

Registered Charity No: 1139250

# **MUSEUM OF LONDON**

**Governors' Report and  
Financial Statements for the year ended  
31 March 2011**

## ***CONTENTS***

Reference and administrative details	2 - 4
Annual Report	5 – 21
Independent Auditors' Report	22 – 23
Consolidated Statement of Financial Activities	24
Consolidated Balance Sheet	25
Museum of London Balance Sheet	26
Consolidated Cash Flow Statement	27 - 28
Notes to the Financial Statements	29 - 49

## **REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Name</b>	Museum of London
<b>Address</b>	150 London Wall London EC2Y 5HN
<b>Board of Governors</b>	A Board of Governors, consisting of 18 members of whom the Greater London Authority (GLA) (prior to April 2008 : the Prime Minister) and the City of London Corporation (COL), each appoints 9 members, is responsible for the general management and control of the Museum. The following Governors served throughout the financial year, except where indicated.
<b>Appointed by the City of London Corporation</b>	Kenneth Ayers Rt Hon the Lord Boateng P.C. D.L. Sir Steve Bullock (appointed 20 April 2011) Michael Cassidy CBE Rev Dr Martin Dudley Robert Dufton Maurice Groves (ceased to be a Trustee 30 April 2011) Julian H Malins QC Tom Hoffman Michael Welbank
<b>Appointed by the GLA (prior to April 2008 : by the Prime Minister)</b>	Jennette Arnold Blondel Cluff (appointed 12 April 2010) Rosemary Ewles (appointed 12 April 2010) Andrew Macdonald (appointed 12 April 2010) Camilla Mash Mark Palmer-Edgecumbe Eric Reynolds (appointed 12 April 2010) Eric Sorensen Geoffrey Wilson OBE (ceased to be a Trustee 19 July 2010)
<b>Administration</b>	<p>Under the Museum of London Acts 1965 and 1986, the Board is required to appoint a Director of the Museum to be responsible to the Board for:</p> <ul style="list-style-type: none"><li>▪ The care of all property in possession of the Board;</li><li>▪ The general administration of the collections vested in the Board and any place where those collections are kept; and</li><li>▪ The administration of any services provided by the Board in the exercise of their functions.</li></ul> <p>The Treasurer and Secretary to the Board are required to be officers of the City of London Corporation</p>
<b>The Director</b>	Professor Jack Lohman
<b>Treasurer</b>	Paul Mathews, Guildhall, London, EC2P 2EJ.
<b>Secretary</b>	Chris Duffield, Guildhall, London, EC2P 2EJ

**Museum of London**  
**Annual Report and Financial Statements**  
**Year Ended 31<sup>st</sup> March 2011**

<b>Bankers</b>	Lloyds TSB, 25 Gresham Street, London EC2V 7HN Chamberlain of London, Guildhall, London, EC2P 2EJ
<b>Legal Advisers</b>	Andrew James Colvin, Guildhall, London, EC2P 2EJ. Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3BR
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
<b>Investment Adviser</b>	BlackRock Investment Management 33 King William Street London, EC4R 9AS
<b>SUBSIDIARY UNDERTAKINGS</b>	The financial statements consolidate the accounts of the Museum of London together with its subsidiary undertakings which are listed below.
<b>Museum of the Port of London and Docklands ("Museum in Docklands")</b>	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.
<b>Museum of London (Trading) Limited</b>	The Museum in Docklands (Trading) Limited was incorporated on 13 April 2005 as a company limited by shares and was a fully owned subsidiary of the Museum in Docklands. From 1 April 2009 this company became a subsidiary of the Museum of London and was renamed Museum of London (Trading) Ltd. Its principal activities are the provision of corporate hire and catering services and the retail function at the museum shops.
<b>MetroMOLA Limited</b>	MetroMOLA Limited was incorporated on 6 May 2010 as a company limited by shares and is a fully owned subsidiary of the Museum of London. Its principal activities are the provision of archaeological services outside the region of Greater London. It has 3 offices that have been established in Portsmouth, Birmingham and Manchester .
<b>The Trust Funds</b>	<p>The Trust Funds were acquired from the London Museum in accordance with the provisions of Section 2 of the Museum of London Act 1965 and are separate legal entities. The Board of Governors appoints their Trustees. Individual financial statements are produced for each trust and they are also consolidated into the financial statements of the Museum of London. The trusts are:</p> <ul style="list-style-type: none"><li>▪ London Museum Fund</li><li>▪ Joicey Fund</li><li>▪ Mackenzie Bell Fund</li></ul> <p>The appropriate clauses defining the control of their expenditure are:</p>
<b>London Museum Fund</b>	"The Trustees shall hereof apply the income of the Charity for such charitable purposes as the Trustees shall from time to time consider best in the interests of the Museum including in particular:

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

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

**Joicey Fund**

The Trust was established from the estate of John George Joicey. The relevant extract from his will states:  
“The remainder of the said estate shall be made over to the Trustees of the London Museum to form a fund, the income from which shall be applied as the Trustees of the Museum think fit in the purchase of articles, specimens, curios, etc., for the Museum”.

**Mackenzie Bell Fund**

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

## **ANNUAL REPORT**

### **Structure, Governance and Management**

#### **Incorporation and Status**

The Governors present their annual report and audited financial statements for the year ended 31 March 2011.

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 1986 and the GLA Act 2007. Since December 2010 it has been a registered charity, number 1139250.

The Museum has six subsidiaries: Museum of London (Trading) Ltd, the London Museum, Joicey and Mackenzie Bell Trust Funds, the Museum in Docklands (dormant since April 2009) and MetroMOLA Ltd, and therefore presents consolidated accounts.

The reference and administrative details on pages 2 to 4 form part of this report.

#### **Governor recruitment, appointment and induction**

Up until 06 April 2008 Governors (who are also the Trustees under charity law) were appointed in equal number by the Prime Minister and the City of London Corporation in accordance with the requirements of the Museum of London Act 1986 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. Since 6 April 2008, the GLA has the power to appoint Governors to replace the Prime Minister's appointees as and when vacancies arise.

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 Accounts, 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 an NDPB 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, the Museum of London Docklands, and Museum of London Archaeology (MOLA) which is a division of the Museum of London.

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 five Board committees on which Governors serve, all of which have met during the year:

- Archaeology
- Audit
- Building Development
- Finance and General Purposes (incorporating the former Remuneration and Terms of Service Committee)
- Trust Fund Management

The Management team is headed by the Director, Jack Lohman, who is appointed by the Board. The primary functions of the Museum relate to care and management of collections, lifelong learning, archaeological excavations and research, 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 five divisions, under the overall direction of the Director:

**Major Projects:** Responsibility for planning and delivery of major projects and management of fundraising and development, conservation and collections care and Renaissance London.

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

**Programmes:** Responsibility for marketing and communications, design, 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.

**Museum of London Archaeology:** Responsibility for the operational management of MOLA, providing archaeology services to the property and heritage sectors.

The five divisional directors, together with the Director, form the Executive Committee, which meets at least once a month, 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 2006 (“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.

## **VISION**

Our vision is 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; a museum that is a welcoming, inspirational and innovative destination to all visitors as well as centre of excellence in research, curatorship, conservation and learning. *A modern museum with ambitious future plans.*

## **MISSION AND PURPOSE**

Our mission is to inspire a passion for London, a passion for Learning.

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
- **Discovering** new archaeological evidence that shapes and reshapes our understanding of London
- **Leading** Renaissance London in working towards a sustainable and resilient museum sector

## **STRATEGIC OBJECTIVES 2010/14**

The Museum’s strategic objectives for the period from 2010 to 2014 are as follows:

**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

## **KEY OBJECTIVES**

The key priorities established for completion during the 2010/11 period were:

- Launching the new Galleries of Modern London and maximising the impact and opportunities resulting from these
- Developing an exciting schedule of exhibitions, programmes and events across both sites that delivers increasing visitor numbers onsite and online

- Positioning the Museum to maximise the opportunities provided by the London 2012 and the Cultural Festival
- Planning for 2011/12 and beyond, looking carefully at how the Museum can work smarter to deliver our ambitious plans in a challenging external environment
- Ensuring the Museum runs a professional and efficient operation through reviewing and consolidating what we deliver
- Continuing to deliver a programme of major projects and capital improvements from replacing the roof at London Wall to opening newly refurbished venues for corporate hire

## **ACHIEVEMENTS AND PERFORMANCE**

### **OVERVIEW**

On 27 May 2010 the Museum of London opened its brand new Galleries of Modern London. This was the successful completion of the biggest project ever undertaken by the Museum since opening in 1976. The project for the Galleries of Modern London included:

- Expanding City (1670 – 1850)
- People's City (1850 – 1940)
- World City (1950 to present)
- City Gallery, home of the Lord Mayor's Coach, that provides a ground floor 'shop window' for the Museum
- Inspiring London temporary display area
- Sackler Hall and café area
- Collections Online terminals and study area

The first two months of 2010/11 were focused on the final touches; adjusting lighting, signage, incorporating feedback from testing days, checking and revising multimedia exhibits and preparing new educational resources as well as training the new Visitor Host team. The preparations culminated in a high profile launch event attended by VIPs and celebrities, extensive positive press and media coverage and 13,000 visitors attending over the weekend. 2010/11 has seen the formal closure of the project with a comprehensive set of lessons learnt, that will be factored into future projects, and the completion of the major capital fundraising campaign including a successful fundraising gala dinner held in November. New resources continued to be developed for the Galleries including educational resources and an audio guide for blind and visually impaired visitors, providing a 'touch tour' of the galleries.

Both Museum of London and Museum of London Docklands performed significantly above visitor figure targets. There were 493,026 visits made to Museum of London during the year which was 13% above a target of 435,792 (raised from an initial target of 410,000 at the start of the year) with over 120,000 visits in the first quarter of the year. Visitor figures were also helped by the strong performance of the London Street Photography exhibition which reached over 40,000 visits in the first two months of opening. At Museum of London Docklands there were 178,925 visits which was 8% above a target of 165,050 (which was also retargeted upwards during the year from 105,000). Museum of London Docklands 'went free' from 1 April 2010 which has been the major factor in the significant increase in visitors.

The Museum of London continued to lead Renaissance London through 2010/11 delivering the second year of a comprehensive two year business plan. A key programme area was leadership of the Stories of the World project for London 2012, where over 1,000 young people aged 14-24 are working in 23 museums across London. Other regional initiatives included supporting the GLA's Story of London Festival in October 2010 and the regional Sustainable Museums programme that supported twelve museums to gain Green Tourism Business Scheme accreditations. A major priority for the year was confirming the future for Renaissance in 2011/12 and, following confirmation of one year transition funding, a one year transition business plan was approved by the MLA and Arts Council England in March 2011.

The Museum continued to focus on improving the visitor experience at its sites. A new schools Lunch Space opened in April 2011 which enables the Museum to cope more effectively with the rising levels of schools traffic following the launch of the new Galleries. Two new catering outlets were opened on

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

site in May 2010; a café was launched in the Sackler Hall area of the galleries and a bar and restaurant, London Wall in the Museum's old café space. The central courtyard was turned into a pleasant outside garden area complete with beehive. The Museum also joined the Association of Leading Visitor Attractions (ALVA), and is taking part in benchmarking and mystery shopping exercises which are an effective way of monitoring and evaluating customer service and visitor satisfaction.

The programme of major capital improvements made significant progress through the year; in May 2010 the project to re-glaze the atrium was completed and in September 2010 a project to install a new roof began. Other projects included a complex upgrade of the electrical services, rainwater pipe replacement and the installation of a new chiller unit. The Museum also took steps to improve its overall sustainability with the installation of 'green roofs' in several roof areas (funded by Drain London) and the installation of a Renaissance-funded rainwater harvesting system. These changes contributed to the Museum achieving a Silver Award from the Green Tourism Business Scheme in March 2011.

Work on expanding the commercial offer at the Museum was undertaken with the development of refurbished corporate hire meeting rooms in the Terrace spaces including a new executive boardroom, for launch in 2011/12. This is in addition to the corporate hire opportunities created as part of the new galleries which performed well throughout the year. New retail ranges were also launched with key product lines linked to objects in the new galleries. Museum of London Docklands won a major corporate hire agreement to be the official venue for the German Olympic Committee and German House for the London 2012 Olympic Games and its new catering partners, Ampersand, were appointed in January 2011 to launch a new bar/restaurant and foyer café.

The Museum has continued to modernise its organisation and a significant achievement was being awarded Investors in People status in August 2010. Progress in 2010/11 included a second cohort of staff undertaking a Level 5 Diploma in Management and Leadership and establishing a pilot mentoring scheme in partnership with the National Portrait Gallery. The Museum began a period of significant internal review in August 2010 as part of its annual business planning in order to meet funding reductions in 2011/12.

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

**Visitor Figures by Museum**

Museum of London	Actual	Target*	+/- %
Number of visits	493,026	435,792	13%
Museum of London Docklands			
Number of visits	178,925	165,050	8%

\*Retargeted in July 2010 from 410,000 and 105,000

**Key Performance Indicators**

		10/11 Result	10/11 Target	
A	Total number of on-site visits (all users inc special events)	671,951	600,842	
B	Total number of website visits	1,947,157	2,000,000	
C	Total number of museums users: on-site, off-site & web	2,644,313	No target set	
D	Number of pupils in booked on-site formal learning programmes	31,496	24,000	
E	Number of pupils in booked off-site formal learning programmes inc video conferencing	15,026	15,000	
F	Number attending informal learning events	72,352	50,000	
G	Number of adult learners	12,604	4,500	
H	Retail spend per on-site visitor	MOL	£1.65	£2.11
		MOL Docklands	£0.48	£0.84
I	Guidebooks sold/visitor ratio	1:70	1:20	
J	Café spend per on-site visitor	MOL	£1.21	£1.30
		MOL Docklands	£0.46	£1.01
K	Donations per on-site visitor	MOL	£0.11	£0.10
		MOL Docklands	£0.05	£0.02
L	% of onsite visits made by people who live or work in London	MOL	43%	n/a
		MOL Docklands	57%	
M	% of onsite visits made by people who live or work in the City of London (MOL only)	9%	n/a	
N	% of onsite visits made by overseas tourists	MOL	37%	n/a
		MOL Docklands	21%	
O	VFM cost per user (visitor on-site or off-site programme attendee)	£20.79	2009/10 fig: £38.66	
P	Number of objects out on loan	1600 (100 loans)	n/a	

An updated set of key performance indicators was introduced for 2010/11 along with targets where relevant.

## **COMMUNICATIONS**

A major focus for 2010/11 was the launch of the Galleries of Modern London which has raised the profile of the Museum across London as well as nationally and internationally. The launch involved a major press and marketing campaign that had started with a long lead campaign in late 2009. The galleries subsequently attracted significant press coverage with a feature in the Guardian leader column and excellent reviews across the national press, including the Times, The Independent on Sunday and the Daily Telegraph with pieces also appearing in the International Herald Tribune and Le Monde. The Museum also received extensive radio coverage, with items on BBC Radio 4 and BBC Radio 3. The galleries were officially opened by Sir Michael Caine at a high profile launch party and on the first day of opening the Robert Elms Show on BBC Radio London was a live broadcast from the galleries and was a great success.

The marketing campaign *You Are Here* ran in more than 1,000 tube poster sites along with adverts in key London publications at the time of the launch and extensive leaflet distribution across London. Additional promotional materials such as Oyster card wallets with selected images from the new galleries were also produced and given away at main tube stations. Visitor research at the time indicated 19% had been prompted by seeing a poster on the tube and 16% having read a newspaper article. The *You Are Here* campaign also ran for a second period over the summer months.

The Museum has developed a new communications strategy which focused on consolidating the Museum's position as a world class destination, building on the success and raised profile following the launch of the new galleries and developing relationships with companies such as Time Out and Nokia. Following the launch stories have been generated through changing displays such as *London Futures* or the temporary replacement of the Lord Mayor's Coach with the Mini Coopers from the 1960s film the Italian Job.

2010/11 also saw the creation and launch of the Museum's first app, Streetmuseum, which makes use of geo tagging and Google Maps to guide users to various sites in London where various historical images of the city appear. It has been a major success; downloaded by 85,000 iPhone users within the first months, reaching 200,000 by the end of the year and numbers continue to grow. The app attracted extensive positive media coverage and was the subject of many online 'tweets,' going on to win numerous awards. It was also subsequently rolled out on Android mobile phones due to demand.

The Museum launched its new website launched in March 2011, which has a contemporary feel and is more visually appealing. The launch of the website also enabled the new Collections Online database to go live. The Museum's social media profile continues to develop with 9,707 followers on Twitter, 5,928 Facebook subscribers, 15,875 enews subscribers and 88,470 followers on Scribd by the end of 2010/11 and there is a keen team of bloggers that post regularly on a wide variety of activities and behind the scenes updates at the Museum.

## **GALLERIES AND EXHIBITIONS**

In addition to launching the Galleries of Modern London, the Museum delivered a variety of temporary displays, developments to permanent galleries and, towards the end of the year, returned to holding larger temporary exhibitions. At Museum of London Docklands one hundred years of the Girl Guides was commemorated with a lively temporary exhibition created in partnership with Girlguiding London and South East England region, featuring iconic objects such as the first hand written 'Guide Law.' The exhibition proved popular with a range of visitors with over 20,000 visits over the summer. At Museum of London the first major temporary exhibition in five years, *London Street Photography*, opened in February 2011. The exhibition showcases a collection of over 200 candid images of everyday life in the street and proved exceptionally popular attracting over 10,000 visitors in the February half term weekend and 40,000 visitors in the first two months of opening.

The new display space created as part of the Galleries of Modern London held two displays during the year. The first of these displayed key paintings from the Museum's collection, alongside artistic responses to these pieces created in partnership with Capital A, a project that works with vulnerable people. *London Futures* was the second display, in partnership with artists Didier Madoc-Jones and Robert Graves, using dramatic visualisations of London's future suggesting how the city might be affected by and respond to climate change. The exhibition was supported by a series of lively events and generated strong media coverage and press interest.

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

The Entrance Hall space at Museum of London continued to display contemporary artworks throughout the year and for the opening of the galleries digital media artists Thomson & Craighead were commissioned to create a new piece. Entitled *London Wall* it was developed over ten days using Facebook and Twitter messages sent within a three mile radius of the Museum to create a reflection on the thoughts of Londoners. This was followed with *Hidden* by photographer Red Saunders that consisted of three photo-tableaux images, recreating important moments in the history of the struggle of working people for democracy and social justice such as Watt Tyler and the 1381 Peasants' Revolt. Smaller displays included *London Sleeps* that marked the 70<sup>th</sup> anniversary of the Blitz showing a painting and sketches by Rose Ellenby from a Hackney air raid shelter and at Museum of London Docklands *London Under Siege: Churchill and the Anarchists 1911* opened to coincide with the 100<sup>th</sup> anniversary of the Houndsditch Murders and the Siege of Sidney Street. This display was created in partnership with the Jewish East End and the exhibition featured extraordinary objects collected as evidence from the scene.

The Museum continued to develop its permanent gallery spaces in 2010/11 with the installation of a new acquisitions space to show additions to the collections and the creation of a new Archaeology in Action space in July 2010. This showcases the work of both Museum of London Archaeology and the London Archaeological Archive and Research Centre and the exciting archaeological discoveries that continue to be made in London. There is a dedicated area for new finds which allows the Museum to display these finds quickly and within an appropriate context. At Museum of London Docklands the Mudlarks gallery, which is exceptionally popular amongst young visitors, was given a new lease of life with a refurbishment in the early part of 2010/11.

***Exhibitions and Displays Summary***

<b>Museum of London</b>	
Inspiring London	27 May 2010 – 12 September 2010
London Wall by Thomson & Craighead	28 May 2010 – 31 October 2010
London Futures	1 October 2010 – 6 March 2011
London Sleeps	15 October 2010 – 13 March 2011
London Street Photography	18 February 2011 – 4 September 2011
Hidden by Red Saunders	12 November 2010 – 6 April 2011
<b>Museum of London Docklands</b>	
Here Come the Girl Guides	23 June 2010 – 31 October 2010
People and Change	3 September 2010 – 1 March 2011
Siege of Sidney Street	18 December 2010 – 10 April 2011
In the Picture	4 March 2011 – 3 August 2011

Work on the Museum's upcoming major exhibitions *Pirates: The Captain Kidd Story* and *Dickens' London* was also progressed during 2010/11.

**COLLECTIONS**

The major collections project for 2010/11 was the launch of Collections Online, the Museum's online system for providing access to its collections via the web and other public interfaces. The first stage of the project was the delivery of the content for the computer terminals based in the new Sackler Hall. A new, bespoke content management system was created to hold and display the information and when the new galleries launched visitors were able to access detailed information about 3,000 objects displayed in the galleries themselves. The next stage, which was completed in March 2011, was to make Collections Online available via the Museum's new website. During the year a detailed project plan was produced outlining targets for the numbers of object records that will be made available over the next three years, aiming to reach 90,000 objects online. As well as delivering improved collections access, this will both streamline the Museum's collection processes and enable the organisation to operate efficiently in the digital environment.

During the year the new acquisitions space was used to show exciting new additions to the collections. *Copper and Silk*, a collection of 20 prints by Keith Coventry and the Lonsdale boxing belt worn by Johnny Brown in 1926 were among the items displayed. Other notable acquisitions during the year included EnTWINEd, a commissioned response by the Singh Twins (Amrit and Rabindra Singh) to the Museum's paintings by Henry Nelson O'Neil, *Eastward Ho!* and *Home Again*, which were acquired in 2004. These pictures are on display in the Museum's Galleries of Modern London. The Museum also acquired several contemporary photographic prints, which formed part of the *London Street Photography* exhibition, as well as a varied selection of objects ranging from SIM cards that will

become part of the social history collection to Tatty Devine jewellery that will become part of the costume collection. The Museum also completed a key project with the de-accessioning of a wooden construction Wey Navigation Barge '*Perseverance IV*' from its collection, transferring the vessel to its new home with the National Trust in Guildford, where it was originally built.

An important collections project throughout 2010/11 was the Recorded Media Project that began to transfer recordings held in the Museum's oral history collections from their original recording formats to a higher quality digital format, preserving these objects and records. The project has successfully digitised around 40% of the collection and over 5,500 new catalogue records. The Port of London Authority (PLA) archive cataloguing project progressed into its second year which will enable records of the archive to be accessed via the Museum's main collections system and therefore accessible via Collections Online. For the Sainsbury's Archive; digitisation of the full run of the Sainsbury's *JS Journal*, the in-house staff magazine, was completed with plans to make this available online in 2011/12.

The Museum strives to continually improve how it manages and cares for its collections. A major piece of work to update procedures and standards for all areas of the collections care operations was initiated in 2010/11. The standards will cover ten separate areas, such as lighting and displays, and will improve efficiency in a number of areas. A project to improve the information and documentation pertaining to historic loans was started in November 2010, which will enable the Museum to renew, return or acquire the objects and ensure collections care standards are met.

## **PROGRAMMES AND LEARNING**

### **Programmes**

2010/11 saw the launch of a new and refreshed adult events strategy which was integrated with the rest of the public programmes and enhanced the Museum's reputation as a cultural venue. Exciting events programming has helped to maintain the Museum's profile following the launch of the new galleries. Events in this period ranged from film screenings, such as *American Werewolf in London* as part of the Museums at Night festival which drew a capacity crowd at Docklands, to readings with authors Tracy Chevalier and Linda Grant to world music performances. In October 2010 a programme of events themed around the London Futures display included a panel on business, industry and climate change involving representatives from Greenpeace and Shell, and formed part of the GLA's Story of London festival. In February 2011 an intriguing Valentine's LATE event in partnership with jellymongers Bompas and Parr was completely sold out attracting over 600 visitors.

A three year forward plan was created at the beginning of the year to guide the Museum's community collaboration and inclusion work ensuring that this important area of activity is embedded organisationally and approached on a strategic basis. In April 2010 the final part of the London, Sugar and Slavery community engagement programme was completed, where a group of young people from Newham Links developed oral history and film making skills and interviewed people from the second generation of post-war migrants from the Caribbean. This work was then used in a gallery interactive entitled *Children of the Windrush*. The publication *Reading the London, Sugar & Slavery Gallery* was also produced during the year and distributed to schools and community organisations. Other collaboration projects through the year included *Breaking into the Museum* in partnership with Manifesta, where young people created short films inspired by a particular object in the new galleries which were then screened at the Museum.

The major youth engagement project, *Stories of the World*, continued to gather pace throughout the year. This is the Museum's contribution, in partnership with 3 Renaissance museums and 19 smaller museums, to the Cultural Festival and London 2012 Olympic Games and will result in high profile interventions in the Roman Gallery in 2012. A youth panel, Junction, has been established to oversee the project and has collaborated with the Museum throughout the year. Five projects were delivered in 2010/11 drawing on different parts of the Museum's collections including a project entitled *Speak to Me*, with young people at the residential Coburn Centre for Adolescent Mental Health in Newham taking part in Roman themed poetry workshops and a Latin-inspired Gladiatorial Poetry Slam.

A highlight of the summer was a successful community dig held in Burgess Park, Southwark which was timed to coincide with the British Festival of Archaeology in July. Over 900 individuals and 1,700 groups participated in the dig that investigated an area of Victorian housing destroyed by a V2 rocket. Groups that took part studied old maps of the area as well as learning how to excavate and process

finds. In addition to the dig the Museum ran 'Big Dig' archaeology-themed family events in the Clore Learning Centre, visitors were able to tour the Conservation labs and take part in an archaeological walk. Over 3,000 adults and children took part in these events. The Museum also ran a second successful community dig at Altab Ali Park in Tower Hamlets in October 2010. This was a collaboration between the Museum, Museum of London Archaeology and MUF Architecture with over 1,000 people visiting the site during the week and many taking part in the schools and adult programme.

The London Archaeological Archive and Research Centre (LAARC) continued to build on its well received volunteer programme throughout the year which is now widely seen as best practice. The sixth and seventh cohorts of volunteers completed their schedules of sorting and processing archaeological finds. The Volunteer Inclusion Project (VIP) 6 project saw over 15,000 finds processed by over 35 volunteers. The VIP 7 project brought the scheme to the public in the Museum's galleries using the Archaeology in Action space and becoming the Volunteer and 'Visitor' Inclusion Project. Over two months, the project's activities were viewed by 6,500 museum visitors, with 300 participating in 'hands on' archaeology sessions working on processing pottery finds.

### **Learning**

2010/11 saw 98,751 visits made to Museum of London and Museum of London Docklands by school children, which was a 2% increase on the previous year. Demand for primary schools sessions remained high and the autumn term was nearly fully booked ahead of the summer holidays. A new guided walk session entitled 'Evacuation & Destruction' relating to the Blitz was added to regular programmes, and new sessions 'Mary Seacole' and 'Mary Prince' were developed for the Victorian Walk and Pleasure Garden spaces in the Galleries of Modern London, exploring the inspiring stories of these women. The Special Educational Needs (SEN) programme continued to be in high demand throughout the year and received consistently positive feedback.

New secondary schools programmes were developed to support visits to the Galleries of Modern London and pilots were run for three new study days based around the themes of 'Impact of Empire,' 'Careers Day' and 'Am I a Londoner?' These all incorporated digital learning activities which had not been used on this programme before. The Museum worked on the 'Make London Yours!' campaign which was designed to inspire students to become active citizens, equipping young people with campaigning skills and promoting citizenship as a subject within schools and this culminated with a day of debate and election hustings held onsite. The Museum also hosted teacher training students on placement from several universities from across London.

Blended learning has become a key feature of how the Museum delivers its learning courses. This means combining new technology with traditional learning methods and is continually popular with schools. Activities this year have included pupils filming their visits to particular parts of the galleries using cameras and online software and using iphones and QR codes (matrix barcodes) to create online blog content. The Museum hosted skill-sharing workshops with digital learning peers from other museums including the Imperial War Museum and the British Museum. Online learning resources are an important part of the Museum's offer for schools and during 2010/11 new resources were developed including an interactive online resource for SEN pupils which uses animation set in Roman London. Video conferencing activities were also delivered throughout the year enabling the Museum to reach schools beyond London, ranging from Wiltshire to Germany.

Over 56,000 adults and children attended family learning events and activities throughout the year, an increase of over 40%. This was largely due to the opening of the new galleries with additional spaces and subjects and the removal of entry charges at Museum of London Docklands. The May 2010 half term, as part of the opening for the new galleries, included chances to meet characters from the past such as a Selfridges lift attendant and a Suffragette. More than 10,000 people met with the actors or took part in activities in the Clore Learning Centre in the opening week of the new galleries. Over the summer period the Museum delivered an event programme on the theme 'Toys from the past' and linked with the toy shop Hamley's who sponsored a toy themed trail attracting over 3,000 adults and children. At Museum of London Docklands activities included movie making and animation alongside several events based around the '*Here Come the Girl Guides*' exhibition where families designed scarves, made confectionery and heard about female role models. The early years programmes have continued to receive positive feedback and the Museum also delivered events for families that do not normally visit museums, including a five week course in partnership with Islington Council aimed at local parents.

The Museum has continued to develop its range of adult learning provision nearly 4,000 adults attending courses, an increase of 55%. In addition to the well established evening classes delivered in partnership with Birkbeck College, new recreational courses, 'The Art of...' series which included classes in oil painting, mixed media and millinery were particularly popular. Another key area of development has been new ESOL courses (English for Speakers of Other Languages) delivered in partnership with Southwark College.

### **ARCHAEOLOGY TRADING SERVICES**

Our archaeology division, Museum of London Archaeology (MOLA) raises its funding from the property and development sector, which comes to MOLA for advice and services when applying for planning permission and in order to discharge planning conditions. MOLA's work is carried out under commercial contracts which ultimately unearth new knowledge about our archaeological and historical past, and MOLA's results are published for public benefit.

MOLA maintained good results for the year in the continuing, tough economic conditions. It generated well over £6million of revenue, which was down on the previous year, but good levels of profitability were maintained. As anticipated, the construction industry would take the 2010/11 financial year to settle post recession and start to pick up pace. The projection was slower than expected and not until the end of the year did any volume of business in general terms begin to show. Consequently revenue and billings both fell slightly short of expectations although good control of direct costs and the flexibility of short-term staff contracts introduced in the last financial year helped to mitigate natural fluctuations in the work programme, and kept gross profit margin better than plan.

MOLA staff numbered 152 FTE on average during the year, with 72 of these on average in the Field team. Tight project and chargeability controls were maintained, and the team made some significant improvements in the way MOLA conducts and delivers its projects through further developing our GIS capability and skills, investing in new survey equipment and modifying processes for costing and planning HEA projects. A major step was taken toward market share expansion through the establishment of MetroMOLA Ltd (Company number 7245967) which was established with the aim of building new business across the UK. Three MetroMOLA offices were opened in Birmingham, Manchester and Portsmouth.

MOLA carried out archaeological work and research on a number of notable contracts including New London Bridge House in Southwark, 8-10 Moorgate, 60 Holborn, Three Quays House and Bucklersbury in the City of London, Thameslink and Crossrail sites, the Theatre site in New Inn Broadway in Shoreditch, Minster in Kent and Kingsnorth on the Isle of Grain.

The results of MOLA's work were published in a number of popular books, academic monographs and studies papers. Included in these was the MOLA monograph on *The Rose and the Globe – playhouses of Shakespeare's Bankside, Southwark: excavations 1988–91* by *Julian Bowsher and Pat Miller* won three awards, including the Current Archaeology Book of the Year 2011 award.

## **PLANS FOR FUTURE PERIODS**

The Museum's strategic objectives for the period 2010 – 2014 remain:

- 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

### **Exhibitions Programme**

Eye-catching programmes and innovative exhibitions are a vital way to share our knowledge and attract new and different audiences. In 2011/12 the bicentenary of the birth of Charles Dickens will be acknowledged with a commemorative exhibition that explores his relationship with the city. Museum of London Docklands will revisit the 'Golden Age' of piracy and the links with London. Further exhibitions are planned including celebrating the anniversary of the discovery of the Cheapside Hoard and the period of London's 19th century medical history which includes the grisly phenomenon of 'body-snatching.'

### **Roman Gallery**

The Museum will continue to progress the plans for new Roman Galleries to be delivered in 2014. Present and future visitors will be engaged with cutting-edge galleries that incorporate new knowledge and understanding of Roman London and explore London's historic role as a world city. Next steps will include a feasibility study to confirm the potential scope of the project, content to be confirmed in more detail and a design brief agreed.

### **London 2012**

The Museum will champion the story of London for the London 2012 Olympic and Paralympic Games, providing both historical context for London 2012 and recording the details and success of the Games themselves. The Museum will continue to lead the London strand of Stories of the World, the biggest youth engagement project ever undertaken by UK museums. Museum of London Docklands will be the host venue for the German House where the German National Olympic Committee will be based for London 2012.

### **Museum of London Archaeology (MOLA)**

MOLA will become an independent charity during 2011/12, developing its educational and cultural work and broadening its remit to operate across the UK. This will allow the business to grow independently whilst still maintaining a long term partnership that advances and enriches the Museum's learning and research aims and builds on our success in archaeology.

### **Museum of London Docklands**

A revised strategy for MOL Docklands will be developed, ensuring the Museum plays an active role both within the local community and as a Museum located in the heart of London's newest financial district.

### **Collections Online**

2011/12 is the first year in a three year project which will see 90,000 object records digitised, enabling us to share our collections knowledge with the widest possible national and international audience. All new acquisitions will be made available online and additional content and features will be developed for visitors.

## **FINANCIAL REVIEW**

The results for the year are set out on the Statement of Financial Activities on page 24.

Total Group Incoming Resources were £32.1m during the year (2010: £28.5m). The increase is due mainly to increased capital receipts during the year.

The Museum's main sources of funding were the Greater London Authority and the City of London Corporation, which contributed 80% of the group's voluntary funding. Archaeology trading income accounted for 20% of the Group's total income. Other grants and donations included £2.4m from the MLA towards Renaissance London. Group expenditure on charitable activities increased by 17% over 2010/11, largely due to the commencement of amortisation charges for the Galleries of Modern London, which opened in May 2011 at a completed cost in excess of £20m and which are being written off over the estimated useful lives of their individual components.

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

The Museum of London recorded an operating surplus (before transfers) on its unrestricted free reserves (general fund) of £7.2m (2010: £2.0m), the increase being due to the exceptional credit to pension costs detailed in note 7. After transfers from restricted and designated funds and other gains, the Museum of London's total free reserves stood at £5.6m at 31.3.11 (31.3.10: £5.4m).

The group's cash balances and cash flow forecast remain adequate for its needs. Total group funds carried forward at 31 March 2011 are £44.7m (2010: £26.3m). There remains a significant deficit on the pension fund of £8.8m (2010: deficit of £24.1m) which is disclosed in accordance with Financial Reporting Standard 17. See note 20 for further details. The significant reduction in the deficit is due to two factors, an actuarial gain of £10.3m and an exceptional credit to other direct costs of £5.8m resulting from the change to inflation indexing explained at note 7. The Museum's pension contribution rates are reviewed every three years, after an actuarial valuation in which the surpluses and deficits may be measured differently to the FRS17 valuation, in accordance with the Museum's accounting policy as described in note 1(k). 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 have been 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 2011 further investments were made and 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

There are a number of current external financial issues affecting the Museum. These, together with the Governors' assessment of their impact on the Museum, and with the actions being taken to ensure that none of them can individually or collectively destabilise the business, are shown below.

Issue	Potential Effect	Response
The continuing global economic crisis, the possibility of a "double dip" recession and its impact on government spending	<ul style="list-style-type: none"> <li>• The government may make further cuts in the funding to the Arts/Heritage sector. The grant paid to the Museum could be cut substantially</li> <li>• The Museum's trading revenues could suffer</li> </ul>	The Museum has confirmed funding up until the end of March 2012 and good indications of funding levels for 2012/13. Trading income is closely and regularly monitored. 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.
Global economic crisis and the associated downturn in the property market, in particular in London	Potentially damaging impact on the finances of the archaeology division MOLA which is heavily reliant on a buoyant property development market	The Museum has put in place a robust planning and monitoring system at MOLA, with clear trigger points to allow Governors to take prompt action to prevent significant financial losses The plan for MOLA to be

		constituted as an independent charity during 2011/12 will also mitigate this risk
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On the basis of the above, Governors are of the opinion that there are no significant unmanageable financial risks and that the accounts are properly prepared on the going concern basis.

## **RESERVES POLICY**

The Reserves Policy underpins the Museum's Strategic Plan and Strategic Objectives 2010-14 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 and changes to the Renaissance London Programme.
- Suffers a sudden failure of building structure or major plant requiring immediate attention in order to continue operations
- Suffers the costs of further restructuring at MOLA should the property market continue to be depressed
- 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

The Board believes that a general reserve of approximately £4 million is an appropriate sum to hold against the financial consequences of the above potential risks. As at 31 March 2011 the balance on the Museum of London's general funds (as shown in note 17 – General Funds – Museum of London) stood at £5.6m (excluding fixed asset and unrestricted pension reserves). This represents approximately five months of operating costs (excluding depreciation, cost of sales and fully funded projects).

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 ACCOUNTS**

The Museum accounts 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.

## **EMPLOYEES POLICY**

The Museum's policy is to consider all job applications in line with its diversity and equal opportunities policies and to make reasonable adjustments to working conditions to support the employment of people with disabilities. The Museum is committed to the principles of the Guaranteed Interview Scheme and interviews all applicants with a disability who meet the minimum criteria for the post. The Museum treats all staff in accordance with its diversity and equal opportunities policies in respect of reward, career development, training opportunities and promotion.

A series of management and staff briefing meetings are held Museum-wide, divisionally and departmentally on a regular basis. E-mail is used Museum-wide for the communication of objectives and to invite feedback. Employees are subject to annual objective setting and regular appraisal of performance by their manager in accordance with their departmental plans which are aligned to the Board's objectives as outlined in the Strategic Plan. On a more formal basis the Museum meets regularly with the recognised Trade Unions for the purpose of negotiation, consultation and communication.

In August 2010 the Museum of London was awarded Investors in People status for the first time. This award reflected both the high level of investment made by the Museum in the development of its workforce together with the commitment of its staff.

## **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 2011 and up to the date of approval of the annual report and accounts.

### **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 internal control and corporate governance, for those reviews performed in the financial year.

## **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.

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 by 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 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 & 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 of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Board of Governors required to:

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

- 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;
- 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 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity 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's website.

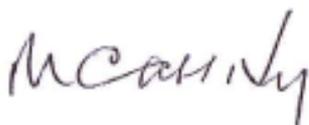
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **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

05 October 2011

## **INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF THE MUSEUM OF LONDON**

We have audited the financial statements of Museum of London for the year ended 31 March 2011 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, the Governors are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's Governors as a body in accordance with 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 annual 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 2011, and of the group's incoming resources and application of resources and group's 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 1993.

### **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 1993 requires us to report to you if, in our opinion:

- the information given in the Governors' Annual Report is inconsistent in any material respect with the financial statements; or
- 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

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

- we have not received all the information and explanations we require for our audit.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

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

Date..... *7 October 2011* .....

**MUSEUM OF LONDON GROUP  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

Expressed in £000		2011			2010	
	Notes	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds	Total Funds
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	3	14,453	8,991	-	23,444	19,459
Activities for generating funds	4	1,944	16	-	1,960	1,585
Investment income	5	41	58	-	99	95
		16,438	9,065	-	25,503	21,139
<b>Incoming resources from charitable activities</b>						
Archaeology trading	6 (A)	6,393	-	-	6,393	7,104
Other	6 (B)	144	13	-	157	213
		6,537	13	-	6,550	7,317
<b>Total Incoming Resources</b>		22,975	9,078	-	32,053	28,456
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
Costs of generating voluntary income	7	912	-	-	912	816
Fundraising trading	7	2,252	-	-	2,252	1,749
		3,164	-	-	3,164	2,565
<b>Charitable activities</b>	7	22,936	3,634	-	26,570	22,758
<b>Governance costs</b>	7	133	-	-	133	98
<b>Exceptional item</b>	7	(5,833)	-	-	(5,833)	68
<b>Total Resources Expended</b>		20,400	3,634	-	24,034	25,489
<b>Net incoming resources before transfers</b>		2,575	5,444	-	8,019	2,967
<b>Transfer between funds</b>	17 (B)	6,212	(6,212)	-	-	-
<b>Other recognised gains/losses</b>						
Gains on investment assets	13	-	43	61	104	592
Actuarial gains/(losses) on defined benefit pension schemes	20	10,306	-	-	10,306	(12,980)
		19,093	(725)	61	18,429	(9,421)
<b>Funds brought forward</b>		14,082	10,980	1,240	26,302	35,723
<b>Funds carried forward</b>	17 (A)	33,175	10,255	1,301	44,731	26,302

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

The notes on pages 29 to 49 form part of these financial statements

**MUSEUM OF LONDON GROUP  
CONSOLIDATED BALANCE SHEET**

Expressed in £000	Notes	2011	2010
<b>Fixed assets</b>			
Heritage assets	11 & 12	8,409	8,956
Other tangible assets	11	50,207	46,928
		<u>58,616</u>	<u>55,884</u>
Investments	13	2,520	2,066
		<u>61,136</u>	<u>57,950</u>
<b>Current assets</b>			
Stock		353	245
Long term contracts	14	218	654
Debtors	14	6,377	6,302
Cash at bank and in hand		6,109	6,877
		<u>13,057</u>	<u>14,078</u>
<b>Current liabilities</b>			
Creditors falling due within one year	15	(7,529)	(7,745)
<b>Net current assets</b>		<u>5,528</u>	<u>6,333</u>
<b>Total assets less current liabilities</b>		<b>66,664</b>	64,283
<b>Creditors falling due after one year</b>			
City of London Corporation	19	<b>(13,093)</b>	(13,686)
<b>Provisions</b>	16	<u>-</u>	<u>(188)</u>
<b>Net assets excluding pension liability</b>		<b>53,571</b>	50,409
<b>Pension liability</b>	20	<u>(8,840)</u>	<u>(24,107)</u>
<b>NET ASSETS</b>		<u><b>44,731</b></u>	<u>26,302</u>
<b>FUNDS</b>			
	17		
<b>Permanent endowment</b>		<b>1,301</b>	1,240
<b>Restricted funds</b>		<b>10,255</b>	10,980
<b>Unrestricted funds</b>		<u><b>33,175</b></u>	<u>14,082</u>
<b>TOTAL FUNDS</b>		<u><b>44,731</b></u>	<u>26,302</u>

The financial statements were approved by the Board of Governors on 05 October 2011

Signed on its behalf by



Chairman of the Board of Governors of the  
Museum of London



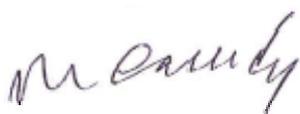
Governor of the Museum of London

The notes on pages 29 to 49 form part of these financial statements

**MUSEUM OF LONDON  
BALANCE SHEET**

Expressed in £000	Notes	2011	2010
<b>Fixed assets</b>			
Heritage assets	11 & 12	8,409	8,956
Other tangible assets	11	50,207	46,928
		<b>58,616</b>	<b>55,884</b>
<b>Current assets</b>			
Stock		-	-
Long term contracts	14	218	654
Debtors	14	7,847	6,622
Cash at bank and in hand		4,635	6,195
		12,700	13,471
<b>Current liabilities</b>			
Creditors falling due within one year	15	(7,240)	(7,591)
<b>Net current assets</b>		<b>5,460</b>	5,880
<b>Total assets less current liabilities</b>		<b>64,076</b>	61,764
<b>Creditors falling due after one year</b>			
City of London Corporation	19	<b>(13,093)</b>	(13,686)
<b>Provisions</b>	16	-	(188)
<b>Net assets excluding pension liability</b>		<b>50,983</b>	47,890
<b>Pension liability</b>	20	<b>(8,840)</b>	(24,107)
<b>NET ASSETS</b>		<b>42,143</b>	23,783
<b>FUNDS</b>			
<b>Restricted funds</b>		<b>5,872</b>	9,711
<b>Unrestricted funds</b>		<b>36,271</b>	14,072
<b>TOTAL FUNDS</b>		<b>42,143</b>	23,783

The financial statements were approved by the Board of Governors on 05 October 2011



Chairman of the Board of Governors of the  
Museum of London



Governor of the Museum of London

The notes on pages 29 to 49 form part of these financial statements

## CONSOLIDATED CASH FLOW STATEMENT

Expressed in £000		2011	2010
Net cash inflow from operating activities	1)	7,852	7,940
Returns on investment and servicing of finance			
Interest and dividends received		99	95
Interest paid		(407)	(783)
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		(7,376)	(9,150)
Additional financial investments at cost		(350)	-
<b>(Decrease) in cash and cash equivalents before financing</b>		<b>(182)</b>	<b>(1,898)</b>
Financing			
(Decrease)/increase of bank overdrafts		-	(2,115)
Repayments of long-term borrowing		(586)	(519)
<b>Decrease in cash and cash equivalents in the year</b>		<b>(768)</b>	<b>(4,532)</b>

## SUMMARY OF MOVEMENT IN CASH AND CASH EQUIVALENTS

EXPRESSED IN £000	BALANCE 1 APRIL 2010	MOVEMENT IN THE YEAR	BALANCE 31 MAR 2011
Cash at bank & in hand	6,877	(768)	6,109
Total cash and cash equivalents	6,877	(768)	6,109

## NOTES TO THE CASH FLOW STATEMENT

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

EXPRESSED IN £000	2011	2010
Net incoming resources	8,019	2,967
Interest and dividends receivable	(99)	(95)
Interest payable	407	783
Pension liability: movement net of actuarial gains	872	304
Pension liability: change in benefits	(5,833)	-
Fixed assets scrapped	160	-
Depreciation	4,484	2,638
<b>Net Operating Income</b>	<b>8,010</b>	<b>6,597</b>
(Increase) in stock	(108)	(62)
Decrease in debtors and long term contracts	361	2,278
Decrease in creditors (excluding loans/overdrafts)	(223)	(737)
(Decrease)/increase in provisions	(188)	(136)
<b>Net cash inflow from operating activities</b>	<b>7,852</b>	<b>7,940</b>

### 2) ANALYSIS OF MOVEMENT IN NET DEBT

EXPRESSED IN £000	BALANCE 1 APRIL 2010	MOVEMENT IN THE YEAR	BALANCE 31 MAR 2011
Cash at bank & in hand	6,877	(768)	6,109
Long term borrowing	(14,271)	586	(13,685)
Total	(7,394)	(182)	(7,576)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1) ACCOUNTING POLICIES**

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

The financial statements have been prepared under the historical cost accounting convention, with the exception of investments which have been included at market value, and comply with the Charities Act 1993 as amended by the Charities Act 2006, the Statement of Recommended Practice Accounting and Reporting by Charities (SORP) 2005 and applicable accounting standards in the United Kingdom.

Consolidated accounts have been prepared for the Museum, which consolidate the financial statements of the Museum of London, the Museum in Docklands (dormant company from April 2009), Museum of London (Trading) Limited, MetroMOLA, 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.

#### **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 is accounted for in accordance with 1J below.

#### **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 accounts. 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 1<sup>st</sup> 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.

Buildings, improvements, renovations and extensions	and Over 5-99 years; the shorter of the expected useful life and the length of the lease.
Furniture, equipment, vehicles and plant	Over 4 years (25%) or the asset's expected useful life if shorter.
Assets under construction	No depreciation is charged until completion.

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

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.

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.

**H) STOCK**

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

**I) RECOGNITION OF LIABILITIES**

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

**J) LONG TERM CONTRACTS**

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 statement of financial activities 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.

**K) 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.

**L) 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 accounts 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 2011 were:

**Museum of London**  
**Annual Report and Financial Statements**  
**Year Ended 31<sup>st</sup> March 2011**

total incoming resources £31.2m (2010: £27.8m), total resources expended £23.1m (2010 : £24.8m), net increase in funds (after actuarial gains) was £18.4m (2010: net decrease of £3.0m).

## 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.

In a Memorandum of Understanding dated 20 February 2003, the Governors of the Museum of London and the Trustees of the Museum in Docklands (a charitable company, limited by guarantee) agreed a management structure which gave the Museum of London the right to exercise a dominant influence over the Museum in Docklands and its subsidiary Museum in Docklands (Trading) Limited. These entities were therefore considered to be subsidiary undertakings. On 1 April 2009, all assets and liabilities of the Museum in Docklands were transferred to the Museum of London and the subsidiary company became dormant. The Museum in Docklands (Trading) Limited became a wholly owned subsidiary of the Museum of London, and was renamed Museum of London (Trading) Ltd. The Museum of London has a £2 interest in the Company.

MetroMOLA Limited was incorporated on 6 May 2010 as a company limited by shares and is a fully owned subsidiary of the Museum of London. Its results are therefore included below.

The results of the subsidiary entities for the year ended 31 March 2011 were as follows:

Expressed in £000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum in Docklands (dormant)	Museum of London Trading	MetroMOLA	Total 2011	Total 2010
Incoming resources	22	36	20	-	1,748	38	<b>1,864</b>	1,230
Resources Expended	(17)	(52)	(16)	-	(1,748)	(68)	<b>(1,901)</b>	(1,195)
Net incoming/(outgoing) resources	5	(16)	4	-	-	(30)	<b>(37)</b>	35
Unrealised gain/(loss) on investments	32	43	29	-	-	-	<b>104</b>	591
Net movement in funds	37	27	33	-	-	(30)	<b>67</b>	626

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

The assets, liabilities and funds of the subsidiary undertakings as at 31st March 2011 were as follows:

Expressed in £000

	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum in Docklands (dormant)	Museum of London Trading	MetroMOLA	Total 2011	Total 2010
<b>Net Assets</b>								
Tangible fixed assets	-	-	-	-	-	-	-	-
Investments	702	1,213	605	-	-	-	<b>2,520</b>	2,066
Current assets	39	117	26	-	1,835	34	<b>2,051</b>	1,039
Current liabilities	(17)	(51)	(17)	-	(1,835)	(64)	<b>(1,984)</b>	(586)
Long term liabilities	-	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>724</b>	<b>1,279</b>	<b>614</b>	<b>-</b>	<b>-</b>	<b>(30)</b>	<b>2,587</b>	<b>2,519</b>
<b>Funds employed</b>								
Permanent endowment	702	-	599	-	-	-	<b>1,301</b>	1,240
Restricted funds	22	1,279	-	-	-	-	<b>1,301</b>	1,268
Unrestricted funds	-	-	15	-	-	(30)	<b>(15)</b>	11
<b>Total funds</b>	<b>724</b>	<b>1,279</b>	<b>614</b>	<b>-</b>	<b>-</b>	<b>(30)</b>	<b>2,587</b>	<b>2,519</b>

### 3) VOLUNTARY INCOME

EXPRESSED IN £000

	<b>MUSEUM OF LONDON GROUP</b>	
	2011	2010
Greater London Authority	<b>9,725</b>	9,512
City of London Corporation	<b>9,122</b>	7,169
Museums and Libraries Association	<b>2,441</b>	1,569
Other grants	<b>221</b>	360
Capital City donations	<b>1,243</b>	819
Other donations	<b>692</b>	30
	<b>23,444</b>	19,459

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

**4) ACTIVITIES FOR GENERATING FUNDS**

**EXPRESSED IN £000**

	<i>MUSEUM OF LONDON GROUP</i>	
	2011	2010
Shops	1,129	814
Private events and functions	746	698
Photographic library	64	59
Licensing	21	14
Total	1,960	1,585

**5) INVESTMENT INCOME**

**EXPRESSED IN £000**

	<i>MUSEUM OF LONDON GROUP</i>	
	2011	2010
Interest on cash balances	34	24
Dividends received	65	71
Total	99	95

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 1.96% in 2011 (2010 2.6%).

**6) INCOME FROM CHARITABLE ACTIVITIES**

**A) ARCHAEOLOGY TRADING SERVICES**

**EXPRESSED IN £000**

	<i>MUSEUM OF LONDON GROUP</i>	
	2011	2010
Private developers	6,393	7,104

**B) OTHER**

**EXPRESSED IN £000**

	<i>MUSEUM OF LONDON GROUP</i>	
	2011	2010
Admission fees	-	99
Other income from charitable activities	157	114
Total	157	213

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

**7) RESOURCES EXPENDED**

<i>MUSEUM OF LONDON GROUP</i>	<b>DIRECT STAFF COSTS</b>	<b>OTHER DIRECT COSTS</b>	<b>SUPPORT COSTS</b>	<b>TOTAL 2011</b>	<b>TOTAL 2010</b>
<b>EXPRESSED IN £000</b>					
<b>Cost of Generating Funds</b>					
Cost of generating voluntary Income	378	399	135	<b>912</b>	816
Fundraising trading	759	1,173	320	<b>2,252</b>	1,749
	<b>1,137</b>	<b>1,572</b>	<b>455</b>	<b>3,164</b>	2,565
<b>Charitable Activities</b>					
Communications	455	545	152	<b>1,152</b>	1,230
Programmes and learning	1,453	2,552	438	<b>4,443</b>	3,743
Galleries and exhibitions	2,205	4,438	1,147	<b>7,790</b>	5,525
Collections	2,668	2,700	1,079	<b>6,447</b>	5,493
Archaeology trading services	4,597	1,742	399	<b>6,738</b>	6,767
	<b>11,378</b>	<b>11,977</b>	<b>3,215</b>	<b>26,570</b>	22,758
<b>Governance</b>	30	95	8	<b>133</b>	98
<b>Exceptional item</b>	-	(5,833)	-	<b>(5,833)</b>	68
<b>Total Resources Expended</b>	<b>12,545</b>	<b>7,811</b>	<b>3,678</b>	<b>24,034</b>	25,489

Governance costs comprise audit fees, other professional accountancy costs, an apportionment of directors' remuneration and other costs and an apportionment of support costs, together with (2011) costs relating to the proposed transfer of the archaeology business MOLA to a separate charity.

**Exceptional items**

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The Museum is in such a public service pension scheme. The Museum's pension literature makes reference to pensions being linked to RPI and as such the change to CPI represents a change to the benefit scheme members can expect to receive. As the CPI is generally lower than the RPI, the implication of this change is that the Museum's projected pension obligation – as calculated for FRS17 purposes - has reduced significantly, as shown by the credit to the fund of £5.8m above.

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

**8) ALLOCATION OF SUPPORT COSTS**

<b>EXPRESSED IN £000</b>	<b>Cost of Generating Funds</b>	<b>Charitable Activities</b>	<b>Governance Costs</b>	<b>TOTAL 2011</b>	<b>TOTAL 2010</b>
<b>MUSEUM OF LONDON</b>					
Finance and administration	134	834	3	<b>971</b>	1,098
Management costs	114	757	2	<b>873</b>	773
Human resources and IT	134	826	2	<b>962</b>	838
Pension liability – finance costs etc	73	798	1	<b>872</b>	304
<b>GROUP TOTAL SUPPORT COSTS</b>	<b>455</b>	<b>3,215</b>	<b>8</b>	<b>3,678</b>	<b>3,013</b>

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

**9) EMPLOYEES**

**STAFF COSTS**

<b>EXPRESSED IN £000</b>	<b>MUSEUM OF LONDON GROUP</b>	
	<b>2011</b>	<b>2010</b>
Salaries and wages	<b>11,555</b>	10,986
Social security costs	<b>913</b>	858
Pension costs	<b>1,365</b>	1,553
Employment agencies	<b>949</b>	906
	<b>14,782</b>	<b>14,303</b>

Governors neither received nor waived any emoluments during the year (2010: see note below). Reimbursements to the Governors of the Museum of London were £nil (2010: £nil).

During the year to 31 March 2010 the Museum commissioned consultancy work on its Diversity Policy from one of the Governors, Mr Mark Palmer-Edgecumbe. The work, judged to have a commercial value of approximately £10,000, was charged to the Museum at £2,500. As the former Head of Global Diversity at Barclays Bank, Mr Palmer-Edgecumbe was judged by the Board to be in the best position to carry out this piece of work for the Museum. There were no amounts outstanding at the end of the year.

**SENIOR EMPLOYEES**

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

	<b>MUSEUM OF LONDON GROUP</b>	
	<b>2011</b>	<b>2010</b>
£60,000 to £70,000	<b>4</b>	2
£70,001 to £80,000	<b>5</b>	4
£80,001 to £90,000	<b>0</b>	4
£90,001 to £100,000	<b>3</b>	0
£110,001 to £120,000	<b>0</b>	1
£130,001 to £140,000	<b>1</b>	0

Retirement benefits are accruing to 12 of the above senior staff under the Museums defined benefit pension scheme.

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

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

	<b>2011</b>	2010
	<b>£</b>	<b>£</b>
Salary (including performance related bonus)	132,594	116,374
Contribution to pension scheme	17,917	15,169

***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:

	<b><i>MUSEUM OF LONDON GROUP</i></b>	
	<b>2011</b>	<b>2010</b>
<b>Cost of Generating Funds</b>		
Costs of generating voluntary income	<b>10</b>	10
Fundraising trading	<b>23</b>	18
	<b>33</b>	28
<b>Charitable Activities</b>		
Communications	<b>10</b>	12
Programmes and learning	<b>34</b>	27
Galleries and exhibitions	<b>84</b>	68
Collections	<b>80</b>	77
Archaeology trading services	<b>155</b>	168
	<b>363</b>	352
<b>Totals</b>	<b>396</b>	<b>380</b>

**10) NET MOVEMENT IN FUNDS**

Is stated after charging:

<b>EXPRESSED IN £000</b>	<b><i>MUSEUM OF LONDON GROUP</i></b>	
	<b>2011</b>	<b>2010</b>
Depreciation	<b>4,484</b>	2,638
Auditor's remuneration:		
Audit fees – current year statutory audit	<b>63</b>	63
Audit fees – non statutory audit of MOLA Financial Statements	<b>4</b>	-

## 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.

<b>MUSEUM OF LONDON GROUP AND CHARITY EXPRESSED IN £000</b>	<b>LEASEHOLD PROPERTY</b>	<b>HISTORIC ARTEFACTS &amp; MUSEUM EXHIBITS</b>	<b>ASSETS UNDER CONSTRUCTION</b>	<b>OTHER ASSETS</b>	<b>TOTAL</b>
<b>Cost</b>					
At 1 April 2010	39,140	14,695	13,969	6,400	<b>74,204</b>
Additions	5,325	20	1,076	955	<b>7,376</b>
Disposals	(290)	-	(26)	(762)	<b>(1,078)</b>
Completed works	9,164	-	(13,832)	4,668	<b>-</b>
At 31 March 2011	<b>53,339</b>	<b>14,715</b>	<b>1,187</b>	<b>11,261</b>	<b>80,502</b>
<b>Accumulated Depreciation</b>					
At 1 April 2010	9,737	5,026	-	3,557	<b>18,320</b>
Charge	1,726	742	-	2,016	<b>4,484</b>
Disposals	(178)	-	-	(740)	<b>(918)</b>
At 31 March 2011	<b>11,285</b>	<b>5,768</b>	<b>-</b>	<b>4,833</b>	<b>21,886</b>
<b>Net book value</b>					
At 1 April 2010	29,403	9,669	13,969	2,843	<b>55,884</b>
At 31 March 2011	<b>42,054</b>	<b>8,947</b>	<b>1,187</b>	<b>6,428</b>	<b>58,616</b>

At 31 March 2011 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.

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

Fixed assets divide into heritage assets and tangible assets.

<b>MUSEUM OF LONDON GROUP EXPRESSED IN £000</b>	<b>HERITAGE ASSETS</b>	<b>TANGIBLE ASSETS</b>	<b>TOTAL 2011</b>	<b>TOTAL 2010</b>
Leasehold property (Museum of London)	-	42,054	<b>42,054</b>	29,403
L'hold property (Museum of Ldn Docklands)	6,811	-	<b>6,811</b>	7,379
Other historic artefacts & museum exhibits	1,598	538	<b>2,136</b>	2,290
Assets under construction	-	1,187	<b>1,187</b>	13,969
Other assets	-	6,428	<b>6,428</b>	2,843
	<b>8,409</b>	<b>50,207</b>	<b>58,616</b>	<b>55,884</b>

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

<b>MUSEUM OF LONDON GROUP EXPRESSED IN £000</b>	<b>2011</b>	<b>2010</b>
150 London Wall	<b>31,224</b>	18,432
Mortimer Wheeler House, Eagle Wharf Road	<b>10,830</b>	10,971
1 West India Quay	<b>6,811</b>	7,379
	<b>48,865</b>	36,782

## 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 1986 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

<b>MUSEUM OF LONDON GROUP EXPRESSED IN £000</b>	<b>2011</b>	<b>2010</b>
<b>Listed investments</b>		
Market value at 1 April	2,066	1,474
Additions at cost	350	-
Unrealised gains on investments	104	592
Market value at 31 March	<b>2,520</b>	2,066
Cost at 31 March	<b>1,159</b>	809
Cumulative unrealised gain at 31 March	<b>1,361</b>	1,257

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 1960. 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 currently stands at approximately 8:92 Charinco:Charishare. All investments are held in the U.K.

<b>MUSEUM OF LONDON GROUP EXPRESSED IN £000</b>	<b>CHARINCO</b>	<b>CHARISHARE</b>	<b>TOTAL 2011</b>	<b>TOTAL 2010</b>
Joicey	44	658	702	612
Mackenzie Bell	126	1,087	1,213	901
London Museum	39	566	605	553
	<b>209</b>	<b>2,311</b>	<b>2,520</b>	2,066

### 14) DEBTORS DUE WITHIN ONE YEAR

<b>EXPRESSED IN £000</b>	<b>MUSEUM OF LONDON GROUP</b>		<b>MUSEUM OF LONDON</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Long term contracts	218	654	218	654
Trade debtors	2,108	1,175	1,902	1,077
Prepayments and accrued income	4,065	4,527	4,047	4,513
Sundry debtors	204	600	204	600
Due from group companies	-	-	1,694	432
	<b>6,377</b>	6,302	<b>7,847</b>	6,622

Included within Trade debtors is a provision for bad and doubtful debts of £131k (2010: £94k). Included within accrued income is £2.6m (2010: £1.5m) of accrued grants from the City of London for capital works.

**15) CREDITORS DUE WITHIN ONE YEAR**

EXPRESSED IN £000	<i>MUSEUM OF LONDON GROUP</i>		<i>MUSEUM OF LONDON</i>	
	2011	2010	2011	2010
Trade creditors	2,127	1,664	2,025	1,571
Accruals	2,936	3,055	2,936	3,052
Debt repayable	592	585	592	585
Sundry creditors	765	766	578	708
Payments in advance	1,109	1,675	1,109	1,675
	<b>7,529</b>	<b>7,745</b>	<b>7,240</b>	<b>7,591</b>

**16) PROVISIONS FOR LIABILITIES AND CHARGES**

EXPRESSED IN £000	<i>MUSEUM OF LONDON GROUP</i>		<i>MUSEUM OF LONDON</i>	
	2011	2010	2011	2010
At 1 April	188	324	188	324
Additions	-	150	-	150
Unused amounts reversed	(188)	(250)	(188)	(250)
Utilised	-	(36)	-	(36)
At 31 March	-	188	-	188

The balance of £188k at 31 March 2010 was a provision for bonuses and some redundancy payments at the Museum of London Archaeology division.

**Museum of London**  
**Annual Report and Financial Statements**  
**Year Ended 31<sup>st</sup> March 2011**

**17) TOTAL FUNDS**

**A) FUNDS ANALYSIS**

<i>MUSEUM OF LONDON GROUP</i> EXPRESSED IN £000	BALANCE AT 1 APRIL 2010	INCOME	EXPENDI- TURE	TRANSFER BETWEEN FUNDS	OTHER GAINS & LOSSES	BALANCE AT 31 MARCH 2011
<b>Permanent endowment funds</b>						
London Museum Trust	570	-	-	-	29	599
Joicey Trust	670	-	-	-	32	702
<b>Total Permanent Endowment</b>	<b>1,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>1,301</b>
<b>Restricted funds</b>						
Museum of London						
Fixed Assets Fund	1,296	-	-	-	-	1,296
Major Projects Fund	1,487	7,777	(2,799)	(6,100)	-	365
Capital City	(1,131)	1,243	-	(112)	-	-
Museum in Docklands						
Heritage Lottery	117	-	(32)	-	-	85
Capital fund	7,907	-	(721)	-	-	7,186
Other restricted funds	36	-	(13)	-	-	23
Trust funds						
Joicey Trust Income Fund	16	22	(17)	-	-	21
Mackenzie Bell Trust	1,252	36	(52)	-	43	1,279
<b>Total Restricted</b>	<b>10,980</b>	<b>9,078</b>	<b>(3,634)</b>	<b>(6,212)</b>	<b>43</b>	<b>10,255</b>
<b>Unrestricted funds</b>						
Designated funds						
Defined Benefit Pension Reserve	(24,107)	-	(872)	5,833	10,306	(8,840)
Fixed Assets Fund	32,760	-	(3,736)	7,426	-	36,450
	8,653	-	(4,608)	13,259	10,306	27,610
General funds						
Museum of London	5,418	22,955	(15,776)	(7,047)	-	5,550
London Museum Trust	11	20	(16)	-	-	15
	5,429	22,975	(15,792)	(7,047)	-	5,565
<b>Total Unrestricted</b>	<b>14,082</b>	<b>22,975</b>	<b>(20,400)</b>	<b>6,212</b>	<b>10,306</b>	<b>33,175</b>
<b>Total Funds</b>	<b>26,302</b>	<b>32,053</b>	<b>(24,034)</b>	<b>-</b>	<b>10,410</b>	<b>44,731</b>

**B) TRANSFERS BETWEEN FUNDS**

***Capital City Fund***

The Capital City project completed during the year with the opening of the Galleries of Modern London in May 2010. Fundraising efforts continued however and included a highly successful end of project Gala Dinner and auction in November 2010 which raised nearly £250k. The fund was finally closed at the end of the year by transfer of the outstanding debit balance to the general reserve.

***Major Projects Fund***

This fund is a mixture of revenue and capital funding, all of it restricted. The two main constituents are firstly capital funding from our two main sponsors the GLA and the City of London Corporation and secondly revenue funding from the Museums and Libraries Association towards Renaissance London. During the year the Museum undertook capital works to the value of £6.1m. As the conditions relating to the capital grants were fulfilled by the execution of the capital works, an equivalent sum was released from the Major Projects Fund and transferred to the General Fund.

***Defined Benefit Pensions Reserve***

As explained in note 7, the switch from RPI to CPI in the calculation of the Museum's future pensions obligation, has resulted in a one off reduction in the projected costs which has been shown in the accounts as an exceptional credit to Other Costs of £5.8m. This amount is then transferred from general reserves into the pensions reserve.

***Transfers within Unrestricted Funds***

The balances on the Museum of London Fixed Assets Funds are maintained so as to equal the net book value of total fixed assets less the outstanding amount of related long-term loans. To achieve this, £7.4m was transferred to the Unrestricted Fixed Asset Fund from the General Fund.

**Museum of London  
Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2011**

**C) ANALYSIS OF NET ASSETS BETWEEN FUNDS**

<b>MUSEUM OF LONDON GROUP EXPRESSED IN £000</b>	<b>Tangible Fixed Assets</b>	<b>Invest- ments</b>	<b>Current Assets</b>	<b>Current Liabilities</b>	<b>Long term Liabilities and Provisions</b>	<b>Pension Liabilities</b>	<b>Total Net Assets</b>
<b>Permanent endowment funds</b>							
London Museum Trust	-	605	-	(6)	-	-	599
Joicey Trust	-	702	-	-	-	-	702
<b>Permanent endowment total</b>	<b>-</b>	<b>1,307</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>1,301</b>
<b>Restricted Funds</b>							
Museum Of London							
Fixed Assets Fund	1,296	-	-	-	-	-	1,296
Major Projects Fund	-	-	365	-	-	-	365
Capital City	-	-	-	-	-	-	-
Museum in Docklands							
Heritage lottery	-	-	85	-	-	-	85
Capital fund	7,186	-	-	-	-	-	7,186
Other funds	-	-	23	-	-	-	23
Trust Funds							
McKenzie Bell	-	-	21	-	-	-	21
Joicey Trust Income Fund	-	1,213	117	(51)	-	-	1,279
<b>Restricted funds total</b>	<b>8,482</b>	<b>1,213</b>	<b>611</b>	<b>(51)</b>	<b>-</b>	<b>-</b>	<b>10,255</b>
<b>Unrestricted funds</b>							
Designated funds							
Defined Benefit Pension Reserve	-	-	-	-	-	(8,840)	(8,840)
Fixed Assets Fund	50,134	-	-	(591)	(13,093)	-	36,450
<b>Designated funds total</b>	<b>50,134</b>	<b>-</b>	<b>-</b>	<b>(591)</b>	<b>(13,093)</b>	<b>(8,840)</b>	<b>27,610</b>
General Funds							
Museum of London	-	-	12,431	(6,881)	-	-	5,550
London Museum Trust	-	-	15	-	-	-	15
<b>General funds total</b>	<b>-</b>	<b>-</b>	<b>12,446</b>	<b>(6,881)</b>	<b>-</b>	<b>-</b>	<b>5,565</b>
<b>Unrestricted funds total</b>	<b>50,134</b>	<b>-</b>	<b>12,446</b>	<b>(7,472)</b>	<b>(13,093)</b>	<b>(8,840)</b>	<b>33,175</b>
<b>Total Funds</b>	<b>58,616</b>	<b>2,520</b>	<b>13,057</b>	<b>(7,529)</b>	<b>(13,093)</b>	<b>(8,840)</b>	<b>44,731</b>

**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 2011 (2010: £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)**

In April 2008 the GLA took over from the Department for Culture, Media and Sport (DCMS) as one of the two main sponsors for the Museum (the City of London Corporation is the other – see below). The GLA is a related party as it has the right to appoint half of the Governing Body. The Museum received grants from the GLA totalling £9.7m (2010: £9.5m) during the financial year ended 31 March 2011. Included in the 2011 figure above is £1.6m of capital funding, of which £181k was unspent at the year end (2010 : £655k)

### **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.

The Museum received revenue grants from City of London Corporation during the year of £5.8m (2010:£5.7m) and capital grants of £3.3m (2010:£1.5m). Of the capital grants, £2.6m was claimed during the year but still outstanding at the year end (2010: £1.5m).

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 2011 the charges for these services were £141k (2010: £285k).

Outstanding loans from COL to the Museum of London totalled £13.7m at 31 March 2011 (2010 : £14.3m). This total includes a balance of £308K on a loan originally made to the Museum of London Docklands (2010 : £349k). Of these loans, £592k (2010 : £585k) is due within one year. The Museum incurred interest charges related to these loans of £407k (2010: £757k).

### **C) 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 2011.

The contributions made by the employer over the financial year amounted to £1,298k (2010: £1,232k). The contribution rate set for the year - variable across Museum divisions - ranged from 12.9% to 15.6%. These rates include a supplementary employers contribution of up to 1.60% (2010 : 1.54%) 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 2011-12 the employer contribution has been set at a maximum of 17.40% including a maximum 1.60% supplementary contribution.

**ASSUMPTIONS**

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

Valuation Method	2011	2010	2009
	%	%	%
RPI Increases	3.5%	3.9%	3.0%
CPI Increases	2.7%	n/a	n/a
Salary Increases	5.0%	5.4%	4.5%
Pension Increases	2.7%	3.9%	3.0%
Discount Rate	5.5%	5.5%	6.7%

The assumed life expectations from age 65 are:

Life expectations (years)	Males	Females
Retiring today	19.1	21.1
Retiring in 20 years	20.9	25.0

**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 2011	ASSETS AT 31 MARCH 2011	LONG TERM RETURN AT 31 MARCH 2010	ASSETS AT 31 MARCH 2010	LONG TERM RETURN AT 31 MARCH 2009	ASSETS AT 31 MARCH 2009
	%	£'000	%	£'000	%	£'000
Equities	8.5%	32,496	8.6%	30,543	8.1%	21,551
Gilts	4.4%	6,581	4.5%	5,656	4.0%	3,210
Other Bonds	5.5%	411	5.5%	377	6.5%	414
Cash	3.0%	1,645	3.0%	1,131	3.0%	1,368
Total Assets (A)	7.6%	41,133	7.8%	37,707	7.3%	26,543
Present Value of Scheme Liabilities		(49,398)		(61,155)		(36,648)
Present Value of Unfunded Liabilities		(575)		(659)		(718)
Total Value of Liabilities (B)		(49,973)		(61,814)		(37,366)
Net Pension (Liability)/Asset (A) - (B)		(8,840)		(24,107)		(10,823)

**Museum of London**  
**Annual Report and Financial Statements**  
**Year Ended 31<sup>st</sup> March 2011**

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

*MUSEUM OF LONDON GROUP*

	2011	2010	2009
<b>Analysis of the amount charged to resources expended</b>			
Service Cost	1,966	1,083	1,416
Curtailment and Settlements	-	19	118
Past service cost	(5,833)	-	(142)
Expected return on Employer Assets	(2,966)	(2,048)	(2,271)
Interest on Pension Scheme Liabilities	3,204	2,522	2,672
<b>Net Resources (Credited)/Expended</b>	<b>(3,629)</b>	1,576	1,793

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*

	2011	2010	2009
Actual Return less expected return on pension scheme assets	(389)	8,372	(6,212)
Experience gains	273	206	-
Changes in assumptions underlying the present value of the scheme liabilities	10,422	(21,558)	6,461
Actuarial (losses)/gains recognised in Statement of Total Recognised Gains and Losses	10,306	(12,980)	249

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

*MUSEUM OF LONDON GROUP*

	2011	2010	2009
(Deficit) at beginning of the year	(24,107)	(10,823)	(9,951)
Restatement of opening balance by actuaries	-	-	(302)
Current Service Cost	(1,966)	(1,083)	(1,416)
Employer Contributions	1,298	1,232	1,223
Unfunded Pension Payments	34	40	35
Past service costs	5,833	-	(142)
Other Finance Income	(238)	(474)	(401)
Settlements/Curtailments	-	(19)	(118)
Actuarial (losses)/gains	10,306	(12,980)	249
(Deficit) at end of the year	<b>(8,840)</b>	(24,107)	(10,823)

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

<b>MUSEUM OF LONDON GROUP (expressed in £ 000s)</b>	<b>2011</b>	<b>2010</b>
Opening defined benefit obligation	<b>61,814</b>	37,366
Service cost	<b>1,966</b>	1,083
Interest cost	<b>3,204</b>	2,522
Actuarial losses/(gains)	<b>(10,765)</b>	21,352
Losses/(gains) on curtailment	-	19
Estimated benefits paid net of transfers in	<b>(1,010)</b>	(1,121)
Past service cost	<b>(5,833)</b>	-
Contributions by Scheme participants	<b>631</b>	633
Unfunded pension payments	<b>(34)</b>	(40)
Closing defined benefit obligation	<b>49,973</b>	61,814

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

<b>MUSEUM OF LONDON GROUP (expressed in £ 000s)</b>	<b>2011</b>	<b>2010</b>
Opening fair value of Scheme assets	<b>37,707</b>	26,543
Expected return on Scheme assets	<b>2,966</b>	2,048
Actuarial gains/(losses)	<b>(459)</b>	8,372
Contributions by employer including unfunded benefits	<b>1,332</b>	1,272
Contributions by Scheme participants	<b>631</b>	633
Estimated benefits paid including unfunded benefits	<b>(1,044)</b>	(1,161)
Fair value of Scheme assets at end of period	<b>41,133</b>	37,707

**History of experience gains and losses:**

<b>MUSEUM OF LONDON GROUP (expressed in £ 000s)</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Difference between the expected and actual return on assets	<b>(459)</b>	<b>8,372</b>	(6,212)
Percentage of Assets	<b>-1.1%</b>	<b>22.2%</b>	(23.4%)
Experience gains/(losses) on liabilities	<b>343</b>	<b>206</b>	-
Percentage of the present value of liabilities	<b>0.7%</b>	<b>0.3%</b>	-
Actuarial (losses)/gains recognised in other recognised gains and losses	<b>10,306</b>	<b>(12,980)</b>	249
Percentage of the present value of liabilities	<b>-20.6%</b>	<b>22.2%</b>	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.

	<b>£ 000s</b>	<b>£ 000s</b>	<b>£ 000s</b>
Adjustment to discount rate	+0.1%	0%	-0.1%
- Present value of total obligation	48,661	49,973	51,325
- Projected service cost	1,423	1,491	1,561
Adjustment to mortality age rating assumption	+1 year	None	-1 year
- Present value of total obligation	48,335	49,973	52,101
- Projected service cost	1,427	1,491	1,583

**Projected Pension Expense for the year to 31 March 2012**

	<b>£ 000s</b>
Service cost	<b>1,491</b>
Interest cost	<b>2,779</b>
Return on assets	<b>(3,158)</b>
<b>TOTAL</b>	<b>1,112</b>
Employer contributions	<b>1,178</b>

**21) POST BALANCE SHEET EVENT**

On 01 November 2011 the assets, liabilities and trading activities of the Museum's archaeology division, Mola, are scheduled to be transferred as a going concern into an independently constituted charity.

Due to the closeness of the proposed transfer to the date of signing of these accounts, it is not possible to accurately estimate the financial impact of the transfer on the Museum. In the year to 31 March 2011 however, the division generated revenues of £6.4m and made an operating profit (before allocated support costs) of £120k. The closing balance sheet for the division as at the 31 March 2011 was as follows :

**Mola Balance Sheet as at 31 March 2011**

<b>Net Assets</b>		<b>Funding</b>	
Tangible fixed assets	57	Long term loans	667
Net current assets	549	Reserves	(61)
	<u>606</u>		<u>606</u>