

Registered Charity No: 1139250

# MUSEUM OF LONDON

**Governors' Report and  
Financial Statements for the year ended  
31 March 2020**

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## CHAIR'S STATEMENT

The end of 2019/20 saw an unprecedented situation for the museum, our staff, communities and collections – along with the whole of London and the UK – following the outbreak of the COVID-19 pandemic. Our museum sites closed on Thursday 19<sup>th</sup> March 2020. At the time of writing, this period of significant upheaval continues as we all grapple with this global crisis and the possible implications for the museum are reviewed in this report. Against this backdrop of uncertainty it is heartening to be reminded of our past activities as we review another successful year during which we engaged with over a million people. We continue to look far forward, with growing excitement, to opening our new home in West Smithfield.

In December 2019, we reached a significant milestone for the project to relocate the Museum of London. The planning application to create a new world-class museum within a series of historic market buildings in West Smithfield was submitted to the City of London Planning Committee and given the green light on 23<sup>rd</sup> June 2020. The application submission followed a comprehensive programme of public consultation which demonstrated overwhelming support to build a new museum for London. Funding support goes from strength to strength and we recently launched our new £1m giving club, the Founders' Circle, with the aim of moving us ever closer to our £70m target.

We continue to work closely with our funders, the City of London Corporation, Greater London Authority, and Arts Council England. It is through these partnerships that we continue to support important cultural strategies for London.

A particular highlight from our packed public programme this year was our *Secret Rivers* exhibition which drew over 59,000 visitors to Museum of London Docklands.

I continue to be grateful for the guidance of my colleagues on the Board of Governors. This year we said a heartfelt thank you to Tom Hoffman for his dedicated long service as his term of office came to close. I was delighted to welcome Tijs Broeke, Common Councillor for the Ward of Cheap, to the Board and to confirm the reappointment of both the Rt Hon Lord Paul Boateng and Alderman Alison Gowman for a further term each for a further term each.

On behalf of the Board my sincere thanks go to the Museum of London staff and volunteers, and to Sharon Ament and her Executive Board. They have all performed magnificently through the recent periods of upheaval.

Although we face an uncertain year ahead, we do so from a place of great strength.

Clive Bannister,  
**Chair, Museum of London Board of Governors**

## FOREWORD BY SHARON AMENT, MUSEUM DIRECTOR

We have much to celebrate this year despite that in recent months our world has been turned upside-down. As we witness the global pandemic, we have become more convinced of the need for a new museum that is responsive to the world around it. The new museum will be London's shared place in the middle of it all where all the city's stories will cross and collide.

Delivering two vibrant museums today provides insight and platforms for experimentation that will create a successful model for the future when we open in West Smithfield. With the appointment of award-winning international designers Atelier Brückner to develop our permanent displays – *Past Time* – in the General Market, pace continues on the project. Behind the scenes teams undertake a huge variety of activity including preparations for moving over 470,000 objects, as well as auditing, barcoding, assessing items and packing on a truly impressive scale.

Strong partnerships added depth to our compelling programme, from immersive experiences at Beasts of London with Guildhall School of Music and Drama to the launch of Memories of London with the Greater London Authority and Alzheimer's Society. We launched Listening to London supported by the Esmée Fairbairn Collections Fund, increasing the accessibility of our oral history collection, and introduced the first Fusion Prize through Culture Mile Learning.

Evolving our curatorial and collecting practice is turning passive consumers into active participants as we enhance the London Collection. The second year of *Curating London*, supported by Arts Council England, saw projects such as *Weaving Diaspora* where young British-Bangladeshi women explored issues of dress and identity, and *Collecting Ends* where young people from disadvantaged backgrounds in Kensington developed curatorial and technical skills.

The incredible range of activity could not happen without teams of people working tirelessly to provide the best experience for our visitors and stakeholders. Whether dealing with flash flooding, adding 300 titles to the library catalogue or managing venue hire enquiries, our staff and volunteers are the heart of the museum. It is pleasing therefore that we were awarded the Good Work Standard by the Greater London Authority and to see our Stonewall ranking improve greatly each year.

While the impacts of COVID-19 are still developing they are having a significant effect on our operations, staff and volunteers. We hope that these effects will be relatively short-lived and as we look forward into a dramatically altered cultural landscape we strive to ensure our doors stay open both physically and virtually to share the inspiration of our collections and the history of this great city. The commitment to our purpose and vision remains undiminished.

Sharon Ament  
Director, Museum of London

## GOVERNORS' ANNUAL REPORT

### GOVERNING OBJECTS AND PUBLIC BENEFIT

Our principal governing document 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 as set out in legislation.

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

As entrance to the Museum of London and Museum of London Docklands is unrestricted and is free, 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. Governors believe that the remaining requirements of disclosure placed on charities by the Act are met with the Governors' Report set out below.

### STRATEGIC OBJECTIVES

Our Strategic Plan 2018–2023 sets out five objectives for the period that have guided all that we do:

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

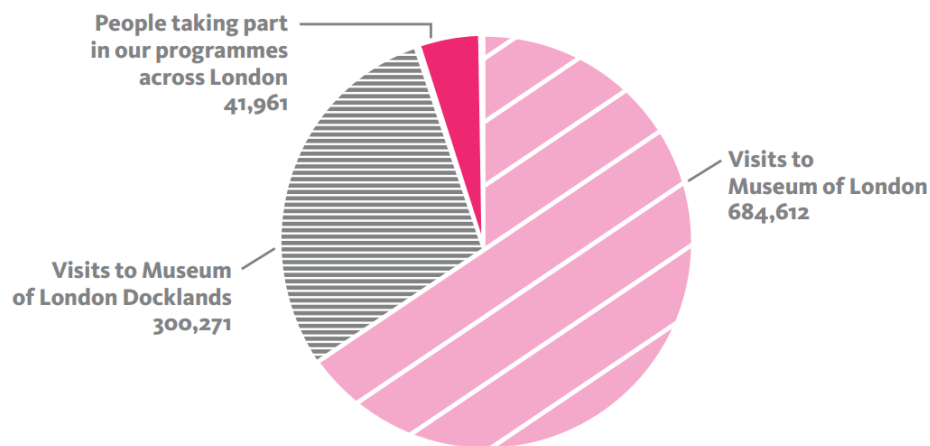
Notwithstanding the substantial impact of Covid-19 during the last quarter of the year and beyond into 2020, this report highlights our significant achievements across 2019/20. This is despite having to close our sites 12 days before the end of the financial year due to government restrictions causing major disruption to planned work.

In 2019/20 we have delivered our objectives through:



Engaging over 1 million people visiting our museums or taking part in programming across London

### Engagement in 2019/20



- This year 684,612 visits were made to the Museum of London, an increase of nearly 2% on the 2018/19 performance (671,808 visitors). Museum of London Docklands received 300,271 visits, broadly in line with our 2018/19 performance (300,402).
- Significant activity also took place ‘out and about’ in London. 7,750 people visited the *Smithfield Street Party: A Beastly Adventure*, full of music, circus performances, beastly workshops and games. A further 34,211 people also participated in schools, families and adult programmes that took place outside of our buildings.
- We continue to ensure our visitors have an outstanding time. Our rolling research showed 98% of Museum of London and Museum of London Docklands visitors rated their visit as good or excellent.



Creating compelling public programming with distinctive content about London and its people

A rich and varied programme was on offer for our audiences, with imaginative exhibitions and events designed to appeal to the interests of different visitors. Every year is different and highlights from 2019/20 are captured below. These are in addition to our regular gallery tours, ‘objects in focus’ sessions and walking tours.

## Museum of London

**MAJOR EXHIBITION:**  
**BEASTS OF LONDON**

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Fully immersive digital installation examining the fascinating role animals have played in shaping the capital narrated by the beasts themselves. Created in partnership with Guildhall School of Music & Drama.

**5 April 2019 – 7 January 2020**

**EXHIBITION:**  
**THE CLASH:**  
**LONDON CALLING**

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Marking the 40th anniversary of its release, this free display celebrated a truly London album that became one of the most influential of all time.

**Opened 15 November 2019**

**EVENTS:**  
**TRIBUTE TO DREAD**  
**BROADCASTING CORPORATION**

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Series of events, as part of Culture Mile, documenting the history and legacy of the first black-owned radio station in Europe and the first UK pirate radio station to broadcast reggae, lovers rock, African, soul and funk.

**EVENTS:**  
**LGBTQ+ HISTORY MONTH**

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A series of walks, talks and events highlighting the heritage of lesbian, gay, bisexual and trans Londoners through stories from our collections.

## Museum of London Docklands

**MAJOR EXHIBITION:**  
**SECRET RIVERS**

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Discovering the hidden histories and secrets of London's rivers and tributaries through art and archaeology with mudlarking, photography and film.

**24 May – 27 October 2020**

**EXHIBITION:**  
**THE KRIOS OF SIERRA LEONE**

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A display exploring the unique and largely untold history, heritage and culture of the Krio people of Sierra Leone.

**Opened September 2019**

**IDENTITY FESTIVAL:**  
**WEAVING DIASPORA**

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Discussing the relationship between dress and identity with young British-Bangladeshi women in Tower Hamlets, capturing oral histories, celebrating traditional skills and developing creative responses to their community and culture.

**FAMILY FESTIVAL:**  
**SUGAR FAMILY FESTIVAL**

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Investigating the history of the Dockland's warehouse with a range of activities focusing on the history of sugar in relation to the transatlantic slave trade.

Museum of London

**FAMILY FESTIVAL:  
SMITHFIELD STREET PARTY  
A BEASTLY ADVENTURE**

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Smithfield Market transformed into a paradise with a fantastical, free summer party full of music, circus performances, workshops, games and play, attended by over 7,700 people.

Museum of London Docklands

**EVENT:  
REDUCE, REUSE, RECYCLE  
WITH THE CLANGERS**




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We teamed up with Big Fish Little Fish to bring an award winning family rave to Docklands with multi-sensory dancefloor delights and child chill out zone.



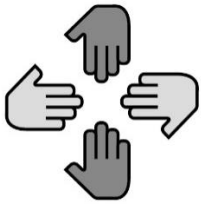
Connecting with more people beyond our walls using digital and media presence

Over 2.6m people visited our website and our social media audiences grew to:

	120,730 (+5,284)		162,969 (+16,226)		66,069 (+14,926)
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- Museum of London stories featured in 4,042 pieces of media coverage, with our hope to acquire both the Trump Baby and Sadiq Khan blimps as part of our permanent collection particularly piquing the public’s interest.
- We published 52 articles on different London topics through the Discover section of our website. These were viewed over 505,911 times with most viewed subjects being Suffragette hunger strikes, the Great Fire of London and *FatCam!*, watching the famous Whitechapel fatberg in real-time.
- This year we celebrated London’s first Borough of Culture with a series of photographs featuring Waltham Forest mums-to-be and highlighting their connection to the local area, positioned on hoardings all the way round our future home in West Smithfield.
- British-Somali poet Mohamed Mohamed captured on film his travels through the deserted streets of London on Christmas Day, reaching just under 300,000 people on Facebook as well as generating extensive media coverage.
- The Museum teamed up with BBC Radio 6 music to promote *Dub London* festival which sold out, attracting an enthusiastic audience.





## Developing our relationship with Londoners and shaping the new museum

- 289 volunteers contributed their time and skills with us in many different ways over the year.
- In June 2019 we launched our *Talking Point* prototype gallery which allowed us to consult visitors and test proposed content for the new museum. We saw a total of 2,624 engagements including 434 in-depth conversations.
- Our Memories of London pilot programme in partnership with the Greater London Authority and Alzheimer's Society reached 865 people, at all stages of dementia, with their professional and family carers. We also trained 84 Dementia Friends across the museum team. Our intergenerational projects brought school pupils and families with children under five together with people living with dementia.
- We began our two year community-led research project funded by the Esmée Fairbairn Collections Fund to explore the oral history collection which will see 96 volunteers working over 18 months to interpret the collection and share the findings, ensuring Londoners voices are heard loud and clear in the new museum.
- We hosted our largest ever intake of summer work experience placements hosting 43 students across 12 museum departments. In partnership with the Borough of Islington's Virtual School we also developed a work experience programme for children living with foster carers, or who were in supported residential settings.



## Connecting young Londoners to their city and each other through outstanding schools and families programmes

- A total of 141,517 schoolchildren enjoyed our varied and creative cross-curricular schools programme and we engaged pupils from schools in every London borough.
- Highlights included programming developed for Black History Month – our outreach programme reached over 8,100 students in 14 London boroughs celebrating black African and Caribbean Londoners through time.
- We continued to lead Culture Mile Learning, working with the City of London Corporation and bringing together 26 diverse organisations establishing Culture Mile as a learning destination and to develop the creative, communication, problem-solving and digital literacy skills of young people, especially those from disadvantaged backgrounds. This year we saw the launch of the Culture Mile Fusion Prize, a public call for ideas to use creative activity to develop fusion skills in young Londoners, with a prize of £50,000 to pilot the winning proposal.
- Imaginative programmes for children and their families that explored different aspects of London's history were enjoyed by 47,160 people.

- Community-orientated family festivals and events continued to be popular with our first ever 'escape room' themed around our *Beasts of London* exhibition and the Lord Mayor's Show family festival attracting 3,000 visitors.



## Building the London Collection and telling London's stories

This year 56 new acquisitions, representing a total of 108 individual objects, were added to the *London Collection* including:

### Syd's Coffee Stall

Founded in 1919 by First World War veteran Sydney Edward Tothill, Syd's Coffee Stall has been an East End institution for over a hundred years. Closing its shutters for the last time in Shoreditch in December 2019 it was transferred into the stored collections ready for display at the new museum to educate and delight future audiences.



### Samuel Pepys' Silver Salver

A silver trencher plate which was, until recently, unrecognised as bearing the arms of the famous 17<sup>th</sup> Century diarist and one of only three items of silver plate known to have belonged to Pepys in his personal collection. It is exceptionally rare to be able to identify the maker and owner of a plate from this period. The fact that it belonged to Samuel Pepys, one of the most celebrated figures in literary and English history, makes it even more special. The silver plate is now on display in the War, Plague and Fire gallery.



### Voided Vessel XV

This sculpture by internationally renowned artist Eleanor Lakelin was formed from a horse-chestnut tree felled in the grounds of Dulwich College due to climate change. Since 2011 she has concentrated on the vessel form and her sculptural objects are created using a traditional woodworking lathe and centuries-old chisels and gouges alongside modern carving techniques. Working with trees grown in Britain and felled due to decay her work encourages us to look at the complexities of nature with a new perspective.



### 1960s Kipper Tie

One of the latest acquisitions was a 1960s Kipper Tie from the store Mr Fish. Michael Fish was one of the main designers of the 'peacock revolution' and designed clothes for Mick Jagger and David Bowie among others.

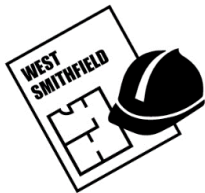


- We utilise the *London Collection* and our content in many different ways. We loaned 90 objects to 17 venues across London, the UK and internationally. We answered over 3,367 public enquiries about our collections. We reached 2,517 university students through our higher education programmes.
- Our contemporary collecting project, *Curating London*, moved into its second year and we collected 52 oral history videos through our *Brexit Talks* programme. We commissioned a film project *We The People* exploring the themes of activism and community, past and present, using community-engaged practice in Lambeth.
- Looking ahead to planning for the new museum in Smithfield, our loans out programme officially closed in December 2019 but not before we made key final loans, such as Anna Pavlova's Dying Swan dress to the Fashion Institute of Technology in New York.
- In March 2020 we launched a display of a new long-term loan, the jewelled and enamelled brooch once owned by suffragette Millicent Fawcett in collaboration with the Fawcett Society.



## Generating income through our activities, enabling us to do more and have greater impact

- This year our Enterprise activities, including our shops, cafes, restaurants and venue hire business, generated income of £2.8m, an increase on 2018/19 income. A further £0.4m of revenue was generated through visitor-related activities such as encouraging onsite donations and purchases of guidebooks.
- Interplay between content and enterprise was strengthened this year with strong retail ranges complementing our offer, in particular with record sales and strong conversion rates for *The Clash: London Calling* at London Wall and *Secret Rivers* at Docklands.
- We continued to offer our very successful corporate hire and event packages including our themed 'Frost Fair' Christmas packages. Other commercial highlights included a family friendly Victorian Santa's Grotto and our Liquid Late event, which opened the doors after hours for a special look at the *Secret Rivers* exhibition with workshops and refreshments.



## Progressing our plans to create a new museum for London

- A landmark moment for the project this year was the submission and validation of the planning application which encompassed a total of 58 documents. Throughout the summer we undertook a significant public consultation with displays, models and special events and gathered over 570 overwhelmingly positive responses to our proposals.
- Over a weekend in September 2019 we opened up the General Market as part of *Open House* which saw 1,800 people explore the site, a unique experience to see our future home which has been closed to the public for 25 years.
- The architectural designs continued to take shape as we completed RIBA Stage 3 (Developed Design) and entered RIBA Stage 4 (Technical Design).
- Internationally renowned exhibition designers Atelier Brückner were awarded the contract to design the major Past Time gallery.
- In a significant moment, we also commenced Early Works in January 2020 on the site itself in West Smithfield. This work focuses on any structural repairs or conservation work required on the buildings.
- With our focus firmly on the delivery of our biggest ever capital fundraising campaign our total at the end of 2019/20 stands at £27.26m.

## 2019/20 KEY PERFORMANCE INDICATORS

Area of activity	2018/19 Actual	2019/20 Target	2019/20 Actual
Visits made to Museum of London	671,808	725,000	684,612
Visits made to Museum of London Docklands	300,402	315,000	300,271
Visits to the <i>Beasts of London</i> exhibition		120,000	70,836
Visits to the <i>Secret Rivers</i> exhibition		40,000	59,536
Schoolchildren visiting the museum or taking part in our schools programme	153,699	143,000	141,517
People taking part in family events and activities	55,805	54,000	47,160
Visits to the museum website	2.2m	2.3m	2.6m
Media articles generated	3,677	4,000	4,042
Trading income generated	£2.7m	£3.3m	£2.8m

## FUTURE PLANS

- The year ahead will require a flexible and bold response as we evolve our working practices to serve our communities and collections in new ways. We will review and refine all our activity to operate in line with government restrictions, evolving our approach as the situation develops.
- We will focus on returning to welcoming visitors to our buildings, providing a safe and inviting environment to the public and our staff.
- London's cultural landscape will change but our focus on delivering our major new museum project will continue. The major milestone will be the grant of planning permission, completion of procurement for a series of construction contracts and starting structural works on site. Gallery content development work remains the primary focus of our curatorial and collections teams and two further exhibition designers will be appointed.
- We will adapt our public programme, including temporary exhibitions, learning programmes and content delivered via digital channels, to take account of the Covid-19 impacts.
- We will continue to work with our core partners to deliver programmes in the new and evolving cultural landscape. *Curating London* will enter the third year of the innovative contemporary collecting and engagement programme supported by Arts Council England. We will continue to work closely with the City of London Corporation and the Greater London Authority on education, culture, creating a destination through Culture Mile and shaping a new museum for London.

However, the effects of COVID-19 may affect much of this and plans are continually reviewed and changed as circumstances dictate.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Incorporation and status

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

As at 31 March 2020 the museum had 4 subsidiaries: Museum of London (Trading) Ltd, and the London Museum, Joicey and Mackenzie Bell Trust Funds and therefore presents consolidated financial statements.

The reference and administrative details on pages 57 to 59 form part of this report.

### Governor recruitment, appointment and induction

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

The Chair is recruited in line with best practice Charity Commission guidelines and is appointed by the Board. When Board vacancies arise, the Chair of the Board is responsible for advising the GLA and the City of London Corporation of the needs of the museum with a view to ensuring a proper balance of expertise, including professional and financial expertise, and that the balance of GLA and City of London Corporation appointments is maintained.

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

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

### Organisational structure

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

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

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

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

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

### **Key management personnel**

All Governors give of their time freely and no Governor received remuneration in the year. Details of Governors' expenses and related party transactions are disclosed in Note 10 to the accounts. The pay of the key management personnel is reviewed and benchmarked annually by the Remuneration Committee. Key management personnel are set objectives based on the museum's strategic plan. Annual performance is assessed against these objectives and is reviewed by the Remuneration Committee and used to set pay levels and any performance related bonuses. The Chairman of the Board of Governors undertakes the performance assessment for the Director. Due to the financial impact of Covid-19, Executive Board members have agreed to waive performance related payment for the financial year 2019/20 which would have been paid in 2020/21.

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

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

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

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

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

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

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

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

### **Relationships with related parties**

Governance is primarily exercised through the Board of Governors appointed by the museum's two principal funders. Meetings are also held with officers of the City of London Corporation and the GLA to consult on the business plan and review progress. The City of London Corporation is the museum's landlord at its premises at London Wall and Eagle Wharf Road, and supplies various services to the museum. In addition, two of its officers are appointed as the Secretary and Treasurer to the museum, as required by the Museum of London Act 1965. Note 21 to these financial statements includes details of the museum's transactions with the GLA and the City of London Corporation and other related party transactions.

## Fundraising Practices

The Museum of London's Development function is strategic and is represented at the most senior management level at the Executive Board; it has a close working relationship with the Board of Governors and the Chairperson. The team conduct a range of fundraising activities which support the organisational plans and needs. No professional agents are used for fundraising, and staff fundraisers are trained to act in accordance with agreed standards and guidelines. The Board of Governors receive regular reports on all fundraising activity as part of their statutory responsibilities.

No fundraising complaints were received the museum in the financial year 2019/20.

The museum pays the levy for, and is registered with the Fundraising Regulator, and our fundraising standards and guidelines are aligned with the Regulator's Code of Fundraising Practice.

## Human Resources

As at 31 March 2020, we employed approximately 280 staff across our three sites, and engaged with 261 volunteers in the financial year 2019/20.

As set out in our Strategic Plan (2018–2023), we are at the outset of a process of transforming ourselves. Over the coming years, we aspire to become more people-centred (in the sense of visitors and the other people we serve), open, diverse, creative, impactful and sustainable. We recognise that our success in achieving this ambition depends fundamentally on the skill, commitment and engagement of our staff and volunteers.

This year we implemented the second year of our People Strategy to 2021, and we continued to work against five strategic objectives linked to our overall organisational objectives. Here's some of our achievements over the last year:

- **Transforming ourselves:** We recognise the need to transform ourselves – our workforce make-up, skills, structures, and ways of working. This year, we implemented our new organisational core behaviours into recruitment and performance management, helping to define our desired organisational culture. We developed and implemented principles for our staff diversity networks to ensure fairness and consistency, and ran our first staff survey to measure engagement and identify areas for development.
- **Resourcing and retention:** We recognise that our exceptional staff and volunteers are key in bringing experience and expertise to the task of implementing our strategic plan. This year, we reviewed our recruitment processes and systems to ensure we are attracting and selecting as diverse and high calibre candidates as possible, began our first intake of apprentices, and evaluated our local induction process to improve it.
- **Development and talent management:** We want to value our people by ensuring they experience excellent line management and that a variety of high quality and cost-effective learning opportunities exist. We have improved the levels of attendance of our mandatory training, successfully run a sector wide mentoring programme, developed and implemented a volunteer strategy, and introduced a management development programme to ensure all our staff receive high quality management.
- **Wellbeing and employee relations:** We recognise that we will perform better when our people are healthy, motivated and focused. This year we developed and implemented an annual calendar of internal and external wellbeing and diversity related events based on noteworthy dates.



- **HR systems and processes:** We want to ensure that we have systems and processes fit for a 21st century museum to provide a secure and efficient infrastructure in which to support our people. This year we implemented our first manager survey to monitor levels of satisfaction with the service provided by the team, moved to paperless working, and overhauled our 'People' pages on the Intranet to ensure that all staff and managers can access the information they need easily.

## FINANCIAL REVIEW

The results for the year are set out on the Statement of Financial Activities (SOFA) on page 29. Due to the significant impact on the results of non cash items of pension accounting and depreciation, it is important to review the Consolidated Cash Flow Statement on page 32 alongside the SOFA and the Balance Sheet on page 31. The table below strips out these transactions to provide an alternative view of the financial results of the Group, showing that in the year income was £2.8m higher than expenditure.

<b>MUSEUM OF LONDON GROUP Expressed in £'000</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2020</b>	<b>Total 2019</b>	<b>Variance to prior year</b>
<b>Per Group SOFA</b>					
Total Income and Endowments	18,576	19,375	<b>37,951</b>	32,466	5,485
Less: Total Expenditure before (losses) / gains on investments	23,369	17,934	<b>41,303</b>	36,671	(4,632)
	(4,793)	1,441	<b>(3,352)</b>	(4,205)	853
<b>Add back:</b>					
Pension service cost and interest	2,764	-	<b>2,764</b>	3,024	(260)
Depreciation and disposals	3,413	-	<b>3,413</b>	3,675	(262)
<b>Adjusted Operating Results <sup>[1]</sup></b>	<b>1,384</b>	<b>1,441</b>	<b>2,825</b>	<b>2,494</b>	<b>331</b>

<sup>[1]</sup> Excluding Gains / (losses) on investments, Transfers between funds and Actuarial gain on defined benefit pension schemes.

Total Group Incoming Resources were £38m during the year (2019: £32.5m). The increase from the prior year includes an increase of £5.6m in New Museum project grant funding and donations as the project proceeds through the design phase and early works start on site.

The museum's main sources of funding were the Greater London Authority and the City of London Corporation, which together contributed 86% of the group's donations, grants and legacies revenue funding (2019: 85%). Other grants and donations included £1.4m from Arts Council England (2019: £1.4m). Group expenditure on raising funds and charitable activities was slightly higher than the prior year across various areas and includes £2.8m on pension service costs (2019: £3m) and £3.4m on depreciation (2019: £3.7m). The pension service cost is essentially the estimated cost to the employer of the benefits accruing over the accounting period, based on actuarial assumptions.

Trading activities, comprised primarily of venue hire and catering, plus events and two retail outlets, generated revenue of £3.1m (2019: £3.1m). All commercial trading is carried out through the museum's trading subsidiary, The Museum of London (Trading) Limited.

The Museum of London recorded an operating surplus (before transfers) on its unrestricted free reserves (general fund) of £0.9m (Note 18A “General Reserves – Museum of London”) (2019: £1.1m).

The Governors reviewed the museum’s financial plans in March 2020 as part of their normal annual review and budget setting process, as well as our principal financial risks. At that time, they were satisfied that the museum had sufficient resources to continue operating for the foreseeable future and accounts have been prepared in the knowledge that the museum is a financially viable organisation. Since then, the effect of COVID-19 has also been assessed by the Governors at a number of points, in April, July and October, reviewing the financial forecasts and underlying assumptions, e.g. visitor numbers and grant income, for the financial years to 31 March 2021 and 2022. Impacts of closure and ongoing social distancing means fewer visitor numbers and reduced self-generated income. The reduction in income has been partially mitigated by furloughing staff, implementing a recruitment freeze and deferring projects. Despite making significant savings, further difficult decisions were taken to make a revised pay award and to commence a programme of restructuring, which was announced in October 2020. The Governors will continue to review plans with the museum’s Executive Board to make further necessary changes to retain our free reserves within the Reserves Policy stated below.

## **Financial reserves**

After transfers from restricted and designated funds and other losses, the Museum of London’s total general reserves stood at £7.0m at 31 March 2020 (2019: £7.3m). The group’s restricted funds were £9.7m at 31 March 2020 (2019: £8.7m) and the group’s designated funds, excluding the Defined Benefit Pension Reserve, were £24.8m at 31 March 2020 (2019: £26.3m). The designated funds are largely comprised of the Fixed Assets Fund, which is being used to fund future depreciation of those assets acquired from unrestricted funds. The group’s cash balances and cash flow forecast remain adequate for its needs and total group funds carried forward at 31 March 2020 were £1.9m (2019: £2.4m). However, the Governors are aware that the current economic climate and future uncertainty in relation to all income streams require this assessment to remain under review.

The pension deficit calculated in accordance with Financial Reporting Standard 102 (FRS 102) has decreased in the year to £41.2m (2019: deficit of £41.7m). See Note 22 for further details. Changes in financial assumptions include an actuarial gain of £3.3m (2019: actuarial gain of £0.7m). Despite the actuarial gain, the pension service costs and the pension deficit has continued to contribute to the negative unrestricted reserves and the negative balance sheet in the Museum of London. However, this is not indicative of any pension liability that is expected to crystallise in the short term as it represents the accounting valuation of the scheme under FRS 102 rather than the level of future contributions to be paid. This is explained in more detail below.

The Museum of London’s pension scheme is part of the City of London Corporation’s scheme and the Museum of London’s deficit is largely proportional with its share of total assets in the fund (approximately 7%). The museum’s pension contribution rates are reviewed every three years, after an actuarial valuation in which the surpluses and deficits may be measured differently to the FRS 102 valuation, in accordance with the museum’s accounting policy as described in Note 1 (J). The

triennial funding valuation is used to set the required level of contributions to be paid and reflects a longer term view of the level of employer contributions required to ensure the assets are sufficient to meet the liabilities. At October 2019, the total fund had contributions set at a level to meet the deficit in 14 years. The next funding valuation is due in 2022.

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

## **Investment policy and performance**

The capital funds of the Trust Funds are invested in Blackrock Charities UK Equity Fund (until 6 December 2019: Charishare Common Investment Fund). 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 2020 there was a decrease in carrying values. Total income received over the year was in line with receipts in previous years. Available cash balances held by the Museum of London and its subsidiary undertakings are placed within the City of London Corporation's account and with Lloyds Bank.

## **Going concern**

The principal material uncertainty currently facing the organisation is the impact of the ongoing global COVID-19 outbreak. The Governors and Executive Board continue to monitor the outbreak, including UK Government advice, and acknowledge that the organisation faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the organisation is in a financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on the charity's activities and the effect this may have on the organisation's supporters and beneficiaries. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our charitable objects continue to be met.

The COVID-19 epidemic has reduced income from both UK based and international visitors and commercial activities. The longer-term effect on these income streams is not yet determined. The capacity for government to fund the cultural sector may also be affected and potential economic uncertainty resulting from Brexit may compound the issue further. Impacts would be that income from visitors and commercial activity may continue to be reduced in the longer-term, and grants paid by government to the museum may be reduced.

The new museum project is a £337m investment, the opening date of which is being considered in the light of COVID-19, with the London Wall museum estimated to close two years in advance of the opening to allow for the transition of artefacts; this was expected to be July 2022. The project is funded by drawdowns in advance from the City of London Corporation and where we act as an agent for the City of London Corporation. The cash outflows over the coming two years are expected to be circa £100m (although these are dependent on the programme and may change), matched against a combination of grant income from the City of London Corporation and the Greater London

Authority, and the museum's fundraising campaign. Given the current economic environment facing potential donors, uncertainty exists over these amounts. We are also reliant on the project being closely managed during this period to prevent delays and increases to the cost base for the project. Controls are in place to mitigate these risks.

The key factors in our assessment are:

- The museum has confirmed funding from our statutory grant funders until March 2021, although the position after that is less clear. The funders have a statutory obligation to fund the Museum beyond March 2021, however the quantum of these grants is uncertain until the current round of budgeting has completed. The museum is forecasting 2021/22 funding equivalent to 2020/21 grants.
- The museum plans to remain open whenever the government guidance allows, however on a reduced capacity basis for the foreseeable future. Being open to the public Wednesday through to Sunday (for 35 hours), and closed Monday and Tuesday apart from school visits.
- ACE has extended by a year to 2022/23 – £1.1m per annum for National Portfolio Organisation funding and £0.25m per annum for Sector Support Organisation funding.
- A plan for cost reductions is being enacted for the year ending March 2021 and planning is underway for future years.
- The museum has invested in its management capability and has a Board of Governors that brings expert expertise.
- The museum has robust financial modelling procedures that allow it to deal with changing assumptions.
- The museum's strategic plan contains a key objective to move to a new site at West Smithfield where the opportunities for growth in visitors and self-generated income will be greater after the planned opening.
- The City of London Corporation and GLA have confirmed their commitment to the New Museum project and funding is being drawn down. None of the philanthropic funders have withdrawn pledges and National Lottery Heritage Fund has confirmed approval at Stage 2 of £5m.

On the basis of the above and the assumption that grant in aid from our statutory funders (the City of London Corporation and the GLA) will be at least in line with 2020/21, Governors believe that the museum has put in place a robust structure that, in conjunction with the prudent reserves policy explained below, will allow it to manage the foreseeable risks to the organisation. There is a risk that the Museum could require further funding due to a further decline in visitor numbers and uncertainty over grant in aid. On this basis there is considered to be a material uncertainty which may cast doubt over the museum's ability to continue as a going concern. However, the Board has reviewed the Museum's cash flow forecasts and believes it has sufficient cash flows for the next twelve months. As such, the Governors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the Museum was unable to continue as a going concern. Further detail is included in Note 1a to the accounts.

## **Reserves policy**

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

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

The museum:

- Fails to generate satisfactory revenues from its activities.
- Fails to secure sufficient grant income as a result of continued cuts in government spending.
- Suffers a sudden failure of building structure or major plant requiring immediate attention in order to continue operations.
- Requires further restructuring of operations should grant in aid be substantially reduced.
- Suffers loss of assets as a result of fraud, theft or cybercrime.
- Fails to respond appropriately to an act of terrorism or major emergency at all/any of the Group sites, causing a fall in income and/or loss of reputation.

Accordingly, the Board holds reserves to mitigate the effect of the above risks in the following way:

- Approximately £6m to cover normal operating expenditure for 4 months (this excludes discretionary spend such as projects),
- Approximately £1m to cover emergency building repairs, restructuring costs and short term cash flow fluctuations which may arise during the year.

As at 31 March 2020 the balance on the Museum of London's general funds (as shown in Note 18 – Total General Funds) stood at £7m (excluding designated fixed asset and pension reserves) (2019: £7.3m). While the net asset position is strong, this is predominantly in fixed assets, restricted funds, endowment funds or designated funds. Therefore, the Reserves Policy and the level of general funds held is vital to protect the museum from the risks and issues noted above and enables the museum to continue to deliver our mission and objectives. The current risks around COVID-19 resulting in increased uncertainty over visitor income and grant funding, are examples of why we hold such levels of general reserves and these will be used accordingly to ensure that the museum remains a going concern.

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

## **Structure of the financial statements**

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

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

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

## **Risk management and internal control**

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

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

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

The system of internal control has been in place in the Museum of London and its subsidiary undertakings during the year ended 31 March 20 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

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

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

The Director of Assets provides advice and support to the museum on the risk management strategy, policy, framework and processes. The museum uses the internal audit unit of the City of London Corporation, which operates in accordance with local government internal audit standards as laid down in the CIPFA code of practice. The work of the internal audit unit is informed by an analysis of the risk to which the museum is exposed, and annual internal audit plans are based on this

analysis. The analysis of risk and the internal audit plans are endorsed by the museum's Audit and Risk Management Committee. At least annually, the Head of Internal Audit provides the Audit and Risk Management Committee with a report on internal audit activity in the museum. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the museum's systems of risk management, internal control and corporate governance.

## **Risk and Control Framework**

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

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

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

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

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

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

## **COVID-19 Pandemic**

The principal uncertainty currently facing the museum is the impact of the ongoing global COVID-19 pandemic. The Governors and Executive Board continue to monitor the outbreak, including UK Government advice, and acknowledge that the museum faces a prolonged period of uncertainty.

In response to government guidance, all Museum of London sites were closed to the public and to all but essential employees on 19 March 2020. The Board of Governors and our statutory funders, the City of London Corporation and the GLA, were kept updated throughout this process. The Governors continue to be updated on the response to and future implications of the COVID-19 pandemic through the Board and Committee meetings that have continued to be held online. Following extensive planning for remobilising and in accordance with government guidance, the museums reopened on 6 August 2020 with COVID-Secure social distancing in place and controlled entry with timed tickets for a reduced number of hours each week.

The combination of closure and social distancing requirements will severely impact the number of visitors for the coming year, and it is likely to be several years before inbound tourism returns to pre-pandemic levels. Circa 25% of the museum's income is normally self-generated through donations, membership, exhibition ticket sales, retail, catering and venue hire. The combination of lower visitor numbers and the implications of the pandemic on both our grant funders and the wider economy poses a severe challenge to the museum's financial position. Decisions were taken promptly by Governors and Executive Board to mitigate the impacts where possible. This included cancelling a planned temporary exhibition which reduced costs and also removed the risk of ticket sales being too low to cover costs; staff who were unable to carry out their roles due to museum closures were furloughed under the government's Coronavirus Job Retention Scheme; and implementing a recruitment freeze.

While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the museum has general reserves to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on the charity's activities. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our museums remain open to the public and we continue to engage with the public.

## **Review of effectiveness**

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



## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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

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

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

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

**Adoption of report and financial statements**

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

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

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

**Date:** 02 December 2020

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

### OPINION

We have audited the financial statements of the Museum of London ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, the charity statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011

### BASIS FOR OPINION

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

### Material uncertainty related to going concern

We draw attention to note 1a to the financial statements which indicates that, as a result of the coronavirus pandemic, there is uncertainty predicting the levels of income driven by the temporary closure of museums and expected lower visitor numbers as a result of continuing restrictions. In addition, the quantum of statutory funding from the two primary funders for 2021/22 period has not been confirmed. As stated in note 1a these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **OTHER INFORMATION**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Governors' Annual Report; or
- adequate accounting records have not been kept by the Parent Charity
- we have not received all the information and explanations we require for our audit.

## **RESPONSIBILITIES OF GOVERNORS**

As explained more fully in the Governors' responsibilities statement, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

We have been appointed as auditor under the section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Charity's Governors, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP, statutory auditor  
London, UK  
8 December 2020

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 121 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## MUSEUM OF LONDON GROUP CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Expressed in £'000	Notes	2020			2019	
		Unrestricted Funds	Restricted Funds	Endowment Fund	Total Funds	Total Funds
<b>INCOME AND ENDOWMENTS</b>						
Donations, grants and legacies	3	14,640	1,739	–	16,379	16,626
Other trading activities	4	3,040	104	–	3,144	3,033
New Museum project	5	–	17,418	–	17,418	11,860
Investment income	6	157	84	–	241	380
Income from charitable activities	7	739	30	–	769	567
<b>Total Income and Endowments</b>		<b>18,576</b>	<b>19,375</b>	<b>–</b>	<b>37,951</b>	<b>32,466</b>
<b>EXPENDITURE ON</b>						
Raising funds	8	3,618	–	–	3,618	3,974
Charitable activities	8	19,751	2,174	–	21,925	21,155
New Museum project	8	–	15,760	–	15,760	11,542
<b>Total Expenditure before (losses) / gains on investments</b>		<b>23,369</b>	<b>17,934</b>	<b>–</b>	<b>41,303</b>	<b>36,671</b>
(Losses) / Gains on investments	14	–	(254)	(274)	(528)	86
<b>Net (outgoing) / incoming resources before transfers</b>		<b>(4,793)</b>	<b>1,187</b>	<b>(274)</b>	<b>(3,880)</b>	<b>(4,119)</b>
<b>Transfers between funds</b>	18 (A)	204	(204)	–	–	–
<b>Net (expenditure) / income before other recognised gains and losses</b>		<b>(4,589)</b>	<b>983</b>	<b>(274)</b>	<b>(3,880)</b>	<b>(4,119)</b>
<b>Other recognised gains and losses</b>						
Actuarial gain on defined benefit pension schemes	22	3,315	–	–	3,315	677
<b>Net movement in funds</b>		<b>(1,274)</b>	<b>983</b>	<b>(274)</b>	<b>(565)</b>	<b>(3,442)</b>
<b>Reconciliation of funds in 2020</b>						
Funds brought forward at 1 April		(8,093)	8,723	1,807	2,437	5,879
Net movement in funds		(1,274)	983	(274)	(565)	(3,442)
<b>Funds carried forward</b>	18 (A)	<b>(9,367)</b>	<b>9,706</b>	<b>1,533</b>	<b>1,872</b>	<b>2,437</b>
<b>Reconciliation of funds in prior year</b>						
Funds brought forward		(4,631)	8,748	1,762	5,879	
Net movement in funds		(3,462)	(25)	45	(3,442)	
<b>Funds carried forward</b>	18 (A)	<b>(8,093)</b>	<b>8,723</b>	<b>1,807</b>	<b>2,437</b>	

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

The notes on pages 33 to 56 form part of these financial statements.

## MUSEUM OF LONDON

### STATEMENT OF FINANCIAL ACTIVITIES

Expressed in £'000	Notes	2020			2019
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
<b>INCOME AND ENDOWMENTS</b>					
Donations, grants and legacies	3	15,225	1,686	16,911	16,798
Other trading activities	4	1,577	–	1,577	1,610
New Museum project	5	–	17,393	17,393	11,835
Investment income	6	119	–	119	264
Income from charitable activities	7	754	15	769	567
<b>Total Income and Endowments</b>		<b>17,675</b>	<b>19,094</b>	<b>36,769</b>	31,074
<b>EXPENDITURE ON</b>					
Raising funds		2,463	–	2,463	2,662
Charitable activities		19,994	1,926	21,920	21,151
New Museum project		–	15,760	15,760	11,542
<b>Total Expenditure</b>	8	<b>22,457</b>	<b>17,686</b>	<b>40,143</b>	35,355
<b>Net (outgoing) / incoming resources before transfers</b>		<b>(4,782)</b>	<b>1,408</b>	<b>(3,374)</b>	(4,281)
<b>Transfers between funds</b>	18 (A)	168	(168)	–	–
<b>Net (expenditure) / income before other recognised gains and losses</b>		<b>(4,614)</b>	<b>1,240</b>	<b>(3,374)</b>	(4,281)
<b>Other recognised gains and losses</b>					
Actuarial gain on defined benefit pension schemes	22	3,315	–	3,315	677
<b>Net movement in funds</b>		<b>(1,299)</b>	<b>1,240</b>	<b>(59)</b>	(3,604)
<b>Reconciliation of funds in 2020</b>					
Funds brought forward at 1 April		(8,140)	6,705	(1,435)	2,169
Net movement in funds		(1,299)	1,240	(59)	(3,604)
<b>Funds carried forward</b>		<b>(9,439)</b>	<b>7,945</b>	<b>(1,494)</b>	(1,435)
<b>Reconciliation of funds in prior year</b>					
Funds brought forward		(4,683)	6,852	2,169	
Net movement in funds		(3,457)	(147)	(3,604)	
<b>Funds carried forward</b>		<b>(8,140)</b>	<b>6,705</b>	<b>(1,435)</b>	

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

The notes on pages 33 to 56 form part of these financial statements.

## MUSEUM OF LONDON GROUP AND MUSEUM BALANCE SHEETS

Expressed in £'000	Notes	Group		Museum	
		2020	2019	2020	2019
<b>Fixed assets</b>					
Heritage assets	12 & 13	5,423	5,864	5,423	5,864
Intangible assets	12	492	458	492	458
Other tangible assets	12	29,574	32,070	29,574	32,070
		<b>35,489</b>	<b>38,392</b>	<b>35,489</b>	<b>38,392</b>
Investments	14	2,964	3,492	-	-
<b>Total fixed assets</b>		<b>38,453</b>	<b>41,884</b>	<b>35,489</b>	<b>38,392</b>
<b>Current assets</b>					
Stock		222	225	-	-
Long term loan receivable	15	108	305	108	305
Debtors	15	2,024	2,978	4,180	4,963
Cash at bank and in hand		15,605	12,056	12,873	9,482
<b>Total current assets</b>		<b>17,959</b>	<b>15,564</b>	<b>17,161</b>	<b>14,750</b>
<b>Current liabilities</b>					
Creditors – amounts falling due within one year	16	(6,672)	(6,108)	(6,276)	(5,674)
<b>Net current assets</b>		<b>11,287</b>	<b>9,456</b>	<b>10,885</b>	<b>9,076</b>
<b>Total assets less current liabilities</b>		<b>49,740</b>	<b>51,340</b>	<b>46,374</b>	<b>47,468</b>
<b>Creditors – amounts falling due after one year</b>					
City of London Corporation	21 B	(6,697)	(7,181)	(6,697)	(7,181)
<b>Net assets excluding pension liability</b>		<b>43,043</b>	<b>44,159</b>	<b>39,677</b>	<b>40,287</b>
Defined benefit pension liability	22	(41,171)	(41,722)	(41,171)	(41,722)
<b>Net assets including pension liability</b>		<b>1,872</b>	<b>2,437</b>	<b>(1,494)</b>	<b>(1,435)</b>
<b>The funds of the charity</b>	18 & 19				
Endowment funds		1,533	1,807	-	-
Restricted income funds		9,706	8,723	7,945	6,705
Designated funds		24,799	26,348	24,787	26,348
Defined benefit pension reserve		(41,171)	(41,722)	(41,171)	(41,722)
General reserves		7,005	7,281	6,945	7,234
<b>Total funds and reserves</b>		<b>1,872</b>	<b>2,437</b>	<b>(1,494)</b>	<b>(1,435)</b>

The notes on pages 33 to 56 form part of these financial statements.

The financial statements were approved by the Board of Governors on 02 December 2020.

Signed on its behalf by:

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

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



## CONSOLIDATED CASH FLOW STATEMENT

Expressed in £'000	Notes	2020	2019
Net cash inflow from operating activities	B	4,982	1,773
<b>Returns on investment and servicing of finance</b>			
Interest and dividends received		241	380
Interest paid		(108)	(115)
<b>Capital expenditure and financial investments</b>			
Payments to acquire tangible fixed assets		(701)	(1,332)
Increase in cash and cash equivalents before financing	A	<b>4,414</b>	706
Financing – Repayments of long-term borrowing		(865)	(824)
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>3,549</b>	(118)

### A) Analysis of changes in net debt (Group)

Expressed in £'000	Balance 1 Apr 2019	Cashflows	Balance 31 Mar 2020
<b>Cash and cash equivalents</b>			
Cash at bank	5,556	3,049	8,605
Cash on deposit	6,500	500	7,000
	12,056	3,549	15,605
<b>Borrowings</b>			
Debt due within one year	(865)	277	(588)
Debt due after one year	(7,181)	588	(6,593)
	(8,046)	865	(7,181)
<b>Total</b>	<b>4,010</b>	4,414	<b>8,424</b>

### B) Reconciliation of net expenditure to net cash inflow from Operating activities

EXPRESSED IN £'000	2020	2019
Net expenditure before other recognised gains and losses	(3,880)	(4,119)
Interest and dividends receivable	(241)	(380)
Interest payable	108	115
Losses / (gains) on investments	528	(86)
Pension costs – see Note 22	2,764	3,024
Fixed assets disposed / written off	92	–
Depreciation	3,511	3,694
<b>Net Operating Income</b>	<b>2,882</b>	2,248
Decrease / (increase) in stock	3	(18)
Decrease in debtors and long term contracts	1,151	83
Increase / (decrease) in creditors (excluding loans/overdrafts)	946	(540)
<b>Net cash inflow from operating activities</b>	<b>4,982</b>	1,773

## NOTES TO THE FINANCIAL STATEMENTS

### 1) ACCOUNTING POLICIES

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

The financial statements have been prepared, on a going concern basis as detailed on page 18 and below, under the historical cost accounting convention, with the exception of investments which have been included at market value, and comply with the Charities Act 2011, the Statement of Recommended Practice Accounting and Reporting by Charities SORP (FRS 102) and applicable accounting standards in the United Kingdom. The Museum of London is a public benefit entity under FRS 102.

The accounts are prepared on the going concern basis as financial projections show the museum is able to meet its liabilities as they fall due for the foreseeable future. In reaching the conclusion on the ability of the museum to remain a going concern, the Governors have carefully considered the financial impact of the COVID-19 pandemic and reviewed a range of forward financial projections.

The temporary closure of the museums, the expected lower visitor numbers for a significant period of time following reopening, and the wider economic impact of the Covid-19 pandemic will all significantly limit the museum's ability to generate income. Mitigating actions taken have included making use of the government's Coronavirus Job Retention Scheme, implementing a recruitment freeze and the reworking of budgets to minimise costs. Also, after extensive union engagement, a restructure is currently underway to respond to a change in our operating model with reduced opening hours. Our statutory funders, the City of London Corporation and the GLA have committed to the grant in aid and capital funding for 2020/21 and we are in close dialogue with them to confirm the grant in aid levels for 2021/22. We have confirmed with our statutory funders that our assumption is that grant in aid funding for 2021/22 is at least equal to funding received in 2020/21. Until confirmation, expected in March 2021, from the City of London Corporation and the GLA of the quantum of their grant in aid, there remains material uncertainty regarding the funding of the museum.

Financial modelling has been done for a range of scenarios for the financial year 2021/22, with our baseline or most likely scenario being average visitor numbers at 60% of pre COVID-19 level and assuming that grant in aid funding is not diminished. Under this scenario cash levels (excluding restricted funds) do not drop below £7m and our general (unrestricted) reserves are retained at a level of at least £6m to cover at 4 months of operating costs. We note that this does not take into account the impact of our restricted income and expenditure linked to one off capital projects and the new museum project funded mainly by the City of London Corporation and the Greater London Authority.

The new museum project is funded by drawdowns in advance from the City of London Corporation and where we act as an agent for the City of London Corporation, income is received from the City of London Corporation in the month that the consultants are paid. Therefore, the cashflow for the project is projected and planned to be always positive.

The length of the COVID-19 outbreak and the measures taken by the Government to contain this are not known and outside our control but we have put processes in place to manage cashflow on a monthly basis and to review financial stability as matters progress. While material uncertainty exists over our ability to predict the future level of income, given the measures already in place and an assessment of the liquidity of assets held and the level of general funds, the Governors consider that it is reasonable to assume the museum is able to continue to operate for the coming 12 months and that it is appropriate for the accounts to be prepared on a going concern basis.

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

## **B) INCOME**

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

## **C) EXPENDITURE**

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

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

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

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

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

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

As detailed in Note 9, support costs comprise finance, administration, human resources, information technology, Directorate and some premises costs. Support costs are apportioned across the resources expended categories on a basis consistent with their use of the resources, principally by reference to staff head count.

Resources expended are accounted for on an accruals basis.

## **D) IRRECOVERABLE VAT**

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

## **E) FUND ACCOUNTING**

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

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

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

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

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

## **F) FIXED ASSETS**

### **Heritage Assets**

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

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

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

### **Tangible Assets**

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

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

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

### **Intangible Assets**

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

## **G) INVESTMENTS**

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

## **H) STOCK**

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

## **I) RECOGNITION OF LIABILITIES**

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

## **J) PENSION COSTS**

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

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

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

## **K) HOLIDAY PAY**

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

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

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

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

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

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

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

#### N) KEY JUDGEMENTS AND ESTIMATES

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

The present value of the museum's share of the City of London Corporation Pension Fund Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. Any changes in these assumptions, which are disclosed in Note 22, will impact the carrying amount of the pension liability. A roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

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

#### O) FINANCIAL INSTRUMENTS

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

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

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

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

## 2) CONSOLIDATION OF SUBSIDIARY UNDERTAKINGS

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

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

The results of the subsidiary entities for the year ended 31 March 2020 were as follows:

Expressed in £'000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum of London (Trading)	Total 2020	Total 2019
Incoming resources	31	53	26	3,015	<b>3,125</b>	3,146
Resources expended	(21)	(55)	(16)	(3,015)	<b>(3,107)</b>	(3,071)
<b>Net incoming / (outgoing) resources</b>	<b>10</b>	<b>(2)</b>	<b>10</b>	<b>-</b>	<b>18</b>	<b>75</b>
Unrealised (loss) /gain on investments	(147)	(254)	(127)	-	<b>(528)</b>	87
<b>Net movement in funds</b>	<b>(137)</b>	<b>(256)</b>	<b>(117)</b>	<b>-</b>	<b>(510)</b>	<b>162</b>

Museum of London (Trading) resources expended includes gift aid of £461k (2019: £366k).

The assets, liabilities and funds of the subsidiary undertakings as at 31 March 2020 were as follows:

Expressed in £'000	Joicey Trust	Mackenzie Bell Trust	London Museum Trust	Museum of London (Trading)	Total 2020	Total 2019
<b>Net Assets</b>						
Investments	825	1,428	711	-	<b>2,964</b>	3,492
Current assets	93	239	65	3,101	<b>3,498</b>	3,345
Current liabilities	-	-	-	(3,101)	<b>(3,101)</b>	(2,966)
<b>Total net assets</b>	<b>918</b>	<b>1,667</b>	<b>776</b>	<b>-</b>	<b>3,361</b>	<b>3,871</b>
<b>Funds employed</b>						
Permanent endowment	825	-	706	-	<b>1,531</b>	1,807
Restricted funds	93	1,667	-	-	<b>1,760</b>	2,004
Unrestricted funds	-	-	70	-	<b>70</b>	60
<b>Total funds</b>	<b>918</b>	<b>1,667</b>	<b>776</b>	<b>-</b>	<b>3,361</b>	<b>3,871</b>

### 3) DONATIONS, GRANTS AND LEGACIES

Expressed in £'000

	MUSEUM OF LONDON GROUP			Total 2019
	Unrestricted Funds	Restricted Funds	Total 2020	
Greater London Authority Revenue grants	7,600	74	<b>7,674</b>	7,625
Greater London Authority Capital grants	–	301	<b>301</b>	465
City of London Corporation Revenue grants	5,292	760	<b>6,052</b>	5,952
Arts Council England and related programmes	1,373	–	<b>1,373</b>	1,381
Other grants	12	532	<b>544</b>	563
Other donations	363	72	<b>435</b>	640
<b>Total</b>	<b>14,640</b>	<b>1,739</b>	<b>16,379</b>	<b>16,626</b>

Included in Donations, Grants and Legacies Group income in the prior year is £1,831k of restricted funds. Gifts in kind and pro bono services received in the year were valued and recorded by the museum in accordance with the Accounting Policy Note 1 (L). Other donations include £13k for gifts and services in kind received during the year (2019: £22k).

Expressed in £'000

	MUSEUM OF LONDON			Total 2019
	Unrestricted Funds	Restricted Funds	Total 2020	
Greater London Authority Revenue grants	7,600	74	<b>7,674</b>	7,625
Greater London Authority Capital grants	–	301	<b>301</b>	465
City of London Corporation Revenue grants	5,292	760	<b>6,052</b>	5,802
Arts Council England and related programmes	1,358	–	<b>1,358</b>	1,364
Other grants	12	532	<b>544</b>	591
Other donations	963	19	<b>982</b>	951
<b>Total</b>	<b>15,225</b>	<b>1,686</b>	<b>16,911</b>	<b>16,798</b>

Included in Donations, Grants and Legacies Museum of London income in the prior year is £1,626k of restricted funds.

### 4) OTHER TRADING ACTIVITIES

Expressed in £'000

	MUSEUM OF LONDON GROUP	
	2020	2019
Shops	1,052	950
Private events and functions	1,578	1,713
Photographic library and licensing	52	68
Other	462	302
<b>Total</b>	<b>3,144</b>	<b>3,033</b>

Other Trading Activities income is split between Museum of London (Trading) Limited £2,964k (2019: £2,783k) and Museum of London £180k (2019: £250k), of which none is restricted (2019: £nil).

Other Trading Activities in the Museum of London also includes £1,397k of recharges from the Museum of London (Trading) Limited (2019: £1,360k), which are eliminated on consolidation.



## 5) NEW MUSEUM PROJECT

Expressed in £'000	MUSEUM OF LONDON AND MUSEUM OF LONDON GROUP	
	2020	2019
<b>INCOME</b>		
City of London Corporation grants	11,643	8,841
Other income	5,775	3,019
<b>Total</b>	<b>17,418</b>	<b>11,860</b>

Restricted funds of £17,418k (2019: £11,860k) were received during the year to fund specific activities for the New Museum project including RIBA Stages 3 and 4 project costs. Of this £11.6m was grants received from the City of London Corporation and £0.7m was external fundraising. The balance of income relates to invoiced income received from the City of London Corporation where the museum has acted as agent to provide design and other services.

## 6) INVESTMENT INCOME

Expressed in £'000	MUSEUM OF LONDON GROUP	
	2020	2019
Interest on cash balances	106	89
Dividends received	107	104
Property income	28	187
<b>Total</b>	<b>241</b>	<b>380</b>

Investment Income is split Museum of London £119k and subsidiaries £122k. Included in Investment Income is £84k (2019: £82k) of restricted funds.

£374k (2019: £378k) of the cash balances for the Museum of London and the Trust Funds are invested by the Chamberlain of the City of London Corporation at competitive rates that averaged 0.63% in 2020 (2019: 0.965%).

## 7) INCOME FROM CHARITABLE ACTIVITIES

Expressed in £'000	MUSEUM OF LONDON AND MUSEUM OF LONDON GROUP	
	2020	2019
Exhibitions and events	735	528
Other	34	39
<b>Total</b>	<b>769</b>	<b>567</b>

Included in Income from Charitable Activities is £30k (2019: £40k) of restricted funds.

## 8) EXPENDITURE

MUSEUM OF LONDON GROUP Expressed in £'000	Direct Staff Costs	Other Direct Costs	Support Costs	Total 2020	Total 2019
<b>Expenditure on Raising funds</b>					
Cost of generating voluntary income	69	130	298	497	766
Fundraising trading	1,030	1,334	757	3,121	3,208
	1,099	1,464	1,055	3,618	3,974
<b>Expenditure on Charitable activities</b>					
Communications	548	746	298	1,592	1,522
Programmes and learning	2,289	2,635	1,352	6,276	5,650
Galleries and exhibitions	2,121	3,817	1,650	7,588	7,528
Collections	2,543	2,181	1,623	6,327	6,327
Governance	29	66	27	122	128
	7,530	9,445	4,950	21,925	21,155
New Museum project	-	15,760	-	15,760	11,542
<b>Total Expenditure</b>	<b>8,629</b>	<b>26,669</b>	<b>6,005</b>	<b>41,303</b>	<b>36,671</b>

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

Expenditure is split Museum of London £40,143k (2019: £35,355k) and subsidiaries £1,160k (2019: £1,316k).

Expenditure includes £17,934k (2019: £13,381k) of restricted funds.

## 9) ALLOCATION OF SUPPORT COSTS

MUSEUM OF LONDON GROUP Expressed in £'000	Cost of Raising Funds	Charitable Activities	Governance Costs	Total 2020	Total 2019
Finance and administration	221	1,031	6	1,258	1,045
Management costs	159	742	4	905	1,048
Human resources and IT	189	884	5	1,078	1,100
Pension liability – finance costs, etc.	486	2,266	12	2,764	3,024
<b>Group total support costs</b>	<b>1,055</b>	<b>4,923</b>	<b>27</b>	<b>6,005</b>	<b>6,217</b>

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

## 10) EMPLOYEES

### STAFF COSTS

Expressed in £'000	MUSEUM OF LONDON GROUP	
	2020	2019
Salaries and wages	9,849	9,454
Social security costs	983	944
Pension costs	1,495	1,343
Employment agencies	813	837
	13,140	12,578

The Governors neither received nor waived any emoluments during the year (2019: £nil). Reimbursements of expenses to Governors of the Museum of London were in total £1,316, paid to one Governor (2019: £578, paid to two Governors).

Staff costs in 2020 include no redundancy costs (2019: £77k).

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

	MUSEUM OF LONDON GROUP	
	2020	2019
£60,000 to £70,000	9	6
£70,001 to £80,000	2	3
£80,001 to £90,000	1	1
£90,001 to £100,000	3	2
£100,001 to £110,000	2	1
£110,001 to £120,000	–	1
£120,001 to £130,000	–	1
£140,001 to £150,000	1	–
£160,001 to £170,000	–	1

Of the 18 employees disclosed above, retirement benefits are accruing to 17 staff under the museum's defined benefit pension scheme.

The compensation (including employer's national insurance contributions) of the key management personnel was £912k. (2019 key management personnel compensation: £973k).

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

	2020	2019
	£	£
Salary (2019 includes performance related pay)	149,205	163,415
Contribution to pension scheme	27,454	25,826

## 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 57.9 (2019: 52.7) support staff, was:

	MUSEUM OF LONDON GROUP	
	2020	2019
<b>Cost of Raising Funds</b>		
Costs of generating voluntary income	13	16
Fundraising trading	35	31
	48	47
<b>Charitable Activities</b>		
Communications	14	12
Programmes and learning	63	58
Galleries and exhibitions	77	82
Collections	77	74
	231	226
<b>Total</b>	279	273

The increase in staff numbers is largely due to increased activity for the New Museum project. Staff costs above include casual staff equivalent to approximately 12 full time staff (2019: 8).

The average headcount during the year excluding casual or agency staff was 330 (2019: 329).

## 11) NET OUTGOING RESOURCES

Net outgoing resources is stated after charging:

Expressed in £'000	MUSEUM OF LONDON GROUP	
	2020	2019
Depreciation	3,511	3,694
Auditor's remuneration:		
Audit fees – statutory audit	57	52
Taxation compliance fees	5	5
Other fees paid to the Auditor:		
Taxation advisory fees	–	19

## 12) FIXED ASSETS

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

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

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

<b>MUSEUM OF LONDON GROUP AND CHARITY</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>Expressed in £'000</b>					
<b>Cost</b>					
At 1 April 2019	55,742	17,294	53	18,228	<b>91,317</b>
Additions	105	308	24	264	<b>701</b>
Disposals	(122)	(22)	-	(23)	<b>(167)</b>
Adjustments	-	-	(44)	21	<b>(23)</b>
At 31 March 2020	<b>55,725</b>	<b>17,580</b>	<b>33</b>	<b>18,490</b>	<b>91,828</b>
<b>Accumulated Depreciation</b>					
At 1 April 2019	27,636	11,117	-	14,173	<b>52,926</b>
Charge	2,007	819	-	685	<b>3,511</b>
Disposals	(57)	(18)	-	(23)	<b>(98)</b>
Adjustments	-	-	-	-	<b>-</b>
At 31 March 2020	<b>29,586</b>	<b>11,918</b>	<b>-</b>	<b>14,835</b>	<b>56,339</b>
<b>Net book value</b>					
At 1 April 2019	28,106	6,177	53	4,055	<b>38,391</b>
At 31 March 2020	<b>26,139</b>	<b>5,662</b>	<b>33</b>	<b>3,655</b>	<b>35,489</b>

At 31 March 2020 no fixed assets were held by any subsidiary company and both the opening and the closing positions for fixed assets were identical in the charity and the group.

## HERITAGE ASSETS

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

<b>Expressed in £'000</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Cost of acquisitions	308	523	509	301	706
Disposals	4	-	-	2	-

Fixed assets divide into heritage, tangible and intangible assets.

<b>MUSEUM OF LONDON GROUP</b> Expressed in £'000	<b>Heritage assets</b>	<b>Tangible assets</b>	<b>Intangible assets</b>	<b>Total 2020</b>	<b>Total 2019</b>
Leasehold property (Museum of London)	–	26,139	–	<b>26,139</b>	28,106
Leasehold property (MoL Docklands)	3,032	–	–	<b>3,032</b>	3,525
Other historic artefacts & museum exhibits	2,391	239	–	<b>2,630</b>	2,652
Assets under construction	–	7	26	<b>33</b>	53
Other assets	–	3,190	465	<b>3,655</b>	4,055
	<b>5,423</b>	<b>29,574</b>	<b>492</b>	<b>35,489</b>	<b>38,391</b>

During the year assets with a net book value of £174k were reclassified from Tangible to Intangible assets. The prior year fixed assets were adjusted to align with the reclassification.

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

<b>MUSEUM OF LONDON GROUP</b> Expressed in £'000	<b>2020</b>	<b>2019</b>
150 London Wall	<b>15,347</b>	17,023
Mortimer Wheeler House, Eagle Wharf Road	<b>10,792</b>	11,083
1 West India Quay	<b>3,032</b>	3,525
	<b>29,171</b>	31,631

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

#### Nature and scale of Heritage Assets held

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

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

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

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

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

Further details can be obtained from our website at:

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

## 14) INVESTMENTS

<b>MUSEUM OF LONDON GROUP</b>	<b>2020</b>	<b>2019</b>
<b>Expressed in £'000</b>		
<b>Listed investments</b>		
Market value at 1 April	<b>3,492</b>	3,406
Unrealised (losses) / gains on investments	<b>(528)</b>	86
Market value at 31 March	<b>2,964</b>	3,492
Less Cost at 31 March	<b>1,159</b>	1,159
Cumulative unrealised gain at 31 March	<b>1,805</b>	2,333

The above is represented by holdings in Charity Authorised Investment Fund managed by BlackRock, namely Blackrock Charities UK Equity Fund, which aims to provide medium to long-term capital and income appreciation by investing mainly in UK listed companies. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

Holdings in excess of 5% of the market value of the portfolio at 31 March 2020 are as follows and are all invested in the Blackrock Charities UK Equity Fund (until 6 December 2019: Charishare Common Investment Fund Income):

<b>MUSEUM OF LONDON GROUP</b>	<b>Total</b>	<b>Total</b>
<b>Expressed in £'000</b>	<b>2020</b>	<b>2019</b>
Joicey	825	972
Mackenzie Bell	1,428	1,682
London Museum	711	838
<b>Market value at 31 March</b>	<b>2,964</b>	3,492

## 15) DEBTORS DUE WITHIN ONE YEAR

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>		<b>MUSEUM OF LONDON GROUP</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Loan receivable from related party	<b>108</b>	305	<b>108</b>	305
Trade debtors	<b>533</b>	550	<b>71</b>	211
Amounts owed by group undertakings	-	-	<b>2,698</b>	2,522
Other debtors	<b>387</b>	585	<b>388</b>	585
Prepayments and accrued income	<b>1,104</b>	1,843	<b>1,023</b>	1,645
	<b>2,024</b>	2,978	<b>4,180</b>	4,963

Included within Trade debtors is a provision for bad and doubtful debts of £nil (2019: £nil). Amounts classified above as trade debtors and other debtors above fall within the definition of basic financial instruments. The loan receivable is due from MOLA (formerly the museum's field archaeology division) – see Note 21 for further details. The amount due from group undertakings is due from the Museum of London (Trading) Limited. The loan receivable from MOLA carries interest at Bank of England Base Rate plus 2.5%.

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

Expressed in £'000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2020	2019	2020	2019
Trade creditors	904	1,359	799	1,230
Accruals	3,771	2,261	3,771	2,261
Debt repayable	484	865	484	865
Other creditors	1,233	1,286	1,210	1,262
Payments in advance	280	337	12	56
	<b>6,672</b>	<b>6,108</b>	<b>6,276</b>	<b>5,674</b>

Amounts classified above as trade creditors and other creditors above fall within the definition of basic financial instruments.

Deferred income included in Other Creditors and Payments in advance represent income received in 2019/20 for ticketed events and venue hire occurring in the following financial year and rental income received in advance to June 2020. Movements from the prior year are shown below:

Expressed in £'000	MUSEUM OF LONDON GROUP		MUSEUM OF LONDON	
	2020	2019	2020	2019
Balance at 1 April	337	315	56	66
Released during the year	(337)	(315)	(56)	(66)
Newly assigned	280	337	12	56
<b>Balance at 31 March</b>	<b>280</b>	<b>337</b>	<b>12</b>	<b>56</b>

**17) COMMITMENTS**

- (i) The Museum entered into an operating lease for the use of printing equipment in 2017/18. The minimum payments due under this contract within each of the following periods are:

Expressed in £'000	MUSEUM OF LONDON AND MUSEUM OF LONDON GROUP	
	2020	2019
<b>Payments due:</b>		
Within one year	13	13
Within two to five years	20	34
<b>Total</b>	<b>33</b>	<b>47</b>

During the year, payments of £13k (2019: £13k) were made under operating leases.

- (ii) The Museum has construction and professional fees commitments (2019: professional fees only) for the New Museum project that are not included in the balance sheet and are due as follows:

Expressed in £'000	2020	2019
<b>Payments due:</b>		
Within one year	8,612	1,082
Within two to five years	3,352	-
<b>Total</b>	<b>11,964</b>	<b>1,082</b>



18) TOTAL FUNDS

A) FUNDS ANALYSIS – MUSEUM OF LONDON GROUP

Expressed in £'000	Balance at 1 April 2019	Income	Expendi- -ture	Transfer between funds	Other gains & losses	Balance at 31 March 2020
<b>ENDOWMENT FUNDS</b>						
London Museum Trust	833	-	-	-	(127)	706
Joicey Trust	974	-	-	-	(147)	827
<b>Total Endowment funds</b>	<b>1,807</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(274)</b>	<b>1,533</b>
<b>RESTRICTED FUNDS</b>						
<b>Museum of London</b>						
Fixed Assets Fund	1,296	-	-	-	-	1,296
Major Projects Fund	341	1,665	(1,399)	(197)	-	410
New Museum Project Fund	2,013	17,418	(15,760)	-	-	3,671
ACE Programmes Fund	8	-	-	(6)	-	2
<b>Museum in Docklands</b>						
Capital fund	3,061	207	(701)	-	-	2,567
<b>Trust funds</b>						
Joicey Trust Income Fund	83	31	(21)	-	-	93
Mackenzie Bell Trust	1,921	53	(53)	-	(254)	1,667
<b>Total restricted funds</b>	<b>8,723</b>	<b>19,374</b>	<b>(17,934)</b>	<b>(203)</b>	<b>(254)</b>	<b>9,706</b>
<b>DESIGNATED FUNDS</b>						
Fixed Assets Fund	25,993	-	(2,883)	1,335	-	24,445
Arts Council England	355	1,373	(1,378)	4	-	354
<b>Designated funds</b>	<b>26,348</b>	<b>1,373</b>	<b>(4,261)</b>	<b>1,339</b>	<b>-</b>	<b>24,799</b>
<b>Designated defined benefit pension reserve</b>	<b>(41,722)</b>	<b>-</b>	<b>(2,764)</b>	<b>-</b>	<b>3,315</b>	<b>(41,171)</b>
<b>GENERAL RESERVES</b>						
Museum of London	7,221	17,178	(16,328)	(1,136)	-	6,935
London Museum Trust	60	26	(16)	-	-	70
<b>Total General Reserves</b>	<b>7,281</b>	<b>17,204</b>	<b>(16,344)</b>	<b>(1,136)</b>	<b>-</b>	<b>7,005</b>
<b>TOTAL FUNDS</b>	<b>2,437</b>	<b>37,951</b>	<b>(41,303)</b>	<b>-</b>	<b>2,787</b>	<b>1,872</b>

## B) EXPLANATION OF FUNDS

### Endowment Funds

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

### Restricted Funds

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

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

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

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

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

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

### Designated Funds

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

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

ACE Fund arises from funding from the Arts Council England 2018–22 National Portfolio Organisation (NPO) grants and 2018–22 Sector Support Organisation (SSO) grants, a four year grant covering primarily a spectrum of learning, community and regional programmes. It funds the museum's commitment to delivering on the programme agreed with ACE.

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

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

## General Reserves

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

### C) TRANSFERS BETWEEN RESERVES

Major Projects Fund – the transfer out of £0.2m is primarily to reflect the substantial completion of certain capital works funded partly or fully by external sources. Once the works have been completed the conditions attaching to the grants have been met and that amount can be transferred to general reserves.

Designated Fixed Assets Fund – the balance on this fund is maintained at a level representing the net book value of total fixed assets less the outstanding amount of related long-term loans. As the cover required each year is affected by a collection of factors, such as depreciation, loan repayments, fixed asset disposals and acquisitions, each year a specific calculation is made to determine the transfer required from general to designated funds. The transfer from general reserves for 2019/20 was £1.3m.

General Reserves – the transfer of £1.1m is the net balance of the two transfers referred to above.

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

Expressed in £'000	Tangible Fixed Assets	Invest- ments	Current Assets	Current Liabilities	Long term Liabilities and Provisions	Pension Liabilities	Total Net Assets
<b>ENDOWMENT FUNDS</b>							
London Museum Trust	-	706	-	-	-	-	706
Joicey Trust	-	825	2	-	-	-	827
<b>Endowment funds total</b>	<b>-</b>	<b>1,531</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,533</b>
<b>RESTRICTED FUNDS</b>							
<b>Museum of London</b>							
Fixed Assets Fund	1,296	-	-	-	-	-	1,296
Major Projects Fund	-	-	410	-	-	-	410
New Museum Project Fund	-	-	3,671	-	-	-	3,671
ACE Programmes Fund	-	-	2	-	-	-	2
<b>Museum in Docklands</b>							
Capital fund	2,567	-	-	-	-	-	2,567
<b>Trust Funds</b>							
Joicey Trust Income Fund	-	-	93	-	-	-	93
Mackenzie Bell	-	1,428	239	-	-	-	1,667
<b>Restricted funds total</b>	<b>3,863</b>	<b>1,428</b>	<b>4,415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,706</b>
<b>DESIGNATED FUNDS</b>							
Fixed Assets Fund	31,626	-	-	(484)	(6,697)	-	24,445
Arts Council England	-	-	354	-	-	-	354
<b>Designated funds total</b>	<b>31,626</b>	<b>-</b>	<b>354</b>	<b>(484)</b>	<b>(6,697)</b>	<b>-</b>	<b>24,799</b>
Designated defined benefit pension reserve	-	-	-	-	-	(41,171)	(41,171)
<b>GENERAL RESERVES</b>							
Museum of London	-	-	13,123	(6,188)	-	-	6,935
London Museum Trust	-	5	65	-	-	-	70
<b>General Reserves total</b>	<b>-</b>	<b>5</b>	<b>13,188</b>	<b>(6,188)</b>	<b>-</b>	<b>-</b>	<b>7,005</b>
<b>TOTAL FUNDS</b>	<b>35,489</b>	<b>2,964</b>	<b>17,959</b>	<b>(6,672)</b>	<b>(6,697)</b>	<b>(41,171)</b>	<b>1,872</b>

## **20) TAX STATUS**

The activities of the museum are undertaken for charitable purposes. Under Part 11 of CTA 2010 no liability to corporation tax has arisen for the year to 31 March 2020 (2019: £nil).

## **21) RELATED PARTIES**

The following disclosures are made in recognition of the principles underlying Financial Reporting Standard 102 concerning related party transactions.

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

The GLA is considered a related party since it has the right to appoint half of the Governing Body of the museum and is one of the two main sponsors of the museum along with the City of London Corporation (see below). The museum received grants from the GLA totalling £8.0m (2019: £8.1m) during the financial year ended 31 March 2020. Included in the 2020 figure above is £0.3m of capital funding (2019: £0.5m), which was for capital works carried out in 2019/20.

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

The City of London Corporation is considered a related party since it has the right to appoint half of the Governing Body of the museum and is one of the two main sponsors of the museum along with the GLA (see above). The museum received grants from the City of London Corporation during the year of £17.7m (2019: £14.6m). Included in the 2020 figure is £11.6m for the New Museum project (2019: £8.8m).

The City of London Corporation in accordance with the Museum of London Act 1965 is required from amongst the officers of the City of London Corporation to appoint persons who, whilst remaining officers of the City of London Corporation, act as Secretary and as Treasurer to the Board. Additionally, the Board has appointed other officers of the City of London Corporation to provide various services including legal, payroll and internal audit services. The provision of all these services by the COL is the subject of a charge in accordance with the 1965 Act. During the financial year ended 31 March 2020 the charges for these services were £0.1m (2019: £0.1m).

Outstanding loans from COL to the Museum of London totalled £7.2m at 31 March 2020 (2019: £8.0m). This total includes a balance of £103k on a loan originally made to the Museum of London Docklands (2019: £123k). Of these loans, £484k is due within one year (2019: £865k) and £6,697k is due after more than one year (2019: £7,181k). The museum incurred interest charges related to these loans of £108k (2019: £115k).

### **C) MOLA**

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

Outstanding loans from the museum to MOLA amounted to £0.1m at 31 March 2020 (2019: £0.3m). The loan is repayable in 115 equal monthly instalments which commenced on 3 April 2012. It is secured by a floating charge over the assets of MOLA and carries a commercial rate of interest. These financial statements include interest of £6k received from MOLA during the year (2019: £12k). A charge of £245k was made by the museum to MOLA for a licence to occupy space in Mortimer Wheeler House (2019: £265k). In addition, a charge of £150k was made by the museum to MOLA for use of the museum's trade mark, under a variation to the Trade Mark Licence agreed during the year (2019: £nil).

## D) GOVERNORS AND STAFF

None of the Governors, key managerial staff or their related parties has undertaken any material transactions with the museum or its subsidiary undertakings during the year. The museum has received £16k (2019: £43k) donations in total from a number of the Governors, in the normal course of charitable giving.

## 22) RETIREMENT BENEFITS

The Museum of London participates in the City of London Corporation Pension Fund, a defined benefit pension scheme. The amounts below relate to the Museum of London's share of the fund. The valuation used for the disclosures in this note has been based on the results of the last full actuarial valuation carried out at 31 March 2019, as updated to 31 March 2020 using financial assumptions that comply with FRS 102.

The contributions made by the employer over the financial year amounted to £1,517k (2019: £1,410k). The contribution rate set for the year was 16.1% (2019: 15.7%). Following the triennial valuation, the 2020/21 employer contribution has been set to remain at 16.1%.

### ASSUMPTIONS

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

Valuation Method	2020	2019	2018
	%	%	%
RPI Increases	<b>2.65%</b>	3.40%	3.30%
CPI Increases	<b>1.85%</b>	2.40%	2.30%
Salary Increases	<b>2.85%</b>	3.90%	3.80%
Pension Increases	<b>1.85%</b>	2.40%	2.30%
Discount Rate	<b>2.35%</b>	2.40%	2.55%

The assumed life expectations from age 65 are:

Life expectations (years)	Males	Females
Retiring today	21.8	24.4
Retiring in 20 years	23.2	25.8

**NET ASSETS OF THE SCHEME**

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

<b>Expressed in £'000</b>	<b>Assets at 31 March 2020</b>	<b>Assets at 31 March 2019</b>	<b>Assets at 31 March 2018</b>
Equities	40,941	47,902	43,771
Cash	1,154	820	400
Infrastructure	8,604	3,980	3,910
Multi-asset fund	18,255	18,968	18,756
<b>Total Assets (A)</b>	<b>68,954</b>	<b>71,670</b>	<b>66,837</b>
Present Value of Scheme Liabilities	(109,565)	(112,933)	(105,718)
Present Value of Unfunded Liabilities	(560)	(459)	(494)
<b>Total Value of Liabilities (B)</b>	<b>(110,125)</b>	<b>(113,392)</b>	<b>(106,212)</b>
<b>Net Pension (Liability) (A) – (B)</b>	<b>(41,171)</b>	<b>(41,722)</b>	<b>(39,375)</b>

**ANALYSIS OF PENSION SCHEME OUTGOING RESOURCES**

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Analysis of the amount charged to resources expended</b>			
Service Cost	3,274	2,750	2,716
Employer Contributions	(1,517)	(1,410)	(1,197)
Unfunded Pension Payments	(42)	(41)	(42)
Net interest on the defined liability	983	986	1,034
Administration expenses	66	77	55
Past service costs	–	662	–
<b>Net Resources Expended</b>	<b>2,764</b>	<b>3,024</b>	<b>2,566</b>

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

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

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Return on assets less interest	(4,230)	3,365	(382)
Other actuarial gains on assets	48	–	–
Changes in financial assumptions	11,669	(5,529)	1,076
Changes in demographic assumptions	700	2,841	–
Experience (loss) on defined benefit obligation	(4,872)	–	–
<b>Actuarial gain recognised in Consolidated Statement of Total Recognised Gains and Losses</b>	<b>3,315</b>	<b>677</b>	<b>694</b>

**MOVEMENT IN DEFICIT DURING THE YEAR**

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>		
	2020	2019	2018
Deficit at beginning of the year	(41,722)	(39,375)	(37,503)
Service Cost	(3,274)	(3,412)	(2,716)
Employer Contributions	1,517	1,410	1,197
Unfunded Pension Payments	42	41	42
Net interest on the defined liability	(983)	(986)	(1,034)
Administration expenses	(66)	(77)	(55)
Actuarial gain	3,315	677	694
<b>Deficit at end of the year</b>	<b>(41,171)</b>	<b>(41,722)</b>	<b>(39,375)</b>

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

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>	
	2020	2019
Opening defined benefit obligation	113,392	106,212
Service cost	3,274	2,750
Interest cost	2,701	2,688
Change in financial assumptions <sup>[2]</sup>	(11,669)	5,529
Change in demographic assumptions	(700)	(2,841)
Change in demographic assumptions	4,872	-
Estimated benefits paid net of transfers in	(2,371)	(2,188)
Past service costs	-	662
Contributions by Scheme participants	668	621
Unfunded pension payments	(42)	(41)
<b>Closing defined benefit obligation</b>	<b>110,125</b>	<b>113,392</b>

<sup>[2]</sup> Arising from changes in assumptions underlying the present value of the Fund liabilities.

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

<b>Expressed in £'000</b>	<b>MUSEUM OF LONDON GROUP</b>	
	2020	2019
Opening fair value of Scheme assets	71,670	66,837
Interest on assets	1,718	1,702
Return on assets less interest	(4,230)	3,365
Other actuarial gains	48	-
Administration expenses	(66)	(77)
Contributions by employer including unfunded benefits	1,559	1,451
Contributions by Scheme participants	668	621
Estimated benefits paid and unfunded net transfers	(2,413)	(2,229)
<b>Fair value of Scheme assets at end of period</b>	<b>68,954</b>	<b>71,670</b>



## SENSITIVITY ANALYSIS

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

	<u>2020</u>	2019	2018
Adjustment to discount rate	+0.1%	+0.1%	+0.1%
- Present value of total obligation £'000	107,815	110,565	104,174
- Projected service cost £'000	3,046	2,813	2,476
Adjustment to mortality age rating assumption	+1 year	+1 year	+1 year
- Present value of total obligation £'000	114,220	116,841	110,113
- Projected service cost £'000	3,218	2,978	2,621

## PROJECTED PENSION EXPENSE FOR THE YEAR TO 31 MARCH 2021

	<u>£'000</u>
Service cost	3,125
Interest cost	950
Administration expenses	<u>63</u>
<b>Total loss</b>	<b><u>4,138</u></b>
<b>Employer contributions</b>	<b><u>1,500</u></b>

## 23) POST BALANCE SHEET EVENTS

Since the 31 March 2020 to the date of signing these financial statements the outbreak of the pandemic COVID-19 has had an economic effect across all sectors and the Museum of London has considered the effect on the charity as a going concern, its resilience through this period and the effect on the assets and funds of the museum.

The estimated financial effect is seen mainly in an estimated £3m reduction in income in the financial year to 31 March 2021, with a planned £3m reduction in expenditure to mitigate the effect. Since the year end, the value of our investments has increased despite the ongoing COVID-19 pandemic. At 30 June 2020, the value of investments was £3,297k (an increase of £321k from 31 March 2020). The value of investments as at 30 September 2020 was £3,216k.

The Governors have reviewed the revised financial plans and agreed a series of activities that should ensure financial stability in these difficult times. On review of the financial plans to the end of March 2022 the Governors have concluded that this will not affect the ability of the charity to continue as a going concern. We remain resilient through cost reduction, avoiding undue risk, and sound financial planning and management.

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Name</b>	Museum of London
<b>Address</b>	150 London Wall, London EC2Y 5HN
<b>Registered Charity number</b>	1139250
<b>Board of Governors</b>	A Board of Governors, consisting of 18 members of whom the Greater London Authority (GLA) (prior to April 2008: the Prime Minister) and the City of London Corporation (COL), each appoints 9 members, is responsible for the strategic direction and oversight of the museum. The following Governors served throughout the financial year, except where indicated.
<b>Appointed by the City of London</b>	Sonita Alleyne OBE Rt Hon the Lord Boateng DL Tijs Broeke CC (appointed 12 September 2019) Alderman Alison Gowman Tom Hoffman MBE CC (ceased to be a Governor 10 July 2019) Vivienne Littlechild JP MBE CC Paul Martinelli Judith Pleasance CC John Scott JP CC Councillor Richard Watts
<b>Appointed by the GLA</b>	Clive Bannister David Camp Evan Davis Douglas Gilmore Lindsay Herbert Milyae Park Gail Tolley (appointed 1 April 2019) Professor Sir Richard Trainor KBE David Wormsley
<b>Administration</b>	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: <ul style="list-style-type: none"> <li>• The care of all property in possession of the Board;</li> <li>• The general administration of the collections vested in the Board and any place where those collections are kept; and</li> <li>• The administration of any services provided by the Board in the exercise of their functions.</li> </ul> <p>The Treasurer and Secretary to the Board are required to be officers of the City of London Corporation.</p>
<b>Director</b>	Sharon Ament
<b>Treasurer</b>	Kate Limna, Guildhall, London EC2P 2EJ
<b>Secretary</b>	John Barradell, Guildhall, London, EC2P 2EJ

<b>Bankers</b>	Lloyds Bank, 25 Gresham Street, London EC2V 7HN Chamberlain of London, Guildhall, London, EC2P 2EJ
<b>Legal Advisers</b>	City of London Corporation, Guildhall, London, EC2P 2EJ Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3BR
<b>Independent Auditor</b>	BDO LLP Chartered Accountants and Statutory Auditor 55 Baker Street London W1U 7EU
<b>Investment Adviser</b>	BlackRock Investment Management 12 Throgmorton Avenue London, EC2N 2DL
<b>SUBSIDIARY UNDERTAKINGS</b>	The financial statements consolidate the accounts of the Museum of London together with its subsidiary undertakings which are listed below.
<b>Museum of London (Trading) Limited</b>	The Museum of London (Trading) Limited is a company limited by shares. Its principal activities are the provision of corporate hire and catering services and the retail function at the museum shops. The registered company number is 05423292.
<b>The Trust Funds</b>	<p>The Trust Funds were acquired from the London Museum in accordance with the provisions of Section 2 of the Museum of London Act 1965 and are separate legal entities. The Board of Governors appoints their Trustees. Individual financial statements are produced for each trust and they are also consolidated into the financial statements of the Museum of London.</p> <p>The trusts are:</p> <p>London Museum Fund – Registered Charity Number 312174 Joicey Fund – Registered Charity Number 314194 Mackenzie Bell Fund – Registered Charity Number 314195</p> <p>The appropriate clauses defining the control of their expenditure are:</p>
<b>London Museum Fund</b>	<p>“The Trustees shall hereof apply the income of the Charity for such charitable purposes as the Trustees shall from time to time consider best in the interests of the Museum including in particular:</p> <ul style="list-style-type: none"><li>• The acquisition for the Museum of artefacts, pictures, photographs, books, manuscripts, films and other objects of any description whatsoever relating to any aspects of the history of London;</li><li>• 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;</li><li>• The promotion of the study of history of London by the publication of books and other printed matter, the provision of</li></ul>

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”.