



**london  
transport  
museum**

**LONDON TRANSPORT MUSEUM  
Annual Report 2018/19**

**London Transport Museum Annual Report 2018/19 incorporating the strategic report, annual report of the trustees and financial statements for the year ended 31 March 2019**

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# STRATEGIC REPORT

## 1. Introduction to London Transport Museum

London Transport Museum Limited (LTM) is a registered charity incorporated on 6 February 2008 as a subsidiary company of Transport for London (TfL) limited by shares. It is governed by its Memorandum and Articles of Association. Under the GLA Act 1999, TfL has the power to provide and maintain a museum of transport artefacts, records and other exhibits. While it is common for charities to incorporate as companies limited by guarantee, the Transport for London (Specified Activities) Order 2000 requires TfL to carry out museum activities through a company limited by shares. Under section 5.1 of the LTM Memorandum of Association, the property and funds of the Museum must be used only for promoting the objects of the Museum, no dividend is payable to TfL.

When London Transport Museum Limited was established in 2008, a series of written agreements was put in place between TfL and LTM. These set out an umbrella agreement for the continued provision and maintenance of the Museum, covering many aspects of the operation and funding of LTM, and the long-term relationship between the parties. Beneath this there is a funding agreement and an Intellectual Property agreement, items in the Museum collection owned by TfL are subject to a management agreement between the Museum and TfL.

As a wholly-owned subsidiary company within the TfL Group, the Museum has access to support and advice from other Group functions in areas such as accounting, taxation, property, marketing and contracts. The Museum receives substantial support from parts of the TfL Group such as Finance, Human Resources (HR), Internal Audit and Payroll. The Museum occupies premises which are owned or leased by TfL Group companies and is given access to TfL assets such as disused stations. Varying financial arrangements apply to the various Group services, many of which are supplied at no cost to the Museum.

LTM is governed by a Board of up to thirteen Trustees, all of whom are non-executive with the exception of the Managing Director who is a trustee ex officio and accountable to the Board of Trustees.

LTM has a wholly owned subsidiary, London Transport Museum (Trading) Limited (LTMTL) which operates retail, corporate hire and other non-charitable activities to generate funds to further the Museum's objects. Under a Deed of Covenant, all the profits of LTMTL are distributed to LTM.

LTMTL donates its taxable profits to the Museum and is governed by a Board of Directors drawn from the Museum's Trustees and staff, along with a number of independent non-executive directors. Further information about LTMTL can be found in the Notes to the Financial Statements.

A copy of this document can be obtained from <https://www.ltmuseum.co.uk/about-us/governance>

## 2. Message from the Trustees

We are delighted to present the Annual Report and Accounts for London Transport Museum Limited (LTM) for 2018/19. It combined a hugely successful Year of Engineering with significant progress in the second year of an ambitious and stretching five-year plan (the Plan).

The Museum's reach as an educational and heritage charity increased to 1,431,700 people (onsite, offsite and online) with 395,700 visitors at the Museum in Covent Garden and the Depot at Acton.

Outreach to schools exceeded 74,000 and 71,313 participants took part in Enjoyment to Employment, encouraging them to consider a STEM-based career. Unique users on our website are also pushing towards one million.

Marking the centenary of votes for women, our *Poster Girls* exhibition rolled out the red carpet for the poster art of sixty-four women from 1910 to the present day, bringing many of them into the limelight for the first time.

For the Year of Engineering 2018, we launched an exciting programme of events, the Summer of Engineering, and opened a new Future Engineers gallery which encouraged visitors to see how their qualities as a Dreamer, Fixer and Planner might lead to a career in engineering and transport. Our future focus was on the Elizabeth line, with an exhibition *Secret Life of a Megaproject* which outlined the scale and complexity of the Crossrail project and the forthcoming Elizabeth line.

Our enhanced Collections Online website, launched in May 2017, opened a new digital route to more than 60% of our collections and their associated histories. A further 5,000 additions to Collections Online have been made in 2018/19, double the target we set ourselves. We also delivered a successful first year of the Documentary Curator programme, which ensures that contemporary stories and objects are added to the collection.

*Hidden London*, our public tour programme to disused stations and other secret locations rarely accessible to visitors, takes our work out across London. We sold 91% of the 25,770 available tickets, contributing a net income to the Museum of £238k. We have exciting plans to expand and grow the programme in 2019/20, with three new venues and added value variations on established sites.

To support our work, we improved upon financial targets for the second year of the Plan, despite economic uncertainty, a hot summer and Brexit. We will continue to build on this success and pursue financial resilience by using the Museum's key assets – our collections, our people and our networks – to generate income and be increasingly self-funded. To this end we were pleased to deliver the second year of our Arts Council England programme as one of their National Portfolio Organisations (NPOs). As ever, our partnership with Transport for London (TfL) is the foundation on which our busy and creative museum is based, and we thank all our friends and colleagues in the TfL Group for their support.

We also thank our visitors, shoppers, corporate members, sponsors and funders who gave us their time, their support and their money this year – it is very much appreciated. The challenge and advice of our Trustee and Enterprise boards, our energetic and talented staff group and over three hundred volunteers enable LTM to be agile and successful, and on the Museum's behalf we thank them all for their commitment and inspiration.



Sam Mullins, OBE, Managing Director and Trustee

### **3. Our purpose and principles**

#### **Our purpose**

Igniting curiosity to shape the future.

#### **Our work is guided by four principles:**

##### **For everyone**

Everyone feels the Museum, collections and experiences are for them.

##### **Entrepreneurial and playful**

Everything we do is creative, dynamic and resourceful.

##### **Relevant and authentic**

We are a window on the past, present and future of how transport keeps London working and growing.

##### **Dedicated and personal**

We go the extra mile to deliver.

### **4. Purpose and Strategic Framework**

#### **Our strategic aims**

We have four strategic aims to face the challenges of the future. In setting London Transport Museum's aims and planning our activities, the Trustees have carefully considered the Charity Commission's guidance on public benefit.

##### **i) Content – Being the world's leading museum of urban transport**

We conserve and enhance our world class collection, making it accessible for exhibitions, education, and events. We are a window on the past, present and future of transport in London.

The idea of 'content' for us includes our collection and the need to hand it on in great shape to future generations. LTM believes that our stories, collection and experiences can help everyone to understand more of the world they live in. We think about 'content' as all forms of communication on all platforms.

##### **ii) Experiences – Create experiences that delight and inspire**

Our aim is to stimulate creativity from an early age and inspire the next generation to realise their potential. We aim to reach ever wider audiences in London, the UK and the world. We're committed to provoking debate and imagination about transport in the future of London.

People make their own meanings and we support this by helping our visitors, audiences and customers make connections through unique experiences. In the overall experience, from planning a visit to the memories they take away, our aim is to delight and inspire people. Delighting our customers is also essential to our future financial prosperity; we depend on this income stream for a significant portion of our revenue.

##### **iii) People – Nurture a culture that's united behind our purpose**

We develop the individual skills of our people, sharpen the capability of our organisation and build a workplace that promotes employees' creativity. We strive to partner and collaborate with like-minded and forward-looking organisations.

One of our principles is that everyone feels the Museum, collections and experiences are for them. Our priority is to broaden our reach, build awareness, support and influence for LTM as widely as possible in all our communications and public-facing activities. We are developing an ambitious learning strategy that delivers programmes on and off site to well over 100,000 learners. We are investing significantly in LTM's technological capability to expand our reach further in the future.

We are committed to creating a culture that supports our purpose and encourages behaviour that is inclusive, collaborative, courageous and active. We continue to give attention to increasing the ethnic diversity of our workforce and to promote further efficiency. We are also committed to addressing poor performance where found and to improving leadership capability.

**iv) Money – Generate the funds that make a difference**

We aim to grow revenue in creative new ways and increase our financial headroom, year on year. We operate a successful business-like charity.

Financial sustainability for LTM requires an operating surplus, and this depends on the success of key income streams to fund our purpose. Our main income streams are from visitors, fundraising and our Enterprise businesses including retail, venue hire, corporate membership, commercial sponsorship, catering and *Hidden London*.

To achieve financial sustainability, it is essential that we charge admission fees to visitors to Covent Garden, the Acton Depot and for participation in our offsite experiences such as *Hidden London* and Heritage excursions. These are reviewed annually and benchmarked to ensure they remain affordable to Londoners and all visitors.

Although the Museum charges admission fees, various measures are taken to ensure that charges are not a barrier to participation. These include free entry to the Museum for anyone aged 17 or under, for carers accompanying disabled visitors, and reduced admission charges for senior citizens, students and those in receipt of state benefit assistance. We also offer a community bursary programme. Museum admission tickets are valid for one year to encourage return visits and increase value for money for visitors. Many of the Museum's outreach programmes are free to participants. The Safety and Citizenship and Youth Travel Ambassador programmes engage tens of thousands of pupils each year and are delivered at no cost to the schools taking part. We also provide free content through our website and other media channels for people who do not visit LTM in person.

We have invested time and energy this year in developing a focused strategic framework to guide all that we do. In 2019/20 we will embed this across all our ways of working.



# london transport museum

## Purpose and Strategic Framework

<b>PURPOSE</b> Why we exist...	<b>Igniting curiosity to shape the future</b>			
<b>PRINCIPLES</b> How we do it...	<b>For everyone</b> Everyone feels the Museum, collections and experiences are for them	<b>Entrepreneurial and playful</b> Everything we do is creative, dynamic and resourceful	<b>Relevant and authentic</b> We are a window on the past, present and future of how transport keeps London working and growing	<b>Dedicated and personal</b> We go the extra mile to deliver
	<b>CHARITABLE ACTIVITIES</b>		<b>ENABLERS</b>	
<b>AIMS</b> What we do...	<b>Content</b> Being the world's leading Museum of urban transport	<b>Experiences</b> Create experiences that delight and inspire	<b>People</b> Nurture a culture that's united behind our purpose	<b>Money</b> Generate the funds to make a difference
<b>BEHAVIOURS</b> To live our principles, we are...	<b>Inclusive</b> We strive to include and are supportive of everyone	<b>Collaborative</b> One Team One LTM	<b>Courageous</b> We try new approaches and ways of working	<b>Active</b> We focus on results and make things happen
<b>5 YEAR PLAN</b>	Programmes, projects and initiatives organised to support the strategic drivers. Includes relevant goals and measures of success.			



## Achievements and performance

### 5. Content – Being the world’s leading museum of urban transport

- Visitors - We reached a total of 1,431,700 people onsite, offsite and online in year two of our Five-year plan. Over 395,700 people visited Covent Garden and the Acton Depot. We reached over 112,000 people offsite through Hidden London, Safety and Citizenship and Heritage Tours. We are currently tracking unique users as our measure for online reach and this exceeded 924,000 in 2018/19.
- Conservation - Work continues on Friends-funded conservation projects, including the researching, sourcing and purchase of moquette fabric for the restoration of the interior of the Waterloo & City car. Following a reassessment of the necessary work and cost to the engine in our ST type bus (ST821), this funding was reallocated to repairs to District line destination apparatus from the 1900s,
- Digital collections - Over 5,000 new records were added to Collections Online over 2018-19, well in excess of the target of 1,800 agreed with Arts Council England (ACE).
- Curatorial - We launched year one of the ACE, NPO-funded Documentary Curator programme with topics including: Where are all the Women? Elizabeth line, LGBT + Linking Lines, and community projects at stations. Curators ran a sector-sharing event on 18 March 2019 with around 30 curators who work across the sector in contemporary collecting. This event generated discussions that are helping to shape the creation and evolution of a contemporary-collecting toolkit – one of the objectives agreed with ACE.
- Thought Leadership - The Museum launched its new Interchange thought leadership report, *Rethinking Smart Futures*, on 12 March 2019, delivered in partnership with Gowling WLG, Thales and PwC. The event was a culmination of four round table discussions with industry leaders. The launch was attended by 80 Museum guests and chaired by broadcast journalist Evan Davis.
- Clapham South - The team is developing a business plan to establish the viability of the Museum’s plans for the development of Clapham South deep-level shelter, with a £146k grant from the National Lottery Heritage Fund’s Resilient Heritage fund.
- Curatorial - We undertook a video oral history at Clapham South deep-level shelter, featuring John Richards who lodged there in 1948 after arriving from the Caribbean on MV Windrush to seek work in post-war Britain. The footage is a valuable addition to our first-hand accounts of living at the shelter and is the first in our collection from a Windrush passenger. It has already been used extensively for media work in celebration of 70 years since the arrival of the Windrush.
- Information Services - In January 2019, we were asked by the design team of the new Elizabeth line station at Woolwich to assist with the First World War memorial plaque, popularly known as the Dead Man’s Penny. The plaque features in the station design and reflects an association with the Royal Arsenal where the plaques were made. Our text will appear on a totem outside the station, in the heritage area of the Royal Arsenal.
- Library - Having completed the library move from Covent Garden, we reopened to the public on 2 November 2018 and the flow of public enquiries and visitors has resumed. Our proximity to the TfL Corporate Archives based at 55 Broadway has already resulted in closer working and we are promoting it as a benefit to potential visitors.



## 6. Experiences – Create experiences that delight and inspire

- In 2018, London Transport Museum, in partnership with TfL and the Department for Transport, ran a successful Year of Engineering programme. This increased engagement by children, young people, parents and teachers in STEM subjects and careers in engineering. Activity included the launch of two new permanent galleries (*Digging Deeper* and *Future Engineers*), education and outreach events and a programme of creative family fun activities. A total of 48,215 children and young people took part.
- The rolling programme of gallery upgrades continued with the launch of *Future Engineers* in October 2018, a new space promoting careers in transport. Aimed at children aged between 7 and 11, young people and curious adults, this gallery gives visitors the opportunity to test their skills, solve transport conundrums faced by modern day engineers, and enjoy a series of interactive exhibits. Exhibits were sponsored by industry partners including Bombardier Transportation, Cubic Transportation Systems, Jacobs, Mastercard and Microsoft. These include an Elizabeth line train driving experience, the latest palm-scanning ticketing technology and an interactive city planning challenge.
- Great Summer of Engineering - Between July and September 2018, the Museum's Great Summer of Engineering family activity programme saw more than 9,700 children and adults take part in six weeks of engineering-inspired challenges and pop-up activities. These were supported by corporate partners including Jacobs, Mastercard, Mott MacDonald, and telent Technology Services. The Great Summer of Engineering helped to attract 3,000 more visitors to the Museum compared to the same period in 2017, raising nearly £40k in admissions income.
- On the evening of 8 February 2019, we launched our latest exhibition, the Poster Prize for Illustration, delivered in partnership with the Association of Illustrators. This explored the theme of London Stories, and included a private view followed by a public late event. Over 250 people enjoyed a host of activities, from curator-led tours of the new exhibition to creating 'Vinegar Valentines' with St Brides Foundation, including London stories from the architectural and romantic, to those told through perfume, poetry and song.
- Enjoyment to Employment – Over 71,300 participants took part in the programme to turn childhood enthusiasm for transport into careers in the transport industry. This included 27,000 families, 21,250 primary pupils, 7,350 secondary pupils, 1,500 teachers and the Route into Work programme which supported 80 successful candidates. The programme achieved core outcomes including developing knowledge and appreciation about STEM and understanding the transport industry.
- Our Skills Late event on 15 November 2018 – an employability and networking event for young people interested in careers in transport - was a success; attended by young people, gatekeepers (including parents, carers and careers advisers), employers and patrons.
- Six Young Volunteers worked on a week-long project to design interactive activities for visitors to explore where a career in transport might take them. Five Young Volunteers completed their Bronze Arts Awards.
- TfL Safety and Citizenship Programme - The TfL Safety and Citizenship team worked with 78% of all pre-transition school groups (aged 10/11) in London, equating to 1,642 schools and reaching a total of 89,730 students in the academic year 2018/19. The combined number of students seen through Project Guardian and post-transition sessions this academic year was 9,733 students over 140 sessions. Meanwhile evaluation of our YTA team's work this year has evidenced their work successfully driving a 13% modal shift\* from bus travel to active travel including walking and cycling, promoting healthy travel choice and relieving pressure on the bus network (\*1.9K sample).

- The Museum launched its first Family Depot Open Weekend on 7/8 July 2018. We were supported by colleagues across the Museum and from other organisations including the Museum of London who delivered an activity as part of their community outreach programme. The London Transport Miniature Railway (LTMR) also reopened, with volunteer working parties and a larger team providing much needed additional support and expertise. We plan to continue to deliver three Open Weekends annually.
- Last autumn our focus for heritage operations was the culmination of the Battle Bus project, funded by the National Lottery Heritage Fund and London Transport Museum Friends. We brought together the four surviving B-type buses for a day on the Piazza in front of the Museum and displayed B340 and Battle Bus together on the Mall as part of the DCMS Remembrance Sunday events on 11 November 2018. More than 578 people boarded the buses, which provided the backdrop for media interviews with descendants of First World War service men and women. Coverage included two live broadcasts on Sky News, one of which featured an interview with Sam Mullins OBE, as well as Forces News, BBC News Online and the Telegraph. We were delighted that this project was 'Highly Commended' in the Education category in the prestigious 2019 Museum + Heritage Awards.
- We have had several distinctive heritage train runs during 2018/19. In February 2019 fans got a rare opportunity to travel on our beautifully restored art-deco train, the 1938 Tube stock along the District, Circle, Metropolitan and Piccadilly lines. This was one of the last heritage runs on this route due to signalling upgrades on the Circle line. And 38 Tube stock fever kept rolling, with another sold-out event on 17 March 2019. We ran two extended, non-stop journeys along the District, Hammersmith & City, Metropolitan and Piccadilly lines, offering a taste of travel through London from days gone by.
- Hidden London tours continued to expand and improve. Over 23,000 tickets were sold through the year for tours at Clapham South, Euston, Down Street, Hampstead, Charing Cross and Aldwych.
- Visit England completed the annual Visitor Attraction Quality Assurance scheme (VAQAS). The visit saw a 1% increase to 86% from the 2016/17 result. The Museum maintains a silver award but is making progress towards the strategic objective of gold by 2021.
- The Museum switched Mechanical and Electrical (M&E) maintenance provision to VINCI in October 2018. This has already enabled the completion of a full asset register that will allow Operations to develop an asset development plan to maintain the systems that underpin the visitor experience.

## **7. People – Nurture a culture that's united behind our purpose**

- Customer satisfaction scores at Covent Garden increased one point to 89% of visitors rating their visit excellent or very good, our highest score to date.
- Media coverage of the launch of the Digging Deeper and Future Engineers gallery, the Great Summer of Engineering family fun programme and Crossrail's Secret Life of a Megaproject temporary exhibition generated excellent media coverage for the Museum. Media relations activity reached over 12.5 million people with an advertising value equivalent (AVE) of nearly £5m. We issued 40 press releases and achieved 965 cuttings (broadcast and online). We handled 507 press enquiries.
- Since September 2018, we have entered the Museum for three major awards to profile our education programmes and young people's skills programme: The Museum + Heritage Awards, the Creative and Cultural Skills Awards and the Charity Awards. To date, the Museum has been Highly Commended for Best Educational Initiative at the Museum + Heritage Awards for the Battle Bus project, and the Museum's two learning apprentices have been shortlisted as a team for the Apprentice of the Year award at the Creative and Cultural Skills Awards. This, and the activity to launch Rethinking Smart Futures, has been made possible by our new Corporate Communications capacity.

- We achieved the Investing in Volunteers standard after introducing initiatives to improve recruiting, training, briefing and managing volunteers.
- In March 2019 we hosted a family volunteering focus group at the Depot with three of our family volunteering groups, with positive feedback on their experiences so far. They are developing case studies and promotional photos to develop the offer and help us create a stronger family volunteering brand. We have developed a partnership with the TfL Pre-retirement team, and March saw our first seminar, promoting LTM volunteering to more than 40 TfL staff.
- The Future of IT (FIT) programme has entered the implementation stage. A great deal of work has been done to ensure that the IT network is safe and secure and to bring it up to TfL standards of compliance. Email and internet routing are now under TfL support, bringing greater security. Data and email cleansing has required all areas of the LTM to reduce its data holdings, with the added benefit of bringing the Museum deeper into GDPR compliance. All remaining systems and IT infrastructure will move to TfL support by July 2019.
- 3B Digital has been contracted as our new (interim) digital agency, taking over the LTM website account for a 6-12-month period while we start the process of recruiting a new permanent agency who will deliver a new website. It was necessary to recruit an interim agency to meet GDPR and security requirements as we transfer our IT requirements to TfL.
- Moving the Museum's IT estate to TfL has presented a huge data management challenge. Since January 2019, members of the newly-formed Information Governance Group (IGG) have been working hard on the Data Migration Project alongside the IT team. Through our collective efforts, we have achieved not only an unprecedented reduction in data across all the teams, but also a positive reorganisation of digital assets, drives and folders. We now have a clearer view of what we have and more control over assets. A GDPR-compliant image library has been created for day to day business use and robust data management procedures are in place. The project continues in 2019 and there is still a significant amount of work to do on legacy data.
- The recent safeguarding audit is complete and judged our culture 'Well Controlled' with no further actions required. We now have five more safeguarding leads trained to enable the Museum to better facilitate any safeguarding disclosures or concerns.
- The Museum's offices were relocated seamlessly to Albany House, Petty France, SW1H 9EA on 24 September 2018. The new location has gone down well with the team. Work continues to 'museumify' the light and airy spaces and promote an even stronger and creative working culture.
- Our Director, Sam Mullins, was awarded the honour of an OBE for services to London Transport Museum in the Queen's New Year's Honours list for 2019.

## **8. Money – Generate the funds that make a difference**

- This year we set a stretch target to attract 8,000 more visitors to Covent Garden than ever before; onsite admissions totalled 395,700 visitors to Covent Garden and Acton in 2018/19, while 28,700 below the target (-7 %), more of the visitors were paying adults, resulting in higher income.
- Admissions income was 1% below the target of £2,648k but 10% ahead of last year at £2,619k.
- Contribution from Enterprise activities was £1,388k against a budget of £1,765k.

- Sponsorship of major exhibitions proved elusive as our sector has generally found in the current climate; neither *Poster Girls* nor next year's *Hidden London* have found support despite energetic promotion to prospects.
- Despite challenges securing new sponsorships a number of corporate partners continued their support of the Museum. We are particularly grateful for the long-term support of Exterion Media, sponsors of the Exterion Media Gallery, Cubic Transportation Systems, sponsors of the Cubic theatre and foyer and to Thales and Gowling WLG for their continued support of the Museum's Interchange thought leadership programme. Siemens continued to support the Museum's Enjoyment to Employment programme as sponsors of Inspire Engineering. We are grateful to Costain, Hitachi Rail Europe, Mastercard, Siemens, telent Transportation Services and TfL for their support as partners within our Enjoyment to Employment programme.
- Corporate Membership - We recruited the highest number of new Members ever in 2018/19. Despite this, we were only 8% below budget. All current members who were due to renew this year have done so, and eight new members (Bristow & Sutor, DLA Piper, Microsoft, Telefonica, J Murphy and Son, Engie, Schindler and Jacobs) have signed up, against a full year target of fourteen.
- The Corporate Members Reception on 20 March 2019 hosted 430 guests. Speeches were delivered by TfL Commissioner Mike Brown MVO and LTM Chair Keith Ludeman.
- Total retail sales for the 2018/19 financial year were £2,904k (ex VAT), growing 7.2% on the previous year, but falling short of budget by 4%, with both of our main sales channels contributing to the growth. Gross margin increased by 4% compared to last year to achieve 56.6%.
- LTM retail had a fantastic Christmas in 2018, especially when benchmarked against the High Street. With total sales of £333k in Period 10, LTM had the best retail period ever - a result that was 5% ahead of budget and 10% ahead of last year's Christmas (£303k).
- The annual fundraising dinner took place in the Guildhall on 6 November 2018, raising £317k (profit excluding staff costs), £51k more than last year. Our corporate partners identify strongly with the Museum's STEM agenda and can see that our work helps their businesses address the key issue of skills recruitment.
- *Hidden London* continues to grow, and we have added resources and extra capacity to the business. Ticket sales grew to 23,518 for 25,770 available places (91% take-up). The programme contributed £238k net to LTM from a mixture of public, corporate and group tours.
- The Museum and Acton's CCTV were replaced in December 2018 to enable better coverage, supported by a more active maintenance regime. As LTM will be on the same system as TfL in future, there is a long-term ambition to be part of any future security review that may support cost savings.

## 9. Future Plans

We have identified the key strategic drivers for growth in 2019/20 and have prioritised the projects and initiatives to support these areas. The charitable activities to support our Content and Experiences aims include: Learning, Exhibitions, Thought Leadership and Heritage Operations. The enabling activities to support our People and Funding aims include: Covent Garden entrance improvements; the two-year Technology project; developing and embedding a new Audience Development plan; a new fundraising campaign for the gallery master plan, and growth from all the areas reported through the Enterprise Board.

A selection of the highlights underway for 2019/20 includes:

## Content

- Curatorial - The ACE National Portfolio Organisation-funded Documentary Curator programme sees 16 collecting projects over a four-year span. The projects for 2019/20 include Revisiting the Elizabeth line areas, *Hidden London*, The Women We See and Twenty Years of TfL.
- Learning - The team has had several positive meetings with TfL as part of forward planning for the future of all TfL funded programmes for young people. In order to increase effectiveness and achieve overall efficiencies, TfL will re-brand all funded programmes – including those run by LTM – under the STARS (Sustainable Travel, Active, Responsible, Safe) umbrella brand. The LTM team has been asked to advise on this strategic direction as well as to continue to deliver programmes. We are now able to revise the ambition of the revamped programme and set a goal to return to universal reach to all year 6 pupils by the end of the academic year 2020/21. This new ambitious target is now included in our Five-year plan.
- *Hidden London* - In the autumn of 2018 we embarked on a major photography project for *Hidden London*, visiting over 50 stations on the London Underground and photographing their disused spaces. This was in research and preparation for the *Hidden London* book which will feature many of these freshly commissioned photographs. The project was an enormous success with over 3,000 new photos and allowed us to discover new and exciting venues previously unknown to us and to evaluate their suitability to develop into new tours, both private and public. One such location was Piccadilly Circus which will become a public *Hidden London* tour in 2019/20.
- Gallery Refresh and Exhibition - We are working on the permanent gallery refresh, which will bring the contemporary gallery up to date. 'London Today and Tomorrow' is the working title for this project which will encompass the area from the Transportorium through to the exit. We plan to align this project with the 20th anniversary of TfL in 2020 and are exploring the development of a publication to accompany this project. We worked on the potential narrative and exhibits to help shape sponsorship proposals and gallery brief.

## Experiences

- We have set a target customer satisfaction of 90% as measured by the annual customer survey, an increase of 1%.
- The *Hidden London* exhibition will open in October 2019. It will be an immersive experience, using the power of imagination and suggestion to transport visitors to places they may not otherwise be able to visit. It will give a sense of what it's like to explore some of the abandoned and repurposed tunnels, passages and stations of the London Underground and provide entertaining and informative insights into how and why the network is constantly evolving to meet the needs of its users as well as responding to the changing demands of the city.

## People

- We will continue to embed the new purpose and strategic framework in the Museum culture via a sequence of briefings, workshops, internal communications and awaydays. We will also begin to embed it, and our success framework (Reach, Quality, Impact and Value for money), in our performance management support.
- With IT support to be provided by TfL by mid-2019, the Museum staff will be able to focus on higher value technological initiatives. In anticipation, a new Technology Working Group has been formed and an initial project scoping document is underway which will consider the Museum's entire technology landscape. This will encompass the consolidation of existing Museum systems and driving new technologies to improve the visitor experience. We are scoping a new website, online shop, collections online and a new ticketing system.

## Money

- We aim to grow *Hidden London* to sell 33,300 tickets for tours and increase the contribution to over £500k.
- Sponsorship has been a challenging area and will receive significant management attention. Priorities include: securing new sponsors for Enjoyment to Employment; taking the 'London Today and Tomorrow' proposition and the National Poster Gallery to potential sponsors and securing partners for *Hidden London* tours and Heritage Operations.
- We will develop the new group travel strategy to deliver a net contribution of £50k by the end of the financial year.
- We aim to continue to grow retail overall and increase the gross margin on sales in line with the sector benchmark of 63%.

## 10. Financial review

2018/19 was another year of substantial activity. Having had core funding reduced in 2016/17, the Museum developed a 5-year financial plan to ensure long-term financial stability. 2018/19 was the second year of this plan, and, together with further planned expenditure for 2019/20, has investments in core activities and support to ensure that financial health. This will be funded from reserves set aside in earlier years to cover this anticipated investment.

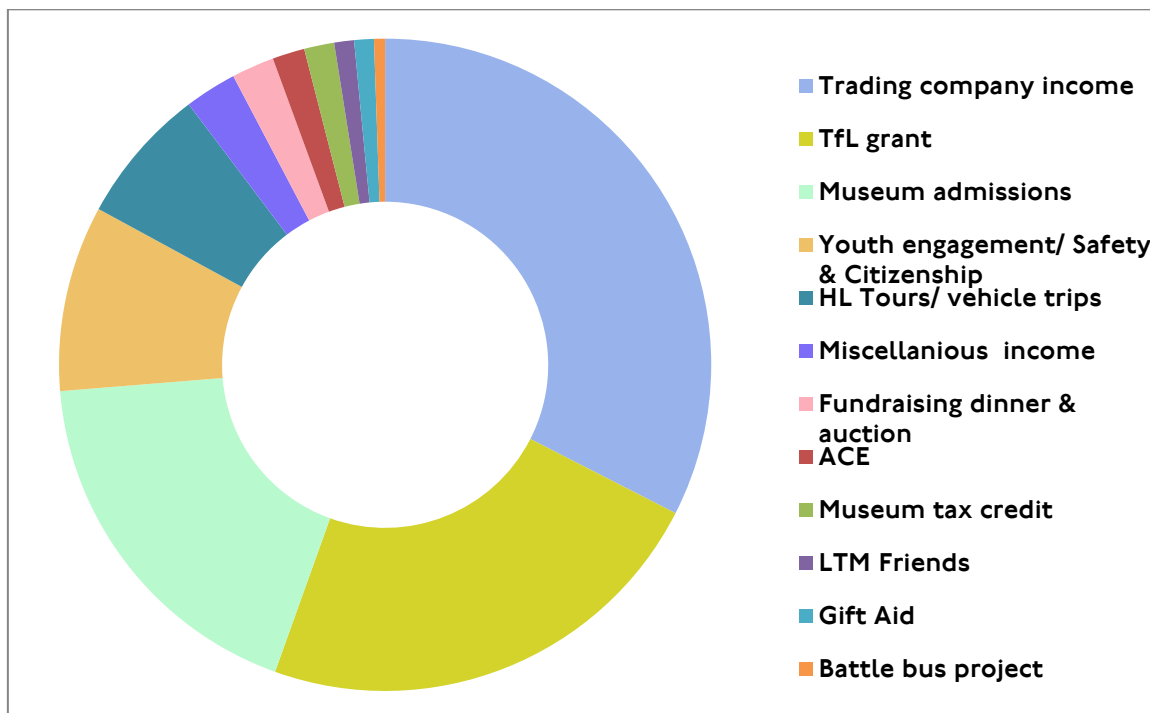
The Museum more than met its target this year, with an operating deficit of £1.9m (2018: £1.3m deficit) against a budgeted £3.4m deficit (2018: £1.3m deficit) and delivered the planned £1.0m of capital improvements, establishing a base for growth in future years. Some of that operating achievement is the result of planned deferment of some major projects (net £0.4m) into 2019/20.

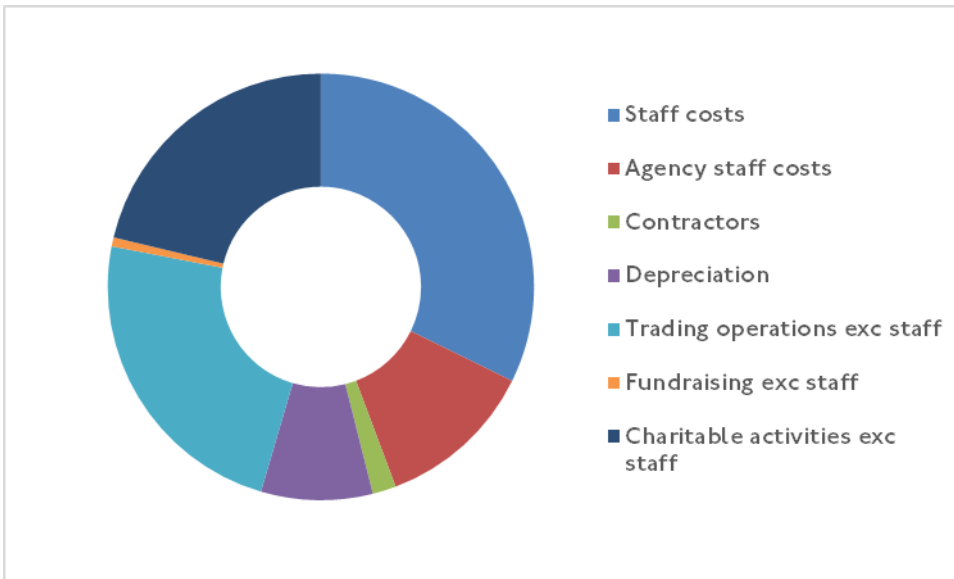
The designated reserve for Museum Investment released £2.9m to cover costs for 2018/19 and anticipated costs for 2019/20. The Museum ended the year with funds carried forward of £28.0m (2018: £30.0m). Some 79% of the Museum's total funds is made up of the £22.1m Capital Fund (2018: £22.4m) which represents the book value of the Museum's fixed assets rather than liquid funds readily available for use. £2.6m (2018: £5.5m) has been set aside in a series of designated reserves (see Note 16) and the Museum has £2.6m (2018: £1.4m) of general reserves.

TfL is the Museum's single largest supporter, providing both grant and project funding, and offering essential services such as finance, payroll and HR at no charge to TLM. The TfL revenue grant is going through a phased reduction from £6m in 2010/11 to £3m in 2019/20. This year we received £3.1m (2018: £3.8m), plus TfL Project Grant of £0.1m (2018: £0.2m) which was invested in digitisation of the Collection. TfL also pays for the Youth Engagement and Safety and Citizenship programmes.

Admissions income was affected by the exceptionally hot summer. Work is being planned for 2019/20 to improve the Museum climate which will make the environment more comfortable, in both winter and summer, for visitors to the Museum and the shop.

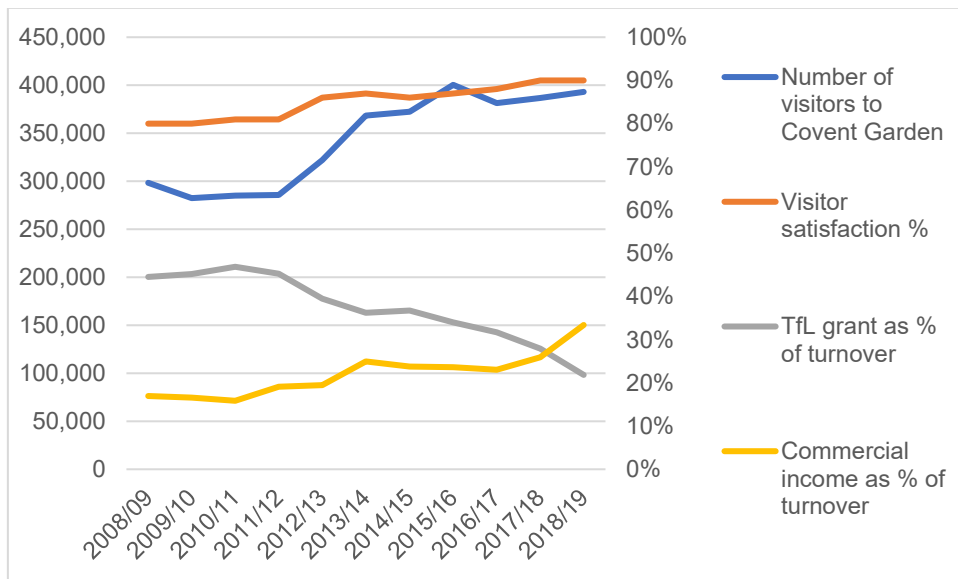
Income is derived from several sources, with Trading company income now being a larger contributor to the Museum's income than the TfL grant + TfL youth engagement/ S&C programme:





Expenditure is, as expected, largely on staff costs, which includes agency staff (largely covering permanent posts pending recruitment) and contractors.

The graph below shows, over the period since the start of the Museum as a charity, the increase in visitor numbers, visitor satisfaction and the move towards reliance on commercial income as TfL grant has been reduced.



The general economic uncertainty has affected corporate confidence and made an impact on our membership and sponsorship income streams, which is reflected in the results. Whilst total income has fallen slightly year-on-year, expenditure has increased as the Museum makes investments for the future.

In September 2018 some of the back-office support was moved from Wellington Street to refurbished offices at Albany House in Petty France. The Museum is already seeing the benefits of the open-plan office, leading to more collaborative working.

The reserves policy, including target levels, designations and the reasons for holding reserves, is reviewed regularly, considering the Museum’s plans, funding and general financial position, and having due regard to the guidance issued by the Charities Commission. The policy is reported to stakeholders via the Annual Report.



# Annual report of the Trustees

## 11. Structure, governance and management

### Legal status and governing documents

London Transport Museum Limited (LTM) is a registered charity incorporated on 6 February 2008 as a company limited by shares; one share is issued and is owned by Transport for London (TfL). It is governed by its Memorandum and Articles of Association. Under the Greater London Assembly (GLA) Act 1999, TfL has the power to provide and maintain a museum of transport artefacts, records and other exhibits. While it is common for charities to incorporate as companies limited by guarantee, the Transport for London (Specified Activities) Order 2000 requires TfL to carry out museum activities through a company limited by shares.

Under section 5.1 of the LTM Memorandum of Association, the property and funds of the Museum must be used only for promoting the objects of the Museum, no dividend may be paid to TfL.

LTM has a wholly owned subsidiary, London Transport Museum (Trading) Limited (LTMTL) which operates retail, corporate hire and other non-charitable activities to generate funds to further the Museum's objects. Under a Deed of Covenant, all the profits of LTMTL are distributed to LTM.

### Organisation

LTM is governed by a Board of Trustees. Day-to-day management of the Museum is delegated to the Managing Director, Sam Mullins OBE, and through him to the Chief Operating Officer (COO), Elizabeth McKay, and Senior Leadership Team (SLT), employees and volunteers. The SLT is made up of five Assistant Director (AD) posts, each with distinct functional responsibilities.

The Trustees and SLT as a group are collectively considered to represent the 'key management personnel' of the charity – i.e. those persons having authority and responsibility for planning, directing and controlling the day-to-day activities of the charity.

### Trustees

There are up to thirteen Trustees of LTM, three of whom are nominated by TfL and may be members, officers or employees of TfL or the Greater London Assembly. The Board is chaired by Keith Ludeman. The Managing Director of LTM is automatically a Trustee by virtue of his office, and there are up to nine independent Trustees unconnected with TfL.

The Board meets at least four times a year for formal business and once a year for a day of strategic review. Trustees also serve on various Board committees (see below) which meet regularly throughout the year. In addition, Trustees attend Museum events and activities, meet informally, and visit other museums and heritage organisations to widen their knowledge and experience of the cultural sector.

The Board has a Nominations Committee to offer advice and make recommendations regarding the appointment of independent Trustees. We use personal recommendation and external search to recruit Trustees with expertise and experience that will support the strategy and operation of the Museum in areas such as community outreach, education, museum practice, commercial transportation, finance and governance, retail operations and public relations.

Trustees serve a three-year term following which they may be elected for another three years. The Articles of Association make allowance for a second extension of up to three more years in exceptional circumstances. Other than the Managing Director, who is an employee of LTM, the Trustees receive no remuneration, but TfL offers Trustees (and non-executive Directors of LTMTL) certain travel concessions. If these are not sufficient, Trustees may claim travel expenses for attending meetings.

The LTM Board is clear about the charity's aims and ensures that these are being delivered effectively and sustainably. A stocktake of governance effectiveness was undertaken at the 26 November 2018

annual strategy meeting. Progress against the actions agreed in November 2017 were reviewed and approved. The Board was briefed on the revised Charity Commission Code of Governance for Larger Charities and the Code was subsequently formally adopted at the January 2019 trustees meeting. It was agreed that the Board will have an external review of the effectiveness of governance in 2019.

Four Trustee meetings were scheduled during 2018/19 and attendance was over 80%. See table below.

Trustee	Apr-18	Jul-18	Oct-18	Jan-19	Total meetings attended
M Arthur	1	1	1	1	4
L Daniels	1	1	0	1	3
M Dix	0	1	0	0	1
V Everitt	1	1	1	1	4
P Hendy	1	1	1	0	3
K Ludeman	1	1	1	1	4
A McConville	1	1	1	1	4
S Mullins OBE	1	1	1	1	4
A Rothery	1	1	0	1	3
H Sillem	0	1	1	1	3
A Smith	1	1	1	1	4
P Swallow	1	0	1	1	3
L Williams	0	1	1	1	3

There have been some changes to the Trustees in 2018/19.

We were delighted to welcome Marcus Arthur to the Board in April. Marcus is the President UK and Ireland with the BBC and joined the Board of Directors of LTMTL as Chair in June 2018.

Leon Daniels retired from TfL in December 2018 and we are working with TfL to identify candidates to replace him as part of their executive talent management programme.

At 31 March 2019, there were 13 Trustees. More information and short biographies of the Trustees can be found on the Museum website:

<https://www.ltmuseum.co.uk/about-us/governance>

### Trustee induction and training

New Trustees undergo an orientation programme to brief them on their obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent performance of the Museum. During their induction they are invited to spend time with the LTM Managing Director and meet senior staff, and are provided with relevant reference material.

### Committees

The Board of Trustees has four committees:

- The Audit and Risk Committee assists and advises the Board of Trustees of LTM and the Directors of LTMTL on audit matters, oversees the relationship with TfL Internal Audit and external auditors, and the Museum's risk management process. The committee's activities include detailed review of the Annual Accounts and consideration of Internal Audit Reports.
- The Finance Committee assists and advises the Trustees on issues relating to financial matters including financial objectives, financial strategy, budgeting and reporting. The committee reviews budgets and plans and scrutinises performance information including management accounts.

- The Nominations Committee advises the Board on issues relating to the mix of skills represented by the Board, succession planning for Trustees, and Trustee recruitment. In particular, the committee makes recommendations to the Board regarding the appointment of independent Trustees.
- The Remuneration Committee reviews the level and structure of remuneration for the Chief Executive and other members of LTM's Senior Leadership Team on behalf of the Board. The committee also oversees matters related to the setting of the Museum's pay ranges, the gender pay gap and the annual pay review for all staff.

## **Relationship with TfL**

When London Transport Museum Limited was established in 2008, a series of written agreements was put in place between TfL and LTM. These set out an umbrella agreement for the continued provision and maintenance of the Museum, covering many aspects of the operation and funding of LTM, and the long-term relationship between the parties. Beneath this there is a funding agreement and an Intellectual Property agreement, while Items in the Museum collection owned by TfL are subject to a management loan agreement between the Museum and the parent company.

As a wholly-owned subsidiary company within the TfL Group, the Museum has access to support and advice from other Group functions in areas such as accounting, taxation, property, marketing and contracts. The Museum receives substantial support from parts of the TfL Group such as Finance, Human Resources (HR), Internal Audit and Payroll. The Museum occupies premises which are owned or leased by TfL Group companies and is given access to TfL assets such as disused stations. Varying financial arrangements apply to the various Group services, many of which are supplied at no cost to the Museum. Further details can be found in the Notes to the Financial Statements.

The Museum generally adopts TfL's HR, Procurement and other policies unless a Museum-specific policy has been agreed by the Board and takes precedence. Examples of Museum policies include safeguarding, reserves, and sponsorship.

## **Employment policies**

At the end of March 2019, the Museum employed 101 people (full-time equivalents).

The Museum is part of the TfL Framework for Consultation and Collective Bargaining. Pay negotiations for the majority of staff are conducted between the TfL Company Council for Collective Bargaining and the recognised trades unions which are the National Union of Rail, Maritime and Transport Workers (RMT) and the Transport Salaried Staff Association (TSSA). The Museum retains responsibility for the distribution of base pay budgets and the level and distribution of performance awards. As part of TfL's review of its Framework, LTM is seeking to devolve greater responsibility for consultation and collective bargaining to Museum management working with local TU representatives.

Pay and remuneration of the Museum's key management personnel, (including the Managing Director but excluding the Trustees who are volunteers and receive no remuneration) is subject to the TfL Senior Management Reward Framework which uses base pay to recognise an individual's overall value to the organisation in relation to internal and external job markets, and performance awards to reward individual contribution within the overall context of organisational performance. The framework is underpinned by TfL's Performance Management and Competency frameworks, linking performance and behavioural assessment directly with pay and performance awards. Pay and remuneration of the Museum's key management personnel is overseen by the Remuneration Committee.

As part of the TfL group, Museum staff receive certain staff benefits including free or discounted travel on public transport services operated by TfL. Staff are also entitled to join the TfL Pension scheme.

## **Charitable objectives and public benefit**

When reviewing the Museum's aims, objectives and achievements, and in planning future activities, the Trustees of LTM have had due regard to the public benefit guidance published by the Charity Commission. We believe that LTM upholds the principles of public benefit against the two key aspects established by the Charity Commission:

- (1) *Benefit aspect: That the Museum has beneficial purposes and that any detriment or harm that results from those purposes does not outweigh the benefit.*

LTM's purposes as a charity are to advance the heritage of transport in London and to educate the public about the history of transport in London through the provision, operation and maintenance of a transport museum for the public benefit. LTM also seeks to educate the public about the wide role of transport in the life and work of London past, present and future, and to help develop the skills and employability of our beneficiaries, particularly with regard to transport and engineering.

The Museum provides clear and identifiable benefits to the public in three categories of activity: access and museum operations, education and engagement, and heritage and collections.

LTM does no harm or detriment through its charitable activities. The health and safety of staff and visitors are taken very seriously, and the Museum operates safety management systems to reduce and manage risks. We seek to manage our impact on the environment, for example, we use photovoltaic solar panels on the Museum roof.

- (2) *Public aspect: That the Museum delivers benefits to the public in general, and that these benefits are not unduly restricted and do not give rise to more than incidental personal benefit.*

LTM delivers benefits to visitors at the Museum in Covent Garden and the Depot in Acton, to users of our website, and to school children and audiences across Greater London who take part in our educational, community and engagement activities at the Museum and elsewhere. Our audience development and community outreach work, our skills development work, and our employability programmes engage with people who would not normally visit museums and galleries and help inspire the next generation of engineers and transport professionals. The Museum at Covent Garden is fully accessible and we welcome visitors on all but three days of the year. We run special early morning events for families with children who have special educational needs, and our schools' programmes run throughout term time.

Our visitors come from across London and the world. We take our heritage vehicles out onto the roads and rails, make historic disused stations publicly accessible, visit schools and work with local communities across the Capital. We also loan objects to other institutions to extend our reach and increase access to our collections. Our comprehensive, free online resources are available 24 hours a day and include access to information about exhibits in our gallery as well as thousands of objects not normally on public display.

Where the Museum delivers private benefits to individuals or companies, these are subject to appropriate commercial arrangements undertaken through a subsidiary company to generate funds for the Museum. No LTM or TfL staff receive private benefit other than in an incidental way and, with the exception of Sam Mullins OBE who receives a salary in respect of his position as the Museum's Managing Director, the Board members receive no payments for their role as Trustees of the Museum.

## **Safeguarding**

London Transport Museum aims to promote opportunities for children and young people to engage with the richness of our collection, enjoy education and employment opportunities through the Museum and our wider transport community, and to participate in the debate about the future of London.

At London Transport Museum, we are committed to excellence in the safeguarding of children, young people and vulnerable adults who engage with all our activities including our collections, programmes, education and employment initiatives. We believe that the welfare of children and vulnerable adults is

paramount, and that all children and vulnerable adults, whatever their age, culture, disability, gender, racial origin, religious beliefs or sexual identity have the right to protection.

We will ensure that all concerns and allegations of abuse will be taken seriously and responded to swiftly and appropriately and that our staff, volunteers, associates and Trustees will be trained and know how to respond to concerns raised.

London Transport Museum will promote a positive ethos of collaboration with children and/or vulnerable adults. We will take every reasonable step to ensure that all children and vulnerable adults engaged with our services are safe and protected.

We keep our Safeguarding Policy and procedures under regular review and this year we invited external experts to scrutinise our Safeguarding processes to ensure that we exemplify best practice. A substantial training and communication exercise was undertaken this year and we plan to roll out further safeguarding training. An external audit involving independent specialists of the Museum's culture of safeguarding delivered a 'well controlled' result in March 2019.

### **Relationship with other charities and organisations**

The Museum is an instinctively collaborative organisation that seeks to work with like-minded partners from the private, public, educational and not-for-profit sectors to achieve mutually beneficial goals and enhance the delivery of public benefit. A list of our education and engagement partnerships is included in this statement.

We are fortunate to be supported by the London Transport Museum Friends (LTMF), an independent charity (no. 285108) established in 1982 which has charitable objectives to advance '...public education in the history of transport and in particular by assisting and encouraging the work and activities of the London Transport Museum'. Museum Director Sam Mullins OBE is also a Trustee of LTMF, and the Museum provides office space and other support to the Friends.

### **Fundraising**

London Transport Museum actively pursues funding from the corporate sector, trusts, foundations, statutory and industry funders and from individuals to fund our charitable activity and extend our community and audience reach. We seek to establish relationships with those who have good reason to support the Museum, particularly, those who are willing and able to work collaboratively with the Museum in the long-term. This includes, but is not exclusive to, the transport industry and companies who do business with Transport for London.

Before entering into a partnership or relationship, the Museum will assess any potential harm a partnership could have on London Transport Museum, Transport for London, Museum audiences and stakeholders.

The decision on whether to develop a partnership or relationship will be based on the following criteria:

- *Brand alignment* – Is the relationship with a potential sponsor/donor consistent with our organisational values, mission and plan?
- *Reputational risk* – Could the sponsor/donor relationship bring either London Transport Museum or TfL into disrepute?
- *Nature and scale of risk* – What are the risks/likelihood of the risks, versus the potential benefits?
- *Funding need* - Does the relationship deliver on a real need for the organisation?
- *Value of the partnership* – What is the value of the partnership to London Transport Museum compared with the investment the Museum will need to put in to secure and manage it? Will the partnership deliver value to the Museum in the long term?
- *Financial stability* – Are we confident that the sponsor/donor will honour the terms of the relationship, contractual and otherwise?

The above assessments are made by Museum staff. Although the Museum may occasionally use third party websites, such as Virgin Money, to collect donations, we do not employ the services of professional fundraisers or commercial participators.

Other than via admission charges for entry to the Museum, only a relatively small amount of our fundraising activity is aimed at the general public. We do not undertake street collections, telephone campaigns or employ any fundraising techniques that would constitute an unreasonable intrusion on a person's privacy or are unreasonably persistent or place undue pressure on a person to give money or other property. We maintain a database of subscribers to our email newsletter, and where we collect personal information this is managed in line with General Data Protection Regulation. If an individual has agreed to receive our newsletter, we will send regular updates that will include information about the Museum's work, as well as our events, special offers and fundraising activities. Further information about how LTM uses personal information can be found in our privacy statement:

<https://www.ltmuseum.co.uk/privacy>

The Museum has voluntarily subscribed to the scheme for fundraising regulation in England, Wales and Northern Ireland by the Fundraising Regulator. We also pay for membership of the Institute of Fundraising for key members of the Museum's fundraising team.

We have received one complaint about our corporate fundraising activity from a campaign group which has an ethical objection to one of the engineering companies that sponsors the Museum. We have received no complaints regarding our fundraising from individuals. The Trustees are content that all donations are in line with the Museum's policies.

### **Information transparency**

Data relating to London Transport Museum, including details of reports, expenditure and Freedom of Information requests can be found by visiting the TfL Transparency pages on the TfL website:

<https://tfl.gov.uk/corporate/transparency/>

### **Reserves Policy**

The total held in reserves is £28m (2018: £30m) of which £27m (2018: £29m) is unrestricted.

The charity has three types of reserves:

- (i) General reserves are unrestricted funds which provide working capital and help deal with unplanned and unexpected expenditure or loss of funding.
- (ii) Designated reserves are unrestricted funds set aside by the Trustees for a specific purpose.
- (iii) Restricted reserves are reserves which have been created when donors or funders restrict the use of funds for a particular purpose. The Museum has no endowment funds.

#### Reserves Policy

A risk-based approach with a target range on general reserves has been adopted as policy.

#### General reserves

General reserves (i.e. 'free reserves' or 'general unrestricted funds') are funds not designated or restricted to a particular purpose, nor represented by fixed assets. In assessing the suitability of the adequacy of the level of free reserves, the Trustees have had regard to the Museum's diverse income streams, cashflow requirements, the level of other designated funds, the organisation's operational risks and the importance of TfL funding and support in the context of the Museum as a subsidiary company of TfL. An assessment has been made of the risk associated with each of the Museum's income streams in the short to medium term, considering the certainty of the income, the targets for growth and the likely level of fluctuation that could occur. Expenditure has also been examined to identify the risk of potential increases.

The target range for general reserves is between £1.1m to £2.3m. The current level of general reserves is £2.6m (2018: £1.4m). This is above the target, however, the Museum budgets to make an operating loss in 2019/20 due to ongoing investment, particularly in IT, and it is expected that the

general reserves will return to the target range during 2019/20.

#### Designated reserves

It is the Trustees' policy to hold four designated reserves funds:

1. To enable the Museum to plan for major exhibitions and educational programmes, in advance of securing external sponsorship or other funding, by setting aside funds to cover the cost of such activities should external income not be forthcoming and the costs unable to be met from general reserves. This enables the Museum to plan ahead for long lead-time exhibitions and educational programmes by providing some level of cover for the costs of such activities as the Museum cannot always wait until it raises all the funds for a project before committing to that project. The target level for the Fund is set at £0.5m. The current level of the Future Exhibitions fund is £0.5m (2018: £0.5m)

2. To contribute towards the cost of asset renewals and other future capital expenditure associated with the Museum's premises, facilities and fixed assets.

The Museum's capital expenditure needs are variable and although external capital grants are usually sought, they can be difficult to secure and are unlikely to meet project costs in full. The target level for the Fund is set at between £1m and £2m. The current level of the Museum Asset Development fund is £1.1m (2018: £1.1m).

3. To support the Museum's strategic development plans.

This Fund was created to address the important strategic challenges facing the Museum, including the rolling planned gallery and exhibition improvement (rather than a disruptive Museum-wide refit) to ensure that the Museum's galleries are kept up to date and maintain a high-quality visitor experience by incorporating the latest interactive technologies and replacing worn out or ageing infrastructure.

In addition, the fund is used to cover operating deficits as the Museum invests in the growth of income-generating activities. Funds were therefore transferred to General Reserves at the end of 2018/19 to cover the anticipated operating losses for 2019/20 and the anticipated operating losses for 2020/21.

This fund does not have a target level set. The current level of the Museum Strategic Development Fund is £1m (2018: £3.9m) which the trustees consider is necessary and sufficient to cover further gallery improvements before returning the museum to a level of operating profit to fund these improvements in 2021/22.

4. To represent the net book value of the Museum's tangible fixed assets.

The majority of these assets were transferred to LTM from TfL on 1 April 2008, and have been subsequently depreciated, added to with capital purchases and reduced by asset disposals. Reserves equivalent to the net balance sheet value of the assets are set aside in a designated fund as they do not represent funds readily available for other purposes. From this, the value of the fund equals the net book value of the tangible fixed assets. The current level of the Capital Fund is £22.1m (2018: £23.3m)

#### Restricted Reserves

The largest restricted fund is the Collections Development Fund (CDF) which was established in 2012 following the auction of 400 surplus posters. The Museums Accreditation scheme requires that the disposal of any collection object creates an obligation to spend the income in a way which benefits the remaining collection. Accordingly, the Collections Development Fund can only be used for acquisitions and conservation. The Heritage Lottery Fund, Arts Council England and Luke Rees-Pulley Charitable Trust are all important supporters of LTM projects and programmes. Where the restricted funds supplied by these organisations only meet a proportion of project expenditure, transfers are made from general funds to meet the remaining cost; where projects are anticipated to be covered by restricted funds but expenditure has occurred ahead of grant receipt, the fund will show a negative balance. Further details concerning restricted funds can be found in the notes to the financial statements. The Museum has net £0.6m (2018: £0.6m) of reserves in funds subject to, or anticipated to be subject to, restrictions.

## Risk Management

The major risks to which the Museum is exposed are regularly reviewed and the Trustees' risk management strategy includes the following actions:

- Periodic risk reviews by the Managing Director and Senior Leadership Team, overseen by the Audit and Risk Committee
- Regular consideration of risk by the Trustees
- Maintenance of the Risk Map and Risk Register together with maintenance of systems and procedures to mitigate risks identified in the Risk Map and Risk Register
- Regular audits of Museum operations carried out by TfL's Internal Audit department

The Museum's key risks are identified as those with a potential impact that is rated 'High' or 'Very High', and which have a 'High' or 'Very High' likelihood of occurring. Three risks currently fall into this category:

- Reduction in admissions and retail income, or failure of income to grow sufficiently to meet the needs of the charity due to security concerns, weather conditions, incomplete or unattractive product ranges for sale in our shop and café and sub-optimal shop/café environment
- Reduction in corporate based income, or failure of income to grow sufficiently to meet the needs of the charity due to potential loss of Corporate Members, Commercial Sponsors and Venue Hire Customers because of political and economic uncertainty around Brexit and lack of resource due to vacancies
- Transition to TfL-based IT support, which is underway, but is not yet fully tested. Risk is to business continuity, inefficient working and benefits not realised.

To mitigate these risks, the Trustees and/or Leadership Team have undertaken the following actions:

- Established a five-year plan for income growth including the development of *Hidden London* tours, expansion of online sales activities and marketing plans to attract a range of visitors
- Development of new (including seasonal) products and recruitment of a Retail Manager and Retail Merchandiser.
- Begun a cost reduction exercise against the five-year business plan, and established options for controlling future expenditure if income growth does not meet targets.
- Set aside a prudent level of reserves to offset medium term deficits and provide funds for investment in income growth

In addition to the above, the Trustees are aware of the potential effect upon future heritage rail operations that may arise from new signalling technology on London Underground, and of the possible impacts upon heritage bus operation in central London following the creation of the Ultra Low Emission Zone. We are monitoring both situations and working closely with our partners and supporters at TFL to mitigate the potentially harmful effects to our operations.

## Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Museum's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant information and to establish that the Museum's auditors are aware of that information.



## 12. Trustees' statement

### **STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF LONDON TRANSPORT MUSEUM LIMITED IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees 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 group and charitable company and of the group's excess of expenditure over income for that period. In preparing each of the group and charitable company financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

This report was approved by the Board of Trustees on 18 July 2019 and signed on its behalf by

Sam Mullins, OBE, Trustee,  
London Transport Museum Limited  
Company registration number 06495761  
Charity number 1123122

### 13. Trustees and advisers

#### Directors and Trustees

The Directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

#### Board of Trustees

Keith Ludeman (Chair)	Angela McConville
Sam Mullins, OBE (Managing Director)	Andy Rothery
Marcus Arthur (from 27 April 2018)	Hayaatun Sillem
Leon Daniels*	Andrew Smith
Michèle Dix*	Phil Swallow
Vernon Everitt*	Liz Williams
Sir Peter Hendy	David Worthington (to 27 April 2018)

\* *Nominee of Transport for London*

#### Audit and Risk Committee

Andrew Smith (Chair)	Keith Ludeman (Chair)
Sarah Bradley ( <i>TfL Observer only</i> )	Marcus Arthur
Michèle Dix	Leon Daniels
Keith Ludeman	Andrew Freeman ( <i>TfL Observer only</i> )
Sam Mullins, OBE	Angela McConville
Andy Rothery	Sam Mullins, OBE
Phil Swallow	Andrew Smith

#### Finance Committee

#### Nominations Committee

Keith Ludeman (Chair)	Hayaatun Sillem (Chair)
Vernon Everitt	Vernon Everitt
Angela McConville	Keith Ludeman
Sam Mullins, OBE	Sam Mullins, OBE

#### Remuneration Committee

#### Directors of London Transport Museum (Trading) Limited

Marcus Arthur (Chair, from 7 June 2018)	Angela McConville
Roger Cooke	Sam Mullins, OBE
Graeme Craig (resigned 2 July 2018)	Randeep Sidhu
Bill Ferris	David Worthington (resigned 7 June 2018)
Chris Gilbert (resigned 21 February 2019)	

#### Auditors

Kingston Smith LLP	TfL In-House Legal Department
Devonshire House	55 Broadway
60 Goswell Road	London SW1H 0BD
London EC1M 7AD	

#### Principal Legal Advisers

#### Principal Bankers

HSBC	Howard Carter
2 <sup>nd</sup> Floor, 62-76 Park Street	
London SE1 9DZ	

#### Company Secretary

#### Museum Senior Leadership Team, to whom day-to-day management is delegated:

Elizabeth McKay – Chief Operating Officer

Molly Jackson - Assistant Director - Commerce

Chris Nix - Assistant Director - Collections and Engagement

Geoff Rowe - Assistant Director – Customers and Resourcing

Claire Williamson - Assistant Director - Marketing & Development

Chris Gilbert – Assistant Director – Business Services (resigned 21 February 2019)

The new post of Chief Financial Officer is currently being recruited

## **14. Independent auditor's report to the shareholder of London Transport Museum Limited**

### **Opinion**

We have audited the financial statements of London Transport Museum Limited for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, including the Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets 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 the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (also known as ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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.

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

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees 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.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out above, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group and parent charitable company'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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

This report is made solely to the charitable company's shareholder, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's shareholder those matters which 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 any party other than the charitable company and charitable company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

.....  
**Neil Finlayson (Senior Statutory Auditor)**  
 for and on behalf of Kingston Smith LLP, Statutory Auditor  
 Devonshire House  
 60 Goswell Road  
 London  
 EC1M 7AD

Date: .....

## 15. Financial statements

### Consolidated statement of financial activities including income and expenditure account - Year ended 31 March 2019

	NOTE	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
		2019	2019	2019	2018	2018	2018
		£000	£000	£000	£000	£000	£000
<b>INCOME FROM:</b>							
<b>Donations, grants and fundraising</b>							
Core grants		3,139	-	3,139	3,969	-	3,969
Other grants and donations		812	65	877	870	172	1,042
	4	3,951	65	4,016	4,839	172	5,011
<b>Charitable activities</b>							
Education and engagement		1,181	250	1,431	1,413	154	1,567
Access and museum operations		3,415	79	3,494	2,990	36	3,026
Heritage and collections		11	132	143	136	89	225
	6	4,607	461	5,068	4,539	279	4,818
<b>Commercial activities</b>	5	4,347	98	4,445	4,277	-	4,277
<b>Other income</b>	7	451	46	497	21	73	94
<b>Investments (bank interest)</b>		15	-	15	7	-	7
<b>Total income</b>		<b>13,371</b>	<b>670</b>	<b>14,041</b>	<b>13,683</b>	<b>524</b>	<b>14,207</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Trading operations		3,275	3	3,278	3,208	11	3,219
Other fundraising activities		920	25	945	919	2	921
	8a	4,195	28	4,223	4,127	13	4,140
<b>Charitable activities</b>							
Education and engagement		4,521	351	4,872	4,250	266	4,516
Access and museum operations		4,460	104	4,564	4,343	73	4,416
Heritage and collections		2,190	64	2,254	2,176	214	2,390
	8a	11,171	519	11,690	10,769	553	11,322
<i>Net loss on disposal of fixed assets</i>		68	-	68	-	-	-
<b>Total expenditure</b>	8a	<b>15,434</b>	<b>547</b>	<b>15,981</b>	<b>14,896</b>	<b>566</b>	<b>15,462</b>
<b>Net (expenditure)/income</b>		<b>(2,063)</b>	<b>123</b>	<b>(1,940)</b>	<b>(1,213)</b>	<b>(42)</b>	<b>(1,255)</b>
Transfers between funds	16a	105	(105)	-	92	(92)	-
<b>Net movement of funds in year</b>		<b>(1,958)</b>	<b>18</b>	<b>(1,940)</b>	<b>(1,121)</b>	<b>(134)</b>	<b>(1,255)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		29,316	638	29,954	30,437	772	31,209
<b>Total funds carried forward</b>	16a	<b>27,358</b>	<b>656</b>	<b>28,014</b>	<b>29,316</b>	<b>638</b>	<b>29,954</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure are derived from continuing activities.

## Balance sheets as at 31 March 2019

	Note	2019 Group	2018 Group	2019 Museum	2018 Museum
		£000	£000	£000	£000
<b>Tangible Fixed Assets</b>	12	<b>22,136</b>	<b>22,446</b>	<b>22,136</b>	<b>22,446</b>
<b>Current Assets</b>					
Stock		600	949		
Debtors	13	1,282	1,313	1,936	1,833
Cash	14	8,674	7,557	7,202	7,014
		<b>10,556</b>	<b>9,819</b>	<b>9,138</b>	<b>8,847</b>
<b>Creditors</b>					
Falling due within one year	15a	(4,637)	(2,278)	(3,260)	(1,339)
		<b>(4,637)</b>	<b>(2,278)</b>	<b>(3,260)</b>	<b>(1,339)</b>
<b>Net Current Assets</b>		<b>5,919</b>	<b>7,541</b>	<b>5,878</b>	<b>7,508</b>
<b>Total assets less current liabilities</b>		<b>28,055</b>	<b>29,987</b>	<b>28,014</b>	<b>29,954</b>
<b>Creditors</b>					
Falling due after more than one year	15b	(41)	(33)	-	-
<b>Net Assets</b>		<b>28,014</b>	<b>29,954</b>	<b>28,014</b>	<b>29,954</b>
<b>Represented by</b>					
Restricted funds	16a	656	638	656	638
Called up share capital	18	-	-	-	-
Unrestricted Funds					
Designated funds					
Capital Fund		22,136	22,446	22,136	22,446
Future Exhibitions and Education Fund		500	500	500	500
Museum Asset Development Fund		1,120	1,120	1,120	1,120
Museum Strategic Development Fund		985	3,885	985	3,885
General unrestricted fund		2,617	1,365	2,617	1,365
	16a	<b>27,358</b>	<b>29,316</b>	<b>27,358</b>	<b>29,316</b>
<b>Total</b>		<b>28,014</b>	<b>29,954</b>	<b>28,014</b>	<b>29,954</b>

These financial statements were approved by the Trustees on 18 July 2019 and signed on their behalf by:

Sam Mullins, OBE, Trustee, London Transport Museum

Company registration number 06495761

The notes on pages 30 to 52 form part of these accounts.

## Notes to the financial statements

### 1. Basis of preparation

#### a) Statement of compliance

The financial statements have been prepared in accordance with:

- the Companies Act 2006
- the Charities Act 2011
- Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2015)
- United Kingdom Accounting Standards and generally accepted accounting practice, including Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

London Transport Museum Limited is a 'public benefit entity' under FRS102.

#### b) Basis of measurement

The accounts are made up to 31 March 2019 and have been prepared under the accruals concept and in accordance with the historical cost accounting convention.

The Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Trustees continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following SORP 2015 issued on 16 July 2014 rather than the preceding Charities SORP (SORP 2005) which was effective from 1 April 2005 and has since been withdrawn.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

#### c) Group financial statements

These financial statements consolidate the results of the Museum charity and its wholly owned subsidiary London Transport Museum (Trading) Limited on a line by line basis. Neither a separate statement of financial activities nor an income and expenditure account are presented for the Museum charity itself following the exemptions afforded by section 408 of the Companies Act 2006.

The functional currency of the Museum is the Pound Sterling and amounts in these accounts have been presented as rounded to £'000. Amounts denominated in foreign currencies have been converted to Sterling at rates of exchange ruling on the transaction dates. Amounts held in foreign currencies as at the balance sheet date have been translated in to Sterling at rates of exchange ruling at the balance sheet date.



## Notes to the financial statements continued

### 2. Uses of estimates and judgements

The preparation of Financial Statements in compliance with UK accounting standards requires the use of certain critical accounting estimates. It also requires Trustees and management to exercise judgement in applying the Museum's accounting policies.

Items in the financial statements where these judgments and estimates have been made include amounts for goods, facilities and services donated for the Museum's use. Where the benefit is quantifiable, and the goods and services would otherwise have had to be purchased, such items are recognised in the financial statements as both income and expenditure at a reasonable estimate of their value to the charity in the period in which they are donated.

As per SORP 2015 section 1.38, measurement issues, including attributing an economic value to the contribution of general volunteers, prevent the value of services provided by volunteers being incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the body of the Trustees' Annual Report.

The most significant judgment and estimate in the accounts is the value placed on the net assets transferred from TfL under the Transfer Scheme at 1 April 2008 when the charity was formed. These assets were valued at £28.74m, this being the written down value of the assets in the accounts of TfL as at 31 March 2008. As at 31 March 2019, no estimates or assumptions made are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 3. Accounting Policies

#### a) Income

Income is included in the Statement of Financial Activities when all the following criteria are met:

- control over the rights or other access to the economic benefit has passed to the Museum ('entitlement')
- it is more likely than not that the economic benefits associated with the transaction or gift will flow to the Museum ('probable')
- the monetary value or amount of the income can be measured reliably, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably ('measurement')

## Notes to the financial statements continued

Income from donations, grants and fundraising includes items that provide core funding or are of a general nature. These are recognised upon receipt. Such income would only be deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the Museum has unconditional entitlement.

Income from corporate supporter memberships, commercial trading, sponsorships and other similar activities where benefits are delivered by the Museum or its subsidiary trading company, is recognised as the related goods and services are provided.

Investment income is recognised on a receivable basis.

It is the current Investment Policy of the Museum to invest surplus funds in short-term cash deposits within the UK. Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions which is recognised as the related goods or services are provided.

### b) Expenditure

All expenditure (except capital expenditure) is included in the Statement of Financial Activities inclusive of any irrecoverable VAT. Expenditure is recognised when a liability is incurred and is classified under the following principal categories:

- Costs of raising funds includes the costs of commercial trading and the operating costs of the fund-raising department.
- Costs of charitable activities include expenditure associated with the operation of the Museum and its educational and public programmes, and the management and development of the Museum's collections and exhibitions.

Where costs relate directly to an activity they have been allocated against that activity. Support costs (including governance costs) that relate to more than one activity have been allocated to activity cost categories on the basis of staff numbers in each area of activity (see Note 8).

### c) Tangible fixed assets

Individual fixed assets over £10,000 are capitalised at cost.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Plant and equipment	3 – 10 years
Buildings and refurbishments	10 – 35 years

Structural improvements to the fabric of the Museum at Covent Garden are depreciated over the remaining life of the lease for the building (26 years). Other building work is capitalised if it is considered that future economic benefits in excess of the originally assessed standard of performance will flow as a result of that work.

## Notes to the financial statements continued

### d) Heritage assets

Heritage assets are those assets of historical, artistic or scientific importance that are held to advance the preservation, conservation and educational objects of the Museum. The Museum collections consist of over 475,000 items which are on loan from TfL. Assets on loan are not capitalised within these financial statements although expenditure relating to their use and maintenance is included in the Statement of Financial Activities.

### e) Operating leases

Costs relating to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the life of the lease.

### f) Stock

Stock is valued at the lower of cost or net realisable value. Cost includes only the purchase price of the items. Provision is made for obsolete and slow-moving items where appropriate. All stocks relate to the Museum's retail activities.

### g) Funds structure

Restricted funds are funds to be used for particular purposes laid down by the donors or which have been raised for a specific purpose.

Unrestricted funds are funds available for use at the discretion of the Trustees in furtherance of the Museum's charitable objectives.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The purposes and uses of the funds held in each of these categories are given in Note 16.

### h) Pensions

The Museum participates in a pension scheme operated by TfL providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Museum. The charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as permitted by the multi-employer exemption in FRS 17 'Retirement Benefits', it is accounted for as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period. The disclosures required under FRS 102 are given in Note 19.

### i) Related party transactions

Except in so far as disclosed in Note 20, the Museum has taken advantage of the exemption set out in section 33 of FRS 102 not to disclose any transactions with other TfL Group undertakings.

## Notes to the financial statements continued

### j) Taxation

The Museum is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### k) Cash flow

The Museum has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a wholly owned subsidiary undertaking of Transport Trading Limited and its cash flows are included within the consolidated financial statements of that company which are publicly available.

### l) Financial instruments

Financial assets held by the Museum are classified as "loans and debtors" within the scope of sections 11 and 12 of FRS 102.

Financial liabilities within the scope of sections 11 and 12 of FRS 102 are classified as financial liabilities measured at amortised cost.

The Museum determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each financial year end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transactional costs. The subsequent measurement of financial instruments depends on their classification as follows:

- **Trade and other debtors**

Trade and other debtors are recognised initially at fair value and subsequently at amortised cost. For trade debtors this is after an allowance for estimated impairment. The allowance is based on objective evidence that the Museum will not be able to recover all amounts due, through a review of all accounts and prior experience of collecting outstanding balances. Changes in the carrying amount of the allowance are recognised in the Statement of Financial Activities.

The fair value of trade and other debtors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

- **Cash and cash equivalents**

Cash at bank and in hand comprises cash balances and bank deposits with original maturities of less than or equal to three months.

- **Trade creditors and other payables**

Trade creditors and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

## Notes to the financial statements continued

### 4. Donations, grants and fundraising

	2019	2019	2019	2018
	Unrestricted	Restricted	Total	Total
	£000	£000	£000	£000
<b>Grants from TfL</b>	3,139	-	3,139	3,969
<b>Donated services</b>				
Seconded staff	23	-	23	35
Central services from TfL	278	-	278	278
<b>Donations</b>				
Benefit dinners	289	-	289	286
Gift Aid and other donations	222	65	287	443
<b>Total</b>	<b>3,951</b>	<b>65</b>	<b>4,016</b>	<b>5,011</b>

### 5. Commercial activities

	2019	2019	2019	2018
	Unrestricted	Restricted	Total	Total
	£000	£000	£000	£000
<b>Retail sales</b>	2,882	-	2,882	2,638
<b>Other trading activities</b>				
Venue hire	482	-	482	580
Catering income	59	-	59	57
Commercial sponsorships	314	97	411	406
Corporate memberships	590	1	591	575
Other miscellaneous income	20	-	20	21
<b>Total</b>	<b>4,347</b>	<b>98</b>	<b>4,445</b>	<b>4,277</b>

## Notes to the financial statements continued

### 6. Income from charitable activities

#### (a) Analysis by source of income

<b>Group and Museum</b>	<b>2019 Unrestricted £000</b>	<b>2019 Restricted £000</b>	<b>2019 Total £000</b>	<b>2018 Total £000</b>
Museum admissions	2,492	-	2,492	2,345
Safety and Citizenship income	717	-	717	938
Arts Council Funding	-	219	219	211
Heritage vehicle events and station tours	928	-	928	687
BattleBus project	-	75	75	68
Grants for youth engagement activity	355	-	355	338
Grants for skills and employability activities	-	-	-	1
Qstock	-	16	16	-
HLF Moquette	-	19	19	-
Other miscellaneous charitable income	115	132	247	230
<b>Total</b>	<b>4,607</b>	<b>461</b>	<b>5,068</b>	<b>4,818</b>

#### (b) Analysis by type of charitable activity

<b>Group and Museum</b>	<b>2019 Education and engagement £000</b>	<b>2019 Access and museum operations £000</b>	<b>2019 Heritage and collections £000</b>	<b>2019 Total £000</b>	<b>2018 Total £000</b>
Museum admissions	-	2,492	-	2,492	2,345
Safety and Citizenship income	717	-	-	717	938
Arts Council Funding	102	79	38	219	211
Heritage vehicle events and station tours	17	900	11	928	687
BattleBus project	75	-	-	75	68
Grants for youth engagement activity	355	-	-	355	338
Grants for skills and employability activities	-	-	-	-	1
Qstock	-	-	16	16	-
HLF Moquette	-	-	19	19	-
Other miscellaneous charitable income	165	23	59	247	230
<b>Total</b>	<b>1,431</b>	<b>3,494</b>	<b>143</b>	<b>5,068</b>	<b>4,818</b>

## Notes to the financial statements continued

### 7. Other income

	2019	2019	2019	2018
	Unrestricted	Restricted	Total	Total
	£000	£000	£000	£000
Arts Council resilience grants	-	-	-	73
Other miscellaneous income	451	46	497	21
<b>Total</b>	<b>451</b>	<b>46</b>	<b>497</b>	<b>94</b>

### 8. Expenditure

#### (a) Direct and apportioned costs

	2019	2019	2019	2018
	Direct costs	Apportioned support costs	Total	Total
	£000	£000	£000	£000
Cost of goods sold	1,154	-	1,154	1,241
Other trading subsidiary costs	2,124	-	2,124	1,978
Other fundraising activities	319	626	945	921
<b>Costs of raising funds</b>	<b>3,597</b>	<b>626</b>	<b>4,223</b>	<b>4,140</b>
Education and engagement	2,342	2,530	4,872	4,516
Access and museum operations	2,231	2,333	4,564	4,416
Heritage and collections	1,028	1,226	2,254	2,390
<b>Charitable activities</b>	<b>5,601</b>	<b>6,089</b>	<b>11,690</b>	<b>11,322</b>
<b>Total</b>	<b>9,198</b>	<b>6,715</b>	<b>15,913</b>	<b>15,462</b>

## Notes to the financial statements continued

### (b) Shared support cost allocation

	2019	2019	2019	2019	2019
	Education and engagement	Access and museum operations	Heritage and collections	Raising funds	Total
	£000	£000	£000	£000	£000
Premises & facilities	1,335	1,231	646	332	3,544
Finance & management	672	620	326	165	1,783
Marketing	232	214	112	58	616
Systems	166	153	81	41	441
Design & presentation	125	115	61	49	350
Governance	14	13	7	3	37
Other activities	(14)	(13)	(7)	(4)	(38)
<b>Total 2019</b>	<b>2,530</b>	<b>2,333</b>	<b>1,226</b>	<b>644</b>	<b>6,733</b>
<i>Total 2018</i>	<i>2,478</i>	<i>2,202</i>	<i>1,246</i>	<i>628</i>	<i>6,554</i>

Support costs have been allocated to activity cost categories on the basis of staff numbers in each area of activity (see Note 3b).

## 9. Net Expenditure

This is stated after charging:

	2019	2018
	£000	£000
<b>Depreciation</b>	<b>1,285</b>	<b>1,693</b>
<b>Auditor's remuneration</b>		
Audit – Museum	18	19
Audit - subsidiary trading company	6	5
Other services	1	7
<b>Operating lease rentals - buildings</b>	<b>800</b>	<b>978</b>
<b>Operating lease rentals - office equipment</b>	<b>42</b>	<b>42</b>
<b>Operating lease rentals – plant</b>	<b>10</b>	<b>10</b>



## Notes to the financial statements continued

### 10. Trading subsidiary

The Museum has a single subsidiary company, London Transport Museum (Trading) Limited (LTMTL), having an issued share capital of £1, wholly owned by London Transport Museum Limited.

LTMTL undertakes retail operations, venue hire, commercial sponsorships and the Museum corporate membership scheme.

#### LTMTL Profit and Loss Account

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Turnover	<b>4,446</b>	<i>4,324</i>
Cost of goods sold	<b>(1,154)</b>	<i>(1,241)</i>
<b>Gross profit</b>	<b>3,292</b>	<i>3,083</i>
Operating expenses	<b>(2,124)</b>	<i>(2,079)</i>
<b>Profit from ordinary activities before taxation</b>	<b>1,168</b>	<i>1,004</i>
Tax on ordinary activities	-	-
<b>Total comprehensive income for the year</b>	<b>1,168</b>	<i>1,004</i>

## Notes to the financial statements continued

### LTMTL Balance Sheet

At 31st March 2019

	2019	2018
	£000	£000
<b>Current assets</b>		
Stock	600	949
Debtors	594	614
Cash	1,472	543
	<u>2,666</u>	<u>2,106</u>
<b>Creditors</b>		
Falling due within one year (including to LTM)	<u>(2,625)</u>	<u>(2,073)</u>
<b>Net current assets</b>	41	33
<b>Creditors</b>		
Falling due after one year	<u>(41)</u>	<u>(33)</u>
<b>Net assets</b>	<u>-</u>	<u>-</u>
<b>Share capital and reserves</b>		
Share capital	-	-
Profit and loss reserve	-	-
<b>Total equity shareholder's funds</b>	<u>-</u>	<u>-</u>

## Notes to the financial statements continued

### 11. Staff costs and staff numbers

(a) Total remuneration	<b>2019</b>	<i>2018</i>
<b>Group and Museum</b>	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>3,836</b>	<i>3,638</i>
Social security costs	<b>414</b>	<i>386</i>
Pension costs	<b>906</b>	<i>853</i>
<b>Total</b>	<b>5,156</b>	<i>4,877</i>

The Managing Director is the only paid director and received emoluments from the Museum, including salary, fees, benefits in kind and other emoluments totalling £98,176 (2018: £96,021). In addition, the Museum made contributions totalling £25,961 (2018: £25,710) to the TfL Pension Fund, a defined benefit scheme, on behalf of the Managing Director for the year.

During the year there was one redundancy and a severance payment of £16k was paid out.

The number of employees whose employee benefits (excluding employer's pension contributions) amounted to over £60,000 in the year is given below.

	<b>Group</b>	<i>Group</i>
	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
£60,000 - £69,999	<b>1</b>	<i>2</i>
£70,000 - £79,999	<b>2</b>	<i>2</i>
£80,000 - £89,999	<b>-</b>	<i>-</i>
£90,000 - £99,999	<b>1</b>	<i>1</i>

Contributions to the defined benefit pension scheme made in respect of the four highest paid employees amounted to £77,922 (2018: five employees, £98,265). Of the six SMT's Elizabeth McKay started work mid-year on 4 September 2019 and Molly M Jackson is part time.

(b) Other than the Managing Director, none of the Trustees received any remuneration for their services. Reimbursements of Trustees' expenses totalling £8 were made in the year (2018: £326).

## Notes to the financial statements continued

(c) The average number of persons (full-time equivalents) employed during the year was:

	<b>Group</b>	<i>Group</i>
	<b>2019</b>	<i>2018</i>
	<b>FTE</b>	<i>FTE</i>
<b>Education and engagement</b>	<b>24.6</b>	<i>25.3</i>
<b>Access and museum operations</b>	<b>22.6</b>	<i>22.4</i>
<b>Heritage and collections</b>	<b>11.9</b>	<i>12.7</i>
<b>Activities to generate funds</b>	<b>20.4</b>	<i>19.2</i>
<b>Support functions</b>		
Premises & facilities	<b>2.0</b>	<i>1.0</i>
Finance & management	<b>11.0</b>	<i>9.0</i>
Marketing	<b>6.0</b>	<i>4.5</i>
Systems	<b>2.0</b>	<i>2.0</i>
Design & presentation	<b>0.5</b>	<i>1.0</i>
	<b>101.0</b>	<i>97.1</i>
<b>Plus seconded staff</b>	<b>0.9</b>	<i>0.9</i>

(d) As at 31 March, Museum staff had earned entitlement to annual leave not yet taken equivalent to an estimated total value of £114,877 (2018: £116,000). This has been incorporated in the Statement of Financial Activities.

(e) The key management personnel of the Museum comprise the Trustees and the Senior Management Team (see page 24). The total employee benefits (including employer's pension and national insurance contributions) of the key management personnel was £571,617 (2018: £542,000).

Notes to the financial statements continued

12. Tangible fixed assets

	Property and buildings £000	Assets under construction £000	Total Property and buildings £000	Plant and equipment £000	Total £000
<b>Group and Museum</b>					
<b>Cost</b>					
At 1 April 2018	34,659	169	<b>34,828</b>	1,664	<b>36,492</b>
Additions	779	264	<b>1,043</b>	-	<b>1,043</b>
Transfers	164	(169)	<b>(5)</b>	5	-
Disposal	(98)	-	<b>(98)</b>	-	<b>(98)</b>
Correction	204	-	<b>204</b>	(204)	-
<b>At 31 March 2019</b>	<b>35,708</b>	264	<b>35,972</b>	1,465	<b>37,437</b>
<b>Accumulated depreciation</b>					
At 1 April 2018	(12,874)	-	<b>(12,874)</b>	(1,172)	<b>(14,046)</b>
Charge for the year	(1,141)	-	<b>(1,141)</b>	(143)	<b>(1,284)</b>
Prior Year Adjustment	-	-	-	-	-
Disposal	29	-	<b>29</b>	-	<b>29</b>
<b>At 31 March 2019</b>	<b>(13,986)</b>	-	<b>(13,986)</b>	(1,315)	<b>(15,301)</b>
<b>Net book value at 31 March 2019</b>	<b>21,722</b>	264	<b>21,986</b>	150	<b>22,136</b>
<i>Net book value at 31 March 2018</i>	<i>21,785</i>	<i>169</i>	<b>21,954</b>	<i>492</i>	<i>22,446</i>

## Notes to the financial statements continued

### 13. Debtors

	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Group</b>	<i>Group</i>	<b>Museum</b>	<i>Museum</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Trade debtors	<b>804</b>	592	<b>210</b>	28
Prepayments and accrued income	<b>478</b>	721	<b>478</b>	671
Taxation	-	-	-	50
Amounts owed by subsidiary undertakings	-	-	<b>1,248</b>	1,084
<b>Total</b>	<b>1,282</b>	1,313	<b>1,936</b>	1,833

### 14. Cash

	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Group</b>	<i>Group</i>	<b>Museum</b>	<i>Museum</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Held in current accounts and in hand	<b>2,769</b>	4,591	<b>1,302</b>	4,114
Held in short-term deposit accounts	<b>5,905</b>	2,966	<b>5,900</b>	2,900
<b>Total</b>	<b>8,674</b>	7,557	<b>7,202</b>	7,014

The majority of the cash balance is held to meet future expenditure relating to the Museum's restricted and designated reserves (with the exception of the Capital Fund which is represented by the value of the Museum's fixed assets).

## Notes to the financial statements continued

### 15. Creditors

#### (a) Creditors: amounts falling due within one year

	<b>2019</b>	<i>2018</i>	<b>2019</b>	<i>2018</i>
	<b>Group</b>	<i>Group</i>	<b>Museum</b>	<i>Museum</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Trade creditors	<b>400</b>	369	<b>364</b>	285
TfL Group creditors	<b>1,000</b>	-	<b>586</b>	-
Taxation	<b>139</b>	36	<b>57</b>	1
Accruals	<b>1,612</b>	1,298	<b>1,223</b>	1,036
Deferred income	<b>1,486</b>	575	<b>1,030</b>	17
<b>Total</b>	<b>4,637</b>	2,278	<b>3,260</b>	1,339

Deferred income includes income relating to corporate sponsorship, corporate membership, and *Hidden London* ticket sales received in advance – see note 15 (c) for more information about deferred income.

#### (b) Creditors: amounts falling due after one year

	<b>2019</b>	<i>2018</i>	<b>2019</b>	<i>2018</i>
	<b>Group</b>	<i>Group</i>	<b>Museum</b>	<i>Museum</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Deferred income	<b>41</b>	33	-	-
<b>Total</b>	<b>41</b>	33	-	-

**Notes to the financial statements continued**

(c) Deferred income

	<b>2019</b>	<i>2018</i>	<b>2019</b>	<i>2018</i>
	<b>Group</b>	<i>Group</i>	<b>Museum</b>	<i>Museum</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Brought forward	<b>608</b>	<i>823</i>	<b>17</b>	<i>208</i>
Utilised in year	<b>575</b>	<i>810</i>	<b>17</b>	<i>208</i>
Deferred in year	<b>1,494</b>	<i>595</i>	<b>1,030</b>	<i>17</i>
Carried forward:				
Amount due within one year	<b>1,486</b>	<i>575</i>	<b>1,030</b>	<i>17</i>
Amount due after one year	<b>41</b>	<i>33</i>	-	-



## Notes to the financial statements continued

### 16. Statement of group funds

(a) The movements on funds are as follows:

Group and Museum	1 April 2018	Income	Expenditure	Transfers	Restricted Funds Transfers	31 March 2019
	£000	£000	£000	£000	£000	£000
Unrestricted Funds						
Designated funds						
Capital fund	22,446	-	-	-	(310)	22,136
Museum strategic development fund	3,885	-	-	(2,900)	-	985
Future exhibitions and education fund	500	-	-	-	-	500
Museum asset development fund	1,120	-	-	-	-	1,120
Total designated funds	27,951	-	-	(2,900)	(310)	24,741
General funds	1,365	13,371	(15,434)	2,900	415	2,617
Total unrestricted funds	29,316	13,371	(15,434)	-	105	27,358
Restricted funds						
Luke Rees-Pulley Charitable Trust	17	-	-	-	-	17
Met 353 Carriage	38	-	-	-	-	38
Met 1 Train	-	50	5	-	-	55
Arts Council England	-	219	(232)	-	-	(13)
Battlebus	22	75	(99)	-	2	-
Collections Development	577	-	-	-	-	577
Digging Deeper	-	13	(19)	-	6	-
Future Engineers	-	102	(12)	-	(90)	-
Year of Engineering	-	51	-	-	(51)	-
Untangling the Tracks exhibition	-	38	(48)	-	-	(10)
<i>Hidden London</i> exhibition	-	-	2	-	-	2
Moquette Fund	(19)	19	(1)	-	1	-
Clapham South development fund	-	72	(123)	-	27	(24)
Bus shelter fund	-	10	-	-	-	10
Q Stock	-	21	(20)	-	-	1
Happy Museum	3	-	-	-	-	3
Total restricted funds	638	670	(547)	-	(105)	656
Total funds	29,954	14,041	(15,981)	-	-	28,014

Notes to the financial statements continued

Of which restricted funds – CAPEX Transfer	1 April 2018		Capital Expenditure	Capital Transfer	31 March 2019
	£000	£000	£000	£000	£000
Future Engineers	-	-	(535)	535	-
	-	-	<b>(535)</b>	<b>535</b>	-

### Designated funds

The Capital Fund represents the net book value of the Museum's tangible fixed assets. It is written down by the value of depreciation and increased by any additions to the Museum's fixed assets.

The designated reserve for the Museum Investment released £2.9m to cover costs for 2018/19 and anticipated costs for 2019/20. The funds carried forward totalled £24.7m (2018: £27.9m).

### Restricted funds

The Collections Development Fund (CDF) was established in 2012/13 following the auction of 400 surplus posters. The Fund can only be used for collections acquisitions and conservation.

Arts Council England provide support for a number of initiatives including some which require match funding from the Museum's trading company.

The Luke Rees-Pulley Charitable Trust (LRPCT) supports several Museum initiatives including family resource packs, play activities for children, a learning officer and an apprentice.

The Met 353 Carriage Fund will be used for any future conservation work on the Museum's restored 1908 carriage.

The Heritage Lottery Funded project exploring the Museum's unique collection of moquette fabric ended the year in deficit by £1k (2017/18: £19k). The shortfall will be covered by a transfer from general funds.

In 2018/19 further funding was received from Future Engineers totalling £102k.

### (b) Analysis of group net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds
	£000	£000	£000
Fund balances as at 31 March 2019 represented by:			
Fixed Assets	22,136	-	22,136
Current assets	10,378	178	10,556
Current liabilities	(4,588)	(49)	(4,637)
Long term liabilities	(41)	-	(41)
Total net assets	<b>27,885</b>	<b>129</b>	<b>28,014</b>
<i>Total net assets 31 March 2018</i>	29,316	638	29,954

## Notes to the financial statements continued

### 17. Operating leases

At 31 March 2019, the future minimum operating lease payments for the Museum and the Group are as follows:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Within 1 Year	<b>853</b>	<i>1,031</i>
Between 2 and 5 Years	<b>3,286</b>	<i>3,199</i>
Over 5 Years	<b>15,056</b>	<i>15,856</i>

On 17 September 2018 the London Transport Museum entered into a new building contract at Albany House. The new contract is a licence fee arrangement, between TfL and the London Transport Museum, which expires on 18 December 2024, with a review of rent in March 2022. As this new contract is a licence fee, there is no requirement to report it as an operating lease. Under the new contract there is a rent-free period of 15 months and this will be accounted for, on a straight-line basis, over the term of the licence. The annual rental is £66k subject to review in March 2022.

There has been no change to the operating leases held for plant and office equipment.

### 18. Called up share capital

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
<b>Authorised</b>		
1 ordinary share of £1	<b>1</b>	<i>1</i>
<b>Allotted, issued and fully paid up</b>		
1 ordinary share of £1	<b>1</b>	<i>1</i>

As permitted by FRS 102 and SORP 2015, because no new equity shares have been issued, the Museum has not produced a separate statement of changes in equity for the reporting period.

## Notes to the financial statements continued

### 19. Pensions

#### Background

The Museum offers retirement plans to its employees. The majority of the Museum's staff are members of the Public Sector Section of the TfL Pension Fund, which is a final salary scheme established under trust. Benefits are based on an employee's length of service and final pensionable pay. The Fund's Trustee is the TfL Trustee Company Limited, a wholly owned subsidiary of Transport for London. Under the rules of the Fund, its 18 Trustee directors are nominated in equal numbers by Transport for London and on behalf of the Fund's membership.

The TfL Pension Fund's Actuary makes valuations and recommends the level of contributions to be made by the participating employers to ensure long-term solvency of the Fund. The latest formal funding valuation of the Fund was carried out as at 31 March 2018 by the Actuary, a partner of consulting actuaries Willis Towers Watson, using the projected unit method. A revised Schedule of Contributions was agreed between the Trustee and the employers following the previous valuation, as at 31 March 2015, of the TfL Pension Fund.

For the Public Sector Section, employers' contributions for the period from 1 April 2016 until 31 March 2022 will continue to be 31.0%, an additional lump sum payment was made by TfL during the year ending March 2019. The recovery plan states that the expectation is that the funding shortfall will be eliminated by March 2022. The Fund deficit on an IAS19 basis (the international accounting standard under which TfL reports its consolidated accounts) is currently £5,371m.

The underlying assets and defined benefit obligation of the TfL Pension Fund cover a number of Group entities and cannot be readily split between each undertaking. No contractual agreement is in place to allocate the total net obligation between the member entities. Thus, in accordance with IAS 19, the TfL Corporation, as the Scheme sponsor, has recognised the total net defined benefit obligation in its own accounts.

As at the Balance Sheet date, no allocation of the deficit of the Fund has been made between the various TfL Group companies, including London Transport Museum. Should this position change in future, an allocation may be made and the Museum may, at that point, become liable for its share of the deficit. There are no present plans for such an allocation to be made.

Further information regarding the TfL Pension Fund can be found in the TfL Annual Report and Statement of Accounts.

#### Accounting

The Museum's ultimate parent, Transport for London, and the Museum's fellow subsidiaries participate in the Public Sector Section of the TfL Pension Fund. Because the Museum is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis, as permitted by FRS 102, the Museum treats contributions to the Public Sector Section as if they were contributions to a defined contribution plan. The Museum's contributions to the Fund of £906,000 (2018: £827,000) have been charged to the Consolidated Statement of Financial Activities.

#### Other pension schemes

Pension contributions of £5,588 have been made to the London Pensions Fund Authority for a member of staff who joined the Museum from a TfL Group company. LTM also made employer contributions to two AVC schemes (Standard Life and Winterthur Life) totalling £7,373.

## Notes to the financial statements continued

### 20. Related and connected party transactions

#### TRANSPORT FOR LONDON

London Transport Museum Limited is a charitable subsidiary company of Transport Trading Limited (TTL), a Transport for London Group company. TfL provides financial assistance to the Museum in the form of grants for Museum operations and, in addition, certain divisions of TfL provide financial support to the Safety and Citizenship Programme and other Museum activities as agreed on a project by project basis.

The Museum receives benefits from the activities of TfL Group functions such as Finance, Human Resources, Internal Audit and Payroll. Where management fees are levied upon the Museum by TfL and TTL for services provided these are applied at the same rates as for all other TfL Group companies. Where services are donated by TfL which are reasonably quantifiable and measurable, these are included in the Statement of Financial Activities at their estimated gross value and an equivalent amount is included as income under the appropriate heading.

A summary of transactions with TfL which are included in the Financial Statements is given below:

	2019	2019	2018	2018
Related party transactions with TfL	Income	Expenditure	Income	Expenditure
	£000	£000	£000	£000
Core grant and capital grant	3,139	-	3,969	-
Other income	1,477	-	1,143	-
Group services supplied	-	186	-	262
Group services/other benefits donated	278	278	275	275

As at 31 March 2019, no amounts remained outstanding in relation to the above transactions.

In addition to these amounts, a number of other arrangements exist between LTM and TfL for which no financial entries are made:

TfL undertakes some maintenance work on LTM's operational heritage vehicles and provides the Acton Depot site free of charge to the Museum. The Depot is contiguous with, and connected to, Ealing Common railway depot and is occasionally used by London Underground for road to rail access and shunting.

LTM is also given access to TfL property, including non-operational stations, for *Hidden London* tours. The Museum has been allowed to install poster frames, which are used for Museum marketing purposes, at a number of London Underground stations and riverboat piers.

In 2016, the rent review for the Museum's premises at Covent Garden, on which TfL holds the lease, was concluded and the rent increased by 11%. TfL has chosen not to pass this increase on to the Museum. This rental expenditure is not included in the table above but is treated as direct expenditure by the Museum and accounted for accordingly in the Statement of Financial Activities.

## Notes to the financial statements continued

Museum staff are provided with passes that allow free or discounted travel on TfL services for themselves and a nominee. TfL also offers Museum Trustees and non-executive Directors of London Transport Museum (Trading) Limited restricted travel privileges.

TfL Group companies receive discounts on the hire of Museum facilities, and all TfL staff receive free entry to the Museum and discounts in the Museum shop.

### OTHER RELATED PARTIES

Other material related party transactions in the year	2019		2018	
	Income	Expenditure	Income	Expenditure
	£000	£000	£000	£000
(a) London Transport Museum Friends	112	-	114	19
(b) Interserve	-	691	-	439

(a) London Transport Museum Friends (LTMF)

Although some Museum Trustees and senior managers may act as trustees of other charities, the Museum does not direct, and is not under the direction of, trustees of any other charity and therefore these charities are not considered to be related parties. However, given the close relationship with the London Transport Museum Friends, we have chosen to disclose transactions with that organisation. In addition to the financial transactions summarised above, the Museum also provides LTMF with office and IT facilities, and support for marketing and other activities.

(b) Interserve

During 2018 and 2019, a director of the Museum was also a director of Interserve. This directorship has now been resigned. The relationship between the Museum and First Security, a subsidiary company of Interserve, was conducted at arm's length and under standard commercial contract terms.

There are no other related party transactions.

## 21. Charity information

The Museum is a company and registered charity incorporated in England and Wales and domiciled in the United Kingdom. The Museum's charity registration number is 1123122 and its company registration number is 06495761. The address of the Museum's registered office is 55 Broadway, London SW1H 0BD.

The Museum is a wholly owned subsidiary undertaking of Transport Trading Limited. For more information about the administration and organisation of the Museum see the section 'Structure, Governance and Management' in the Annual Report of the Trustees.

London Transport Museum Limited is a public benefit entity. LTM's Memorandum of Association states 'the property and funds of the Charity must be used only for promoting the Objects and no dividends shall be paid to the Member'.

## 16. Corporate members

### Leader

ABM\*  
Alexander Dennis\*  
Arriva London\*  
Balfour Beatty\*  
Bombardier Transportation UK\*  
Capita\*  
Clear Channel UK  
ComfortDelGro\*  
Cubic Transportation Systems\*  
Engie  
EPC Plc\*  
FirstGroup UK Bus\*  
Fujitsu  
GB Railfreight\*  
Go-Ahead Group \*  
Govia Thameslink Railway  
Jacobs  
Marston Holdings  
Mastercard\*  
MBNA Thames Clippers\*  
Microsoft  
QBE\*  
Siemens  
Skanska  
Southeastern  
Stadler Rail\*

Stagecoach\*

Telent Technology Services\*

Thales UK\*

### Driver

BAI Communications  
HDI\*  
Keolis UK\*  
Mastercard\*  
Mott MacDonald\*

### Member

2CV\*  
BDB Pitmans  
Briggs Marine\*  
Bristow & Sutor  
BYD  
Citylink Telecommunications  
Computacenter UK  
Deloitte\*  
DLA Piper  
First Class Partnerships\*  
Gowling WLG\*  
Interserve\*  
J Murphy & Sons\*  
Morgan Sindall\*  
PricewaterhouseCoopers  
RATPDev\*

**Corporate members continued**

Sacker & Partners\*

Schindler\*

Telefonica O2

Transport Planning Associates\*

Trapeze Group\*

Wrightbus\*

\*denotes three-year membership



## 17. Supporters and sponsors

### Major Supporters

Transport for London

Heritage Lottery Fund

Arts Council England

DCMS/Wolfson Museums and Galleries Improvement Fund

London Transport Museum Friends

Luke Rees-Pulley Charitable Trust

### Museum Supporters

Exterion Media - *Exterion Media Gallery*

Cubic Transportation Systems - *Cubic Theatre and Foyer*

Gowling WLG – *Interchange thought leadership programme*

Thales UK – *Interchange thought leadership programme*

PricewaterhouseCoopers – *Interchange thought leadership programme, Rethinking Smart Futures series*

### Untangling the Tracks exhibition Supporters

Thameslink Programme Partners:

Department for Transport

Network Rail

Siemens

Southeastern

Govia Thameslink Railways

### London's Transport at War Gallery Supporter

DCMS/Wolfson Museums and

Galleries Improvement Fund

### LTM Futures Fellow

Josef Hargrave, Arup

### Year of Engineering Partners

#### Digging Deeper Gallery Supporters

Biffa Award

Association of Independent Museums (AIM)

Mott MacDonald

London Transport Museum Friends

### Future Engineers Supporters and Content Partners

Bombardier Transportation

DCMS/Wolfson Museums and

Galleries Improvement Fund

Luke Rees-Pulley Charitable Trust

Cubic Transportation Systems

Jacobs

Mastercard

Microsoft

### Enjoyment to Employment

Siemens – *Inspire Engineering*

Bombardier Transportation

Costain

Mastercard

Telent Technology Services

Transport for London

## **Supporters and sponsors continued**

### **Education Supporters**

Luke Rees-Pulley Charitable Trust

Gwyneth Forrester Trust

Royal Commission for the Exhibition of 1851

### **Heritage Supporters**

London Transport Museum Friends

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