following incidents earlier in 2017 all had an impact.

Our audience development strategy was reviewed and updated. At the Museum of London our focus will be on the segments identified as the adult audiences of Self Developers and Intellectual Tourists as well as Families. These represent the largest audience segments and there is significant headroom for growth. Families will also continue to be a key audience for the Museum of London Docklands, with an emphasis on the five surrounding boroughs (Tower Hamlets, Newham, Greenwich, Lewisham and Southwark). In addition we will continue target the adult Self Developer audience particularly

through our Docklands temporary exhibition programme, building on the achievements of 2017/18. This will set the foundation for further work on communications and brand development.

Significant activity also took place ‘out and about’ in London and other locations. This year an additional 130,000 people engaged with the Museum of London, through activities such as outreach programmes, offsite events and touring exhibitions. This included over 98,000 visitors to *Skeletons: Our Buried Bones*, which toured to M-Shed in Bristol followed by Leeds City Museum. The exhibition was developed in partnership with the Wellcome Collection and formed part of our ACE-funded touring exhibitions project.

### Standout London programming

Our public programme was packed with distinctive content, delving into London topics and stories. Particular delights this year ranged from our gore-filled family spectacle *Gladiator Games* which returned attracting over 3,900 people in the Guildhall Yard to our award-winning baby rave event working with Big Fish Little Fish to Suffragette-themed bus tours exploring London in a different way. *Tunnel: The Archaeology of Crossrail* ran until September 2017 and was the most successful exhibition to be held at Docklands, attracting 96,750 visitors. The exhibition, delivered in partnership with Crossrail, told the story of building the new Elizabeth Line and the archaeological discoveries made during its construction.

At Museum of London the *City Now City Future* season began in May 2017 and ran until April 2018. This comprised over a hundred events, exhibitions, creative commissions, talks and debates that explore urban change in London and around the world. The major exhibition component was *The City Is Ours*, delivered in partnership with Cité des Sciences et de l’Industrie in Paris, which explored issues that affect Londoners and city dwellers across the world and this was visited by over 72,000 people during its run.

Innovative displays throughout the year also formed part of the season including *Bonus Levels* by artist Lawrence Lek re-imagining the capital through video games and *(Un)Common Currencies* exploring alternative London currencies from the 17<sup>th</sup> century to the present. The season included a series of evening events, *The London Salon*, that explored wide ranging themes such as ‘Edgelands’ exploring life on the outskirts of the city through to ‘memory’. The *Futureshock* debate and discussion series looked at issues of data, technology and infrastructure.

The infamous *Fatberg!* display enabled the public to see the only remaining section of the ‘fatberg’ discovered in the sewers in Whitechapel. Our *Votes for Women* display reflected on the legacy of the militant Suffragette ‘Deeds Not Words’ campaign. Forming part of the national commemorations for the centenary of the 1918 Representation of the People Act, the display features iconic objects from the Museum of London’s unique Suffragette collection and a film that explored the legacy of the movement today.

We are proud to be a leading partner in the Culture Mile in the City of London, alongside the Barbican, the London Symphony Orchestra and the Guildhall School of Music and Drama. This initiative will create a major destination for culture, creativity and learning stretching from Farringdon to Moorgate. Culture Mile was officially launched in July 2017. The *Our Future City* event, where



London's leading young artists, musicians and academics took over the museum for a night, formed part of part of the Culture Mile *OpenFest* weekend and was an example of strong collaborative programming.

### **Working in new ways with digital**

Our digital strategy is focused around five principles that reflect the breadth of our digital activity. These include using digital to connect beyond our physical walls; using digital data to build long lasting relationships with audiences; using technology in creating high quality experiences; connecting objects with digital content to tell their story and, reflecting this shift to digital, collecting of historically significant digital items.

The website received over 2 million visits during the year. Overall there was a decrease in web visits compared to 2016/17, reflecting lower footfall at Museum of London and a smaller number of visitors using the site to plan their visit. To support delivery of the *City Now City Future* season we co-ordinated publishing articles on the 'Discover' section of our website, shared content via social media, commissioned films for posting online and email marketing. New initiatives this year included livestreaming a selection of our evening *London Salon* series, giving audiences the opportunity to view these online and enabling us to develop our in-house skills in this area. Our experimental #ArchiveLottery proved a hit on social media where visitors were able to interact with our archaeological collections and staff through a live Skype link, playing a game and discovering a random object within the collection. The project won the award for Innovation at the Museums and Heritage Awards.

### **Building visitors and brand through our Docklands Strategy**

2017/18 marked the second year of our strategy for the Museum of London Docklands: *From the East End to the World*. Central to this is investment in communications and a focus on growing the local family audience through programming that tells the story of London's docks and draws connections to the East End today. The strategy was also supported by a series of additions and improvements to the visitor experience. Gallery lighting was replaced and upgraded, directly addressing feedback from visitors, and a series of hand-on, family-friendly interactives have been installed at key points within galleries to add further interest for our younger visitors.

### **Impact through volunteering**

Our approach to volunteering and youth engagement is central to achieving our We Are London vision. We are proud to have over 300 volunteers that invest their valuable time and energy in the organisation. A particular highlight this year was the volunteering activity at the Archaeological Archive where groups catalogued hundreds of 17<sup>th</sup> century pottery medallions, improving our digital records and providing access and experience to young people with autism and mental health conditions.

Our work experience programme for 14 to 18 year olds ran for a second year. Over 50 students attend an insight day to learn more about what is involved and match their placement with their interests, with 28 students going on to take part in the programme. Young people were able to apply to take part in the programme through a fair and transparent process with the aim of making the scheme accessible to students from diverse backgrounds.

## 2. Become better known

### A New Museum for London

Communicating our plans and engaging a broad range of stakeholders remains essential at every stage of the project. Our vision for a New Museum for London was celebrated at a major Project Inception event in May 2017, as we moved into the first formal phase of design. Eye-catching hoardings now surround the buildings, raising the profile of West Smithfield and our future plans. The first set of images feature photographs of Londoners connected to the Smithfield area.

The building and infrastructure that will play a major role in realising this new vision of a museum. The bold architectural vision from Stanton Williams and Asif Kahn reimagines West Smithfield, combining historic and new 21st century elements to create a state of the art museum. Activity throughout 2017/18 has been centred on progressing through the RIBA design stages and as the year draws to a close we are well underway with concept design (or RIBA Stage 2) and shaping how our aspirations are physically realised within the building.

Effective structures, processes and governance are essential in a project of this scale. Recruitment to our project team and revised governance arrangements have set a firm foundation for the project, as we utilise the skills and expertise from our team, partners, governors and many more. We have continued to make technical appointments to the building design team, from fire consultants to acoustic specialists, to ensure we have the diverse range of expertise required to transform the unique buildings. We have continued to grow our knowledge and understanding of the site through extensive investigations and surveys to inform our plans. In 2017/18 all the many different work strands have been synthesised into a major programme of work spanning content development and a major collections move to scoping our commercial ambitions and mapping out the organisational transformation required to operate at the new site.

Development of the exhibition and galleries forms an important work strand within the overall programme. It is particularly important to deliver our vision – We Are London – and we have begun to plan how we will engage Londoners in the creation and content of the museum. Diversity is at the core of our strategic vision and our aspiration remains that we forge a new relationship with Londoners through the creation of the New Museum. We have also continued to research and champion the history and significance of the Smithfield site.

### Building and communicating our brand

A strong brand, compelling offer and clear communications are essential, as we compete to attract and retain visitors in a busy London marketplace.

Our approach to communications for the Museum of London Docklands contributed to the record visitor numbers achieved this year. Practical implementation included maintaining a stronger presence in key local spots such as DLR stations, distribution of leaflets and door drops in target postcodes. This supported growth in levels of visitors amongst family audiences in line with our Docklands Strategy. This was further boosted by the promotional activity for *Tunnel: The Archaeology of Crossrail*.

A regular presence in the media raises awareness of who we are and what we do, demonstrating our deep knowledge of London and how this has relevance to contemporary London life. Each year we deliver a combination of planned stories, bringing together our rich content, and we respond to London news and topics throughout the year as they arise. It was a strong year for media coverage, with over 4,000 pieces generated.

A notable success in 2017/18 was the media activity related to our plans to acquire a piece of the 130 tonne fatberg found in sewers in Whitechapel and the subsequent *Fatberg!* display. This really caught the public's imagination and interest from across the world and resulted in our most successful month of press coverage on record with over 1,000 pieces of coverage in February in media outlets such as Guardian, the Times, the Washington Post and the BBC. A range of short teaser trailers and a *Fatberg!* Film were produced and these performed well on social media reaching well over 100,000 accounts.

Experimentation and trying new approaches is important in all areas of our work. For *City Now City Future* season we developed a branded content partnership with Wired magazine, which is thought to be the first time a museum has engaged in a partnership of this type. From this a film was produced about why tech entrepreneurs choose to live in London. *#LondonView* was also launched on social media which was a year-long project collating photos and posts on social media telling the story of life in a modern city.

The digital landscape continues to shift, offering chances to interact in different ways. Instagram has been an area of success where our strength in visually led content works particularly well. In 2017/18 our number of followers on the platform grew significantly reaching 36,014. We have continued to use Facebook, Twitter and You Tube as the major platforms, reaching 110,486 followers on Twitter and 143,495 followers on Facebook. During the year we have continued to invest in CRM resources and expand our levels of email marketing.

### 3. Stretch thinking

Engaging with big questions about London and its place in the world is how we stretch thinking – our own and others. At the heart of this is the London Collection and the stories it tells that have relevance to the city today.

Content development for the New Museum picked up pace in 2017/18 and our curatorial team are at the heart of this. We initiated a major masterplanning process for the galleries and completed the first phases during the year. Activity included audience research, generation of new ideas and an in-depth review of our current offer and visitor experience. Reflecting multiple perspectives is essential if we are to create content that will resonate with the millions of people that connect with us. Membership of our Academic Panel, comprised of a variety of disciplines, was expanded this year in order to meet its objectives to stimulate and mobilise new academic thinking about the city.

Preparing our 2018 exhibitions, *London Nights* and *Roman Dead*, was a focus throughout the year and all content development was completed for these major shows. A diverse and thoughtful range of smaller displays were created, demonstrating the breadth of the London Collection. Topics ranged

from *Junk* in the *Looking for Londoners* space that explored how Londoners have recycled and repurposed their rubbish through history, through to *Fighting for Empire: From slavery to military service in the West India regiments*, that explored the changing image of the West India Regiments and was developed in partnership with the University of Warwick.

It was a milestone year for our partnership with ACE as we completed the third and final year of our Major Partner Museum programme and developed our future plans as we prepared to become a National Portfolio Organisation (NPO). We concluded the rich and impactful series of programmes that have been ACE-funded ranging from creative commissioning to digital collecting. Our new programme *Curating London*, supported by ACE, will see us diversify our collections and curatorial team as we begin to create a new model for urban history museums. This programme was developed in more detail for delivery from 2018/19 onwards. The Port of London and River Authority (PLA) archive is another important partnership for us and the Archive adds depth to our collection. Agreement was reached on a new ten-year loan and partnership during the year.

Much work takes place behind the scenes to care for the 7 million objects that comprise the London Collection. This year we completed our detailed biennial benchmarking exercise for our collections stores. This major piece of work enables us to assess current storage arrangements store by store and inform forward planning, which is particularly valuable as we plan for the New Museum. Other examples of our continued collections care activity included a six month programme to rotate more fragile objects in the galleries, particularly costume and textiles, and a project to improve the storage of our Print Collection.

The London Collection continues to evolve with new acquisitions made throughout the year. Contemporary photography featured in the form of Niall McDiarmid's striking portraits of Londoners and *Deadly Affair*, a photograph by the artist Mitra Tabrizian in her 2005 *Border* series, acquired as part of the Heritage Lottery Fund (HLF) Collecting Cultures project. The only known sword pommel, dating from c1250–1400, carrying a specific inscription, a foreshore find of a 16<sup>th</sup> century printing plate and unusual sets of early 20<sup>th</sup> century pub games are just some of the wide variety of items that were acquired.

From summer schools to joint supervision of PhD students, the museum collaborates with the university and higher education sector in a variety of ways. In 2017/18 our established teaching activity continued and through our ACE-funded higher education programme we engaged with over 2,500 students, against a target of 2,000. Teaching activity in partnership with universities included four co-taught MA modules and three accredited courses with Birkbeck University of London.

#### **4. Engage every schoolchild**

Enriching the lives of children and young people goes to the heart of our purpose as a museum. We believe that we can have a positive impact on their lives as they develop their identity as Londoners who will shape the city's future. The New Museum offers enormous scope to engage young Londoners and partners in a new and different way, with the space to significantly increase the number of schoolchildren that we welcome through our doors.

In total over 141,000 schoolchildren enjoyed our rich, cross-curricular schools programme. We ran over 100 different types of sessions, offering creative and inclusive experiences for all key stages and abilities and have continued to update our programme with new content and ideas to ensure it meets the needs of pupils and teachers. This included launching initiatives such as new STEM (Science, Technology, Engineering and Maths) sessions and secondary school photography-themed workshops as part of a Collecting Cultures project funded by the Heritage Lottery Fund. The wide ranging *City Now City Future* season also enabled us to explore programming for secondary Geography students around issues facing the capital today.

We continue to offer a variety of ways for many more thousands of children to engage with our content indirectly through online learning resources, live streaming, teacher training, competitions, loan boxes and partnership projects. Particular highlights this year included piloting live streaming events to primary and secondary schools, including an exploration of the issues facing modern cities and a session that revealed what we can learn about life in Roman London from skeletons in our osteology collection. We hosted the first Hands Up Education conference for Latin and Classics teachers, considering all aspects of teaching Roman history in schools, and ran a training day for primary teachers in partnership with the Historical Association.

The museum's work with families and schools is central to our aim to connect with the full breadth of communities across London. Specific programmes are designed to engage children from diverse backgrounds and to increase our reach to pupils who may not have visited our museums. For example we reached over 3,500 pupils and their families through our ACE-funded supplementary schools programme. A key highlight was the *Own Your City* event inspired by perceptions of future London, which was attended by over 600 pupils from supplementary schools. Our primary schools outreach programme, also funded by ACE, engaged 11,000 pupils, half of whom were in receipt of Pupil Premium (the London average is 35%). Alongside this we invested in new promotional materials to raise awareness of our schools' offer at the Museum of London Docklands and delivered outreach activities targeting schools in the surrounding boroughs. This enabled us to reach an additional 4,092 pupils, with 61% of participating schools being new to the museum.

2017/18 was another bumper year for participation in our family activities, with over 69,000 people taking part – our highest ever numbers. We continued to demonstrate our leadership in early years provision, launching an online toolkit and holding a well-attended conference for the wider cultural sector. Large-scale family festivals are an established part of our family programming and each major event is delivered with a different mix of partners and collaborators. This year themes ranged from architecture through the Archikids festival, part of the Open City programme along with St Paul's Cathedral and 30 St Mary Axe (the Gherkin), to a technology-themed weekend working with digital charity the Raspberry Pi Foundation, the Barbican and Tower Bridge. Each festival attracted in the region of 4,000 people. Our ACE-funded community-focused family festivals at Docklands attracted over 10,000 people and included a weekend in collaboration with the local Bengali community (half the people attending had never visited the museum before) and a Toddler Takeover festival with Morningside Children's Centre in Hackney.

Developing a strong network of partnerships has enabled us to have a greater impact for London. We worked with the City of London Corporation to establish Culture Mile Learning, bringing together

26 diverse organisations to support learning, with an emphasis on improving the skills and life chances of disadvantaged children and young people. Young City Poets, a project in partnership with the National Literacy Trust that improved the literacy, creative skills and confidence of some 400 pupils from 16 schools across London was a particular highlight. We managed the City of London Schools Visits Fund for a third year, and in 2017/18 approved applications from 191 schools from disadvantaged areas across London that will enable 6,274 pupils to visit the City's cultural venues. We continued to be the GLA's long-standing collaborator on the London Curriculum, in particular on the development of new programmes of study for primary schools, and also worked closely with the Education & Youth Team on schools' resources and marketing materials for London History Day. 2017/18 also saw us work with Bloomberg to establish a schools programme at the London Mithraeum.

Our partnership with the Charterhouse entered a new phase as the 650-year-old site, located just around the corner from West Smithfield, opened as a visitor attraction in early 2017. The museum worked closely with Charterhouse staff on the development of the learning offer, which engaged over 2,100 people through school, family, adult learning and higher education programmes this year.

## **5. Stand on our own two feet**

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

Our Enterprise Strategy brings together our shops, cafes, restaurants, commercial events and venue hire. In addition to generating income these form an important element of our overall visitor experience and brand. In 2017/18 we generated £2.8m income across all Enterprise areas. The outturn for 2017/18 reflects a strong performance in response to recent challenges, particularly in relation to visitor numbers at the Museum of London, which is the primary source of some income streams.

We achieved our most successful year to-date for our venue hire and hospitality business, achieving significant growth on 2016/17 and hosting over 700 events, delivered by our professional in-house team. Venue hire generates income and provides the opportunity to build relationships amongst influential local audiences, across the square mile for the Museum of London and within Canary Wharf financial district for the Museum of London Docklands.

Growing the value of every visitor is a priority that does not change. It is through ensuring that our offer meets, and exceeds, their expectations that visitors will value their visit and will be motivated to support us. Greater numbers of visitors at the Museum of London Docklands resulted in strong sales in the shop and the café. A new approach to visitor donations resulted in record levels of giving from visitors at both sites.

Creating great London products from our content and programmes is an essential component of our commercial activity and our retail product ranges are a visible signifier of the Museum of London brand. The book developed to accompany *Tunnel: The Archaeology of Crossrail* sold over 2,000

copies and at the Museum of London innovative suffragette and ‘fatberg’ theme merchandise helped to deliver record February half term sales. High performing commercial events this year included our forensic themed *Close to the Bone* talks and Suffragette bus tours that were completely sold out.

The knowledge and know-how that we develop, through testing and evaluating many different commercial ideas, will be invaluable in shaping the operational design of the New Museum and in developing a diversified commercial offer at West Smithfield, including enhanced retail, venue hire and catering businesses. Work has been completed to scope these different areas in more detail and ensuring the building delivers the optimum configuration of space and meets operational requirements.

## **Development**

2017/18 marks the most successful year for fundraising in the museum’s history and we have taken significant steps towards our £70m campaign target. We were extremely proud to announce major support from the Goldsmiths’ Company as the first Founding Partner of the New Museum through a £10m pledge towards the campaign, a further £10m from the Linbury Trust and the first Corporate Champions of the project, global law firm DLA Piper, which will be publicly announced in the autumn of 2018. This brought the total raised towards the target to £20.75m, and keeps us very much on schedule. We have further broadened the experience and capacity of the fundraising team as we prepare for the next phases of the campaign.

Widening our networks, creating connections and ultimately getting London behind us in many different ways has been the central theme this year. We have completed intensive engagement activity appealing to new donors, philanthropists, investors in culture and heritage as well as established London figures and organisations. The historic buildings at West Smithfield continue to excite and inspire all those that set foot in them. We have demonstrated the powerful potential of the site through onsite tours for hundreds of our current and potential donors. This has helped us build a very strong pipeline of prospective supporters for the New Museum.

Fundraising has continued to support current projects and programmes that illustrate our passion for London and in turn give weight to our ambitions for the New Museum. It was a strong year for corporate partnerships, linked to our exhibitions programme. The *City Now City Future* season was supported by two high-profile lead sponsors, Bloomberg and DLA Piper. At the Museum of London Docklands events promoting *Tunnel: The Archaeology of Crossrail* provided the opportunity to work in partnership with Crossrail and engage businesses from the local Canary Wharf area. Support was also secured for our Suffragette display, including a *Votes for Women* giving circle, and a successful partnership with Thames Water for the *Fatberg!* Display.

The Society of Londoners, our annual giving group continued to bring people closer to us and to provide an important source of revenue that supports the museum. In 2018/19 we will launch a Young Society of Londoners group to continue to build for the future.

We aim to meet, and in some cases exceed, the relevant standards in all areas of fundraising activity and our donors and supporters are extremely important to us. This is demonstrated through the

following approach and processes. The Museum of London Governors oversee a range of fundraising activities, from collection–box donations to major–gift fundraising. The Governors have agreed fundraising principles and receive regular updates. No professional agents are used for fundraising directly to the public.

The museum has enrolled in the Fundraising Preference Service, in order to allow suppressions on fundraising activity by any member of the public. No fundraising complaints have been received by the museum in 2017/18. The museum has voluntarily registered with the Fundraising Regulator, including payment of the annual levy. The museum has a number of feedback channels and responds to questions from its supporters and visitors.

### **Sustainability**

Sustainability activity is embedded within our operations in a variety of ways and we remain committed to playing our part to improve London’s environment. During the year we began work on developing a new sustainability framework to guide future projects and initiatives. Energy management continues to be a key area for us, looking to identify ways to increase energy efficiency, as it remains the case that energy consumption presents a challenge for our sites.

At the Museum of London Docklands, projects to upgrade our aging infrastructure that also have a positive sustainability impact have been completed. These included the installation of more energy efficient (LED) lighting and upgrades to our building management system and humidification system which have improved, which our ability to manage the environment within our building more effectively. The major areas of activity for the New Museum include developing the sustainability strategy and technical brief for the building, as we plan to achieve a BREEAM ‘excellent’ accreditation.



## 2017/18 in numbers

Area of activity	2016/17 Actual	2017/18 Target	2017/18 Actual
Visits made to the Museum of London	786,700	860,000	<b>679,949</b>
Visits made to the Museum of London Docklands	298,338	290,000	<b>311,920</b>
Visits to the <i>The City is Ours</i> exhibition (14 July–2 January 2018)		100,000	<b>73,247</b>
Visits to the <i>Tunnel: The Archaeology of Crossrail</i> exhibition (full run 9 February – 3 September 2017)		40,000	<b>96,750</b> <i>(09/02/17 – 03/09/17)</i>
Visits to <i>Skeletons: Our Buried Bones</i> at the Bristol M Shed and Leeds City Museum (6 April – 3 September, 22 September – 7 January 2018)			<b>98,091</b>
Schoolchildren visiting the Museum or taking part in our schools programme	157,737	140,000	<b>141,851</b>
People taking part in family events and activities	66,622	60,000	<b>69,213</b>
Visits to the museum website	2.61m	2.61m	<b>2.2m</b>
Media articles generated	4,671	4,100	<b>4,179</b>
Trading income generated	£2.7m	£2.7m	<b>£2.8m</b>

In 2017/18 there were also:

- **143,495 Facebook likes, 110,486 followers** on Twitter and **36,014 followers** on Instagram
- **17,299 enquiries, talks, teaching and research visits** connecting to the collections
- **300 volunteers** investing their time and **28 students** taking part in work experience placements

## Future plans

Our new Strategic Plan 2018 – 2023, *We Are London*, will provide our roadmap for the next five years up to the opening of the New Museum. Our strategic objectives will remain:

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

We have developed a series of strategic imperatives that inform how we will deliver our objectives and that are key to achieving our vision. These are to:

- Engage the whole of London
- Deliver compelling programming
- Grow the Museum of London Docklands brand and visitors
- Strengthen our brand: We Are London
- Build the London Collection
- Extend our reach across London to every schoolchild
- Ensure our financial strength
- Create a New Museum for London
- Transform ourselves

In 2018/19 we will welcome over 1 million people to our museums including over 130,000 school children and 50,000 children and adults taking part in our family programmes. Distinctive programming will enable our visitors to explore different aspects of London life in more detail. At the Museum of London the *London Nights* major exhibition will explore photographers' enduring fascination with London at night. At the Museum of London Docklands the *Roman Dead* exhibition will continue our archaeology-themed programming, delighting both family and adult visitors, exploring how people dealt with death in Londinium.

Year one of our *Curating London* programme, supported by ACE, will be completed. Our partnerships will continue to grow with the City of London Corporation and the GLA as we collaborate closely on education, culture and shaping a New Museum for London.

Enterprise activities will continue to develop visitors' enjoyment of the museum, providing a variety of free and paid-for services that enhance the visitor offer and generate income. Our focus in 2018/19 will include embedding new approaches to visitor donations alongside growing our retail, catering and venue hire businesses.

Our project to create a New Museum for London will move from concept design into a period of detailed design as we prepare for the submission of a planning application the following year. Alongside this we will continue to shape our wider organisational, commercial and operational plans.

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

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

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

**Date:** 10 October 2018

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

We have audited the financial statements of Museum of London (the 'charity') for the year ended 31 March 2018, which comprise consolidated and museum statements of financial activities, the consolidated and museum balance sheets, the consolidated cash flow statement, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2018 and the group's and parent charity's incoming resources and application of resources 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.

### **Basis for opinion**

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. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the

going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The governors are responsible for the other information. The other information comprises the information included in the Governors' Annual Report, set out on pages 6 to 17 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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 charity has not kept sufficient accounting records; or
- the 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.

#### **Responsibilities of governors for the financial statements**

As explained more fully in the Statement of Governors' Responsibilities set out on page 18, the Governors are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement

when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

Date: 18 October 2018

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

## MUSEUM OF LONDON GROUP CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Expressed in £'000	Notes	2018			2017	
		Unrestricted Funds	Restricted Funds	Endowment Fund	Total Funds	Total Funds
<b>INCOME AND ENDOWMENTS</b>						
Donations, grants and legacies	3	13,324	2,445	–	15,769	15,942
Other trading activities	4	3,017	5	–	3,022	2,693
New Museum project	5	–	6,099	–	6,099	2,096
Investment income	6	272	78	–	350	355
Income from charitable activities	7	237	14	–	251	1,071
<b>Total Income and Endowments</b>		<b>16,850</b>	<b>8,641</b>	<b>–</b>	<b>25,491</b>	<b>22,157</b>
<b>EXPENDITURE ON</b>						
Raising funds	8	3,542	–	–	3,542	3,323
Charitable activities	8	17,910	2,618	–	20,528	20,221
New Museum project	8	–	4,806	–	4,806	1,776
<b>Total Expenditure before (losses) / gains on investments</b>		<b>21,452</b>	<b>7,424</b>	<b>–</b>	<b>28,876</b>	<b>25,320</b>
(Losses) / gains on investments	14	–	(5)	(5)	(10)	565
<b>Net (outgoing) / incoming resources before transfers</b>		<b>(4,602)</b>	<b>1,212</b>	<b>(5)</b>	<b>(3,395)</b>	<b>(2,598)</b>
<b>Transfers between funds</b>	18 (A)	271	(271)	–	–	–
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>(4,331)</b>	<b>941</b>	<b>(5)</b>	<b>(3,395)</b>	<b>(2,598)</b>
<b>Other recognised gains and losses</b>						
Actuarial gain / (loss) on defined benefit pension schemes	22	694	–	–	694	(6,811)
<b>Net movement in funds</b>		<b>(3,637)</b>	<b>941</b>	<b>(5)</b>	<b>(2,701)</b>	<b>(9,409)</b>
<b>Funds brought forward at 1 April</b>		<b>(994)</b>	<b>7,807</b>	<b>1,767</b>	<b>8,580</b>	<b>17,989</b>
<b>Funds carried forward at 31 March</b>	18 (A)	<b>(4,631)</b>	<b>8,748</b>	<b>1,762</b>	<b>5,879</b>	<b>8,580</b>

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

The notes on pages 26 to 48 form part of these financial statements.

## MUSEUM OF LONDON STATEMENT OF FINANCIAL ACTIVITIES

Expressed in £'000	Notes	2018			2017
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
<b>INCOME AND ENDOWMENTS</b>					
Donations, grants and legacies	3	13,397	2,487	<b>15,884</b>	16,111
Other trading activities	4	1,893	5	<b>1,898</b>	1,650
New Museum project	5	-	6,099	<b>6,099</b>	2,096
Investment income	6	247	-	<b>247</b>	267
Income from charitable activities	7	237	14	<b>251</b>	1,071
<b>Total Income and Endowments</b>		<b>15,774</b>	<b>8,605</b>	<b>24,379</b>	21,195
<b>EXPENDITURE ON</b>					
Raising funds		2,491	-	<b>2,491</b>	2,362
Charitable activities		17,895	2,630	<b>20,525</b>	20,216
New Museum project		-	4,806	<b>4,806</b>	1,776
<b>Total Expenditure</b>	8	<b>20,386</b>	<b>7,436</b>	<b>27,822</b>	24,354
<b>Net (outgoing) / incoming resources before transfers</b>		<b>(4,612)</b>	<b>1,169</b>	<b>(3,443)</b>	(3,159)
<b>Transfers between funds</b>	18 (A)	271	(271)	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>(4,341)</b>	<b>898</b>	<b>(3,443)</b>	(3,159)
<b>Other recognised gains and losses</b>					
Actuarial gain / (loss) on defined benefit pension schemes	22	694	-	<b>694</b>	(6,811)
<b>Net movement in funds</b>		<b>(3,647)</b>	<b>898</b>	<b>(2,749)</b>	(9,970)
<b>Funds brought forward at 1 April</b>		<b>(1,036)</b>	<b>5,954</b>	<b>4,918</b>	14,888
<b>Funds carried forward at 31 March</b>		<b>(4,683)</b>	<b>6,852</b>	<b>2,169</b>	4,918

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 26 to 48 form part of these financial statements.



## MUSEUM OF LONDON GROUP AND MUSEUM BALANCE SHEETS

Expressed in £'000	Notes	Group		Museum	
		2018	2017	2018	2017
<b>Fixed assets</b>					
Heritage assets	12 & 13	6,037	6,242	6,037	6,242
Intangible assets	12	304	331	304	331
Other tangible assets	12	34,417	36,491	34,417	36,491
		<b>40,758</b>	<b>43,064</b>	<b>40,758</b>	<b>43,064</b>
Investments	14	3,406	3,416	-	-
<b>Total fixed assets</b>		<b>44,164</b>	<b>46,480</b>	<b>40,758</b>	<b>43,064</b>
<b>Current assets</b>					
Stock		207	245	-	-
Long term loan receivable	15	496	683	496	683
Debtors	15	2,870	1,797	5,415	3,588
Cash at bank and in hand		12,174	10,554	9,137	8,440
<b>Total current assets</b>		<b>15,747</b>	<b>13,279</b>	<b>15,048</b>	<b>12,711</b>
<b>Current liabilities</b>					
Creditors amounts falling due within one year	16	(6,611)	(4,806)	(6,216)	(4,484)
<b>Net current assets</b>		<b>9,136</b>	<b>8,473</b>	<b>8,832</b>	<b>8,227</b>
<b>Total assets less current liabilities</b>		<b>53,300</b>	<b>54,953</b>	<b>49,590</b>	<b>51,291</b>
<b>Creditors amounts falling due after one year</b>					
City of London Corporation	21 B	(8,046)	(8,870)	(8,046)	(8,870)
<b>Net assets excluding pension liability</b>		<b>45,254</b>	<b>46,083</b>	<b>41,544</b>	<b>42,421</b>
Defined benefit pension liability	22	(39,375)	(37,503)	(39,375)	(37,503)
<b>Net assets including pension liability</b>		<b>5,879</b>	<b>8,580</b>	<b>2,169</b>	<b>4,918</b>
<b>The funds of the charity</b>	18 & 19				
Endowment funds		1,762	1,767	-	-
Restricted income funds		8,748	7,807	6,852	5,954
Designated funds		27,194	28,560	27,194	28,560
Designated defined benefit pension reserve		(39,375)	(37,503)	(39,375)	(37,503)
		<b>(1,671)</b>	<b>631</b>	<b>(5,329)</b>	<b>(2,989)</b>
<b>Reserves</b>					
General reserve		7,550	7,949	7,498	7,907
<b>Total funds and reserves</b>		<b>5,879</b>	<b>8,580</b>	<b>2,169</b>	<b>4,918</b>

The notes on pages 26 to 48 form part of these financial statements.  
The financial statements were approved by the Board of Governors on 10 October 2018.  
Signed on its behalf by:

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

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

## CONSOLIDATED CASH FLOW STATEMENT

Expressed in £'000	Notes	2018	2017
Net cash inflow from operating activities	1	3,583	2,075
<b>Returns on investment and servicing of finance</b>			
Interest and dividends received		350	355
Interest paid		(126)	(145)
<b>Capital expenditure and financial investments</b>			
Payments to acquire tangible fixed assets		(1,401)	(1,784)
Increase in cash and cash equivalents before financing		2,406	501
Financing – Repayments of long-term borrowing		(786)	(751)
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>1,620</b>	<b>(250)</b>

## SUMMARY OF MOVEMENT IN CASH AND CASH EQUIVALENTS

Expressed in £'000	Balance 1 Apr 2017	Movement In the year	Balance 31 Mar 2018
Cash at bank	3,554	2,120	5,674
Cash on deposit	7,000	(500)	6,500
<b>Total cash and cash equivalents</b>	<b>10,554</b>	<b>1,620</b>	<b>12,174</b>

## 1. NOTE TO THE CASH FLOW STATEMENT

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

EXPRESSED IN £'000	2018	2017
Net expenditure before other recognised gains and losses	(3,395)	(2,598)
Interest and dividends receivable	(350)	(355)
Interest payable	126	145
Losses / (gains) on investments	10	(565)
Pension costs – see Note 22	2,566	1,586
Fixed assets scrapped	12	9
Depreciation	3,695	3,624
<b>Net Operating Income</b>	<b>2,664</b>	<b>1,846</b>
Decrease in stock	38	80
(Increase) in debtors and long term contracts	(886)	(5)
Increase in creditors (excluding loans/overdrafts)	1,767	154
<b>Net cash inflow from operating activities</b>	<b>3,583</b>	<b>2,075</b>

## 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 57, under the historical cost accounting convention, with the exception of investments which have been included at market value, and comply with the Charities Act 2011, the Statement of Recommended Practice Accounting and Reporting by Charities SORP (FRS 102) and applicable accounting standards in the United Kingdom. The Museum of London is a public benefit entity under FRS 102.

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

#### B) INCOME

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

#### C) EXPENDITURE

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

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

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

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

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

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

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

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

Resources expended are accounted for on an accruals basis.

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

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

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

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

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

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

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

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

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

##### **Heritage Assets**

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

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

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

##### **Tangible Assets**

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

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

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

### **Intangible Assets**

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

### **G) INVESTMENTS**

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

### **H) STOCK**

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

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

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

### **J) PENSION COSTS**

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

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

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

### **K) HOLIDAY PAY**

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

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

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

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

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

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

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

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

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

The present value of the museum's share of the City of London Corporation Pension Fund Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. Any changes in these assumptions, which are disclosed in Note 22, 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 2016 has been used by the actuary in valuing the pensions liability at 31 March 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

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

## **O) FINANCIAL INSTRUMENTS**

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

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

**(ii) Financial liabilities** – Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

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

## 2) CONSOLIDATION OF SUBSIDIARY UNDERTAKINGS

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

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

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

The results of the subsidiary entities for the year ended 31 March 2018 were as follows:

Expressed in £'000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum of London (Trading)	Total 2018	Total 2017
Incoming resources	29	50	25	2,844	<b>2,948</b>	2,610
Resources expended	(21)	(10)	(15)	(2,844)	<b>(2,890)</b>	(2,613)
<b>Net incoming / (outgoing) resources</b>	<b>8</b>	<b>40</b>	<b>10</b>	–	<b>58</b>	(3)
Unrealised (loss) /gain on investments	(3)	(5)	(1)	–	<b>(9)</b>	566
<b>Net movement in funds</b>	<b>5</b>	<b>35</b>	<b>9</b>	–	<b>49</b>	563

Museum of London (Trading) resources expended includes gift aid of £73k (2017: £83k).

The assets, liabilities and funds of the subsidiary undertakings as at 31 March 2018 were as follows:

Expressed in £'000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum of London (Trading)	Total 2018	Total 2017
<b>Net Assets</b>						
Investments	948	1,641	817	–	<b>3,406</b>	3,416
Current assets	67	190	52	3,350	<b>3,659</b>	2,564
Current liabilities	–	–	(5)	(3,350)	<b>(3,355)</b>	(2,318)
<b>Total net assets</b>	<b>1,015</b>	<b>1,831</b>	<b>864</b>	–	<b>3,710</b>	3,662
<b>Funds employed</b>						
Permanent endowment	950	–	812	–	<b>1,762</b>	1,767
Restricted funds	65	1,831	–	–	<b>1,896</b>	1,853
Unrestricted funds	–	–	52	–	<b>52</b>	42
<b>Total funds</b>	<b>1,015</b>	<b>1,831</b>	<b>864</b>	–	<b>3,710</b>	3,662

### 3) DONATIONS, GRANTS AND LEGACIES

Expressed in £'000

	MUSEUM OF LONDON GROUP			Total 2017
	Unrestricted Funds	Restricted Funds	Total 2018	
Greater London Authority Revenue grants	7,600	–	7,600	7,600
Greater London Authority Capital grants	–	495	495	571
City of London Corporation Revenue grants	5,292	80	5,372	5,322
Arts Council England and related programmes	–	1,461	1,461	1,472
Other grants	12	355	367	447
Other donations	420	54	474	530
<b>Total</b>	<b>13,324</b>	<b>2,445</b>	<b>15,769</b>	<b>15,942</b>

Included in Donations, Grants and Legacies Group income in the prior year is £2,659k of restricted funds. Gifts in kind and pro bono services received in the year were valued and recorded by the museum in accordance with the Accounting Policy Note 1 (L). Other donations include £38k for gifts and services in kind received during the year (2017: £25k).

Expressed in £'000

	MUSEUM OF LONDON			Total 2017
	Unrestricted Funds	Restricted Funds	Total 2018	
Total income as above	13,324	2,445	15,769	15,942
Gift Aid from Museum of London (Trading) Limited	73	–	73	83
Grants from Trust Fund subsidiaries	–	42	42	86
<b>Total</b>	<b>13,397</b>	<b>2,487</b>	<b>15,884</b>	<b>16,111</b>

Included in Donations, Grants and Legacies Museum of London income in the prior year is £2,745k of restricted funds.

### 4) OTHER TRADING ACTIVITIES

Expressed in £'000

	MUSEUM OF LONDON GROUP	
	2018	2017
Shops	958	1,027
Private events and functions	1,604	1,296
Photographic library and licensing	73	89
Other	387	281
<b>Total</b>	<b>3,022</b>	<b>2,693</b>

Other Trading Activities income is split between Museum of London (Trading) Limited £2,844k (2017: £2,523k) and Museum of London £178k (2017: £170k), of which £5k is restricted (2017: £4k).

Other Trading Activities in the Museum of London also includes £1,720k of recharges from the Museum of London (Trading) Limited (2017: £1,480k), which are eliminated on consolidation.



## 5) NEW MUSEUM PROJECT

Expressed in £'000

	MUSEUM OF LONDON AND MUSEUM OF LONDON GROUP	
	2018	2017
<b>INCOME</b>		
Greater London Authority	–	230
City of London Corporation	5,734	1,845
Other donations	365	21
<b>Total</b>	<b>6,099</b>	<b>2,096</b>

Restricted funds of £6,099k (2017: £2,096k) were received during the year to fund specific activities for the New Museum project including RIBA Stage 2 project costs. Income includes £18k for pro bono services received during the year.

## 6) INVESTMENT INCOME

Expressed in £'000

	MUSEUM OF LONDON GROUP	
	2018	2017
Interest on cash balances	61	81
Dividends received	102	86
Property income	187	188
<b>Total</b>	<b>350</b>	<b>355</b>

Investment Income is split Museum of London £247k and subsidiaries £103k.

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 0.521% in 2018 (2017: 0.604%). Included in Investment Income is £78k (2017: £66k) of restricted funds.

## 7) INCOME FROM CHARITABLE ACTIVITIES

Expressed in £'000

	MUSEUM OF LONDON AND MUSEUM OF LONDON GROUP	
	2018	2017
Exhibitions	197	990
Other	54	81
<b>Total</b>	<b>251</b>	<b>1,071</b>

Included in Income from Charitable Activities is £14k (2017: £4k) of restricted funds.

## 8) EXPENDITURE

MUSEUM OF LONDON GROUP Expressed in £'000	Direct Staff Costs	Other Direct Costs	Support Costs	Total 2018	Total 2017
<b>Expenditure on Raising funds</b>					
Cost of generating voluntary income	168	177	330	675	737
Fundraising trading	997	1,156	714	2,867	2,586
	1,165	1,333	1,044	3,542	3,323
<b>Expenditure on Charitable activities</b>					
Communications	480	977	302	1,759	1,686
Programmes and learning	1,748	2,211	1,154	5,113	5,037
Galleries and exhibitions	1,990	3,544	1,566	7,100	7,295
Collections	2,723	2,215	1,511	6,449	6,091
Governance	32	48	27	107	112
	6,973	8,995	4,560	20,528	20,221
New Museum project	-	4,806	-	4,806	1,776
<b>Total Expenditure</b>	<b>8,138</b>	<b>15,134</b>	<b>5,604</b>	<b>28,876</b>	<b>25,320</b>

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

Expenditure is split Museum of London £27,822k (2017: £24,354k) and subsidiaries £1,054k (2017: £966k).

Expenditure includes £7,424k (2017: £4,676k) of restricted funds.

## 9) ALLOCATION OF SUPPORT COSTS

MUSEUM OF LONDON GROUP Expressed in £'000	Cost of Raising Funds	Charitable Activities	Governance Costs	Total 2018	Total 2017
Finance and administration	173	751	4	928	953
Management costs	192	835	5	1,032	1,096
Human resources and IT	201	872	5	1,078	1,022
Pension liability – finance costs, etc.	478	2,075	13	2,566	1,586
<b>Group total support costs</b>	<b>1,044</b>	<b>4,533</b>	<b>27</b>	<b>5,604</b>	<b>4,657</b>

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

## 10) EMPLOYEES

### STAFF COSTS

Expressed in £'000	MUSEUM OF LONDON GROUP	
	2018	2017
Salaries and wages	8,877	8,064
Social security costs	895	810
Pension costs	1,206	1,045
Employment agencies	877	961
	<u>11,855</u>	<u>10,880</u>

The Governors neither received nor waived any emoluments during the year (2017: £nil). Reimbursements of expenses to the Governors of the Museum of London were in total £1,812, paid to two Governors (2017: £1,674, paid to two Governors).

Staff costs in 2018 include redundancy costs of £176k (2017: £93k).

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

	MUSEUM OF LONDON GROUP	
	2018	2017
£60,000 to £70,000	9	5
£70,001 to £80,000	3	3
£90,001 to £100,000	1	1
£100,001 to £110,000	3	2
£110,001 to £120,000	1	1
£120,001 to £130,000	1	1
£140,001 to £150,000	–	1
£150,001 to £160,000	–	1
£160,001 to £170,000	1	–

Included in the 19 employees disclosed above are four employees whose roles were made redundant during the year and their termination costs are included in 2017/18 staff costs.

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

The compensation (including employer's national insurance contributions) of the key management personnel was £1,027k, which includes termination costs for one employee. (2017 key management personnel compensation: £919k).

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

	2018	2017
	£	£
Salary (including performance related bonus)	162,400	154,318
Contribution to pension scheme	<u>24,370</u>	<u>22,418</u>

## BENEFITS IN KIND

No employee received any benefit in kind during the year.

## AVERAGE NUMBER OF EMPLOYEES

The average number of employees, analysed by the categories of resources expended, and after the apportionment of 47.5 (2017: 47) support staff, was:

	MUSEUM OF LONDON GROUP	
	2018	2017
<b>Cost of Raising Funds</b>		
Costs of generating voluntary income	15	8
Fundraising trading	31	29
	<b>46</b>	<b>37</b>
<b>Charitable Activities</b>		
Communications	13	14
Programmes and learning	51	51
Galleries and exhibitions	71	78
Collections	69	59
	<b>204</b>	<b>202</b>
<b>Total</b>	<b>250</b>	<b>239</b>

The staff costs above include casual staff equivalent to approximately 5 full time staff (2017: 2).

## 11) NET OUTGOING RESOURCES

Is stated after charging:

Expressed in £'000	MUSEUM OF LONDON GROUP	
	2018	2017
Depreciation	3,695	3,624
Auditor's remuneration:		
Audit fees – statutory audit	51	50
Taxation compliance fees	2	2
Other fees paid to the Auditor:		
Taxation advisory fees	16	12

## 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
<b>Cost</b>					
At 1 April 2017	54,945	16,262	–	17,526	<b>88,733</b>
Additions	310	509	53	529	<b>1,401</b>
Disposals	–	–	–	(129)	<b>(129)</b>
At 31 March 2018	<b>55,255</b>	<b>16,771</b>	<b>53</b>	<b>17,926</b>	<b>90,005</b>
<b>Accumulated Depreciation</b>					
At 1 April 2017	23,194	9,714	–	12,761	<b>45,669</b>
Charge	2,218	699	–	778	<b>3,695</b>
Disposals	–	–	–	(117)	<b>(117)</b>
At 31 March 2018	<b>25,412</b>	<b>10,413</b>	<b>–</b>	<b>13,422</b>	<b>49,247</b>
<b>Net book value</b>					
At 1 April 2017	31,751	6,548	–	4,765	<b>43,064</b>
At 31 March 2018	<b>29,843</b>	<b>6,358</b>	<b>53</b>	<b>4,504</b>	<b>40,758</b>

At 31 March 2018 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	2018	2017	2016	2015	2014
Cost of acquisitions	509	301	706	162	63
Disposals	–	2	–	–	88

Fixed assets divide into heritage, tangible and intangible assets.

<b>MUSEUM OF LONDON GROUP</b> Expressed in £'000	<b>Heritage assets</b>	<b>Tangible assets</b>	<b>Intangible assets</b>	<b>Total 2018</b>	<b>Total 2017</b>
Leasehold property (Museum of London)	–	29,843	–	<b>29,843</b>	31,751
Leasehold property (MoL Docklands)	3,957	–	–	<b>3,957</b>	4,196
Other historic artefacts & museum exhibits	2,080	321	–	<b>2,401</b>	2,352
Assets under construction	–	53	–	<b>53</b>	–
Other assets	–	4,200	304	<b>4,504</b>	4,765
	<b>6,037</b>	<b>34,417</b>	<b>304</b>	<b>40,758</b>	<b>43,064</b>

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

<b>MUSEUM OF LONDON GROUP</b> Expressed in £'000	<b>2018</b>	<b>2017</b>
150 London Wall	<b>18,941</b>	20,757
Mortimer Wheeler House, Eagle Wharf Road	<b>10,902</b>	10,994
1 West India Quay	<b>3,957</b>	4,196
	<b>33,800</b>	35,947

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

#### Nature and scale of Heritage Assets held

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

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

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

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

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

Further details can be obtained from our website at:

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

## 14) INVESTMENTS

<b>MUSEUM OF LONDON GROUP</b>	<b>2018</b>	<b>2017</b>
<b>Expressed in £'000</b>		
<b>Listed investments</b>		
Market value at 1 April	3,416	2,851
Unrealised (losses) /gains on investments	(10)	565
Market value at 31 March	3,406	3,416
Less Cost at 31 March	(1,159)	(1,159)
Cumulative unrealised gain at 31 March	2,247	2,257

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 2018 are as follows and are all invested in the Charishare Common Investment Fund Income:

<b>MUSEUM OF LONDON GROUP</b>	<b>Total</b>	<b>Total</b>
<b>Expressed in £'000</b>	<b>2018</b>	<b>2017</b>
Joicey	948	951
Mackenzie Bell	1,641	1,645
London Museum	817	820
Market value at 31 March	3,406	3,416

## 15) DEBTORS DUE WITHIN ONE YEAR

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>		<b>MUSEUM OF LONDON GROUP</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Loan receivable from related party	496	683	496	683
Trade debtors	553	305	262	149
Amounts owed by group undertakings	-	-	2,948	1,947
Other debtors	711	420	717	423
Prepayments and accrued income	1,606	1,072	1,488	1,069
	2,870	1,797	5,415	3,588

Included within Trade debtors is a provision for bad and doubtful debts of £nil (2017: £nil).

The loan receivable is due from MOLA (formerly the museum's field archaeology division) – see Note 21 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	
	2018	2017	2018	2017
Trade creditors	2,946	1,026	2,863	1,008
Accruals	1,181	1,436	1,181	1,436
Debt repayable	824	786	824	786
Other creditors	1,594	1,507	1,282	1,203
Payments in advance	66	51	66	51
	<b>6,611</b>	<b>4,806</b>	<b>6,216</b>	<b>4,484</b>

Deferred income included in Other Creditors and Payments in advance represent income received in 2017/18 for ticketed events and venue hire occurring in the following financial year and rental income received in advance to June 2018. Movements from the prior year are shown below:

Expressed in £'000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2018	2017	2018	2017
Balance at 1 April	309	330	51	128
Released during the year	(309)	(330)	(51)	(128)
Newly assigned	315	309	66	51
<b>Balance at 31 March</b>	<b>315</b>	<b>309</b>	<b>66</b>	<b>51</b>

## 17) COMMITMENTS UNDER OPERATING LEASES

The Museum has entered into an operating lease for the use of printing equipment. The minimum payments due under this contract within each of the following periods are:

Expressed in £'000	MUSEUM OF LONDON AND MUSEUM OF LONDON GROUP	
	2018	2017
<b>Payments due:</b>		
Within one year	13	-
Within two to five years	47	-
After five years	-	-
<b>Total</b>	<b>60</b>	<b>-</b>

During the year, payments of £7k (2017: £nil) were made under operating leases.



## 18) TOTAL FUNDS

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

Expressed in £'000	Balance at 1 April 2017	Income	Expendi- -ture	Transfer between funds	Other gains & losses	Balance at 31 March 2018
<b>ENDOWMENT FUNDS</b>						
London Museum Trust	814	-	-	-	(2)	812
Joicey Trust	953	-	-	-	(3)	950
<b>Total Endowment funds</b>	<b>1,767</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>1,762</b>
<b>RESTRICTED FUNDS</b>						
<b>Museum of London</b>						
Fixed Assets Fund	1,296	-	-	-	-	1,296
Major Projects Fund	446	604	(459)	(261)	-	330
New Museum Project Fund	404	6,099	(4,808)	-	-	1,695
ACE Programmes Fund	72	1,383	(1,437)	(10)	-	8
ACE Capital Fund	-	78	(78)	-	-	-
<b>Museum in Docklands</b>						
Capital fund	3,736	398	(611)	-	-	3,523
<b>Trust funds</b>						
Joicey Trust Income Fund	57	29	(21)	-	-	65
Mackenzie Bell Trust	1,796	50	(10)	-	(5)	1,831
<b>Total restricted funds</b>	<b>7,807</b>	<b>8,641</b>	<b>(7,424)</b>	<b>(271)</b>	<b>(5)</b>	<b>8,748</b>
<b>DESIGNATED FUNDS</b>						
Fixed Assets Fund	28,388	-	(3,096)	1,793	-	27,085
Arts Council England	172	-	-	(63)	-	109
<b>Designated funds</b>	<b>28,560</b>	<b>-</b>	<b>(3,096)</b>	<b>1,730</b>	<b>-</b>	<b>27,194</b>
<b>Designated defined benefit pension reserve</b>	<b>(37,503)</b>	<b>-</b>	<b>(2,566)</b>	<b>-</b>	<b>694</b>	<b>(39,375)</b>
<b>GENERAL RESERVES</b>						
Museum of London	7,907	16,825	(15,775)	(1,459)	-	7,498
London Museum Trust	42	25	(15)	-	-	52
<b>Total General Reserves</b>	<b>7,949</b>	<b>16,850</b>	<b>(15,790)</b>	<b>(1,459)</b>	<b>-</b>	<b>7,550</b>
<b>TOTAL FUNDS</b>	<b>8,580</b>	<b>25,491</b>	<b>(28,876)</b>	<b>-</b>	<b>684</b>	<b>5,879</b>

## B) EXPLANATION OF FUNDS

### Endowment Funds

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

### Restricted Funds

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

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

Museum of London Major Projects Fund arises from a variety of external funding, ranging from major capital works at the museum to specialised work on the collections. This included an Art Happens project grant from the Art Fund for *Redressing the Pleasure Gardens*.

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 the year for granting to regional museums.

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

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

### Designated Funds

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

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

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

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

### General Reserves

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

## C) TRANSFERS BETWEEN RESERVES

Major Projects Fund – the transfer out of £0.3m is primarily to reflect the substantial completion of certain capital works funded partly or fully by external sources. Once the works have been completed the conditions attaching to the grants have been met and that amount can be transferred to general reserves.

Designated Fixed Assets Fund – the balance on this fund is maintained at a level representing the net book value of total fixed assets less the outstanding amount of related long-term loans. As the cover required each year is affected by a collection of factors, such as depreciation, loan repayments, fixed asset disposals and acquisitions, each year a specific calculation is made to determine the transfer required from general to designated funds. The transfer from general reserves for 2017/18 was £1.8m.

ACE Programmes Fund and ACE designated fund – the transfer to general reserves for 2017/18 was £0.1m and represents (i) the use of ACE funding on ACE approved activity to support programming, and (ii) the transfer of unrestricted income earned via the ACE programming. The total transfer to general reserves for 2017/18 was £0.1m.

General Reserves – the transfer of £1.4m is the net balance of the three transfers referred to above.

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

Expressed in £'000	Tangible Fixed Assets	Invest- ments	Current Assets	Current Liabilities	Long term Liabilities and Provisions	Pension Liabilities	Total Net Assets
<b>ENDOWMENT FUNDS</b>							
London Museum Trust	-	817	-	(5)	-	-	812
Joicey Trust	-	948	2	-	-	-	950
<b>Endowment funds total</b>	<b>-</b>	<b>1,765</b>	<b>2</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>1,762</b>
<b>RESTRICTED FUNDS</b>							
<b>Museum of London</b>							
Fixed Assets Fund	1,296	-	-	-	-	-	1,296
Major Projects Fund	-	-	330	-	-	-	330
New Museum Project Fund	-	-	1,695	-	-	-	1,695
ACE Programmes Fund	-	-	8	-	-	-	8
ACE Capital Fund	-	-	-	-	-	-	-
<b>Museum in Docklands</b>							
Capital fund	3,523	-	-	-	-	-	3,523
<b>Trust Funds</b>							
Joicey Trust Income Fund	-	-	65	-	-	-	65
Mackenzie Bell	-	1,641	190	-	-	-	1,831
<b>Restricted funds total</b>	<b>4,819</b>	<b>1,641</b>	<b>2,288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,748</b>
<b>DESIGNATED FUNDS</b>							
Fixed Assets Fund	35,939	-	-	(808)	(8,046)	-	27,085
Arts Council England	-	-	109	-	-	-	109
<b>Designated funds total</b>	<b>35,939</b>	<b>-</b>	<b>109</b>	<b>(808)</b>	<b>(8,046)</b>	<b>-</b>	<b>27,194</b>
Designated defined benefit pension reserve	-	-	-	-	-	(39,375)	(39,375)
<b>GENERAL RESERVES</b>							
Museum of London	-	-	13,296	(5,798)	-	-	7,498
London Museum Trust	-	-	52	-	-	-	52
<b>General Reserves total</b>	<b>-</b>	<b>-</b>	<b>13,348</b>	<b>(5,798)</b>	<b>-</b>	<b>-</b>	<b>7,550</b>
<b>TOTAL FUNDS</b>	<b>40,758</b>	<b>3,406</b>	<b>15,747</b>	<b>(6,611)</b>	<b>(8,046)</b>	<b>(39,375)</b>	<b>5,879</b>

## **20) 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 2018 (2017: £nil).

## **21) 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 £8.1m (2017: £8.4m) during the financial year ended 31 March 2018. Included in the 2018 figure above is £0.5m of capital funding (2017: £0.6m), which was for capital works carried out in 2017/18. Included in the prior year figure is £0.2m for the New Museum project.

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

The City of London Corporation is considered a related party since it has the right to appoint half of the Governing Body of the museum and is one of the two main sponsors of the museum along with the GLA (see above). The museum received grants from the City of London Corporation during the year of £11.1m (2017: £7.2m). Included in the 2018 figure is £5.7m for the New Museum project (2017: £1.8m).

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 2018 the charges for these services were £0.1m (2017: £0.1m).

Outstanding loans from COL to the Museum of London totalled £8.9m at 31 March 2018 (2017: £9.7m). This total includes a balance of £144k on a loan originally made to the Museum of London Docklands (2017: £164k). Of these loans, £824k is due within one year (2017: £786k) and £8,046k is due after more than one year (2017: £8,870k). The museum incurred interest charges related to these loans of £126k (2017: £145k).

### **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 to £0.5m at 31 March 2018 (2017: £0.7m). 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 £17k received from MOLA during the year (2017: £22k). A charge of £265k was made by the museum to MOLA for a licence to occupy space in Mortimer Wheeler House (2017: £245k).

## 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 £16k (2017: £20k) donations in total from a number of the Governors, in the normal course of charitable giving.

## 22) RETIREMENT BENEFITS

The Museum of London participates in the City of London Corporation Pension Fund, a defined benefit pension scheme. The amounts below relate to the Museum of London's share of the fund. The valuation used for the disclosures in this note has been based on the results of the last full actuarial valuation carried out at 31 March 2016, as updated to 31 March 2018 using financial assumptions that comply with FRS 102.

The contributions made by the employer over the financial year amounted to £1,197k (2017: £1,050k). The contribution rate set for the year was 15.10% (2017: 14.44%). These rates include a supplementary employer's contribution of 0.44% (2017: 0.44%) in respect of the capitalised cost of added years plus the cost of early retirement, in respect of early non ill health retirements, and these additional costs are fully recoverable over a five-year period. The adjusted rate will continue to be amended in light of any added years granted in respect of early non ill health retirements. For 2018/19 the employer contribution has been set at 16.10%, including a supplementary contribution of 0.44%.

### ASSUMPTIONS

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

<b>Valuation Method</b>	<b>2018</b>	2017	2016
	%	%	%
RPI Increases	<b>3.30%</b>	3.60%	3.30%
CPI Increases	<b>2.30%</b>	2.60%	2.40%
Salary Increases	<b>3.80%</b>	4.10%	3.90%
Pension Increases	<b>2.30%</b>	2.60%	2.40%
Discount Rate	<b>2.55%</b>	2.80%	3.70%

The assumed life expectations from age 65 are:

<b>Life expectations (years)</b>	<b>Males</b>	<b>Females</b>
Retiring today	23.9	25.2
Retiring in 20 years	25.3	26.7

## NET ASSETS OF THE SCHEME

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

Expressed in £'000	Assets at 31 March 2018	Assets at 31 March 2017	Assets at 31 March 2016
Equities	43,771	42,893	34,447
Cash	400	(11)	(8)
Infrastructure	3,910	2,957	2,222
Multi-asset fund	18,756	19,917	18,384
<b>Total Assets (A)</b>	<b>66,837</b>	<b>65,756</b>	<b>55,045</b>
Present Value of Scheme Liabilities	(105,718)	(102,735)	(83,633)
Present Value of Unfunded Liabilities	(494)	(524)	(518)
<b>Total Value of Liabilities (B)</b>	<b>(106,212)</b>	<b>(103,259)</b>	<b>(84,151)</b>
<b>Net Pension (Liability) (A) – (B)</b>	<b>(39,375)</b>	<b>(37,503)</b>	<b>(29,106)</b>

## ANALYSIS OF PENSION SCHEME OUTGOING RESOURCES

Expressed in £'000	MUSEUM OF LONDON GROUP		
	2018	2017	2016
<b>Analysis of the amount charged to resources expended</b>			
Service Cost	2,716	1,581	1,797
Employer Contributions	(1,197)	(1,050)	(991)
Unfunded Pension Payments	(42)	(41)	(42)
Net interest on the defined liability	1,034	1,057	1,046
Administration expenses	55	39	39
<b>Net Resources Expended</b>	<b>2,566</b>	<b>1,586</b>	<b>1,849</b>

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

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

Expressed in £'000	MUSEUM OF LONDON GROUP		
	2018	2017	2016
Return on assets less interest	(382)	9,174	(1,775)
Changes in financial assumptions	1,076	(15,985)	6,715
<b>Actuarial gain / (loss) recognised in Consolidated Statement of Total Recognised Gains and Losses</b>	<b>694</b>	<b>(6,811)</b>	<b>4,940</b>

**MOVEMENT IN DEFICIT DURING THE YEAR**

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Deficit at beginning of the year	<b>(37,503)</b>	(29,106)	(32,197)
Service Cost	<b>(2,716)</b>	(1,581)	(1,797)
Employer Contributions	<b>1,197</b>	1,050	991
Unfunded Pension Payments	<b>42</b>	41	42
Net interest on the defined liability	<b>(1,034)</b>	(1,057)	(1,046)
Administration expenses	<b>(55)</b>	(39)	(39)
Actuarial gain / (loss)	<b>694</b>	(6,811)	4,940
<b>Deficit at end of the year</b>	<b>(39,375)</b>	(37,503)	(29,106)

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

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>	
	<b>2018</b>	<b>2017</b>
Opening defined benefit obligation	<b>103,259</b>	84,151
Service cost	<b>2,583</b>	1,581
Interest cost	<b>2,871</b>	3,087
Change in financial assumptions <sup>[1]</sup>	<b>(1,076)</b>	19,358
Change in demographic assumptions	–	(3,107)
Experience (gain) on obligation	–	(382)
Estimated benefits paid net of transfers in	<b>(2,084)</b>	(1,905)
Past service costs	<b>133</b>	–
Contributions by Scheme participants	<b>568</b>	517
Unfunded pension payments	<b>(42)</b>	(41)
<b>Closing defined benefit obligation</b>	<b>106,212</b>	103,259

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

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

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>	
	<b>2018</b>	<b>2017</b>
Opening fair value of Scheme assets	<b>65,756</b>	55,045
Interest on assets	<b>1,837</b>	2,030
Return on assets less interest	<b>(382)</b>	9,174
Other actuarial loss	–	(116)
Administration expenses	<b>(55)</b>	(39)
Contributions by employer including unfunded benefits	<b>1,239</b>	1,092
Contributions by Scheme participants	<b>568</b>	517
Estimated benefits paid and unfunded net transfers	<b>(2,126)</b>	(1,947)
<b>Fair value of Scheme assets at end of period</b>	<b>66,837</b>	65,756



## 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.

	<u>2018</u>	2017	2016
Adjustment to discount rate	+0.1%	+0.1%	+0.1%
- Present value of total obligation £'000	<b>104,174</b>	101,284	82,594
- Projected service cost £'000	<b>2,476</b>	2,318	1,544
Adjustment to mortality age rating assumption	<b>+1 year</b>	+1 year	+1 year
- Present value of total obligation £'000	<b>110,113</b>	107,055	86,611
- Projected service cost £'000	<b>2,621</b>	2,454	1,620

## PROJECTED PENSION EXPENSE FOR THE YEAR TO 31 MARCH 2019

	<u>£ 000s</u>
Service cost	2,540
Interest cost	988
Administration expenses	<u>56</u>
<b>Total loss</b>	<b><u>3,584</u></b>
<b>Employer contributions</b>	<b><u>1,238</u></b>

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Name</b>	Museum of London
<b>Address</b>	150 London Wall, London EC2Y 5HN
<b>Registered Charity number</b>	1139250
<b>Board of Governors</b>	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.
<b>Appointed by the City of London Corporation</b>	<p>Sonita Alleyne (appointed 11 October 2017)</p> <p>Rt Hon the Lord Boateng DL</p> <p>Sir Steve Bullock (ceased to be a Governor 15 Jul 2017)</p> <p>Alderman Alison Gowman</p> <p>Tom Hoffman MBE CC</p> <p>Vivienne Littlechild JP MBE CC</p> <p>Paul Martinelli (appointed 07 December 2017)</p> <p>Jeremy Mayhew CC (appointed 25 May 2017 and ceased to be a governor on 03 December 2017)</p> <p>Judith Pleasance (appointed 07 December 2017)</p> <p>Dominic Reid OBE (ceased to be a Governor 02 May 2017)</p> <p>John Scott JP CC</p> <p>Councillor Richard Watts (appointed 15 Jul 2017)</p> <p>Michael Welbank MBE CC (ceased to be a Governor 30 November 2017)</p>
<b>Appointed by the GLA</b>	<p>Sally Balcombe (ceased to be a Governor 30 September 2018)</p> <p>Clive Bannister</p> <p>David Camp</p> <p>Evan Davis</p> <p>Simon Fanshawe OBE (ceased to be a Governor 30 September 2018)</p> <p>Sir Edward Lister</p> <p>Jörn Rausing</p> <p>Professor Sir Richard Trainor KBE</p> <p>David Wormsley</p>
<b>Administration</b>	<p>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:</p> <ul style="list-style-type: none"> <li>• The care of all property in possession of the Board;</li> <li>• The general administration of the collections vested in the Board and any place where those collections are kept; and</li> <li>• The administration of any services provided by the Board in the exercise of their functions.</li> </ul> <p>The Treasurer and Secretary to the Board are required to be officers of the City of London Corporation.</p>

<b>Director</b>	Sharon Ament
<b>Treasurer</b>	Kate Limna, Guildhall, London EC2P 2EJ
<b>Secretary</b>	John Barradell, Guildhall, London, EC2P 2EJ
<b>Bankers</b>	Lloyds Bank, 25 Gresham Street, London EC2V 7HN Chamberlain of London, Guildhall, London, EC2P 2EJ
<b>Legal Advisers</b>	City of London Corporation, Guildhall, London, EC2P 2EJ Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3BR
<b>Independent Auditor</b>	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor 30 Finsbury Square London, EC2A 1AG
<b>Investment Adviser</b>	BlackRock Investment Management 12 Throgmorton Avenue London, EC2N 2DL
<b>SUBSIDIARY UNDERTAKINGS</b>	The financial statements consolidate the accounts of the Museum of London together with its subsidiary undertakings which are listed below.
<b>Museum of London (Trading) Limited</b>	The Museum of London (Trading) Limited is a company limited by shares. Its principal activities are the provision of corporate hire and catering services and the retail function at the museum shops. The registered company number is 5423292.
<b>The Trust Funds</b>	<p>The Trust Funds were acquired from the London Museum in accordance with the provisions of Section 2 of the Museum of London Act 1965 and are separate legal entities. The Board of Governors appoints their Trustees. Individual financial statements are produced for each trust and they are also consolidated into the financial statements of the Museum of London.</p> <p>The trusts are:</p> <p>London Museum Fund – Registered Charity Number 312174 Joicey Fund – Registered Charity Number 314194 Mackenzie Bell Fund – Registered Charity Number 314195</p> <p>The appropriate clauses defining the control of their expenditure are:</p>
<b>London Museum Fund</b>	<p>“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:</p> <ul style="list-style-type: none"> <li>• The acquisition for the Museum of artefacts, pictures, photographs, books, manuscripts, films and other objects of any description whatsoever relating to any aspects of the history of London;</li> </ul>

- 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 2018 the museum had 4 subsidiaries: Museum of London (Trading) Ltd, and the London Museum, Joicey and Mackenzie Bell Trust Funds and therefore presents consolidated financial statements.

The reference and administrative details on pages 49 to 51 form part of this report.

### Governor recruitment, appointment and induction

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

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

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

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

### Organisational structure

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

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

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

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

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

### **Key management personnel**

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

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

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

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

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

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

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

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

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

### **Relationships with related parties**

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

Note 21 to these financial statements includes details of the museum's transactions with the GLA and the City of London Corporation and other related party transactions.

## OBJECTIVES & ACTIVITIES

### Governing objects

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

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

### Public benefit

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

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

### Human Resources

The museum takes a strategic approach to the effective, efficient and economic use of its staff across all aspects of the business and is committed to making this organisation an employer of choice in the sector. We recognise that our people lie at the heart of everything we do and that we must have a talented, engaged and motivated workforce to be able to deliver the museum’s vision for the future. Having a workforce that is characterised by high-performance and a focus on delivery is essential in an environment with stretching targets and reducing resources and we see this as fundamental to our long-term success. All appointments are made based on merit and we are committed to the principles of the Disability Confident scheme which indicates a specific commitment to encouraging and supporting applications from disabled candidates and to the use of fair and open competition. The museum treats all staff equally in respect of reward, career development, training opportunities, promotion and all other aspects of the employment relationship. The museum is a member of the Stonewall Diversity Champion programme and completed Stonewall’s Workplace Equality Index for the first time in 2017. The museum is also a member of the Employers Network for Equality & Inclusion (ENEI) and has delivered Unconscious Bias training to 80% of staff in 2017/18. Additionally, the museum has reported on its gender pay gap and will seek to monitor and devise interventions in the future as necessary to ensure that all staff have the opportunity for promotion and development. Toward this end, a management development strategy is in development, including a Managers of the Future programme, which seeks to prepare staff for people management responsibilities. 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 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 renewed our Investing in Volunteers accreditation which is an external recognition of best practice in volunteer management.

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



## FINANCIAL REVIEW

The results for the year are set out on the Statement of Financial Activities on page 22.

Total Group Incoming Resources were £25.5m during the year (2017: £22.2m). The increase from the prior year includes an increase of £4m in New Museum project grant funding as the project proceeds to the design phase. This is offset by a decrease of £0.7m in exhibition income as the *The City is Ours* temporary exhibition was a free exhibition.

The museum's main sources of funding were the Greater London Authority and the City of London Corporation, which together contributed 85% of the group's donations, grants and legacies revenue funding (2017: 85%). Other grants and donations included £1.4m from Arts Council England (2017: £1.4m). Group expenditure on charitable activities was marginally higher than the prior year, predominantly on fundraising, programmes, learning, collections and communications.

Trading activities, comprised primarily of venue hire and catering plus two retail outlets, performed marginally better than the prior year at £2.8m (2017: £2.7m). All commercial trading is carried out through the museum's trading subsidiary, The Museum of London (Trading) Limited.

The Museum of London recorded an operating surplus (before transfers) on its unrestricted free reserves (general fund) of £1.0m (Note 18A "General Reserves – Museum of London") (2017: £1.3m).

### Financial reserves

After transfers from restricted and designated funds and other losses, the Museum of London's total general reserves stood at £7.6m at 31 March 2018 (2017: £7.9m). The group's restricted funds were £8.7m at 31 March 2018 (2017: £7.8m) and the group's designated funds, excluding the Defined Benefit Pension Reserve, were £27.2m at 31 March 2018 (2017: £28.6m). 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 2018 are £5.9m (2017: £8.6m).

The pension deficit calculated in accordance with Financial Reporting Standard 102 (FRS 102) has increased in the year to £39.4m (2017: deficit of £37.5m). See Note 22 for further details. The increase in the deficit includes an increase in service costs of £1.2m and other changes in financial assumptions, including an actuarial gain of £0.6m (2017: actuarial loss of £6.8m). The increase in the pension deficit has contributed to the negative unrestricted reserves. However, this is not indicative of any pension liability that is expected to crystallise in the short term as it represents the accounting valuation of the scheme under FRS 102 rather than the level of future contributions to be paid. This is explained in more detail below.

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

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

## Investment policy and performance

The capital funds of the Trust Funds are invested in Common Investment Funds. Targets are not set but the Trustees of the funds periodically review the performance of the investments to ensure the returns are satisfactory. During the year to 31 March 2018 there was a slight decrease in carrying values. Total income received over the year was in line with receipts in previous years.

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

## Going concern

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

Issue	Potential Effect	Response
<p>There continues to be a significant strain on UK government spending and a need to reduce the budget deficit.</p> <p>The Brexit negotiations and resulting economic uncertainty may increase that pressure.</p>	<p>The government may make further cuts in the funding to the Arts/Heritage sector. The grant paid to the museum could be cut substantially.</p>	<ul style="list-style-type: none"> <li>• The museum has confirmed funding up until the end of March 2019 but the position after that is less clear. The museum has invested in strengthening its Executive Team and has a strong Board of Governors bringing expert experience to the museum.</li> <li>• The museum recently published the Strategic Plan for 2018 to 2023 with a key objective being to create a new museum at West Smithfield. Increasing visitor numbers and improved income generation are key elements of the Strategic Plan.</li> <li>• A Development Strategy is in place aimed at building relationships and increasing sponsorship income.</li> <li>• An Enterprise Strategy is in place incorporating measures for growing our commercial income generated through our shops, restaurants, cafés, events and corporate hire opportunities.</li> <li>• The museum has in place robust financial modelling procedures that will allow it to deal effectively and in a timely manner with any significant variations from the income levels anticipated.</li> </ul>

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

## Reserves policy

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

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

The museum:

- Fails to generate satisfactory revenues from its activities.
- Fails to secure sufficient grant income as a result of continued cuts in government spending.
- Suffers a sudden failure of building structure or major plant requiring immediate attention in order to continue operations.
- Requires further restructuring of operations should grant in aid be substantially reduced.
- Suffers loss of assets as a result of fraud, theft or cybercrime.
- Fails to respond appropriately to an act of terrorism or major emergency at all/any of the Group sites, causing a fall in income and/or loss of reputation.
- Accordingly, the Board holds reserves to mitigate the effect of the above risks in the following way:
  - Approximately £6m to cover operating expenditure for 4 months (this excludes discretionary spend such as projects),
  - £0.5m to £1m to cover building emergency repairs or restructuring costs which may arise and are not currently budgeted for, and
  - £0.5m to £1m to cover short term cash flow fluctuations which may arise during the year.

As at 31 March 2018 the balance on the Museum of London's general funds (as shown in Note 18 – Total General Funds) stood at £7.6m (excluding designated fixed asset and pension reserves) (2017: £7.9m). While the net asset position is strong, this is predominantly in fixed assets, restricted funds, endowment funds or designated funds. Therefore, the Reserves Policy and the level of general funds held is vital to protect the museum from the risks and issues noted above and enables the museum to continue to deliver our mission and objectives.

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

## **Structure of the financial statements**

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

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Charities SORP (FRS 102), and applicable accounting standards in the United Kingdom.

## 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 2018 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 quarterly by the Audit and Risk Management Committee and Directorate.
- Departmental operational risks are regularly reviewed by the Directorate (at least twice per year) and 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.