

# MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements  
for the year ended 31 March 2017

Company No: 5423292

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# MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

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# **MUSEUM OF LONDON (TRADING) LIMITED**

Annual Report and Financial Statements for the year ended 31 March 2017

## **DIRECTORS, PROFESSIONAL ADVISERS AND ADMINISTRATIVE DETAILS**

### **Board of Directors**

The following served during the year and up to the date of this report:

#### Executive Directors

Mr Richard Sweet  
Mr Sean O'Sullivan  
Mr Graham Stratfold

#### Non Executive Directors

Mrs Sally Balcombe  
Mr Jonathan Byrne  
Mr Peter Alan Roe (resigned 10 May 2016)  
Ms Sarah Roots

Company Law does not distinguish between Executive and Non-Executive Directors.

### **Company Secretary**

Sean O'Sullivan

### **Professional Advisers:**

#### **Independent Auditor**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditor  
30 Finsbury Square  
London  
EC2P 2YU

#### **Legal Adviser**

Farrer & Co  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

#### **Banker**

Lloyds Bank  
25 Gresham Street  
London  
EC2V 7HN

## **MUSEUM OF LONDON (TRADING) LIMITED**

**Annual Report and Financial Statements for the year ended 31 March 2017**

### **The registered office of the parent undertaking:**

Museum of London (Registered Charity number 1139250)

150 London Wall

London EC2Y 5HN

Group consolidated financial statements may be obtained from this address.

### **Other information:**

Company registered in England, number 5423292

VAT registration number GB 927 579 475

# **MUSEUM OF LONDON (TRADING) LIMITED**

**Annual Report and Financial Statements for the year ended 31 March 2017**

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2017. The legal and administrative details on pages 2 and 3 form part of this report.

The entity meets the definition of a qualifying entity under FRS 102 and has taken advantage of the exemptions in respect of the preparation of a cash flow statement, disclosure of the remuneration of key management personnel and the disclosure of financial instruments.

### **Incorporation and status**

The Museum of London (Trading) Limited was incorporated on 13 April 2005 as a company limited by shares. The Governing Document is the Memorandum and Articles of Association of the company. The company is a fully owned subsidiary of the Museum of London. The Museum of London was established by the 1965 Museum of London Act and is a registered charity (number 1139250).

The Directors are set out on page 2. No Directors held any shares in the company at 31 March 2017 (2016: none).

### **Principal activities**

The principal activities of the Museum of London (Trading) Limited are retailing (two gift shops managed by the Museum), and income earned from the provision of corporate hire and catering services.

### **Results for the year**

Turnover was £2,523k (2016: £2,617k) which, after deduction of cost of sales of £2,074k (2016: £2,112k), resulted in a gross profit of £449k (2016: £505k). Interest receivable in the year was £1k (2016: £1k), interest payable in the year was £nil (2016: £nil) and after deduction of administrative expenses net profit amounted to £83k (2016: £64k). The company has agreed to pay the whole of its taxable profits to its parent undertaking, the Museum of London, under gift aid arrangements every year.

### **Going concern**

The Directors consider that the financial statements have been prepared on a going concern basis and there are no material uncertainties relating to going concern. The Directors expect the company to continue to trade profitably for the foreseeable future.

### **Financial risk management**

The Directors have reviewed the major risks that the company is exposed to. These comprise a downturn in the market for commercial hire and a financial risk relating to the recovery of debts. Performance against budget is monitored on a regular basis, as are outstanding debts. Licensing fees payable for the occupation of space are linked to levels of business activity.

The company is not unduly exposed to price, credit, liquidity or foreign exchange risk.

# MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

## Disclosure of information to the Auditor

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

## Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.


Under company law the Directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

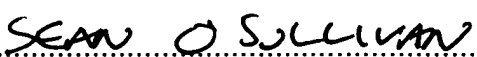
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

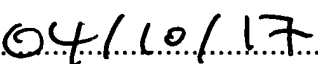
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Adoption of report

By Order of the Board of Directors

  
.....  
Director signature

  
.....  
Director name

  
.....  
Date

# **MUSEUM OF LONDON (TRADING) LIMITED**

Annual Report and Financial Statements for the year ended 31 March 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF THE MUSEUM OF LONDON (TRADING) LIMITED**

We have audited the financial statements of Museum of London (Trading) Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit 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.

### **Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

## MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

### Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

*Grant Thornton UK LLP*

.....  
William Devitt  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

Date *4 October 2017* .....

# MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

## STATEMENT OF COMPREHENSIVE INCOME

|  |       | 2017             | Restated         |
|--|-------|------------------|------------------|
|  | Notes | Total            | 2016             |
|  |       | £'000            | Total            |
|  |       |                  | £'000            |
| Turnover   | 2     | 2,523            | 2,617            |
| Cost of sales  | 3     | <u>(2,074)</u>   | <u>(2,112)</u>   |
| <b>Gross profit</b>                                  |       | <b>449</b>       | <b>505</b>       |
| Administrative expenses                              | 4     | <u>(367)</u>     | <u>(442)</u>     |
| <b>Operating profit</b>                              |       | <b>82</b>        | <b>63</b>        |
| Other interest receivable and similar income         | 6     | <u>1</u>         | <u>1</u>         |
| <b>Profit on ordinary activities before interest</b> |       | <b>83</b>        | <b>64</b>        |
| Interest payable and similar charges                 | 6     | <u>-</u>         | <u>-</u>         |
| <b>Profit on ordinary activities after interest</b>  |       | <b>83</b>        | <b>64</b>        |
| Tax on result on ordinary activities                 | 10    | <u>(17)</u>      | <u>(13)</u>      |
| <b>Profit for the financial year</b>                 |       | <b><u>66</u></b> | <b><u>51</u></b> |

There is no material difference between the result on ordinary activities before taxation and the result for the financial year stated above and their historical cost equivalents.

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

The notes on pages 11 to 15 form part of these Financial Statements.

# MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

## STATEMENT OF CHANGES IN EQUITY

|   | 2017<br>£'000 | Restated<br>2016<br>£'000 |
|---|---------------|---------------------------|
| Balance as at 1 April 2016 as previously reported | -             | -                         |
| Prior year adjustment to restate gift aid payment | 64            | 204                       |
| Less tax on gift aid                              | <u>(13)</u>   | <u>(41)</u>               |
| Opening reserves restated                         | 51            | 163                       |
| Profit for the financial year                     | 66            | 51                        |
| Gift Aid payments made in the financial year      | (64)          | (204)                     |
| Donation payable to parent under gift aid         | (83)          | -                         |
| Tax relief obtained on gift aid payment           | <u>30</u>     | <u>41</u>                 |
| Balance at 31 March 2017                          | <u>-</u>      | <u>51</u>                 |

# MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

## BALANCE SHEET

|   | Notes | 2017<br>£'000  | Restated<br>2016<br>£'000 |
|---|-------|----------------|---------------------------|
| <b>Current assets</b>                                 |       |                |                           |
| Stock   |       | 245            | 325                       |
| Debtors   | 7     | 207            | 275                       |
| Cash at bank and in hand                              |       | <u>1,819</u>   | <u>1,231</u>              |
| <b>Total current assets</b>                           |       | <b>2,271</b>   | <b>1,831</b>              |
| <b>Creditors: Amounts falling due within one year</b> | 8     | <b>(2,271)</b> | <b>(1,780)</b>            |
| <b>Net current assets</b>                             |       | <u>-</u>       | <u>51</u>                 |
| <b>Total assets less current liabilities</b>          |       | <u>-</u>       | <u>51</u>                 |
| <b>Net assets</b>                                     |       | <u>-</u>       | <u>51</u>                 |
| <b>Capital and reserves</b>                           |       |                |                           |
| Called up share capital                               | 9     | -              | -                         |
| Profit and loss account                               | 10    | <u>-</u>       | <u>51</u>                 |
| <b>Total Shareholders' funds</b>                      |       | <u>-</u>       | <u>51</u>                 |

The notes on pages 11 to 15 form part of these Financial Statements.

The Financial Statements on pages 8 to 15 were approved by the Board of Directors on 5 September 2017.

Signed on behalf of the Board by:

  
.....

Director signature

SEAN O'SULLIVAN  
.....

Director name

04/10/17  
.....

Date

# MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

#### a) Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). The functional currency is GBP Sterling.

The principal accounting policies, which have been applied consistently throughout the year are set out below.

#### b) Income

All income is accounted for on a receivable basis and arises from venue hire, catering activities and the retail activities of the Museum gift shops. The company contracts out its catering to reputable established catering and hospitality organisations which pay rents and/or commissions to the company. Retail income is recognised when the sale takes place. Event and commercial hire income is recognised when the event takes place. The entire turnover is attributable to related undertakings inside the United Kingdom.

#### c) Expenditure

Resources expended are accounted for on an accruals basis as incurred. Cost of sales include all costs related to the delivery of products and services to the customer. Administration costs include all indirect and back office costs associated with administering and managing the business.

#### d) Cash flow statement

No cash flow statement is required because the Company has taken advantage of the exemption available to qualifying entities under FRS 102.

#### e) Recognition of liabilities

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

#### f) Stock

Stocks are valued using the lower of a weighted average cost and net realisable value.

# MUSEUM OF LONDON (TRADING) LIMITED

## Annual Report and Financial Statements for the year ended 31 March 2017

### g) Payment to parent under gift aid

The Company has a policy of paying all its taxable profits to its parent, Museum of London, under Gift Aid. These Gift Aid payments are now recognised as distributions through equity, rather than as an expense through the statement of comprehensive income. Therefore, an operating profit exists at the balance sheet date. This represents a change in accounting policy and has been accounted for as a prior period adjustment as shown in the Statement of Changes in Equity.

### h) Taxation – gift aid payment

Guidance issued by the Charity Commission in 2016 has led to a change in the accounting treatment of Gift Aid payable by a subsidiary to its parent. Where no covenant exists in relation to such a Gift Aid payment, there is no legal requirement for any payment to be made. The accounting for these payments has consequently been changed, with Gift Aid payable only recognised in the financial statements in the accounting period to which the Gift Aid relates where a legal requirement to make the payment exists at the year-end date.

At 31 March 2016 there was no deed of covenant in place between the Company and its parent in relation to the practice followed consistently in previous years, where the Company transferred its annual taxable profits to its parent under gift aid. Consequently, following the Charity Commission guidance, as there was no legal requirement to fulfil the intention to pay the Gift Aid at 31 March 2016, a prior year adjustment has been made in the Company's financial statements to remove the accrual of Gift Aid payable and to instead recognise a corporation tax charge on taxable profit.

Payment of the gift aid relating to the 2016 taxable profit of the Company was made in November 2016. The Statement of Changes in Equity therefore recognises the tax relief applicable to the taxable profit that was generated in the previous year.

Following the execution of a deed of covenant during 2016/17, creating a legal obligation, the Gift Aid in respect of the taxable profits arising in the year ended 31 March 2017 is recognised in the year in which the taxable profits arose. The Company's liability to corporation tax on the profit arising from its trading activities in 2016/17 is subsequently extinguished by the means of the gift aid payment to the parent equal to the amount of the taxable profit. A single payment is to be made after the year end.

### i) Prior year adjustment

The Gift Aid payments described in the accounting policies are recognised as distributions through equity rather than as an expense through the statement of comprehensive income. The net impact of the adjustment is an additional retained profit recognised for the year ended 31 March 2016 of £51k (31 March 2015: £163k), comprising profit before tax of £64k (31 March 2015: £204k) and a tax charge of £13k (31 March 2015: £41k).

## MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

### 2. Turnover

|                                 | 2017         | 2016         |
|---------------------------------|--------------|--------------|
|                                 | £'000        | £'000        |
| Shop sales                      | 1,027        | 1,147        |
| Venue hire                      | 784          | 910          |
| Commission on catering services | 376          | 386          |
| Commercial Events               | 146          | 142          |
| Income from other sources       | <u>190</u>   | <u>32</u>    |
|                                 | <u>2,523</u> | <u>2,617</u> |

### 3. Cost of sales

|   | 2017         | 2016         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Shops purchases   | 502          | 553          |
| Staff costs (including recharges by parent undertaking) | 822          | 838          |
| Licence fees and other recharges                        | <u>750</u>   | <u>721</u>   |
|   | <u>2,074</u> | <u>2,112</u> |

### 4. Administrative expenses

Administrative costs have decreased by £75k (17%) from the prior year. The decrease is due to the following factors:

- (i) Expenditure on equipment purchases, materials and marketing was lower than the previous year, which included costs for the main shop refit, exhibition shop fit-out and Gladiator Games. Consultancy costs are lower as a result of fewer commissions supporting exhibitions and lower professional fees than the prior year.
- (ii) The above reductions in administrative costs are partially offset by an increase in recharges for staff costs from the parent company due to the addition of two Finance posts in the calculation. One is a new appointment supporting the commercial team and one was previously included in direct salary costs for the company.

|                      | 2017       | 2016       |
|----------------------|------------|------------|
|                      | £'000      | £'000      |
| Administrative costs | 360        | 436        |
| Audit fees           | <u>7</u>   | <u>6</u>   |
|                      | <u>367</u> | <u>442</u> |

## MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

### 5. Staff Costs

With effect from 1 March 2014, the Executive Directors and staff working on the Museum of London Trading business are employed by and remunerated by the parent company. The parent company makes an annual recharge to the trading company of these staff costs as part of the management and support recharge. There are no other employees of Museum of London (Trading) Limited.

Emoluments paid to Executive Directors by the parent company and recharged to the Museum of London Trading business were £107k (2016: £102k). The Non-Executive Directors did not receive any emoluments in respect of their services to the company (2016: £nil).

### 6. Interest receivable and payable

|                     | 2017<br>£'000 | 2016<br>£'000 |
|---------------------|---------------|---------------|
| Interest receivable | 1             | 1             |
| Interest payable    | -             | -             |

### 7. Debtors

|                                | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------------|---------------|---------------|
| Trade debtors                  | 156           | 183           |
| Prepayments and accrued income | <u>51</u>     | <u>92</u>     |
|                                | <u>207</u>    | <u>275</u>    |

Trade debtors in the current year represents unpaid invoiced sales for events held before 1 April 2017.

2016: Included in prior year trade debtors is £156k relating to events scheduled to take place after 31 May 2016 which under the company's terms and conditions only become payable in full within two months of the event. The corresponding income is included in deferred income; see Note 8 below.

## MUSEUM OF LONDON (TRADING) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2017

### 8. Creditors: Amounts falling due within one year

|                                   | 2017         | Restated<br>2016 |
|-----------------------------------|--------------|------------------|
|                                   | £'000        | £'000            |
| Trade creditors                   | 19           | 27               |
| Amounts owed to group undertaking | 1,947        | 1,500            |
| Other creditors                   | 25           | (2)              |
| Accruals and deferred income      | 280          | 255              |
|                                   | <u>2,271</u> | <u>1,780</u>     |

The prior year "Amounts owed to group undertaking" has been restated to remove the gift aid accrued at 31 March 2016.

2016: See reference in Note 7 above to events scheduled to take place after 31 May 2016.

### 9. Called up share capital and liability of members

At 31 March 2017, called up share capital (authorised, allotted and fully paid) was 2 ordinary shares of £1 each (2016: same). The liability of the holding company, Museum of London, is limited to the value of the issued share capital. At 31 March 2017 its total potential liability amounted to £2 (2016: £2).

### 10. Tax status

The company transfers the whole of its taxable profits to its parent undertaking, the Museum of London, under gift aid arrangements every year. Corporation tax due has been offset by tax reliefs due on charitable distributions.

### 11. Related parties

#### Museum of London

The Museum of London (Trading) Limited recognises the Museum of London, registered charity number 1139250, as its ultimate parent undertaking and controlling party.

The Museum of London is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of the Museum of London can be obtained from 150 London Wall, London EC2Y 5HN or from our website at:

<http://www.museumoflondon.org.uk/about-us/corporate-information/annual-reports-and-accounts>

The Museum of London made licensing and rental charges of £733k (2016: £693k) in the year for use of its premises for the purposes of commercial hire, retail and catering activities. It also made charges of £747k (2016: £771k) in respect of direct and indirect staff costs and other support and administration. Interest charges of £nil (2016: £nil) were made on intragroup balances during the year.