

Registered Charity No: 1139250

MUSEUM OF LONDON

**Governors' Report and
Financial Statements for the year ended
31 March 2013**

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ANNUAL REPORT

The Governors present their annual report and audited consolidated financial statements for the year ended 31 March 2013.

Mission and purpose

Our mission is to inspire a passion for London.

This is achieved through increasing public awareness, appreciation and understanding of London's cultural heritage, its people and its stories.

We pursue this by:

- **Engaging** visitors with exciting programmes and exhibitions
- **Sharing**, interpreting and conserving a unique national collection that defines London and its people
- **Creating** inspirational learning opportunities for all
- **Facilitating** worldwide access to our resources, expertise and research
- **Developing** partnerships that extend the Museum's network and profile nationally and internationally
- **Interpreting** new archaeological evidence that shapes and reshapes our understanding of London
- **Leading** the London museums sector in improving sustainability and resilience to deliver greater public impact

We want to create a revitalised, world-class museum that embodies the spirit and energy of the world's greatest city and its people; a museum that plays an active role in the life of the capital both today and in the future.

Strategic objectives 2010/11 – 2012/13

In this report our performance is reported against our overarching objectives for the year which were:

A: To play a significant cultural role in London

B: To raise our profile and engage wider audiences

C: To develop our reputation for Learning

D: To ensure we are operationally and financially efficient and sustainable

Introduction

2012/13 was a successful and memorable year for the museum. Strong visitor numbers were achieved, exceeding our forecasts at both sites, despite the visitor numbers to museums dropping across the capital during the period of the Olympic Games. We completed our most successful ever paid for exhibition, *Dickens and London*, and followed this up with our next major exhibition: *Doctors, Dissection and Resurrection Men*.

We championed the Olympics for London and this featured heavily across our programmes and operations for the year as we sought to embrace opportunities for collecting, content - in the form of displays and programmes - and commercial activities. It was a historic moment when the Torch Relay

came to Museum of London in the final stages of the Olympic flame's journey. We delivered our most ambitious and successful corporate hire when we hosted the German National Olympic Committee at the Museum of London Docklands.

We started on delivering the first year of our Arts Council England (ACE) programme, as a Major Partner Museum, embedding exciting projects across the organisation from volunteering to digital to opening up our archaeological collections. We were also successful in our bid for museum development funds to allow us to continue to play a leadership role across the London region, supporting skills sharing and resilience across the sector.

Our new Director, Sharon Ament, joined the museum in September 2012 and in her first six months has led the development of an exciting new strategic direction that will build on the successes of 2012/13 and previous years. We thank our visitors, funders, governors, staff and volunteers for helping the museum make 2012/13 a year to remember.

On 2 October 2013 Michael Cassidy stepped down from his role as Chairman, completing over 8 years at the helm of the Museum. Governors, management and staff are very grateful for his hard work and unstinting support of the Museum during his time in the Chair. On the same date he handed over the Chairmanship to Clive Bannister who joins the Museum at a very exciting time as it drives forward with an ambitious new strategic plan.

2012/13 in numbers

- **478,406 visitors to Museum of London**, against a target of 463,000
- **136,215 visitors to Museum of London Docklands**, against a target of 125,000
- **2.4 million website visits**, up 69% from 2011/12
- **105,194 schoolchildren** took part in museum activities
- **99% of teachers** rated museum activities as good or excellent, 85% rated them as excellent
- **94,700 visitors** to *Dickens & London*
- **50,000 visitors** to Deutsches Haus
- **56,000 visits** to *London Street Photography* at Museum of the City of New York
- **£650k museum development funding over 3 years** awarded from ACE
- **Media coverage doubled** from 2011/12 levels
- **44,000 objects records added** to Collections Online bringing the total to over 74,000
- **1.2 million web visits** to Collections Online
- **32 partner organisations** and **129 volunteers** worked with us on participation programmes
- **84 volunteers** took part in our ACE Archaeology volunteering programmes
- **Over 500,000 downloads** of all Museum of London apps
- **32,000** followers on Twitter and **24,000** Facebook friends
- **1.4 million visits** to the learning webpages and resources
- **2724 research and teaching visits** to the collections

Strategic Objective A : Playing a significant cultural role in London

We set out to:

- Tell London's unique story through our collections, expertise, galleries and exhibitions
- Deliver exciting programmes that engage with debates about the city's past, present and future
- Champion the story of London for the London 2012 Olympic Games
- Work in partnership and collaboration to share our knowledge and engage new audiences

- Open up our collections and conversations – physically, digitally and creatively

Major exhibitions

Dickens and London closed in June 2012 and was the museum's most successful charged-for exhibition so far, attracting over 94,000 visitors. The exhibition transported visitors to Victorian London with content about Dickens' inspirations, creative process and his continued relevance. A key component of the exhibition was the specially commissioned film, *Night Walks* by William Raban, that retraced Dickens' night time walks across London. Just under half of the visitors to the exhibition had not visited the museum before demonstrating how important exhibitions are in attracting new audiences.

Doctors, Dissection and Resurrection Men explored the early 19th century history of human dissection and the shadowy trade in dead bodies that supported it. The exhibition was inspired by an archaeological excavation at the Royal London Hospital in 2006 which revealed a forgotten burial ground dating from about 1825–41 and made links with contemporary issues such as organ donation. By March 2013 the exhibition had attracted over 47,000 visitors.

Temporary displays

Regularly changing smaller displays also help to drive visitor numbers, raise our profile through media coverage and demonstrate different aspects of our collections. Highlights from 2012/13 included contemporary artist Suki Chan's captivating *Sleep Walk, Sleep Talk* lightbox installation. *At Home with the Queen* was a quirky and playful display that captured public imagination with photos of Londoners with their treasured souvenirs bearing images of the Queen; our way of marking the Diamond Jubilee. The *LomoWall* in partnership with Lomography created a vibrant wall of 30,000 analogue photos that spilled out from the foyer and into the outside rotunda space. More than 15,000 people from 32 countries submitted pictures. A display to mark the 80th birthday of iconic Londoner Michael Caine saw him also receive Freedom of the City of London at the museum on the day of the opening of the exhibition.

London 2012 Olympics

An overarching theme of 2012/13 was the London 2012 Olympic Games – a historic moment for London and the UK. We were a champion for the story of London for the Games, providing both historical context for London and recording the details and success of the Games themselves. Displays included *London and the Olympics* looking back to the Games of 1908 and 1948 and in March 2013 *Opening the Olympics* featured a selection of objects, costumes and personal accounts from the Games. They also featured heavily in our contemporary collecting strategy which saw the museum acquire recognisable items like Tom Daley's Union Jack swimming trunks through to souvenirs, tickets, and badges.

We were proud to host the German NOC at Museum of London Docklands where 50,000 people visited the VIP Deutsches Haus or the public 'fan fest' with guests including Home Secretary Theresa May, tennis star Boris Becker and thousands of sports fans from across the world.

Old Flo campaign

We played an active role in the campaign to save Henry Moore's *Draped Seated Woman* sculpture known as 'Old Flo' from being removed from public display and sold. Working with a range of stakeholders, this was an important and immediate way that we were able to contribute to the cultural discourse of the city. In support of the campaign we created a display, *Henry Moore and the East End*, which gave a historical perspective on Old Flo as well as giving a glimpse into 1950s East London and an [online exhibition](#) on public art in post-war London.

Galleries of Early London

Our priority this year has been to progress the overall building masterplan for the London Wall site. Development of the upper floor of galleries, including our Roman Galleries, will be informed by this however work has continued on our interpretive approach and how we will bring to life the new knowledge we hold about Roman London. We have peer reviewed our early ideas for a Roman learning programme and continued to build the basis for a Roman Network across London that will see us link beyond our walls to other important Roman sites.

International connections

Representing the Museum on an international basis and building our profile continues and we welcomed opportunities to engage with museums and other organisations from across the world with over 20 international delegations visiting us during the year. These ranged from representatives from the Ministry of Culture in Turkmenistan who came to see the London Archaeological Archive and Research Centre (LAARC) as a model for archaeological archives, to museum professionals from Shanghai. We were proud to host the international conference *Museum Ideas 2012* at Museum of London Docklands providing a place for ideas and debate.

Strategic partnerships

This was the first year of our new partnership with Arts Council England, as a Major Partner Museum. A selection of key outputs of our ACE-funded work included the creation of the *Estuary* concept which will be a 2013 exhibition at Docklands, the delivery of archaeological volunteer projects in outer boroughs such as Bromley and support for our higher education activities. Funding was won for museum development work which meant the Museum has been able to continue to play a role in sharing skills and expertise across the London region through its Museum Development Officer Team.

The development of a cultural hub across the City of London began during the year bringing together Museum of London, Barbican Centre and the Guildhall School of Music & Drama and the Museum worked with the City of London on their new Cultural Strategy. Areas of joint activity with the GLA included the Olympics and the 2012 Cultural Festival, volunteering and education across the capital.

Our strategic partnership with Museum of London Archaeology continues with collaborative projects including the successful community and training dig that saw excavation of the historic Syon Park in Hounslow in June 2012. We have developed a positive relationship with The Charterhouse, a former Carthusian monastery dating back to the mid-14th century, who wish to open up their historic site for greater public access. In 2012/13 work has begun to develop schools programmes and tours with good potential to develop our visibility in this area in partnership with The Charterhouse.

Strategic Objective B: Raising our profile and engaging wider audiences

We set out to:

- Further raise our public profile and become a 'must see' destination
- Deliver an appealing and engaging visitor experience
- Collaborate with and engage London and its diverse communities
- Develop our online profile and increase our digital offer

Profile

Raising our profile and public awareness of the museum has been a priority task throughout the year. A regular stream of intriguing stories were released through the year that succeeded in generating national and international coverage. Examples included the earliest known home recording to have been made on Christmas Day, dating back to 1902 and capturing the daily lives of a middle-class

family in north London. Equally popular was the brief display of a surprisingly large 'one of a kind' 16th century wooden tankard found by a mudlark on the foreshore of the River Thames. Major media partners were enlisted to support the generation of coverage with The Times for *Dickens and London* and The Guardian for *Doctors, Dissection and Resurrection Men*. Media coverage for 2012/13 reached doubled the levels of coverage achieved in 2011/12.

Our social media profile has also grown significantly. Our Twitter followers number over 32,000, up from 19,000 in 2011/12 and Facebook friends are over 24,000 up from 11,400 last year. A range of films have been developed for [YouTube](#) to regularly showcase different and often 'behind the scenes' areas of museum work.

The results of our work to engage more visitors and raise our profile were demonstrated particularly in the final quarter of the year which saw visitor targets exceeded across both museums and targets for the year achieved by some distance at both sites.

Audiences

Work began on creating a new audience development strategy, involving staff and the public. A bespoke audience segmentation system has been developed for the museum. The strategy will enable us to clearly identify target audiences and shape our programming and will inform forward strategic plans.

A dynamic events programme ran throughout the year with themed evenings or activities that enabled us to attract new and different audiences. Highlights included the Alternative Diamond Jubilee inspired by Queen Victoria with a steampunk dress code; boat trips along the Thames discovering Dickens' London and 1920s-themed Valentine's evenings.

Digital

Opening up our unique collections via digital records continued throughout the year. Over 44,000 objects were made available online including Henry Grant photographs, Biba and Mary Quant clothes and Samian ware pottery bring the total to over 74,000. Collections Online is driving large numbers of visits to our website with over 1.2 million unique visits in a year. ACE funding for our digital work has seen the creation of a digital unit within the museum, bringing together multi-disciplinary staff to work on digital outputs.

We also recognise digital communications present the chance to build knowledge and engage people using new methods. One example was the #Citizencurators research project developed by the museum and the University of Westminster that captured, via Twitter, what it was like to live in London during the Olympic Games fortnight and was an experiment in seeing how museums might collect social media. Over 8000 tweets were collected. Smart phone technology and apps continued to feature in our work this year with Dickens: Dark London, an interactive graphic novel that takes users on a journey through the darker side of Charles Dickens' London. Downloads from this as well as our previous apps, including Streetmuseum and Streetmuseum Londinium, reached over half a million during the year transporting the Museum of London brand to a large digital audience.

London communities

June 2012 saw the completion of the Stories of the World project which was the largest youth engagement project undertaken by a museum. This culminated in a new display, *Our Londinium*, which included a series of interventions within the Roman Gallery including films, poetry, interactive exhibitions and contemporary objects alongside Roman objects. We will build on the learning from this project – including collaborating with our youth panel, Junction – and apply this to our future work with young people on upcoming projects. In relation to the sale of Henry Moore's 'Old Flo' sculpture, we consulted Tower Hamlets residents working with artist Bob and Roberta Smith who travelled round the East End of London with a pop-up display to encourage the local community to share their views on the possible sale.

Strategic Objective C : Developing our reputation for Learning

We set out to:

- Provide an excellent offer to all learners (schools, adults, families)
- Extend our learning mission to the higher education sector through partnerships
- Carry out strategic, quality research and collections activity that enhance our programmes
- Develop our unique collections in a way that reflects contemporary London
- Share our expertise regionally, nationally and internationally

Schools

We reached over 105,000 school children through our learning programmes in 2012/13. This matched 2011/12 performance despite the closure of Docklands from June onwards through the summer. Highlights of the programmes during the year included developing a 'Survive the City' course with RBS aimed at secondary students which was extremely well received with all 8 dates being fully booked immediately. Our *Children's Takeover Day* that ran in November saw children from Harbinger Primary School take on a variety of roles for the day including gallery actors, hosts, staffing the information desk and welcoming visitors which delivered an exceptional experience for the children involved. ACE funding enabled the development of a new archaeology based programme for schools using the LAARC.

New digital courses included *Art of Digital Drawing* with participants using iPads for life-drawing. We worked with our partner museums – the Ashmolean and Wakefield Museums – to complete the pilot project *ask it, film it, share it* where primary school children made films inspired by their investigation of museum objects and shared them with other schools using social media. We continued to support student teachers placements from the London Metropolitan and Cambridge universities amongst others. Initial work on the development of a schools programme with Charterhouse holds exciting possibilities for both institutions.

Families

Our family focused programmes through both holidays and term times offered fun and learning for children and their families. 'Bring Your Grandparents Day' and 'May Day on The Docks' at Museum of London Docklands attracted strong numbers and positive feedback, with the latter attracting over 1600 visitors. The Olympics featured in our under-fives offer with a popular *Under-5s Olympics* in partnership with England Athletics.

Our ACE funded Family Outreach Programme ran throughout the year working with local children's centres to encourage families that would not normally come to the museum to become confident visitors. Our first under-fives exhibition, *Mini Explorers*, displayed photography by two to four year-olds of journeys to and from the Museum, following work with 17 families. It was a rare insight into the perspective of some of the youngest members of society and demonstrated our continued leadership in under-fives museums programmes.

Higher education and adult learning

The *Curating the City* summer school in partnership with King's College London ran during the summer. This was fully booked with attendance from a range of international institutions and over 93% of attendees rated the course as excellent. We partnered with University of Westminster and Tate for a second year in delivering the *Museum, Galleries and Contemporary Culture MA*. Our long standing Birkbeck programme of courses such as those focusing on Roman and Saxon London were over-subscribed. Our respected adult learning programmes continued with a range of activities linked to our broader programme. Writing London was a creative writing course running alongside *Dickens and*

London whilst Easy Access Hidden Treasures was aimed at learners with mobility issues for the first time.

Collections development and curatorial work

Preliminary work was started on developing our content masterplan and mapping out our new approach to content which will heavily inform forward strategic thinking. New acquisitions during the year included the *Kindred of the Kibbo Kift*, a social and political youth movement active in the UK in the 1920s and 1930s. The content of the 2006 Parliament Square peace camp of Brian How (1949 – 2011), London's most high profile peace campaigner, was also acquired by the Museum. Notable loans out from the collections included 20 objects from our Post-Medieval collections to *The Golden Age of the English Court: From Henry VII to Charles I* exhibition at the Moscow Kremlin Museums which received over 146,000 visitors.

Our curators and other teams were regularly 'out and about' as ambassadors for the expertise and experience of the Museum, sharing knowledge, ideas and taking part in London related discussions. In 2012/13 lectures and talks spanned subjects as diverse as 'Fires of London AD60 to 1666' to 'Alternative fashion in the 50s.' Alongside this we contributed to a large number of publications ranging from an essay on 'A Street Map of Jewish East London' to an article on the use of smartphones and archaeological site interpretation in reference to our Streetmuseum Londinium app. We facilitated over 2700 research and teaching visits through the year.

Strategic Objective D : Ensuring we are operationally and financially efficient and sustainable

We set out to:

- Ensure we are financially secure
- Make our buildings work for us
- Deliver a strong commercial offer
- Ensure our collections are well managed and sustainable
- Ensure our people are valued and supported
- Be an efficient and continually improving organisation

Commercial activities

Growing existing and new sources of commercial income continues to be a museum-wide focus. This year saw a particularly strong corporate hire and hospitality performance. Two major corporate hire contracts ran during the Olympics with Deutsches Haus at Museum of London Docklands and World Union of Olympic Cities at Museum of London Docklands. Hospitality income reached its highest level yet for the museum. Both museums are now part of the Unique Venue Scheme and Museum of London was listed in Event Magazine's Top 20 Venues for 2012. A new online shop was launched during the year and new product ranges were developed to run alongside the *Doctors, Dissection and Resurrection Men* exhibition.

Fundraising

Although we were not actively fundraising for a major capital campaign during the year, we took this opportunity to develop our network and engage donors on a number of key projects including the commissioning and installation of lifelike replica horses in the City Gallery to enhance the presentation of the Lord Mayor's State Coach. A new fundraising strategy for Docklands was agreed where we will seek to engage new donors to support gallery developments, building on our ACE funding for

Docklands. A further year of funding was secured from RBS to continue our learning partnership including our secondary schools programme. Visitor donations have continued to increase throughout the year and in February we saw the strongest month yet as the introduction of voluntary donations of £1 for maps has helped drive onsite donations.

Buildings

Our project to create a ten year masterplan for the London Wall building was initiated in early 2012/13. This will form the overarching strategy for major building developments including gallery developments and the external physical connections with the City. Important projects were delivered throughout this period to continue to improve our buildings at London Wall, Docklands and Mortimer Wheeler House in Hackney. Whilst the complexity and impact of these projects often remain hidden from public view they are critical to smooth running and safe museums for our visitors and staff.

At the London Wall building this included the major refurbishment of our main passenger lift and a new chilled water plant going live, providing adequate chilled water at the correct temperature. A focus has been on improving the environmental control in the galleries which has created a more stable environment for objects and visitors alike. At Museum of London Docklands, the temporary period of closure for hosting Deutsches Haus presented an opportunity to deliver some significant buildings improvements without impacting on the visitor experience. These included a new route into the Sainsbury Study Centre to improve visitor flow across the building and increase visitor numbers to the Study Centre.

Collections management

We continue to deliver back-of-house projects that are critical to running a world class museum and ensuring that we care for our collections with an ongoing work programme. This year included upgrading racking and re-sealing the floor in a large storage bay. The third phase of the Port of London Authority cataloguing project, to create a more accessible catalogue of the rich and varied material available in the PLA archives, was completed during the year including 1000 images that were photographed and made available via through our Collections Online. ACE funded collections care e-learning tools were developed to help smaller museums on emergency planning, pest management and guides to object handling.

Improving our operations

Professionalising how we operate as a museum is demonstrated in many ways through our various teams and just a handful of examples are given here of how we continue to streamline and improve the value for money that we deliver as an organisation. For the Olympics a crisis communications plan and new business continuity measures were developed to ensure we were fully prepared in every way. Our records management programme made good strides forward with the creation of a temporary business archive onsite at Museum of London. This will allow the records that have been sorted and processed from our ongoing records management programme to come together from across our sites to begin to build the historic archive of the museum itself. A digital asset survey was also completed to begin work on managing our digital business records.

ACE funding for volunteering has enabled us to develop and implement new procedures that range from how to identify a volunteer role all the way through to exit interviews for volunteers, to ensure the best possible experience for our volunteers. An 'Introduction to Volunteer Management' course has been designed and delivered to managers with volunteers.

Strategic investment in our IT infrastructure continued to ensure business efficiency with a PC 'refresh' rolled out meaning new PCs and up-to-date software were in place for all staff. Sustainability in all aspects of our operations is increasingly important and we were thrilled to secure a gold accreditation from the Green Tourism Business Scheme which reflects our commitment to improving our environmental impact.

Future plans

We will begin to deliver our new five year strategic plan that runs from 2013 to 2018. Our new strategic objectives will be to:

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

Our ambitious programme of work will include:

Transition Programme

A significant cost-cutting programme will be completed to ensure the long term financial sustainability of the museum, reducing annual expenditure by £1 million by the end of 2014/15.

Audiences

Our audience development strategy, *We Are London*, will be embedded across the organisation and will inform every aspect of our programming and communications.

Programming

Plans include the first display in over a century of the entire Cheapside Hoard, and exhibitions on Sherlock Holmes (Museum of London) and contemporary art inspired by the Thames Estuary (Museum of London Docklands).

Galleries

Our attention now turns to the upper-floor galleries; the Roman Gallery will incorporate the latest research on life in Roman London and at Museum of London Docklands a new introductory gallery will create a more exciting beginning to the museum.

Collections

A new content masterplan will reshape how we organise and deliver our content, and how we organise ourselves.

Schools

To reach more young people, we will rethink our model of engagement to enable us to work with more schools across London.

Buildings

Exciting masterplans will be developed for each of our sites. The London Wall building will be enhanced to welcome more visitors and increase accessibility to collections currently in storage.

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 2013 the Museum had 5 subsidiaries: Museum of London (Trading) Ltd, the London Museum, Joicey and Mackenzie Bell Trust Funds and the Museum in Docklands (dormant since April 2009) and therefore presents consolidated financial statements.

The reference and administrative details on pages 45 to 47 form part of this report.

Governor recruitment, appointment and induction

Governors (who are also the Trustees under charity law) are appointed in equal number by the GLA (to 6 April 2008 : the Prime Minister) 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 Governor 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". This induction was reviewed in 2010 in the light of the move to the GLA, as the Museum is no longer a Non Departmental Public Body but a charity governed by the Charity Commission. 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.

Organisational Structure

The Museum of London is responsible for the management of the Museum of London at London Wall, and the 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
- Building Development
- Finance and General Purposes
- Trust Fund Management and Acquisitions

**Museum of London
Annual Report and Financial Statements
Year Ended 31st March 2013**

The Management team is headed by the Director, 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 four divisions, under the overall direction of the Director:

Major Projects: Responsibility for planning and delivery of capital projects, design, conservation and collections care and our relationship with Arts Council England.

Collections and Learning: Responsibility for curatorial departments (Archaeology Collections and Archive and History Collections), learning and information resources.

Programmes: Responsibility for marketing and communications, exhibitions, events and community engagement work across the Museums.

Finance and Corporate Services: Responsibility for finance, human resources, security, facilities and estates, ICT, corporate planning, insurance and risk management, front of house services - retail and licensing, hospitality, visitor services - and liaison with the GLA and City of London Corporation.

The four divisional directors, together with the Director, the Director of Human Resources, the Director of Communications and the Director of Development form the Executive Board, which meets at least once a month, usually fortnightly, and is responsible for the operational management of the Museum.

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 19 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 Guaranteed Interview Scheme and to the use of fair and open competition. The Museum treats all staff equally in respect of reward, career development, training opportunities, promotion and all other aspects of the employment relationship. All of this adds to a working community that is supportive, values professionalism and sets high standards for itself and others.

Everyone at the Museum works to personal objectives which are aligned with the departmental and strategic objectives across the organisation and managers have regular meetings with their staff to discuss and review individual performance against those objectives. We have 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 increase the number of volunteers significantly 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 a lot of attention on increasing the engagement and integration of our volunteer workforce to support valuable activities which could not be done within existing resources by paid staff.

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 21.

Total Group Incoming Resources were £19.8m during the year (2012: £25.8m). The reduction is mainly due to the divestment of the archaeology trading division MOLA part way through 2011/12.

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 voluntary funding (2012: 83%). Other grants and donations included £1.6m from Arts Council England (2012: £1.9m from the Museums and Libraries Association). Group expenditure on charitable activities decreased by 18% over 2011/12, largely due to the transfer out of the group of the archaeology trading division as referred to above (see note 16).

Trading activities, comprised primarily of venue hire and catering plus two retail outlets, performed well during the year, generating turnover of £2.4m (2011/12 £2.3m). 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 £1.5m (note 17A "General Reserves – Museum of London") (2012: £1.3m). After transfers from restricted and designated funds and other gains, the Museum of London's total free reserves stood at £7.4m at 31 March 2013 (2012: £6.5m).

The group's cash balances and cash flow forecast remain adequate for its needs. Total group funds carried forward at 31 March 2013 are £32.3m (2012: £30.1m). There remains a significant deficit on

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the pension fund of £17.9m (2012: deficit of £21.7m) which is disclosed in accordance with Financial Reporting Standard 17. See note 20 for further details. The reduction in the deficit is due to an actuarial gain of £4.5m (2012: actuarial loss of £12.9m). 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 FRS17 valuation, in accordance with the Museum's accounting policy as described in note 1(j). A triennial actuarial valuation was reported in January 2011 and as expected showed a deficit on the fund. As a result of this contribution rates were increased from April 2011 in order to recover the deficit over 20 years.

INVESTMENT POLICY AND PERFORMANCE

The capital funds of the Trust Funds are invested in Common Investment Funds. The amounts invested are divided between equity funds and fixed interest funds to provide a satisfactory balance between income and capital growth. 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 2013 a small increase in carrying values arose. Total income received over the period 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
The continuing global economic crisis, the possibility of a deepening recession and its impact on government spending	<ul style="list-style-type: none"> • The government may make further cuts in the funding to the Arts/Heritage sector. The grant paid to the Museum could be cut substantially • The Museum's trading revenues could suffer 	<ul style="list-style-type: none"> • The Museum has confirmed funding up until the end of March 2014 but the position after that is less clear. Management have undertaken a strategic review of the Museums operations. and identified cost saving measures currently being implemented that will give the business a greater degree of financial security over the next 5 years • Trading income is closely and regularly monitored against targets and the MOL Trading board has been strengthened by the addition of external directors. Increasing visitor numbers and improved income generation are key elements of the new Strategic Plan. • The Museum has in place robust financial modelling procedures that will allow it to deal effectively and in a timely manner with any significant variations from the income levels anticipated.

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

RESERVES POLICY

The Reserves Policy underpins the Museum's Strategic Plan and Strategic Objectives 2011-15 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
- 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 :

- £4m to provide working capital in the event of a sudden but temporary loss of revenue (equivalent to approximately 4 months core operating expenditure)
- £2m to cover any urgent capital works
- £1m to cover any restructuring required following a significant and permanent reduction in grant funding.

As at 31 March 2013 the balance on the Museum of London's general funds (as shown in note 17 – General Funds – Museum of London) stood at £7.4m (excluding fixed asset and unrestricted pension reserves).

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

STRUCTURE OF THE FINANCIAL STATEMENTS

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

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice SORP 2005: *Accounting and Reporting by Charities* 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 2013 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 Finance and Corporate Services 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 Committee. At least annually, the Chief Internal Auditor provides the Audit 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 Management Policy and Strategy* establishes a risk reporting programme as follows:

- Strategic risks are reported to and reviewed by the Board of Governors at least once per year and at least twice per year by the Audit Committee and Directorate.
- Operational risks are regularly reviewed by the Directorate, heads of department, project managers and other senior managers as appropriate. They are reported to and reviewed by the Audit Committee twice per year and Directorate three times per year and at departmental team meetings quarterly.

REVIEW OF EFFECTIVENESS

The effectiveness of the system of internal control is reviewed by the Audit 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.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also trustees of the Museum of London for the purposes of charity law) are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Governors to prepare financial statements for each financial year which 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 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, 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 Auditors

The Governors confirm that far as they are aware there is no relevant audit information that has not been brought to the attention of the company's auditors, 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 auditors are aware of that information.

ADOPTION OF REPORT AND FINANCIAL STATEMENTS

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

Chairman of the Board of Governors of the
Museum of London

Governor of the Museum of London

02 October 2013

INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF MUSEUM OF LONDON

We have audited the financial statements of Museum of London for the year ended 31 March 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Governors' Responsibilities Statement set out on page 18, the governors are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's governors as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2013, and of the group's incoming resources and application of resources and cash flows, 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 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008.

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 Annual Report is inconsistent in any material respect with the financial statements; or

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- sufficient accounting records have not been kept by the parent charity; or
- the parent charity 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
[Date] 2 October 2013

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011

MUSEUM OF LONDON GROUP CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Expressed in £000		2013			2012	
INCOMING RESOURCES	Notes	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds	Total Funds
Incoming resources from generated funds						
Voluntary income	3	14,733	1,870	-	16,603	17,870
Activities for generating funds	4	2,345	25	-	2,370	2,272
Investment income	5	106	70	-	176	120
		17,184	1,965	-	19,149	20,262
Incoming resources from charitable activities						
Discontinued operations :						
Archaeology trading	6 (A)	-	-	-	-	4,962
Continuing operations : Other	6 (B)	661	17	-	678	569
		661	17	-	678	5,531
Total Incoming Resources		17,845	1,982	-	19,827	25,793
RESOURCES EXPENDED						
Cost of generating funds						
Costs of generating voluntary income	7	755	-	-	755	644
Fundraising trading	7	2,344	-	-	2,344	2,218
		3,099	-	-	3,099	2,862
Charitable activities						
Discontinued : Archaeology trading	7	-	-	-	-	4,925
Continuing operations : Other		17,769	1,477	-	19,246	18,677
Governance costs	7	103	-	-	103	101
Exceptional item	7&16	-	-	-	-	770
Total Resources Expended		20,971	1,477	-	22,448	27,335
Net (outgoing)/incoming resources before transfers						
Discontinued operations :						
Archaeology trading		-	-	-	-	37
Continuing operations		(3,126)	505	-	(2,621)	(809)
Restructuring costs	16	-	-	-	-	(770)
		(3,126)	505	-	(2,621)	(1,542)
Transfers between funds	17 (B)	1,046	(1,046)	-	-	-
Net (outgoing) resources before other recognised gains and losses		(2,080)	(541)	-	(2,621)	(1,542)
Other recognised gains/losses						
Gains/(losses) on investment assets	13	-	127	141	268	(100)
Actuarial gains/(losses) on defined benefit pension schemes	20	4,510	-	-	4,510	(12,944)
Net movement in funds		2,430	(414)	141	2,157	(14,586)
Funds brought forward at 1 April		19,552	9,347	1,246	30,145	44,731
Funds carried forward at 31 March	17 (A)	21,982	8,933	1,387	32,302	30,145

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 except where shown otherwise. The notes on pages 25 to 47 form part of these financial statements. There is no material difference between the (deficit)/surplus for the year and its historical cost equivalent.

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

Expressed in £000	Notes	Group		Museum	
		2013	2012	2013	2012
Fixed assets					
Heritage assets	11 & 12	7,454	8,008	7,454	8,008
Other tangible assets	11	44,437	47,626	44,437	47,626
		<u>51,891</u>	<u>55,634</u>	<u>51,891</u>	<u>55,634</u>
Investments	13	2,687	2,419	-	-
		54,578	58,053	51,891	55,634
Current assets					
Stock		225	322	-	-
Long term loan receivable	14	1,377	1,000	1,377	1,000
Debtors	14	1,214	1,507	1,441	3,798
Cash and short term deposits		8,938	8,247	8,525	5,806
		<u>11,754</u>	<u>11,076</u>	<u>11,343</u>	<u>10,604</u>
Current liabilities					
Creditors falling due within one year	15	(4,349)	(4,763)	(4,057)	(4,371)
Net current assets		7,405	6,313	7,286	6,233
Total assets less current liabilities					
		61,983	64,366	59,177	61,867
Creditors falling due after one year					
City of London Corporation	19	<u>(11,791)</u>	<u>(12,494)</u>	<u>(11,791)</u>	<u>(12,494)</u>
Net assets excluding pension liability		50,192	51,872	47,386	49,373
Pension liability	20	<u>(17,890)</u>	<u>(21,727)</u>	<u>(17,890)</u>	<u>(21,727)</u>
Net assets including pension liability		32,302	30,145	29,496	27,646
FUNDS					
Permanent endowment	17	1,387	1,246	-	-
Restricted		8,933	9,347	7,551	8,110
Designated		14,572	13,036	14,572	13,036
		<u>24,892</u>	<u>23,629</u>	<u>22,123</u>	<u>21,146</u>
RESERVES					
General reserve		7,410	6,516	7,373	6,500
		<u>32,302</u>	<u>30,145</u>	<u>29,496</u>	<u>27,646</u>

The financial statements were approved by the Board of Governors on 2 October 2013

Signed on its behalf by



Chairman of the Board of Governors of the
Museum of London



Governor of the Museum of London

The notes on pages 25 to 47 form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

Expressed in £000	2013	2012	2012	2012
	Continuing	Continuing	Discontinued	Total
Net cash inflow/(outflow) from operating activities 1)	2,623	5,582	(453)	5,129
Returns on investment and servicing of finance				
Interest and dividends received	176	120	-	120
Interest paid	(198)	(251)	(5)	(256)
Capital expenditure and financial investments				
Payments to acquire tangible fixed assets	(1,249)	(2,035)	-	(2,035)
Increase/(decrease) in cash and cash equivalents before financing	1,352	3,416	(458)	2,958
Financing				
Repayments of long-term borrowing	(661)	(572)	-	(572)
Acquisitions and Disposals				
Cash balances transferred on disposals	-	-	(248)	(248)
Increase/(decrease) in cash and cash equivalents in the year	691	2,844	(706)	2,138

SUMMARY OF MOVEMENT IN CASH AND CASH EQUIVALENTS

EXPRESSED IN £000	BALANCE 1 APRIL 2012	MOVEMENT IN THE YEAR	BALANCE 31 MAR 2013
Cash at bank	6,247	(3,309)	2,938
Cash on deposit	2,000	4,000	6,000
Total cash and cash equivalents	8,247	691	8,938

NOTES TO THE CASH FLOW STATEMENT

1) RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

EXPRESSED IN £000	2013	2012	2012	2012
		Continuing	Discontinued	Total
Net (outgoing)/incoming resources	(2,621)	(1,664)	122	(1,542)
Interest and dividends receivable	(176)	(120)	-	(120)
Interest payable	198	251	5	256
Pension liability: movement net of actuarial gains	673	(57)	-	(57)
Fixed assets scrapped	239	192	-	192
Depreciation	4,753	4,768	31	4,799
Net Operating Income	3,066	3,370	158	3,528
Decrease in stock	72	31	-	31
Decrease/(increase) in debtors and long term contracts	(59)	2,700	(693)	2,007
(Decrease)/increase in creditors (excluding loans/overdrafts)	(456)	(519)	82	(437)
Net cash inflow/(outflow) from operating activities	2,623	5,582	(453)	5,129

2) ANALYSIS OF MOVEMENT IN NET DEBT

EXPRESSED IN £000	Balance 1 April 2012	Movement In The Year	Balance 31 March 2013
Cash at bank & on deposit	8,247	691	8,938
Long term borrowing	(13,113)	661	(12,452)
Total	(4,866)	1,352	(3,514)

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, 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) 2005 and applicable accounting standards in the United Kingdom.

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.

B) INCOMING RESOURCES

All income is accounted for on a receivable basis. Grant income is recognised as income when the conditions for its receipt have been met. Income from long term contracts included in the comparative figures is accounted for in accordance with 1L below. 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 received. Gift Aid receivable is included in income when there is a valid declaration from the donor.

C) RESOURCES EXPENDED

Expenditure is classified under the principal categories of the cost of generating 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) and governance costs (costs in connection with the constitutional and statutory requirements of the Museum).

Within the costs of generating 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 archaeology trading.

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 8, 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).

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

F) FIXED ASSETS

Heritage Assets

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

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

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

Tangible Assets

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

Leasehold property including buildings, improvements, renovations and extensions

Over 5-99 years; the shorter of the expected useful life and the length of the lease.

Historic artefacts and museum exhibits

No depreciation is charged on acquired historic artefacts. Museum exhibits are depreciated over the expected life of the exhibit, typically 10 years.

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.

G) INVESTMENTS

Investments are valued annually at the middle market price at the balance sheet date. The unrealised profit or loss on investments is shown on the Consolidated Statement of Financial Activities (SOFA).

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. Actuarial gains and losses are recognised immediately on the face of the SOFA. A provision for the scheme deficit is shown on the face of the balance sheet. The amounts charged to the SOFA for defined contribution schemes represent the contributions payable in the period.

K) RESULTS OF THE MUSEUM OF LONDON (PARENT BODY)

The Museum has taken advantage of paragraph 397 of the Statement of Recommended Practice Accounting and Reporting by Charities (SORP) 2005 which absolves charities preparing consolidated financial statements from the need to publish a Statement of Financial Activities for the parent body. The results of the Museum of London (excluding subsidiary undertakings) for the year ended 31 March 2013 were: total incoming resources £19.0m (2012: £24.8m), total resources expended £21.6m (2012 : £26.4m), net increase in funds (after actuarial gain) was £1.9m (2012: net decrease of £14.5m after actuarial loss).

L) LONG TERM CONTRACTS RELATING TO MOLA

Long-term contract balances are classified under the balance sheet heading of current assets. These are stated at the lower of cost and net realisable value. This is calculated as total costs incurred net of amounts transferred to the SOFA in respect of work carried out to date, less foreseeable losses and applicable payments on account. For payments on account any residual balance in excess of the balance on that contract in long term contracts is classified as "payments received in advance" within creditors.

The outcome of the long term contracts cannot be assessed with reasonable certainty before the conclusion of the contract. Therefore in accordance with SSAP 9, if no loss is anticipated, turnover relating to incomplete contracts is recognised as costs are incurred. Profit in respect of these costs is recognised at the point at which an invoice is raised to the client. Turnover which has been recognised but not invoiced is recognised at cost only.

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 2005.

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

The results of the subsidiary entities for the year ended 31 March 2013 were as follows:

Expressed in £000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum in Docklands (dormant)	Museum of London Trading	Total 2013	Total 2012
Incoming resources	26	44	23	-	2,204	2,297	2,206
Resources Expended	(39)	(13)	(2)	-	(2,204)	(2,258)	(2,225)
Net incoming/(outgoing) resources	(13)	31	21	-	-	39	(19)
Unrealised gain/(loss) on investments	76	127	65	-	-	268	(100)
Net movement in funds	63	158	86	-	-	307	(119)

The assets, liabilities and funds of the subsidiary undertakings as at 31st March 2013 were as follows:

Expressed in £000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum in Docklands (dormant)	Museum of London Trading	Total 2013	Total 2012
Net Assets							
Tangible fixed assets	-	-	-	-	-	-	-
Investments	748	1,295	645	-	-	2,688	2,419
Current assets	73	152	52	-	527	804	2,938
Current liabilities	(73)	(64)	(21)	-	(527)	(685)	(2,857)
Long term liabilities	-	-	-	-	-	-	-
Total net assets	748	1,383	676	-	-	2,807	2,500
Funds employed							
Permanent endowment	748	-	639	-	-	1,387	1,246
Restricted funds	-	1,383	-	-	-	1,383	1,238
Unrestricted funds	-	-	37	-	-	37	16
Total funds	748	1,383	676	-	-	2,807	2,500

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3) VOLUNTARY INCOME

EXPRESSED IN £000

MUSEUM OF LONDON GROUP

	2013	2012
Greater London Authority	8,900	9,371
City of London Corporation	5,249	5,415
Arts Council England	1,620	-
Museums and Libraries Association	-	1,939
Other grants	256	375
Capital City donations	31	73
Other donations	547	697
	16,603	17,870

4) ACTIVITIES FOR GENERATING FUNDS

EXPRESSED IN £000

MUSEUM OF LONDON GROUP

	2013	2012
Shops	845	1,192
Private events and functions	1,152	812
Photographic library and licensing	88	92
Other	285	176
	2,370	2,272

5) INVESTMENT INCOME

EXPRESSED IN £000

MUSEUM OF LONDON GROUP

	2013	2012
Interest on cash balances	90	39
Dividends received	86	81
	176	120

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 1.92% in 2013 (2012 2.0%).

6) INCOME FROM CHARITABLE ACTIVITIES

A) ARCHAEOLOGY TRADING SERVICES

EXPRESSED IN £000

MUSEUM OF LONDON GROUP

	2013	2012
Private developers	-	4,962
	-	4,962

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B) OTHER

EXPRESSED IN £000

	<i>MUSEUM OF LONDON GROUP</i>	
	2013	2012
Exhibitions	368	341
Other	310	228
Total	678	569

7) RESOURCES EXPENDED

<i>MUSEUM OF LONDON GROUP</i>	DIRECT STAFF COSTS	OTHER DIRECT COSTS	SUPPORT COSTS	TOTAL	TOTAL
EXPRESSED IN £000				2013	2012
Cost of Generating Funds					
Cost of generating voluntary Income	419	199	137	755	644
Fundraising trading	837	1,199	308	2,344	2,218
	1,256	1,398	445	3,099	2,862
Charitable Activities					
Communications	353	508	120	981	868
Programmes and learning	1,523	2,392	582	4,497	4,653
Galleries and exhibitions	2,064	3,798	1,181	7,043	7,226
Collections	2,902	2,796	1,027	6,725	5,930
Archaeology trading services	-	-	-	-	4,925
	6,842	9,494	2,910	19,246	23,602
Governance	33	61	9	103	101
Exceptional item	-	-	-	-	770
	8,131	10,953	3,364	22,448	27,335
Total Resources Expended	8,131	10,953	3,364	22,448	27,335

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

Exceptional item 2012

On 1 November 2011 the assets, liabilities and trading activities of the Museum's archaeology division, MOLA, together with those of MetroMOLA Limited, were transferred as a going concern into an independently constituted charitable body. The exceptional item above, comprising restructuring costs, is explained in more detail in note 16.

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8) ALLOCATION OF SUPPORT COSTS

EXPRESSED IN £000	Cost of Generating Funds	Charitable Activities	Governance Costs	TOTAL 2013	TOTAL 2012
MUSEUM OF LONDON					
Finance and administration	109	715	2	826	670
Management costs	103	673	2	778	831
Human resources and IT	144	940	3	1,087	987
Pension liability – finance costs etc	89	582	2	673	-
GROUP TOTAL SUPPORT COSTS	445	2,910	9	3,364	2,488

Support costs are defined and allocated as disclosed in Note 1, Accounting Policies. Support costs in 2013 include £673k of pensions charges arising under FRS17 (2012: credits totalling £387k in respect of refunds of rates and the release of unused accruals from previous years)

9) EMPLOYEES

STAFF COSTS

EXPRESSED IN £000	MUSEUM OF LONDON GROUP	
	2013	2012
Salaries and wages	7,671	10,626
Social security costs	565	727
Pension costs	931	1,181
Employment agencies	1,045	1,092
	10,212	13,626

The reduction in staff costs is mainly due to the divestment of the archaeology trading division MOLA part way through 2011/12. Governors neither received nor waived any emoluments during the year (2012: same). Reimbursements to the Governors of the Museum of London were £nil (2012: £nil).

SENIOR EMPLOYEES

The following number of senior employees received remuneration within the ranges listed below:

	MUSEUM OF LONDON GROUP	
	2013	2012
£60,000 to £70,000	4	3
£70,001 to £80,000	3	4
£80,001 to £90,000	1	0
£90,001 to £100,000	0	1
£100,001 to £110,000	2	1
£110,001 to £120,000	0	0
£130,001 to £140,000	1	1

Retirement benefits are accruing to 10 of the above senior staff under the Museums defined benefit pension scheme.

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The annualised remuneration of the Director (who joined part way through the year and whose predecessor left part way through the year), who was also the highest paid employee, was as follows:

	2013 Annualised	2012 Annualised
	£	£
Salary (including performance related bonus)	138,000	138,000
Contribution to pension scheme	20,275	20,275

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 38 support staff, was:

	MUSEUM OF LONDON GROUP	
	2013	2012
Cost of Generating Funds		
Costs of generating voluntary income	10	9
Fundraising trading	21	24
	31	33
Charitable Activities		
Communications	8	10
Programmes and learning	42	40
Galleries and exhibitions	74	73
Collections	73	77
Archaeology trading services (pro-rata to 31 October 2011)	0	108
	197	308
Totals	228	341

10) NET OUTGOING RESOURCES

Is stated after charging:

EXPRESSED IN £000	MUSEUM OF LONDON GROUP	
	2013	2012
Depreciation	4,753	4,799
Auditor's remuneration:		
Audit fees – statutory audit	57	64
Audit fees – additional work on MOLA accounts and financial statements	-	3

11) 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.

Museum exhibits at the Museum of London Docklands are not regarded as heritage assets as they represent the environment in which other assets are displayed.

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

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

MUSEUM OF LONDON GROUP AND CHARITY EXPRESSED IN £000	LEASEHOLD PROPERTY	HISTORIC ARTEFACTS & MUSEUM EXHIBITS	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
Cost					
At 1 April 2012	53,258	14,882	53	13,335	81,528
Additions	268	14	36	931	1,249
Disposals	(327)	(13)	-	(447)	(787)
Transfers	(8)	-	(54)	62	-
At 31 March 2013	53,191	14,883	35	13,881	81,990
Accumulated Depreciation					
At 1 April 2012	12,697	6,510	-	6,687	25,894
Charge	2,104	742	-	1,907	4,753
Disposals	(123)	(12)	-	(413)	(548)
At 31 March 2013	14,678	7,240	-	8,181	30,099
Net book value					
At 1 April 2012	40,561	8,372	53	6,648	55,634
At 31 March 2013	38,513	7,643	35	5,700	51,891

At 31 March 2013 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.

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Fixed assets divide into heritage assets and tangible assets.

MUSEUM OF LONDON GROUP EXPRESSED IN £000	HERITAGE ASSETS	TANGIBLE ASSETS	TOTAL 2013	TOTAL 2012
Leasehold property (Museum of London)	-	38,513	38,513	40,561
Leasehold property (MoL Docklands)	5,676	-	5,676	6,244
Other historic artefacts & museum exhibits	1,778	189	1,967	2,126
Assets under construction	-	35	35	53
Other assets	-	5,700	5,700	6,650
	7,454	44,437	51,891	55,634

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

MUSEUM OF LONDON GROUP EXPRESSED IN £000	2013	2012
150 London Wall	27,964	29,871
Mortimer Wheeler House, Eagle Wharf Road	10,549	10,690
1 West India Quay	5,676	6,244
	44,189	46,805

12) HERITAGE ASSETS NOT DISCLOSED IN THE BALANCE SHEET

Nature & Scale of Heritage Assets Held

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

Policies For Acquisition, Preservation Management & Disposal of Heritage Assets

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

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

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

Further Details

Can be obtained from our website at

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

13) INVESTMENTS

MUSEUM OF LONDON GROUP	2013	2012
EXPRESSED IN £000		
Listed investments		
Market value at 1 April	2,419	2,519
Unrealised gains/(loss) on investments	268	(100)
Market value at 31 March	2,687	2,419
Cost at 31 March	1,159	1,159
Cumulative unrealised gain at 31 March	1,528	1,260

The above is represented by holdings in Charishare and Charinco which are common investment funds 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 and Charinco in its fixed interest equivalent. Asset allocation between the two funds is reviewed annually by the Governors and at the 31 March 2013 stood at approximately 8:92 Charinco:Charishare. 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 2013 are as follows:

- invested in Charinco Common Investment Fund Income 8.4%
- invested in Charishare Common Investment Fund Income 91.6%

MUSEUM OF LONDON GROUP	CHARINCO	CHARISHARE	TOTAL	TOTAL
EXPRESSED IN £000			2013	2012
Joicey	48	700	748	672
Mackenzie Bell	136	1,158	1,294	1,168
London Museum	42	603	645	579
	226	2,461	2,687	2,419

14) DEBTORS DUE WITHIN ONE YEAR

EXPRESSED IN £000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2013	2012	2013	2012
Loan receivable from related party	1,377	1,000	1,377	1,000
Trade debtors	300	299	143	134
Amounts owed by group undertakings	-	-	394	2,500
Other debtors	213	193	213	193
Prepayments and accrued income	701	1,015	691	971
	1,214	1,507	1,441	3,798

Included within Trade debtors is a provision for bad and doubtful debts of nil (2012: nil).

The loan receivable is due from MOLA (formerly the Museum's field archaeology division) – see note 19 for further details. The increase during the year arises from a further advance made by the Museum of £500k, less repayments received during the year. The amount due from group undertakings is due from the Museum of London Trading Limited. Both balances carry interest at a commercial rate.

15) CREDITORS DUE WITHIN ONE YEAR

EXPRESSED IN £000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2013	2012	2013	2012
Trade creditors	1,160	1,068	1,046	1,003
Accruals	2,007	2,481	2,007	2,481
Debt repayable	661	619	661	619
Other creditors	453	550	275	223
Payments in advance	68	45	68	45
	4,349	4,763	4,057	4,371

16) TRANSFER OF ARCHAEOLOGY DIVISION IN 2012

On 1 November 2011 the assets, liabilities and trading activities of the Museum's archaeology division, MOLA, together with those of the Museums fully owned subsidiary MetroMOLA Limited, were transferred as a going concern into an independently constituted charitable company.

The exceptional item shown on the face of the SOFA in the year to 31 March 2012 comprised the following restructuring costs:

	£'000
Legal and other professional costs relating to the transfer	337
Grant re unfunded commitments	400
Net assets transferred at nil consideration	33
Total	770

The results to the date of transfer, together with the net assets transferred on the transfer date, are shown below:

EXPRESSED IN £000	MOLA	MetroMOLA	Combined
Turnover	4,870	92	4,962
Operating costs	(4,745)	(95)	(4,840)
Net profit/(loss) for period	125	(3)	122
Reserves brought forward	(59)	(30)	(89)
Reserves on transfer date	66	(33)	33
Represented by:			
Tangible fixed assets	45	-	45
Current assets	2,297	100	2,397
Current liabilities	(1,795)	(33)	(1,828)
Amounts owing to the Museum	(481)	(100)	(581)
Net assets on transfer date	66	(33)	33

Shortly after the transfer date the balances owed to the Museum along with further sums advanced to bring the total up to £1m were converted into a long term loan carrying a commercial rate of interest and repayable in 115 equal instalments commencing 03 April 2012.

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17) TOTAL FUNDS

A) FUNDS ANALYSIS

MUSEUM OF LONDON GROUP EXPRESSED IN £000	BALANCE AT 1 APRIL 2012	INCOME	EXPENDI- TURE	TRANSFER BETWEEN FUNDS	OTHER GAINS & LOSSES	BALANCE AT 31 MARCH 2013
Permanent endowment funds						
London Museum Trust	574	-	-	-	65	639
Joicey Trust	672	-	-	-	76	748
Total Permanent Endowment	1,246	-	-	-	141	1,387
Restricted funds						
Museum of London						
Fixed Assets Fund	1,296	-	-	-	-	1,296
Major Projects Fund	345	2,035	(702)	(1,171)	-	507
Capital City	-	(125)	-	125	-	-
Museum in Docklands						
Capital fund	6,465	-	(721)	-	-	5,744
Other restricted funds	3	2	(2)	-	-	3
Trust funds						
Joicey Trust Income Fund	13	26	(39)	-	-	-
Mackenzie Bell Trust	1,225	44	(13)	-	127	1,383
Total Restricted	9,347	1,982	(1,477)	(1,046)	127	8,933
Designated Funds						
Fixed Assets Fund	34,763	-	(4,032)	1,672	-	32,403
Arts Council England	-	1,620	(1,561)	-	-	59
Defined Benefit Pension Reserve	(21,727)	-	(673)	-	4,510	(17,890)
Total Designated	13,036	1,620	(6,266)	1,672	4,510	14,572
General Reserves						
Museum of London	6,500	16,202	(14,703)	(626)	-	7,373
London Museum Trust	16	23	(2)	-	-	37
Total General	6,516	16,225	(14,705)	(626)	-	7,410
Total Funds	30,145	19,827	(22,448)	-	4,778	32,302

B) EXPLANATION OF FUNDS

Endowment Funds

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

Restricted Funds

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

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

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

Museum 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 accounts). It funds future depreciation of those assets.

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

Designated Funds

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

The Fixed Asset Fund has been designated by Governors to ensure the Museum maintains sufficient reserves to replace fixed assets that were acquired without any kind of external funding. Defined as the net book value of tangible fixed assets financed out of unrestricted funds it funds future depreciation of those assets.

The Arts Council England Fund arises from funding from the Renaissance Major Grants programme, a three year grant covering primarily a spectrum of learning, community and regional programmes. It funds the Museums 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

Otherwise referred to as "Free reserves" as Governors can use them in any way connected with the running of the Museum. Both arise from unrestricted income.

C) TRANSFERS

Major Projects Fund - the transfer of £1.2m is primarily to reflect the completion of certain capital works funded 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 Asset Fund – the balance on this fund is maintained so as to equal the net book value of total fixed assets less the outstanding amount of related long-term loans. As the cover required each year is affected by a collection of factors, such as depreciation, loan repayments, fixed asset disposals and acquisitions, each year a specific calculation is made to determine the transfer required from general to designated funds.

General Reserves – the transfer of £0.6m is the balance of the two transfers referred to above.

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D) 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
Permanent endowment funds							
London Museum Trust	-	645	-	(6)	-	-	639
Joicey Trust	-	748	-	-	-	-	748
Permanent endowment total	-	1,393	-	(6)	-	-	1,387
Restricted Funds							
Museum Of London							
Fixed Assets Fund	1,296	-	-	-	-	-	1,296
Major Projects Fund	-	-	507	-	-	-	507
Museum in Docklands							
Capital fund	5,744	-	-	-	-	-	5,744
Other funds	-	-	3	-	-	-	3
Trust Funds							
Joicey Trust Income Fund	-	-	-	-	-	-	-
McKenzie Bell	-	1,294	152	(63)	-	-	1,383
Restricted funds total	7,040	1,294	662	(63)	-	-	8,933
Designated Funds							
Fixed Assets Fund	44,851	-	-	(657)	(11,791)	-	32,403
Arts Council England	-	-	59	-	-	-	59
Defined Benefit Pension Reserve	-	-	-	-	-	(17,890)	(17,890)
Designated funds total	44,851	-	59	(657)	(11,791)	(17,890)	14,572
General Reserves							
Museum of London	-	-	10,982	(3,609)	-	-	7,373
London Museum Trust	-	-	51	(14)	-	-	37
General reserves total	-	-	11,033	(3,623)	-	-	7,410
Total Funds	51,891	2,687	11,754	(4,349)	(11,791)	(17,890)	32,302

18) 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 period to 31 March 2013 (2012: £nil).

19) 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 £8.9m (2012: £9.4m) during the financial year ended 31 March 2013. Included in the 2013 figure above is £1.3m of capital funding, of which £172k was unspent at the year end (2012: £40k)

B) CITY OF LONDON CORPORATION

The City of London Corporation is considered a related party since it has the right to appoint half of the Governing Body of the Museum and is one of the two main sponsors of the Museum along with the GLA (see above). The Museum received grants from City of London Corporation during the year of £5.2m (2012: £5.4m). Included in the 2013 figure above is £9k of capital funding all of which was spent during the year.

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 2013 the charges for these services were £111k (2012: £119k).

Outstanding loans from COL to the Museum of London totalled £12.5m at 31 March 2013 (2012: £13.1m). This total includes a balance of £246K on a loan originally made to the Museum of London Docklands (2012: £314k). Of these loans, £661k (2012: £619k) is due within one year. The Museum incurred interest charges related to these loans of £198k (2012: £256k).

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.

Outstanding loans from the Museum to MOLA amounted £1.377m at 31 March 2013 (2012:£1.0m). The loan is repayable in 115 equal instalments commencing 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 £33k received from MOLA during the year (2012: £9k).

D) GOVERNORS AND STAFF

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

20) 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 FRS 17 disclosures has been based on the results of the last full actuarial valuation carried out at 31 March 2010, as updated to 31 March 2013.

The contributions made by the employer over the financial year amounted to £964k (2012: £1,230k). The contribution rate set for the year was 14.8% (2012 variable across Museum divisions -13.97% to 17.4%). These rates include a supplementary employers contribution of 1.8% (2012: 1.60%) 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 2013-14 the employer contribution has been set at 13.97% (2012/13:14.8%) including a maximum 0.97% supplementary contribution (2012/13:1.8%).

Impact of MOLA Transfer

As more fully described in Note 16, on 1 November 2011 the assets, liabilities and trading activities of the Museum's archaeology division, MOLA, were transferred as a going concern into an independently constituted charitable company which has its own, independent pension arrangements. As a result, 100 employees of MOLA moved from being active to deferred members of the Museum's pension scheme. As the reserve required for a deferred member is less than that for an active member then this will have had a positive impact on the financial position which is not reflected in the figures above but will come through though in the next actuarial valuation scheduled for 2013/14. If all the active members of MoL and MOLA became deferred members then the reduction in liabilities would be about £12m. As MOLA accounts for approximately 35% of the membership of the scheme (as per the 2010 valuation) becoming deferred members indicates the reduction in liabilities resulting from the MOLA transfer would be around £4m.

ASSUMPTIONS

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

Valuation Method	2013	2012	2011
	%	%	%
RPI Increases	3.4%	3.3%	3.5%
CPI Increases	2.6%	2.5%	2.7%
Salary Increases	4.8%	4.7%	5.0%
Pension Increases	2.6%	2.5%	2.7%
Discount Rate	4.7%	4.6%	5.5%

The assumed life expectations from age 65 are:

Life expectations (years)	Males	Females
Retiring today	19.2	23.2
Retiring in 20 years	21.1	25.1

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NET ASSETS OF THE SCHEME

The Museum of London's share of the net assets in the scheme and their expected long term rate of return were as follows:

NET ASSETS OF THE SCHEME	LONG TERM RETURN AT 31 MARCH 2013	ASSETS AT 31 MARCH 2013	LONG TERM RETURN AT 31 MARCH 2012	ASSETS AT 31 MARCH 2012	LONG TERM RETURN AT 31 MARCH 2011	ASSETS AT 31 MARCH 2011
	%	£'000	%	£'000	%	£'000
Equities	7.1%	38,228	7.4%	32,029	8.5%	32,496
Gilts	3.0%	7,742	3.3%	6,981	4.4%	6,581
Other Bonds	4.1%	484	4.6%	411	5.5%	411
Cash	0.5%	1,936	3.0%	1,643	3.0%	1,645
Total Assets (A)	6.5%	48,390	6.5%	41,064	7.6%	41,133
Present Value of Scheme Liabilities		(65,665)		(62,182)		(49,398)
Present Value of Unfunded Liabilities		(615)		(609)		(575)
Total Value of Liabilities (B)		(66,280)		(62,791)		(49,973)
Net Pension (Liability) (A) - (B)		(17,890)		(21,727)		(8,840)

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

MUSEUM OF LONDON GROUP

	2013	2012	2011
Analysis of the amount charged to resources expended			
Service Cost	1,480	1,458	1,966
Curtailement and Settlements	2	122	-
Past service cost	-	-	(5,833)
Expected return on Employer Assets	(2,672)	(3,141)	(2,966)
Interest on Pension Scheme Liabilities	2,868	2,772	3,204
Net Resources Expended/(Credited)	1,678	1,211	(3,629)

Pension fund operational costs are apportioned to the expenditure heading on the 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

	2013	2012	2011
Actual return less expected return on pension scheme assets	4,548	(3,683)	(389)
Experience (losses)/gains	(20)	(6)	273
Changes in assumptions underlying the present value of the scheme liabilities	(18)	(9,255)	10,422
Actuarial gains/(losses) recognised in Statement of Total Recognised Gains and Losses	4,510	(12,944)	10,306

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

	<i>MUSEUM OF LONDON GROUP</i>		
	2013	2012	2011
Deficit at beginning of the year	(21,727)	(8,840)	(24,107)
Current Service Cost	(1,480)	(1,458)	(1,966)
Employer Contributions	964	1,230	1,298
Unfunded Pension Payments	41	38	34
Past service costs	-	-	5,833
Other Finance (costs)/incomes	(196)	369	(238)
Settlements/Curtailments	(2)	(122)	-
Actuarial gains/(losses)	4,510	(12,944)	10,306
Deficit at end of the year	(17,890)	(21,727)	(8,840)

The reduction in employer contributions is mainly due to the divestment of the archaeology trading division MOLA part way through 2011/12.

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

MUSEUM OF LONDON GROUP (expressed in £ 000s)	2013	2012
Opening defined benefit obligation	62,791	49,973
Service cost	1,480	1,458
Interest cost	2,868	2,772
Actuarial losses	38	9,261
Losses on curtailment	2	122
Estimated benefits paid net of transfers in	(1,304)	(1,323)
Past service cost	-	-
Contributions by Scheme participants	446	566
Unfunded pension payments	(41)	(38)
Closing defined benefit obligation	66,280	62,791

Reconciliation of opening and closing balances of the fair value of Scheme assets

MUSEUM OF LONDON GROUP (expressed in £ 000s)	2013	2012
Opening fair value of Scheme assets	41,064	41,133
Expected return on Scheme assets	2,672	3,141
Actuarial gains/(losses)	4,548	(3,683)
Contributions by employer including unfunded benefits	1,005	1,268
Contributions by Scheme participants	446	566
Estimated benefits paid including unfunded benefits	(1,345)	(1,361)
Fair value of Scheme assets at end of period	48,390	41,064

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History of experience gains and losses:

MUSEUM OF LONDON GROUP (expressed in £ 000s)	2013	2012	2011	2010	2009
Difference between the expected and actual return on assets	4,548	(3,683)	(459)	8,872	(6,212)
Percentage of Assets	9.4%	-9.0%	-1.1%	22.2%	-23.4%
Experience (losses)/gains on liabilities	(20)	(6)	343	206	-
Percentage of the present value of liabilities	(0.0%)	(0.0%)	0.7%	0.3%	-
Actuarial gains/(losses) recognised in other recognised gains and losses	4,510	(12,944)	10,306	(12,980)	249
Percentage of the present value of liabilities	6.8%	20.6%	-20.6%	22.2%	0.7%

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.

	2013	2012	2011
Adjustment to discount rate	+0.1%	0%	-0.1%
- Present value of total obligation £'000	64,612	66,280	68,001
- Projected service cost £'000	1,423	1,481	1,541
Adjustment to mortality age rating assumption	+1 year	None	-1 year
- Present value of total obligation £'000	63,750	66,280	68,845
- Projected service cost £'000	1,408	1,481	1,555

Projected Pension Expense for the year to 31 March 2014 **£ 000s**

Service cost	1,481
Interest cost	818
Return on assets	32
TOTAL	2,331

Employer contributions **841**

21) FLORIDA PROPERTY

The Museum holds the freehold title to a development property in Florida taken in part settlement of its civil action for recovery of the proceeds of theft from the Museum in 2008. The property has been locally valued for tax purposes at \$302k (approximately £197k as at July 2013). It is currently being marketed but at the time of writing no offers have been received. Any future sale proceeds will be accounted for on a receivable basis.

REFERENCE AND ADMINISTRATIVE DETAILS

Name	Museum of London
Address	150 London Wall London EC2Y 5HN
Board of Governors	A Board of Governors, consisting of 18 members of whom the Greater London Authority (GLA) (prior to April 2008: the Prime Minister) and the City of London Corporation (COL), each appoints 9 members, is responsible for the strategic direction and oversight of the Museum. The following Governors served throughout the financial year, except where indicated.
Appointed by the City of London Corporation	Rt Hon the Lord Boateng P.C. D.L. Sir Steve Bullock Michael Cassidy CBE (Chairman to 30 September 2013) Rev Dr Martin Dudley Robert Dufton(ceased to be a Trustee 30 April 2013) Tom Hoffman Dominic Reid OBE (appointed 02 May 2013) Julian H Malins QC John Scott (appointed 21 June 2012) Michael Welbank
Appointed by the GLA (prior to April 2008 : by the Prime Minister)	Jennette Arnold (ceased to be a Trustee 05 October 2012) Sally Balcombe (appointed 01 July 2013) Clive Bannister (appointed 01 July 2013 - Chairman effective from 01 October 2013) Blondel Cluff Rosemary Ewles Gillian Day Andrew Macdonald Camilla Mash (ceased to be a Trustee 01 March 2013) Mark Palmer-Edgecumbe (ceased to be a Trustee 28 January 2013) Eric Reynolds Eric Sorensen (ceased to be a Trustee 29 November 2012) David Wormsley (appointed 01 July 2013)
Administration	<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">▪ The care of all property in possession of the Board;▪ The general administration of the collections vested in the Board and any place where those collections are kept; and▪ The administration of any services provided by the Board in the exercise of their functions. <p>The Treasurer and Secretary to the Board are required to be officers of the City of London Corporation</p>
The Director	Sharon Ament (Appointed 3 September 2012)

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Treasurer	Paul Mathews, Guildhall, London, EC2P 2EJ.
Secretary	John Barradell, Guildhall, London, EC2P 2EJ
Bankers	Lloyds TSB, 25 Gresham Street, London EC2V 7HN Chamberlain of London, Guildhall, London, EC2P 2EJ
Legal Advisers	City of London, Guildhall, London, EC2P 2EJ. Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3BR
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Investment Adviser	BlackRock Investment Management 33 King William Street London, EC4R 9AS
SUBSIDIARY UNDERTAKINGS	The financial statements consolidate the accounts of the Museum of London together with its subsidiary undertakings which are listed below.
Museum of the Port of London and Docklands ("Museum in Docklands")	The Museum of the Port of London and Docklands is a company limited by guarantee and a registered charity. It was constituted as a subsidiary undertaking of the Museum of London by virtue of the control that the Governors of the Museum of London exercised over appointments to its Council of Trustees. On 1 April 2009 the museum was amalgamated with the Museum of London. On that date all of the assets and liabilities of the subsidiary were transferred to the parent body at which point the company became dormant.
Museum of London (Trading) Limited	The Museum of London (Trading) Limited is a company limited by shares. Its principal activities are the provision of corporate hire and catering services and the retail function at the museum shops.
The Trust Funds	The Trust Funds were acquired from the London Museum in accordance with the provisions of Section 2 of the Museum of London Act 1965 and are separate legal entities. The Board of Governors appoints their Trustees. Individual financial statements are produced for each trust and they are also consolidated into the financial statements of the Museum of London. The trusts are: <ul style="list-style-type: none"> ▪ London Museum Fund ▪ Joicey Fund ▪ Mackenzie Bell Fund <p>The appropriate clauses defining the control of their expenditure are:</p>
London Museum Fund	"The Trustees shall hereof apply the income of the Charity for such charitable purposes as the Trustees shall from time to time consider best in the interests of the Museum including in particular: <ul style="list-style-type: none"> ▪ 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.

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- 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”.