

The Foundling Museum

Annual Report & Financial Statements

31 March 2021

Charity Registration Number 1071167

Company Limited by Guarantee Registration Number 03621861 (England and Wales)



The Covid Letters: A Vital Update, Poppy, age 11, Liverpool © the artist.

Contents

Reports

| | |
|--|---------|
| Reference and administrative information | page 3 |
| Chair's Summary | page 4 |
| Director's Review | page 11 |
| Reflections from Partners & Participants | page 15 |
| Development Review | page 20 |
| Operations Review | page 21 |

| | |
|-------------------------|---------|
| Trustees' report | page 22 |
|-------------------------|---------|

About the Museum

| | |
|--------------------------------------|---------|
| Structure, Governance and Management | page 23 |
| Trustees | page 23 |
| Charitable Objects | page 24 |
| Mission | page 24 |
| Future Plans | page 25 |

Museum Relationships

| | |
|---|---------|
| Supporters | page 27 |
| Covid Emergency Funding | page 27 |
| 1700 Club Members | page 27 |
| Individual Supporters | page 28 |
| Corporate Supporters | page 28 |
| Trusts and Foundations | page 28 |
| Donors and Supporters | page 29 |
| Relationship with Gerald Coke Handel Foundation | page 30 |
| Risk Management | page 30 |
| Statement of Trustees' Responsibilities | page 31 |

| | |
|-------------------------------------|---------|
| Independent auditor's report | page 32 |
|-------------------------------------|---------|

Financial Statements

| | |
|--|---------|
| Consolidated statement of financial activities | page 42 |
| Charity statement of financial activities | page 43 |
| Balance sheets | page 44 |
| Consolidated statement of cash flows | page 45 |
| Principal accounting policies | page 47 |
| Notes to the financial statements | page 55 |

The Founding Museum

Reference and administrative information

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| Trustees | Anne Beckwith-Smith Christopher Cotton Jeremy Deller William Gore Ronald Gould Perdita Hunt Claire Jeffers Larissa Joy (Chair) Lord Simon Russell of Liverpool Lemn Sissay |
| Company Secretary | Nigel Cudlipp |
| Registered and principal office | 40 Brunswick Square London, WC1N 1AZ |
| Charity registration number | 1071167 |
| Company registration number | 03621861 (England and Wales) |
| Auditor | Buzzacott LLP 130 Wood Street London, EC2V 6DL |
| Bankers | National Westminster Bank Plc Chancery Lane & Holborn Branch 332 High Holborn, WC1V 7PS CAF Bank Limited 25 Kings Hill Avenue West Malling Kent , ME19 4JQ |
| Solicitors | BDP Pitmans LLP 50 Broadway London, SW1 H0B |

Summary from the Chair

The Foundling Museum's mission 'Creative Action, Transforming Lives' has, more than ever, been its north star in these times of extraordinary uncertainty and adversity. Throughout the challenges of the past year, the leadership team and board have continually returned to the fundamental grounding guides of the Museum's purpose and the needs of the communities we serve, to help us shape our responses and decisions.

Over the past twelve months there have been many opportunities for innovation and reinvention, despite the Museum team facing extraordinary challenges, professional and personal. With the generosity and flexibility of our many valued supporters and donors, we have tried wherever possible to seek out and build on those opportunities. I hope that we can communicate at least some of this positive spirit in this Report.

Public Exhibitions and Programming

Whilst the Museum was amongst the first in the UK to re-open its physical doors safely after lockdown, there were substantial periods when we were required to close to the public, in line with UK Government directives. This had significant impact on the planned programme for the year.



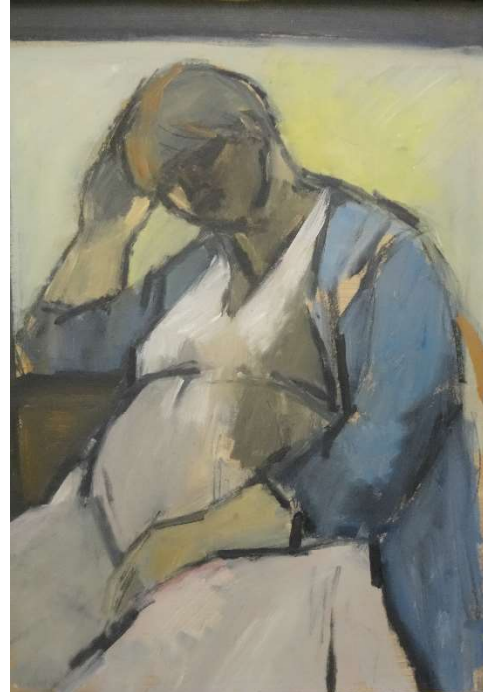
The Covid Letters: A Vital Update, Macie, aged 8 and Teja, aged 7 in front of their posters.

The Covid Letters: a Vital Update, an extraordinary exhibition curated by Jeremy Deller, showed the work that Jonny Banger, designer and owner of fashion label Sports Banger, gathered from the nation's children and young people during lockdown. Using their imagination and creative talents, under 16s from across the nation took the opportunity to make their voices and feelings heard, through customising the letter that Prime Minister Boris Johnson wrote to every household in the UK, urging residents to stay at home. Displayed in the Museum's exhibition gallery and interspersed throughout the historic collections, the product of their work brought to life the museum's 300-year-old story of creative campaigning. The exhibition appeared online and across social media. Visitors to the

exhibition had the opportunity to support the Christmas food bank run by Sports Banger and friends and the Museum's work with disadvantaged young people, through the purchase of Sports Banger merchandise.



Marcus Gheeraerts II, *Portrait of a Woman in Red*, 1620 © Tate, from *Portraying Pregnancy*



Ghislaine Howard *Pregnant Self Portrait*, 1984 © The artist, from *Portraying Pregnancy*

The Museum's landmark exhibition '*Portraying Pregnancy: from Holbein to Social Media*' curated by Karen Hearn, ran from January to August 2020, exploring representations of the pregnant female body through portraits over 500 years. Through paintings, prints, photographs, objects and clothing from the fifteenth century to the present day, the exhibition exposed the different ways in which pregnancy was, or was not, represented and provided an exceptional opportunity to situate contemporary issues of women's identity, emotion, empowerment and autonomy in a 500-year context. A major Symposium to raise public awareness on maternal mental health, coinciding with *Portraying Pregnancy* and due to take place at the Museum on 23 March 2020, sadly had to be cancelled due to the national lockdown. The Museum is indebted to Dr Alain Gregoire, Honorary President and Co-Founder of the Maternal Mental Health Alliance, for his help and advice in building the programme for the Symposium, and to the exceptional speakers and panelists from many sectors and organisations for offering to participate.

As the pandemic unfolded, we looked for new ways to make our Collections available online in an accessible way and to stay connected with communities at the heart of the Museum's life, including our volunteers, care-experienced trainees and graduates of our *Tracing our Tales* programme, and former pupils of the Foundling Hospital. The Museum team is

continually aware that increased digital activity does not always mean increased access to the Museum's work. In particular, for those of our communities experiencing poverty, accessibility does not always equate to making materials available digitally. We are continually balancing this dynamic.

The year did nevertheless see significant increases in investment for digital infrastructure, which underpinned a desire to make more of the Collection and the Museum's work available online and across digital platforms. This investment has begun to have an impact in this 20/21 year but the full force and effect of this will likely bear further fruit in the financial year 2021/22.



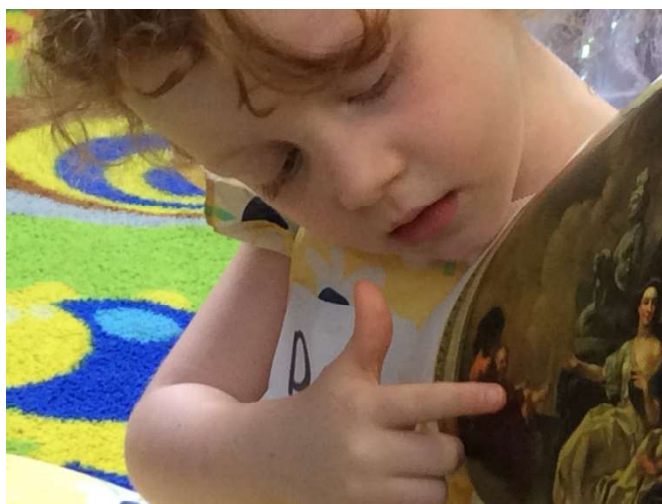
Shared Stories, Shared Voices workshops led by artist Emma Crouch. Photo: Will Jacobs

Shared Stories, Shared Voices is a collection of highly personal responses to objects usually on physical display in the Museum, made by the very people who have a deep personal connection with the stories they tell. The initiative to create the programme was inspired by a desire to reach out to care-leavers, elderly former pupils, and volunteers isolated by lockdown.

Lunchtime talks previously held within the Museum's physical walls benefitted from a new digital format, substantially increasing and diversifying audiences. Caro Howell, the Museum's Director, was able to lead an online Q&A session on the topic of collecting in response to Covid, with a group of secondary school pupils from Sydney, Australia, and 'In Conversation With....' sessions reached audiences as far afield as Europe, the USA and Japan. Inspired by these early successes and the opportunities they afford, the Museum expects to invest more in operationalising a new digital strategy, developed during the last year with support from generous donors.

Learning, Impact and Outreach

The depth and longevity of the Museum's relationships with its partner primary schools and nurseries, meant that we were able to remain a constant valued creative support to staff and pupils whose schools remained open, as a large number of their parents were keyworkers. The Museum provided music and art workshops via private YouTube films early in lockdown. Then as soon as lockdown lifted until late December, in-person artist-led workshops within classrooms. In early 2021, before artists were allowed back into classrooms, Art Explorer Boxes were delivered weekly to schools, with the objective of supporting physical, mental and cognitive development, in line with national curriculum.



Similarly, we supported trainees and graduates of our *Tracing our Tales* programme with weekly phone calls, as soon as lockdown began and worked in partnership with them to produce online family workshops, as well as a film *Isolation Notes*, documenting their lives and feelings during lockdown.

For families, the Museum used Instagram and its website to deliver creative, simple lockdown activities, using everyday materials. Dame Jacqueline Wilson, Foundling Fellow and creator of the much-loved foundling character, Hetty Feather, worked with the Museum to create an online story and illustration competition. Inspired by the true story of the foundlings at the Foundling Hospital, Dame Jacqueline started a new story about two small children arriving at the Foundling Hospital with their foster mother. Over 18 weeks, children sent in their stories and illustrations. The result was a magnificent celebration of the children's imagination and ingenuity, as each week's winning chapter was added with illustrations online, to form a brand new story in real time, for the public to enjoy.

Thankfully, the museum was open in time for Halloween, which presented spooky, ghostly and ghoully opportunities for activities for local families.

The reception and success of our Covid-response work in local schools means we have begun the process of extending our partnerships to include secondary schools and we look forward to seeing these relationships develop over the year ahead.

Museum Team and Staff

Not a year passes without the Museum board having opportunities to thank the Museum's outstanding Director, Caro Howell, and her small and talented team, including the Museum's dedicated group of volunteers, for their imagination, ingenuity and energy. This is the case this year more than ever. The Museum is soon to mark a decade of Caro Howell's leadership as Director. The Foundling Museum is extraordinarily fortunate to benefit from the dedication of the staff and volunteer teams, without whom the Museum simply would not achieve all that it does.

This year, in line with our mission and in response to greater demand, we have strengthened the team with the addition of a new post of Community Development Co-ordinator. The broadening and deepening of relationships with local stakeholders has become even more important, against the backdrop of the Covid-19 pandemic.

We have also increased the number and range of in-house training and development opportunities available to staff, to further support our efforts to retain valuable, highly-skilled members of staff. This included redeploying a member of the Venue Hire team to Development and Visitor Engagement to Operations. With the growth in the Museum's activities and the addition of a small number of new roles, we have also been able to offer career development opportunities for staff.

Finally, we have taken the opportunity arising from the physical museum being closed to the public, to improve the workspace for staff and volunteers. This work was co-ordinated with small-scale capital works, to improve visitor welcome and access, upgrade lighting, increase space for retail and enable safer staff/visitor interaction.

The Support of Artists during lockdown

The Museum is indebted to so many artists and creative practitioners, for their help, inspiration and encouragement during lockdown. Museum trustees, Jeremy Deller and Lemn Sissay, have been extraordinary in their creative support. During lockdown, we were able to revisit several highly-regarded projects from previous years, such as Chris Watson's *Dawn Chorus* and Claire Twomey's *Exchange*, as well as create new inclusive activities for families, devised by artists and our Foundling Fellow, Dame Jacqueline Wilson, which enabled us to continually engage with audiences, despite difficult circumstances and scarce resources.

Every two years, the Museum invites three outstanding individuals to become Foundling Fellows and animate our core story of creative action, transforming young lives, through a

project of their invention. Previous Fellows include Grayson Perry, Cornelia Parker, Yinka Shonibare CBE, Lily Cole, Michael Morpurgo and Sam Lee. In 2020, the Museum is delighted to confirm that Jonny Banger, Sir Quentin Blake and Jackie Kay have become Fellows. Blake also accepted the Museum's annual Christmas card commission, creating a joyous card that lifted spirits during the winter lockdown.



The Museum's 2020 Christmas card commission by Quentin Blake, *Christmas Eve and the Lamb Goes Visiting* 2020 © The artist



Quentin Blake, *Children with Birds and Dogs, No 1*, 2019 one of 24 large scale drawings gifted by the artist to the Museum © The artist

Board and Governance

The Museum Board also took the opportunity arising from the pandemic to conduct a wholesale review of the Museum's Governance. We were supported in this work by external consultancy specialising in the arts and culture sector. This was a positive and progressive review, and resulted in a refreshed responsibility matrix, clarification of a number of new roles within the board. I am pleased that Lord Simon Russell has agreed to chair our combined Governance and Nominations Committee and Robert Aitken has accepted the Board's invitation to assume the role of Vice Chair until he retires from the board in late 2021. This year has also seen the retirement from the board of Alison Cole, Spencer Hyman, Geraldine Macdonald, Margaret Reynolds and Paul Zuckerman, who served for a significant number of years, and who gave the benefit of their guidance and oversight to the Board. Trustee recruitment in 2021 will focus on further diversification of Board membership.

I am particularly grateful to our Vice Presidents for their support during a tough year and in particular to Jamie Korner, who chairs the Museum's investment committee, supported by the Museum's International Trustee Emeritus, Judy Bollinger and Lord Darnley Ivo Clifton.

Also to the members of the Museum's Corporate Advisory Board, chaired by Mary Walsh, who have provided valuable support to the Director during the past 12 months.

Our Supporters, Donors and Funders

The Museum is exceptionally fortunate to enjoy the support of its wonderful donors, supporters and funding partners. The Museum always has in mind the need to diversify the income streams that it requires to support its work and the pursuit of its charitable objects. We try to be imaginative and inventive about the approach we take. We are especially grateful that so many of our supporters have travelled the distance with us during the pandemic, being open to our requests for support, and responding positively to the substantial reworking Caro and her team have had to engineer to our plans for programming and engagement. We know how fortunate we are to benefit from your sustained, enduring support and on behalf of everyone at the Museum, we would like to thank you again for all that you do to support our work.

After successfully addressing the challenges of the past year, we are looking forward to delivering a range of exciting, relevant and impactful programmes in the year ahead. These include an exhibition exploring the importance of children's writers and illustrators in supporting young people's mental and emotional wellbeing, curated by our Foundling Fellow, Lauren Child, and featuring 24 new large scale drawings, donated by one of our latest Fellows, Sir Quentin Blake.

Larissa Joy

Larissa Joy OBE

Chair, The Foundling Museum

Director's Review

Director, Caro Howell in conversation with Audrey Aidoo-Davies, Community Engagement Co-ordinator.



Audrey Aidoo-Davies, Community Engagement Co-ordinator, in conversation with Caro Howell, Director.

AA-D: In what ways did the events of 2020 and its aftermath affect the museum?

CH: Our 280-year history is rooted in supporting struggling families and marginalised young people, in creative ways. The pandemic has exacerbated many of the systemic inequalities we aim to reduce. Our local area has above-average levels of childhood poverty, some live in digital poverty, and many are struggling with poor mental health due to isolation, worry and lack of support. Since March 2020, we've reallocated resources to scale-up work with these under-served audiences - your Community Engagement Coordinator role is part of this. We've maintained provision to our partner nurseries and primary schools, to tackle COVID's impact on critical early-years development; we've increased pastoral support for care-experienced young adults; and we've developed new strands of community provision, to improve mental wellbeing and widen physical and digital access to the museum.

AA-D: Which are the audiences you would say are under-represented and what has the museum done to engage with them?

CH: Our work with early-years, looked after children and care-experienced young adults is really strong and embedded, but local families whose children do not attend our partner nurseries and schools, are not as engaged. So, we went back to the drawing board and began

a new audience development plan has unserved families at its centre. In addition to extending free admission from 16 to 21 years, we directly mailed 'golden tickets' to over 6,000 households characterised by low levels of cultural engagement and low incomes, to encourage visits. We've changed our tone of voice and exhibition titles, to make them more accessible. We're building a new website around the specific and varied needs of families, particularly those on lower incomes, and we'll be using interactions with it to shape future planning. Finally, we've extended the range of local and young people who work with us on programme development.

AA-D: What are some changes the museum has made this year to address the climate emergency?

CH: We're making steady progress, with initiatives like our feed-in tariff solar panels and reducing the wastefulness of exhibition-making, by borrowing, lending and recycling materials. This year we established an Environmental Sustainability Group, enabling people across the organisation to identify opportunities and solutions. One priority for the year ahead, is to find ways to make improvements to the energy efficiency of our Grade II Listed building. We'll also be interrogating all our activities, to identify ways to reduce their environmental impact through partnerships, digital programming, and sharing resources.

AA-D: In what ways would you say the museum is forward thinking?

CH: I'd say our forward thinking-ness is rooted in our past, specifically the Foundling Hospital's model of care. By this I mean achieving lasting change in young people's lives, through sustained commitment. Our 'inch wide, mile deep' approach means we don't chase numbers or try to be everything to everyone. Our activism reflects the approach of our artist-founders, Hogarth and Handel, who used their creativity to transform the lives of care-experienced children and young adults, and support struggling families. So with our early-years' work, we build long-term partnerships with local nurseries and primary schools, to provide art and music workshops across each term, year on year. That way, creativity is embedded in the lives of disadvantaged children, from age 3 upwards, and the cultural capital they gain reduces the education attainment gap. By regularly involving their parents, we also help families feel more comfortable in a museum, and gain the confidence to return independently for drop-in family events. In this way, the possibility of making a trip to the British Museum becomes more likely. Similarly, our pioneering training programme for care-experienced 18-26 year-olds, is part of a broader pipeline of support that embraces 'pre-traineeship' children in care, as well as on-going employment opportunities for graduates.

AA-D: What steps are being taken to increase workforce diversity and support career development?

CH: I believe we are leading the way, in removing barriers to museum employment for care-experienced young people. Building on our paid training programme and opportunities to

work in our family programmes, from next year, we are establishing an annual apprenticeship for care-experienced young adults. Working across all teams, they will receive hands-on experience, training, career development advice and interview support, within an environment that builds their self-esteem and confidence. In this way, we can use our unique story to empower one of the most under-represented communities in the cultural sector.

We've increased diversity within the staff and volunteer teams, by changing our recruitment methods - using inclusive language, application forms that support disabled and neuro-diverse candidates, advertising with organisations that serve under-represented communities, and using an anonymous shortlisting process. There's always more to do, but these changes are already leading to positive results and encouraging feedback.

AA-D: What has been the biggest achievement over the past 12 months?

CH: Given everything that Covid threw at us, I'm proud that our social impact work didn't miss a beat - despite the fact that many of our core audiences were not in a position to 'pivot to digital'. Exhibitions were hugely disrupted and it was devastating to have projects fall away unseen, however, it's testament to the ingenuity and can-do attitude of the Museum's team, as well as the collegiate nature of our sector, that we were able to postpone, adapt or rethink the majority of our planned programme. Finally, thanks to the inspired and inspiring help of Jeremy Deller, Jonny Banger and over 200 children from across the country, our exhibition, *The Covid Letters: A Vital Update*, gave children a much-needed platform from which to express their thoughts and experiences of the pandemic. To realise a genuinely relevant, inclusive, creative and joyous exhibition, in the face of such extreme adversity and uncertainty, was a great achievement.

AA-D: How can the museum better address themes of colonisation and race within its collection?

CH: 2020 was a long overdue moment of collective recognition, that progress within the sector has been too slow, too piecemeal and too reactive. Our collection is rooted in the 18th century, the crucible of Empire, and the Foundling Hospital embraced royalty and aristocracy, the commodity-consuming middle classes, and the labouring poor, who fuelled national interests at home and abroad. So, these themes should be integral to the telling of our core stories, not add-ons. Until recently, women were absent from the Hospital's historic narrative, but through a combination of intensive research, major exhibitions, strategic acquisitions and long-term loans, this is no longer the case. In 2019, we began a collaborative PhD with the University of Warwick - 'Forgotten Foundlings: Black lives and the eighteenth-century Foundling Hospital' - to uncover evidence relating to colonisation and race, in the Hospital's vast archive. The results will form a major exhibition in 2022 and enable us to embed this unifying narrative within our Collection galleries, and no doubt identify areas for acquisition. We are also working with Prof Helen Berry, at Newcastle University, whose research and book, 'Orphans of Empire: the Fate of London's Foundlings',

are forming the base of an exhibition originally scheduled for 2020, but now slated for autumn 2021: 'Fighting Talk: one boy's journey from abandonment to Trafalgar'. This show will reveal the Hospital's aim of producing 'useful citizens' in relation to Empire, the Navy and global trade, through the life of one eighteenth-century foundling boy.

AA-D: What new audiences does the museum hope to engage with 5 years from now?

CH: We're aiming to grow our national and international audiences significantly. Covid showed us that we have an audience in Europe, the States and Australia. We want to build on this through proactive programming and partnerships. At the same time, we want care-experienced people across the UK to see us as a responsive and stimulating creative resource, and a gateway to opportunities across the museum sector. Finally I hope that in five years, every local family will be regularly visiting us, on and offline.

AA-D: What are some of the challenges you see ahead of this sector?

CH: Over the past year, digital has proved a godsend and a spur to change. However, there are challenges still unresolved. Firstly, how to fairly divide limited resources between the digitally privileged and those who are not, whose need is often greater? Secondly, when museum and gallery audiences have been conditioned to expect free access, how do organisations successfully monetize their digital offer, given that high quality content is not cheap, particularly where organisations are without dedicated, specialist in-house skills. Investment is hard without a means of recouping costs, meaning there's a real risk of deepening the existing digital divide within the sector.

Reflections from Partners and Participants

Jackie, Nursery Head, Christopher Hatton Primary School:



We have been lucky enough to work with the Foundling Museum for two years now, meaning that children work with artists in Nursery and then continue to visit in Reception for musical workshops. For many of the children, the Foundling Museum is the first museum that they have visited and this can be quite a daunting experience. However, because of the regular visits and the welcoming attitude of the staff, it starts to feel like a safe place. By the time they are in Reception, going to a museum is something they look forward to.

Most of the children at our Nursery come from disadvantaged backgrounds. Our visits to the Museum help to widen their horizons. They build up their knowledge of what a museum is and what to expect when they visit. The staff and artists always explain to the children the history and purpose of The Foundling Museum. This is repeated and built on at every visit until the children understand and internalize this. They are made to feel that the museum is for them, it is part of the history of their community and their culture. This all adds to the cultural capital of the class, which will help to improve the life chances of all children but particularly the more disadvantaged. We also know that for some children this is the only museum they will visit.

The variety and quality of the exhibitions adds to their knowledge and appreciation of art. We do not have the opportunity or the expertise to deliver art or music to the same level in our classroom. The artists manage to tailor their workshops to suit the group of children they are working with and the children always look forward to their visit and take the learning back to school with them. Some of the methods and techniques are then regularly used by staff and children in school.

Children come in to Nursery with very little or no language and for over 50% of the class English is a second language. When taking part in the workshops, language is no barrier. All of the children are learning new vocabulary at the workshops, vocabulary linked to art, music and painting.

The children have enjoyed sessions with many different artists, enjoying different art forms. The sessions are all interactive and usually on a large scale. The children are encouraged to use their own ideas and given the freedom to experiment and to make mistakes without it mattering. They learn to work independently and collaboratively and to express themselves freely. This has also helped with their communication skills and with their confidence.

During the first lockdown, we found the online sessions from the artists incredibly helpful, as it was something familiar and gave some sense of normality. It also gave a breadth to our curriculum which we could not get otherwise as it was impossible to visit Museums or galleries. Since our return, this support has continued and we have found it invaluable.

We have found the staff at The Foundling Museum very supportive, particularly Emma. Communication is brilliant and she has kept us constantly informed and updated. She knows and understands all of our children and makes adaptations for any needs. She is also so welcoming to our families, encouraging and enabling them to visit again at weekends and holidays. Many of our parents did not feel comfortable coming to a Museum at first, but with Emma's help they have the confidence to visit not just The Foundling Museum but other galleries and museums as well.

Sonia, Learning Manager Hackney Virtual School:

The collaboration with the Foundling Museum is really successful and exceptional. Do you realize how usual this is? Most collaborations we set up, don't work, as they don't interest the young people, but this is really unusual and successful. The young people love the museum and only say positive things about everyone at the Museum. It is so rare.

Nia, Artists' Assistant and graduate of the Tracing Our Tales training programme



Tracing Our Tales trainees

When I found out about the Foundling Museum, I was very unsure of what I wanted to do in life so I did the traineeship with the hope that I would gain some work experience.

As a care leaver, I found the museum's history really interesting and relatable as it shows the foundation of the care system. There were things that stuck out to me like the tokens, which were both sad and hopeful, as many of the mothers would have wanted to get their children back.

The traineeship was run by Emma and Albert who were really welcoming and helped us to settle in. During the traineeship we did so many things. It started with learning art skills. One thing I remember was Albert telling us to draw with giant sticks which encouraged us to care less about making perfect art and focus on just expressing ourselves. Albert and Emma made everything fun. We drew trees with charcoal; made prints with lino, created dresses from paper, and made sound into art. As the traineeship went on, we became more confident in our skills and in trying different artistic things.

The thing I was most afraid of was the family workshops. When I started the traineeship, I was very shy and reserved and I had a lot of anxiety about the family workshops because of all the people, parents and children that would be there. I didn't think I would be able to do them but I remember Emma telling me that I could do it, and that she trusted me.

Over the traineeship I became more confident in myself and positive about speaking to people. The comments we got from parents made me even more confident as well as the range of new people I was meeting from this traineeship.

I met other care leavers who were like me and trying something we had never done before. We also met and got to speak to people like the Duchess of Cambridge which was exciting and being a care leaver, I would have never expected to meet someone like that. My favourite person that we met was John Caldicott, who spoke to us about his experiences of being in the Foundling Hospital as a child and how that affected his life. A lot of the things he said felt familiar while a lot about the care system has changed, it was inspiring to speak to an older person who went through the same system and made it.

After the traineeship I became the artists assistant and helped to run the traineeship for the new trainees. Everyone was really proud of me and it felt great to do something with people who were in my position last year.

I would encourage anyone to do this traineeship because of the impact it had on all of us. It was one of the most fun things I have ever done. Throughout the traineeship Emma was really motivating and understanding of all of all of us. Emma and Albert really made us feel comfortable to be ourselves and treated us like people, without stigma, which is rare. From the museum I gained confidence, art skills, work experience, life skills, a sense of my history and friends.

Karen Hearn, Curator of *Portraying Pregnancy: from Holbein to Social Media* (24 January – 23 August 2020)



Portraying Pregnancy: from Holbein to Social Media.

The whole exhibition experience was astonishing ... You and your team pulled it all off in an extraordinary way, and - looking back - it was so lucky that it was able to run freely for six weeks before the first lockdown. Negotiating the extension (and with only one work dropping out) was a remarkable achievement, too.

Development Review

The pandemic's disruption to business caused the museum to lose significant unrestricted income this year, largely from admissions, retail and venue hire. Along with how we might continue to support vulnerable audiences, we were immediately concerned about the impact on freelancers and their livelihoods, key to programme delivery. Having employed at least 104 artists, creative freelancers and specialists the previous year, the Museum strived to continue its vital contribution to the cultural economy.

An Emergency Grant from Arts Council England helped us employ 24 freelancers during the first lockdown, and kick-started our switch to digital programming, with Instagram videos of inexpensive family activities, on-line concerts by established and young musicians and reimagining artist projects in a digital format. Artists made video workshops for Early Years children to replace in-person workshops. These became a vital resource for our local partner nurseries and their many children of key workers.

Thereafter, the Government's Culture Recovery Funds distributed by ACE were a lifeline. They supporting staff and freelancer costs, enabling the museum to continue to care for the collections and the heritage building, and plan exhibitions and artist-led projects, to benefit communities. A Heritage Emergency Grant distributed by National Lottery Heritage Fund, provided valuable investment to improve our digital infrastructure and support staff costs, thereby minimising redundancies. Art Fund's Respond and Reimagine programme helped to action our new business plan, and Esmee Fairbairn Collections Fund with Museums Association supported an innovative digital project, to engage young care-leavers, former pupils of the Foundling Hospital and volunteers, in creative diverse collections' interpretation.

Generous gifts from Oak Foundation and the Deborah Loeb Brice Foundation this year have provided a strong basis to ambitiously plan post-pandemic recovery to increase reach and impact, along with support from Esmee Fairbairn Foundation, Garfield Weston Foundation, The Pilgrim Trust and many others. We especially appreciate the faith and commitment shown by many individuals and patrons, particularly those who have continued as Director's Circle members of the 1739 Club, 1741 Club and 1750 Club. Their multi-year support helps us plan with confidence and maximise creative opportunities to harness the power of art to change lives.

Operations Review

With the building closed for much of the year, we took the opportunity to improve the workspace for staff and volunteers, with a refurbished and expanded staff room that provides better facilities and social distancing. This work was co-ordinated with small-scale capital works, to improve visitor welcome and access in the museum entrance, to increase space for retail and merchandise activities, and to provide safer staff/visitor interaction. Covid-safe equipment and procedures around the building enabled safe reopening to the public. Maintenance included painting walls and wood surfaces, installing new pumps to keep the ailing heating system working, additional security grilles and a new fire panel.



Reconfigured Museum entrance and foyer, with new energy-efficient lighting. Photo: Gareth Howart

This year, the Museum joined many in the sector in declaring a Climate Emergency. We used closure to accelerate our plans to work towards carbon zero by 2030, to help combat climate change. Building on our earlier efforts with the installation of solar panels in 2017 and switching to electric boilers in 2019, in 2020 we progressed the replacement of lightbulbs and fittings to LED, to reduce electricity usage. We are in discussion with Camden Council for planning permission to replace single glazed windows.

A Sustainability Action Group of staff from across the organisation has been formed. Meeting monthly, the Group considers ways to change internal processes to reduce the

museum's carbon footprint, as well as ways to influence external suppliers, visitors and volunteers to do the same.

Research is underway on possible big measures, including wind turbines on the roof; re-wiring to allow us to light individual rooms, rather than the current central system; a roof garden; heating our water from the solar panels; a paperless finance system; infrared cameras that enable more lights to be turned off at night; and a reusable modular wall system for the Temporary Exhibitions Gallery, to reduce construction wastage

Trustees' Report 31 March 2021

The Trustees present their report together with the financial statements of The Foundling Museum for the year to 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out on pages 47 to 54 of the attached financial statements and comply with the charitable company's Articles of Association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

About the Museum

Structure, Governance and Management

The Foundling Museum ('The Museum') was incorporated at the instigation of The Thomas Coram Foundation for Children ('Coram' – registered charity number 312278) on 20 August 1998 as a company limited by guarantee and is governed by its Articles of Association. It was registered with the Charity Commission on 24 August 1998 (registered charity number 1071167). Coram was formerly known as The Foundling Hospital. In July 2014 the Museum filed new Articles with the Charity Commission. These removed Coram's sole membership, thereby guaranteeing the Museum's independence.

The Museum's Board of Trustees meets every three months. It considers an extensive report from the Director about past, current and future activity and, as appropriate, additional papers on future and long term strategy, education, fundraising and development. The Board receives and considers management accounts and financial reports presented by the Chair of the Finance & Audit Committee and the Chair of the Trading Company. The Director and Finance Director attend Board meetings.

The Board of Trustees is supported in its work by Committees of the Board; namely the Finance and Audit Committee which meets formally every three months and includes reports from the Trading Company and the Investment Committee; and the Nominations Committee which meets approximately twice a year to discuss appointment to the Board of Directors. All Committees of the Board are comprised of Trustees plus at least one independent member. The Board receives advice through the Director from an Exhibitions Advisory Group.

Trustees

The Board of Trustees comprised 16 members. The Trustees, who are also the directors of the charitable company for the purposes of company law, who served up until the date of signing the financial statements were as follows:

| Trustees | Appointed/Term ended/Resigned |
|---------------------|--------------------------------------|
| Robert Aitken | |
| Anne Beckwith-Smith | |
| Alison Cole | Term ended 7 June 2021 |
| Christopher Cotton | |
| Jeremy Deller | |
| William Gore | |
| Ronald Gould | |
| Perdita Hunt | |
| Spencer Hyman | Term ended 6 December 2021 |
| Claire Jeffers | |
| Larissa Joy (Chair) | |
| Geraldine Macdonald | Term ended 7 June 2021 |
| Margaret Reynolds | Term ended 7 June 2021 |

None of the Trustees has any beneficial interest in the company. At 31 March 2021 the company had 17 members, comprising the 16 Trustees and Coram, who each guarantee to contribute £1 in the event of a winding up.

Trustees are appointed following a review by the Nominations Committee and the Board of the relevant skills and experience required by the Museum. Trustees' contribution is assessed formally every two years by the Chairman. The Chair and the Nominations Committee formally review Board effectiveness every other year. A formal review of the Chair's performance is carried out every other year by a Trustee, taking feedback from Trustees and senior leadership team members.

Trustee recruitment focusses on securing a committed and engaged Board of individuals from diverse backgrounds and with broad experience across finance, the arts, architecture, business and commerce, communications, education, childcare and risk management. New Trustees receive induction, including extensive background material to ensure they are familiar with the history of the Museum and its relationship with Coram, as well as Charity Commission documents outlining their responsibilities under charity law. Trustees also meet with the Director to familiarise themselves with the Museum's running, its aims, objectives and financial results.

Charitable Objects

The Museum was established in 1998 to safeguard the Foundling Hospital Collection; to preserve its integrity in its original context and to provide public access. The Museum subsequently took ownership of the Gerald Coke Handel Collection which is also housed in the building.

The Foundling Museum's charitable objects are:

- To establish and maintain a museum for the advancement of the education of the general public and of scholars by the documentation, maintenance, conservation, exhibition, study and interpretation of the Collection; and
- To support such of the purposes of the charity now known as Coram as the Museum, in consultation with Coram, shall from time to time determine.

Mission

The Foundling Museum brings past and present together, to celebrate the power of art as a catalyst for change.

Inspired by three great 18th century activists – Thomas Coram, William Hogarth and George Frideric Handel – the museum is a force for change. We believe in creative action that brings past and present together, to stimulate imaginations and enrich young lives. We celebrate the work of artists and inspire people to take positive action that transforms lives and creates a lasting impact

Opened in 2004, the Museum sits on the site of the Foundling Hospital; the UK's first children's charity and first public art gallery. Founded in 1739, the Hospital cared for babies at risk of abandonment. Supported by leading artists of all disciplines, who donated their work to raise awareness and funds, the Hospital continues today as the children's charity Coram.

Future Plans

While the pandemic has impacted strategic planning, many mid to long term objectives remain, while others have been given increased urgency.

It is clear the effects of Covid-19 will be felt most severely by communities already facing systemic disadvantage and inequality. The museum is already working closely with many of these communities and over the year ahead, we will be looking to increase our reach and impact. We will do this through:

- our partnerships with local nurseries and schools, delivering and augmenting the recovery curriculum, with a particular focus on early years
- provision of free, high-quality resources for disadvantaged families that support emotional and mental wellbeing, and educational development
- reducing loneliness and social isolation, particularly among older people
- creating skills development employment opportunities for local residents
- collaborating with local organisations and aligning with borough-wide initiatives to maximise impact and support recovery across education, training, employment, tourism, social cohesion, health and wellbeing
- maintaining training and contact with our care-experienced trainees and graduates, to ensure their progress is sustained, their mental wellbeing is supported, and their pathways to creative employment are more accessible.

Major exhibitions planned for 2021/22 include two that have been postponed from last year. We are grateful that Arts Council England has agreed to convert the grant awarded to our summer 2020 exhibition, curated by Foundling Fellow, Lauren Child, to summer 2021, while *Fighting Talk: One Boy's Journey from Abandonment to Trafalgar*, will now take place in autumn 2021. A major portrait commission project is planned for 2021, to enable the former pupils of the Foundling Hospital to be celebrated and represented within the collection, for the first time in 280 years, and to represent the tens of thousands of children who went through the Hospital, whose faces we will never know. Finally, the artist Ingrid Pollard will be responding to our historic story with a new commission and display.

The museum continues to develop a major exhibition, *Superheroes, Orphans & Origins: 125 years in comics*, for 2022, with support from a Curatorial Fellowship funded by the Artisa Foundation.

Over the coming year the Museum will also be pursuing a number of strategic opportunities, designed to expand and strengthen its work in line with objectives, which were interrupted or overtaken by Covid. In particular:

- Developing our digital offer, including the development of an online catalogue of our eighteenth-century tokens.
- Transitioning our learning provision from exclusively museum-based, to blended museum/classroom/virtual, and exploring the potential for growing its impact.
- Appointing three new Foundling Fellows and securing new funding for the Fellowship
- Creating a new five-year strategic plan.
- Reviewing the Museum's brand and messaging proposition, embodied in a new museum publication and a new website.
- Creating a new Audience Development Plan
- Growing the Supporters' Loan Endowment Scheme and increasing membership of the Friends, Patrons, 1700 Clubs and exhibition circles.
- Growing the Corporate Advisory Board.
- Furthering our environmental sustainability by working alongside Julie's Bicycle.

Museum Relationships

Supporters

The Museum is an independent charity and receives no regular core public funding. The Trustees would like to pay tribute to the generosity of donors, supporters and volunteers, without whom the Museum would be unable to realise its ambitions and run its programmes.

Covid-19 Emergency Funding

In response to the Covid-19 pandemic, the Museum worked to access all available support measures. This included furloughing members of staff through the Coronavirus Job Retention Scheme, securing a Retail, Hospitality & Leisure Grant via Camden Council and benefitting from business rates relief. We also received funding through Arts Council England's Culture Recovery Fund & an Arts Emergency Grant, the National Lottery Heritage Fund Heritage Emergency Fund, London Community Response Fund & The Rank Foundation DCMS Covid-19 Response Programme.

1700 Club Members

David Bernstein

Andrew Fane

Grant and Brigitte Gordon

Ron Gould

David and Jammy Hoare

Larissa Joy

Julia and Jamie Korner

Annie Mackerson-Sandbach

Jim Moyes

David Pike

Sir Simon and Lady Robey

Sir David and Lady Verey

Vernon Ellis Foundation

Individual Supporters

Robert Aitken
Richard and Diana Allen
Linda Beecham
Sir Quentin Blake
Judith and William Bollinger
Claire Brisby
Peter Brown
John Caldicott
Tim Clark
Justine and Patrick Cowan
Andrew Fane
Charles Henderson
Jane King
Steven and Sonya Larcombe
Jim Moyes
David Pike
John Wynter

And those who wish to remain anonymous

Corporate Supporters

Taylor Wessing
TP ICAP

Trusts and Foundations

Art Fund
The Artisa Foundation
Arts Council England
Association of Independent Museums
The Blyth Watson Charitable Trust
The Chartered Accountants' Livery Charity
The Clore Duffield Foundation
The Deborah Loeb Brice Donor Advised Fund at CAF
The D'Oyly Carte Charitable Trust
Drapers' Charitable Fund
Esmée Fairbairn Foundation
Foyle Foundation
Garfield Weston Foundation
Gerald Coke Handel Foundation
The Golden Bottle Trust
J Paul Getty Jr Charitable Trust
John Lyons Charity
The John R Murray Charitable Trust
The Leche Trust

Trusts and Foundations Continued

Matrix Causes Fund

The Michael Bishop Foundation

Museums Association and Esmée Fairbairn Collections Fund

The National Lottery Heritage Fund

The National Lottery through Arts Council England

Oak Foundation

The Pilgrim Trust

The Rank Foundation DCMS Recovery Fund

The Rose Foundation

Schroder Charity Trust

Universal Music UK Sound Foundation - Decca Bursary

And those who wish to remain anonymous

The Trustees would also like to thank the many guides and members of the OCA, who donate their speakers' fees to support Collection acquisitions, as well as the Museum's wonderful team of volunteers, who undertake research and help care for visitors and the collections.

The Trustees would also like to acknowledge the continuing active support of the Museum's Vice Presidents, Brian Allen, Alan Borg, David Coke, Jamie Korner and Carolyn Steen, International Trustee Emeritus, Judy Bollinger, and the many advisers whose invaluable expertise contributes greatly to the Museum's success.

Donors and Supporters

The Museum takes care with both the tone of its communications and the accuracy of its data, it never swaps data with other organisations and ensures that its communication preferences can be changed at any time. Broadly speaking, the Museum uses data of a personal nature to keep in touch with people who are interested in its activities; to keep them informed about activities and developments; to provide services to visitors and supporters; and to identify ways in which people can support the Museum, through donations and/or other forms of financial and non-financial support. The Museum manages its own fundraising activities and does not employ the services of external professional fundraisers.

The Museum undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During the year under review, the Museum received no complaints about its fundraising activities. The Museum's fundraising activities are also conducted in line with its Ethics Policy which includes Ethical Fundraising, requiring the Museum to proactively carry out due diligence on prospective donors and sponsors. The Ethics Policy is regularly reviewed by Trustees and is consistent with the Museums Association's *Code of Ethics for Museums* and the *Code of Ethics for Museums*

Worldwide produced by ICOM, and the *Seven Principles of Public Life* (Nolan Committee, March 1996).

Relationship with the Gerald Coke Handel Foundation

The Gerald Coke Handel Collection is owned by the Museum. It is an internationally-important collection of material relating to Handel and his contemporaries, including manuscripts, printed music and books, libretti, artworks and ephemera. It was assembled by Gerald Coke and left to the nation by his widow, and came to the Museum through the Government's Allocation in Lieu scheme in 2008. The endowment accompanying the Collection is managed by the Gerald Coke Handel Foundation (registered charity number 1058589), formed in 1996 to administer the endowment and assist the Museum with the Collection's care. The Foundation's primary aim is to ensure the maintenance, conservation and development of the Collection. Its objectives are to advance public education by providing research facilities in relation to Handel and his contemporaries. The Foundation continues to acquire heritage assets. The Museum receives funding from the Foundation in relation to services provided, amounting to £119,865 in the year under review.

Risk Management

The Trustees have assessed the major risks to which the charity is exposed, which include the financing of the Museum's operations and safeguarding the Museum's exhibits. The Trustees are satisfied that systems are in place to mitigate the exposure to the major risks which are:

The uncertain economic climate and disruption caused by Covid-19: The Museum has a six-month reserves policy to cover operational costs. After salaries, exhibitions are the Museum's biggest expenditure. They have to be confirmed 18-24 months in advance of opening and usually before funding is in place. Therefore, the Museum has designated reserves to cover the risk of shortfalls in exhibition funding.

Loss of key personnel: The Museum's staff team is small, many work part-time or freelance, and most staff have sole responsibility for their area of work. Succession planning is therefore hard and the loss of senior staff can be particularly problematic. To mitigate this risk, senior managers have a three month notice period, staff are prevented from building up untaken leave, salaries are in line with sector-equivalent institutions, and every effort is made to provide an environment in which staff feel supported, valued and developed.

Pensions deficit: The Museum participates in a scheme operated by The Pensions Trust which is classified as a 'last man standing arrangement'. To mitigate this risk the Museum is exploring options to protect its heritage assets.

Statement of Trustees Responsibilities

The Trustees (who are also directors of The Foundling Museum for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the charitable company and the group for that period.

In preparing these 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;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

FINANCIAL REVIEW

The statement of financial activities for the year ended 31 March 2021 shows total income of £2,237,309 (2020 – £1,368,789). This included Covid emergency grants of £567,300 (2020 - £nil), grants from the Oak Foundation of £531,853 (£32,133) and income from the Coronavirus Job Retention Scheme of £129,598 (2020 - £6,363).

The total expenditure in the year was £1,521,986 (2020 – £1,543,223) of which expenditure on conserving the Collection and developing and maintaining the Museum amounted to £1,500,555 (2020 – £1,511,676).

The net income for the year was £715,323 (2020 – net expenditure £174,434).

Net investment gains of £387,939 (2020 – losses of £142,466) were recognised in the year ended 31 March 2021 and actuarial gains of £1,500 have been recognised (2020 – gains of £5,000).

In accordance with Financial Reporting Standard 102, the financial statements include heritage assets with a total valuation of £9,458,198. Further details may be found in note 13 to the financial statements. As at 31 March 2021, the net assets of The Foundling Museum Group were £12,417,063 (2020 – £11,312,301).

FINANCIAL REVIEW (continued)

Reserves policy

The Trustees have considered the scale, complexity and risk profile of the charity and taken account of the funding base which consists of grants from trusts and foundations, investment income, donations and self-generated income. Account has been taken of the effects of economic downturns particularly on self-generated income and the time bars on applications to trusts and foundations especially for core funding. In addition the Trustees have recognised that the Museum has to commit to temporary exhibition expenditure prior to fundraising and, as a result, it carries a risk that exhibitions may not be fully funded. The Trustees have therefore designated £20,000 to cover the risks associated with exhibitions.

The Museum has a £3 million endowment loan from the National Heritage Memorial Fund, repayable in 2027. The NHLF Shortfall designated fund is set aside to cover any difference between the loan balance and the listed investment portfolio. At 31 March 2021, this designated fund balance was £300,000.

Total designated funds amount to £1,055,000.

The Trustees consider it prudent for the Museum to carry free reserves equivalent to approximately six months budgeted operating expenditure to deal with short-term fluctuations in income and to provide adequate working capital. At the end of the financial year, unrestricted general funds stood at £565,027 (comprising the net current assets less amounts attributable to the restricted and designated funds). Free reserves at 31 March 2021 were in line with the policy.

The Trustees have made a provision of £96,000 for the pension-deficit contributions payable up to 2021, which is shown on the balance sheet. This liability does not fall due immediately, and the expectation is that it is met annually from income earned. Therefore, the pension provision is regarded as part of free reserves.

The reserves policy is reviewed by the Trustees annually as part of the planning and budget process.

FINANCIAL REVIEW (continued)

Investment policy

Under the Memorandum and Articles of Association, the charity has powers to invest in any way the Trustees wish.

The Museum has a £3 million endowment loan from the National Heritage Memorial Fund, repayable in 2027. The investment policy applied to the endowment fund reflects the Trustees' commitment to sustain the objects of the Museum by maintaining the capital and income of the endowment and to grow both of this over time. In this manner the Trustees aim to realise their ambitions to promote the Museum, to expand its activities to an increasing visitor base and to purchase the assets from its sister charity, Coram Family. The achievement of these and other aims requires continuous capital and income improvement.

The Trustees have appointed Veritas Investment Management to manage, on a discretionary basis, a multi-asset portfolio which comprises, within defined and flexible ranges, a mixture of property, fixed interest, global equities and cash. To satisfy the Museum's financial objectives and targets, in which returns from the investment of the endowment loan play an essential role, the Trustees have focussed on total return, to which reliable and sustainable income make an important contribution.

In 2020/21 the managers achieved a return of 3.5%, which reflected the conservative mix of assets held.

Approved by the Trustees and signed on their behalf by:

Ronald Gould

Trustee

Approved on: 15/12/2021

Independent auditor's report to the members of The Foundling Museum

Opinion

We have audited the financial statements of The Foundling Museum (the 'charitable company') and The Foundling Museum and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the group statement of financial activities, the charitable parent company's statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 March 2021 and of their 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) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report and financial statements. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Chairman's summary and Director's summary, and the Trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Chairman's summary and Director's summary, and the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has 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 the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report. We have nothing to report in respect of the following matters in relation to which 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 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, 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.

Responsibilities of Trustees (continued)

In preparing the financial statements, the Trustees are responsible for assessing the group and the 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 the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the charitable company and determined that the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), Charities Act 2011, the Companies Act 2006, and The Code of Fundraising Practice; and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group and the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of key management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested and reviewed journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure, ensuring expenditure was approved in line with the group and the charitable company's financial procedures;

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bzzacott LLP



Amanda Francis (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

16 December 2021

The Foundling Museum
Consolidated statement of financial activities
(incorporating the income and expenditure account) Year to 31 March 2021

| | Notes | Un- restricted funds £ | Restricted funds £ | 2021 £ | Un- restricted funds £ | Restricted funds £ | 2020 £ |
|--|-------|---------------------------------|--------------------------|-------------------|---------------------------------|--------------------------|------------|
| Income from: | | | | | | | |
| Grants and donations | 1 | 1,086,441 | 845,969 | 1,932,410 | 269,860 | 417,870 | 687,730 |
| Investments | 2 | 112,610 | — | 112,610 | 128,686 | — | 128,686 |
| Other trading activities | 3 | 24,461 | — | 24,461 | 314,011 | — | 314,011 |
| Charitable activities | | | | | | | |
| . Admissions and other museum income | 4 | 22,593 | — | 22,593 | 203,625 | — | 203,625 |
| Other | 5 | | | | | | |
| . Coronavirus Job Retention Scheme | | 129,598 | — | 129,598 | 6,363 | — | 6,363 |
| . Other sources | | 15,637 | — | 15,637 | 28,374 | — | 28,374 |
| Total income | | 1,391,340 | 845,969 | 2,237,309 | 950,919 | 417,870 | 1,368,789 |
| Expenditure on: | | | | | | | |
| Raising funds | 6 | 21,431 | — | 21,431 | 31,547 | — | 31,547 |
| Charitable activities | | | | | | | |
| . Costs of developing and maintaining the Museum | 7 | 753,704 | 746,851 | 1,500,555 | 1,172,368 | 339,308 | 1,511,676 |
| Total expenditure | | 775,135 | 746,851 | 1,521,986 | 1,203,915 | 339,308 | 1,543,223 |
| Net income (expenditure) before transfers and investment gains (losses) | | | | | | | |
| | | 616,205 | 99,118 | 715,323 | (252,996) | 78,562 | (174,434) |
| Net gains (losses) on investment assets | | 387,939 | — | 387,939 | (142,466) | — | (142,466) |
| Net income (expenditure) before transfers | | 1,004,144 | 99,118 | 1,103,262 | (395,462) | 78,562 | (316,900) |
| Gross transfers between funds | 13 | (5,000) | 5,000 | — | 19,813 | (19,813) | — |
| Net income (expenditure) | | 999,144 | 104,118 | 1,103,262 | (375,649) | 58,749 | (316,900) |
| Other recognised gains and losses | | | | | | | |
| Actuarial gains | 23 | 1,500 | — | 1,500 | 5,000 | — | 5,000 |
| Net movement in funds | 10 | 1,000,644 | 104,118 | 1,104,762 | (370,649) | 58,749 | (311,900) |
| Group reconciliation of funds: | | | | | | | |
| Fund balances brought forward at 1 April 2020 | | 1,661,271 | 9,651,030 | 11,312,301 | 2,031,920 | 9,592,281 | 11,624,201 |
| Fund balances carried forward at 31 March 2021 | | 2,661,915 | 9,755,148 | 12,417,063 | 1,661,271 | 9,651,030 | 11,312,301 |

All of the group's activities derived from continuing operations during the two financial periods.

The Foundling Museum
Charity statement of financial activities
(incorporating the income and expenditure account) Year to 31 March 2021

| | Notes | Un- restricted funds £ | Restricted funds £ | 2021 £ | Un- restricted funds £ | Restricted funds £ | 2020 £ |
|---|-------|---------------------------------|--------------------------|-------------------|---------------------------------|--------------------------|------------|
| Income from: | | | | | | | |
| Grants and donations | 1 | 1,104,247 | 845,969 | 1,950,216 | 506,285 | 417,870 | 924,155 |
| Investments | 2 | 112,569 | — | 112,569 | 128,363 | — | 128,363 |
| Charitable activities | | | | | | | |
| . Admissions and other museum income | 4 | 22,593 | — | 22,593 | 203,625 | — | 203,625 |
| Other sources | 5 | | | | | | |
| . Coronavirus Job Retention Scheme | | 129,598 | — | 129,598 | 6,363 | — | 6,363 |
| . Other sources | | 15,637 | — | 15,637 | 28,374 | — | 28,374 |
| Total income | | 1,384,644 | 845,969 | 2,230,613 | 873,010 | 417,870 | 1,290,880 |
| Expenditure on: | | | | | | | |
| Raising funds | 6 | 21,431 | — | 21,431 | 31,547 | — | 31,547 |
| Charitable activities | | | | | | | |
| . Costs of developing and maintaining the Museum | 7 | 731,605 | 746,851 | 1,478,456 | 1,094,459 | 339,308 | 1,433,767 |
| Total expenditure | | 753,036 | 746,851 | 1,499,887 | 1,126,006 | 339,308 | 1,465,314 |
| Net income (expenditure) before investment gains | | | | | | | |
| | | 631,608 | 99,118 | 730,726 | (252,996) | 78,562 | (174,434) |
| Net gains (losses) on investment assets | | 387,939 | — | 387,939 | (142,466) | — | (142,466) |
| Net income (expenditure) before transfers | | 1,019,547 | 99,118 | 1,118,665 | (395,462) | 78,562 | (316,900) |
| Gross transfers between funds | 13 | (5,000) | 5,000 | — | 19,813 | (19,813) | — |
| Net income (expenditure) | | 1,014,547 | 104,118 | 1,118,665 | (375,649) | 58,749 | (316,900) |
| Other recognised gains and losses | | | | | | | |
| Actuarial gains | 23 | 1,500 | — | 1,500 | 5,000 | — | 5,000 |
| Net movement in funds | 10 | 1,016,047 | 104,118 | 1,120,165 | (370,649) | 58,749 | (311,900) |
| Reconciliation of funds: | | | | | | | |
| Fund balance brought forward at 1 April 2020 | | 1,661,273 | 9,651,030 | 11,312,303 | 2,031,922 | 9,592,281 | 11,624,203 |
| Fund balance carried forward at 31 March 2021 | | 2,677,320 | 9,755,148 | 12,432,468 | 1,661,273 | 9,651,030 | 11,312,303 |

All of the charity's activities derived from continuing operations during the two financial periods.

The Foundling Museum
Balance sheets 31 March 2021

| | Notes | 2021 | | 2020 | |
|--|-------|--------------------|--------------------|-------------|--------------|
| | | Group £ | Charity £ | Group £ | Charity £ |
| Fixed assets | | | | | |
| Tangible fixed assets | 12 | 1,137,888 | 1,137,888 | 1,261,545 | 1,261,545 |
| Heritage assets | 13 | 9,458,198 | 9,458,198 | 9,453,198 | 9,453,198 |
| Investments | 14 | 3,076,615 | 3,076,617 | 2,774,011 | 2,774,013 |
| | | 13,672,701 | 13,672,703 | 13,488,754 | 13,488,756 |
| Current assets | | | | | |
| Stocks | | 37,406 | 5,228 | 47,813 | 5,778 |
| Investments | 15 | 829,041 | 829,041 | 565,394 | 565,394 |
| Debtors | 16 | 95,178 | 146,642 | 190,040 | 311,560 |
| Cash at bank and in hand | | 1,517,719 | 1,504,767 | 653,598 | 568,669 |
| | | 2,479,344 | 2,485,678 | 1,456,845 | 1,451,401 |
| Creditors: amounts falling due within one year | 17 | (638,982) | (629,913) | (526,298) | (520,854) |
| Net current assets | | 1,840,362 | 1,855,765 | 930,547 | 930,547 |
| Total assets less current liabilities | | 15,513,063 | 15,528,468 | 14,419,301 | 14,419,303 |
| Creditors: amounts falling due after more than one year | 18 | (3,000,000) | (3,000,000) | (3,000,000) | (3,000,000) |
| Total net assets excluding pension liability | | 12,513,063 | 12,528,468 | 11,419,301 | 11,419,303 |
| Provision for liabilities | 19 | (96,000) | (96,000) | (107,000) | (107,000) |
| Total net assets including pension liability | | 12,417,063 | 12,432,468 | 11,312,301 | 11,312,303 |
| The funds of the group and charity: | | | | | |
| Funds and reserves | | | | | |
| Restricted funds | | | | | |
| . Heritage assets fund | 13 | 9,458,198 | 9,458,198 | 9,453,198 | 9,453,198 |
| . Other restricted funds | 20 | 296,950 | 296,950 | 197,832 | 197,832 |
| Unrestricted funds | | | | | |
| . Tangible fixed assets fund | 12 | 1,137,888 | 1,137,888 | 1,261,545 | 1,261,545 |
| . Designated funds | 21 | 1,055,000 | 1,055,000 | 247,986 | 247,986 |
| . General fund | | 580,430 | 580,432 | 258,740 | 258,742 |
| . Non-charitable trading funds | | (15,403) | — | — | — |
| . Pension reserve fund | 23 | (96,000) | (96,000) | (107,000) | (107,000) |
| | | 12,417,063 | 12,432,468 | 11,312,301 | 11,312,303 |

Approved by the Trustees and signed on their behalf by:

Trustee
Larissa Joy

Trustee
Ronald Gould

Approved on: 15 Dec 2021

The Foundling Museum

Company Limited by Guarantee

Registration Number 03621861 (England and Wales)

The Foundling Museum
Consolidated statement of cash flows Year to 31 March 2021

| | Notes | 2021 £ | 2020 £ |
|--|-------|------------------|-----------|
| Cash flows from operating activities: | | | |
| Net cash used in operating activities | A | 989,725 | (131,904) |
| Cash flows from investing activities: | | | |
| Investment income received | | 112,610 | 128,686 |
| Purchase of tangible fixed assets | | (59,902) | (29,920) |
| Purchase of heritage assets | | | (7,376) |
| Proceeds from the disposal of investments | | 516,095 | 641,589 |
| Purchase of investments | | (650,452) | (588,357) |
| Net cash (used in) provided by investing activities | | (81,649) | 144,622 |
| Change in cash and cash equivalents in the year | | 908,076 | 12,718 |
| Cash and cash equivalents at 1 April 2020 | B | 956,569 | 943,851 |
| Cash and cash equivalents at 31 March 2021 | B | 1,864,645 | 956,569 |

Notes to the statement of cash flows for the year to 31 March 2021.

A Reconciliation of net movement in funds to net cash from operating activities

| | 2021 £ | 2020 £ |
|---|------------------|-----------|
| Net movement in funds (as per the statement of financial activities) | 1,104,762 | (311,900) |
| Adjustments for: | | |
| Depreciation charge | 183,559 | 184,642 |
| Donated heritage assets | (5,000) | |
| (Gains) losses on investments | (387,939) | 142,466 |
| Investment income receivable | (112,610) | (128,686) |
| Decrease (increase) in stocks | 10,407 | (5,026) |
| Decrease in debtors | 94,862 | 12,595 |
| Increase (decrease) in creditors | 112,684 | (10,995) |
| Actuarial gains | (1,500) | (5,000) |
| Pension scheme costs less contributions paid | (9,500) | (10,000) |
| Net cash provided by (used in) operating activities | 989,725 | (131,904) |

B Analysis of cash and cash equivalents

| | 2021 £ | 2020 £ |
|--|------------------|----------------|
| Cash at bank and in hand | 1,517,719 | 653,598 |
| Cash held by investment managers | 346,926 | 302,971 |
| Total cash and cash equivalents | 1,864,645 | 956,569 |

The Foundling Museum
Consolidated statement of cash flows Year to 31 March 2021

C Analysis of net debt

| | At 1 April 2020 £ | Cash flows £ | Other non- cash flows £ | At 31 March 2021 £ |
|--|-------------------------|-----------------|-------------------------------|-----------------------------|
| Total cash and cash equivalents | 956,569 | 908,076 | — | 1,864,645 |

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2021 with comparative information provided in respect to the year to 31 March 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation;
- ◆ estimating the value of heritage assets as at the date they were acquired where this information is not available;
- ◆ estimating any necessary provision against slow moving or obsolete stock held at year-end;

Critical accounting estimates and areas of judgement (continued)

- ◆ assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme;
- ◆ determining the basis for the allocation of support and governance costs between expenditure on raising funds and on charitable activities;
- ◆ estimating taxation recoverable under the Exhibition Tax Relief Scheme for charities; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

The Trustees acknowledge and recognise the continuing impact of the Covid-19 pandemic on the charity, its stakeholders and on wider society. Consequently, they will continue to be alert to the challenges presented by Covid-19, especially in respect to admissions. They will also continue to keep both income and expenditure under review.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

With regard to the next accounting period, the year ending 31 March 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Trustees' report for more information) and the impact of the Covid-19 pandemic and UK economic trends on visitor numbers. The Trustees are seeking to mitigate this latter risk by developing new sources of income and new markets and through continued careful budgeting and cost control.

Consolidation

The statement of financial activities and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking, The Foundling Museum Trading Company Limited, made up to the balance sheet date. Intragroup transactions are eliminated in full.

Income recognition

Income is recognised in the period in which the group or charity is entitled to receipt and the amount can be measured reliably and it is probable that the income will be received. Income is deferred only when the group or charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises grants and donations, investment income and interest receivable, income from trading activities (including events and shop sales), visitors' admission fees and general miscellaneous income.

Grants and donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of grants and donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the group or charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the group or charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated assets are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Museum's accounting policies.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Income recognition (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from trading activities and visitors' admission fees are recognised to the extent that it is probable that the economic benefits will flow to the group or charity and the income can be reliably measured. They are measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income from the Coronavirus Job Retention Scheme is credited to the statement of financial activities once the charity is entitled to the funding and when the amount receivable has been quantified.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is classified as follows:

- a) Expenditure on raising funds includes all expenditure associated with raising funds for the group and charity. This includes costs associated with fundraising and the costs of trading activities including the operating costs of The Foundling Museum Trading Company Limited.
- b) Expenditure on charitable activities comprises expenditure on developing and maintaining the Museum.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel, provision of office services and equipment and a suitable working environment. Governance costs are the costs associated with the governance of the charity and its assets.

Allocation of support and governance costs (continued)

All support and governance costs incurred by the charity are allocated to the cost of developing and maintaining the Museum whereas those of its trading subsidiary are allocated to the cost of raising funds.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

- | | |
|---|--|
| • Leasehold improvements | From the date of completion of the relevant improvement to the end of the lease term |
| • Office equipment, fixtures and fittings | 25% on cost |
| • Website and digital branding | 25% on cost |

Heritage assets

The Museum safeguards the Foundling Hospital Collection and offers the public access to the Collection preserving its integrity in its original context. The Museum's artefacts include paintings, furniture and items from the Foundling Hospital Collection as well as items of contemporary art, ceramics and archival material relating to the Foundling Hospital. The assets are defined as Heritage Assets for the purpose of these financial statements as they are held as part of the primary purposes of the charity and to further an understanding of social history and culture.

Heritage assets are included on the balance sheet at cost, or where cost is not available, a valuation that reflects the value of the asset at the time it was acquired by the charity. Such assets are not depreciated. Any impairment in the value of an asset is treated as charitable expenditure in the year in which it arises.

Investments (fixed assets and current assets)

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The group and charity do not acquire put options, derivatives or other complex financial instruments.

As noted above, one of the financial risks faced by the group and charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on listed investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

The charity's investment in its subsidiary company is valued at cost.

Stocks

Stocks of brochures and items for resale in the Museum's shop are stated at the lower of cost and net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

The charitable company's funds comprise the heritage asset fund, a restricted fund which represents its heritage assets, other restricted funds which must be applied for specific purposes in accordance with donors' wishes, designated funds which are unrestricted funds set aside for specific purposes and a number of unrestricted income funds which are available for application towards the charity's objectives. Within unrestricted funds the Trustees have identified those non-liquid funds represented by tangible fixed assets.

Details of the other restricted funds are given in note 20 to these financial statements and designated funds in note 21.

Non-charitable trading funds are funds held by the subsidiary undertaking, The Foundling Museum Trading Company Limited.

Pensions

The charity contributed to a defined benefit scheme operated by The Pensions Trust, which provides benefit based on average pensionable salary. The charity ceased to offer the scheme to its employees on 31 December 2011. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from the total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS 102 represents the employer contribution payable.

Contributions in respect to personal pension schemes and defined contribution schemes are recognised in the statement of financial activities in the year in which they are payable to the relevant scheme.

1 Grants and donations

| Group | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|---------------------------|-------------------------|-----------------------|------------------|-------------------------|-----------------------|----------------|
| Grants | | | | | | |
| . Oak Foundation | 500,000 | 31,853 | 531,853 | — | 32,133 | 32,133 |
| . Covid-19 relief | — | 567,300 | 567,300 | — | — | — |
| . Other grants | 485,909 | 138,613 | 624,522 | 169,304 | 235,334 | 404,638 |
| Other donations and gifts | 100,532 | 108,203 | 208,735 | 100,556 | 150,403 | 250,959 |
| Total funds | 1,086,441 | 845,969 | 1,932,410 | 269,860 | 417,870 | 687,730 |

| Charity | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|--------------------------------------|-------------------------|-----------------------|------------------|-------------------------|-----------------------|----------------|
| Grants | | | | | | |
| . Oak Foundation | 500,000 | 31,853 | 531,853 | — | 32,133 | 32,133 |
| . Covid-19 relief | — | 567,300 | 567,300 | — | — | — |
| . Other grants | 485,909 | 138,613 | 624,522 | 169,304 | 235,334 | 404,638 |
| Other donations and gifts | 100,532 | 108,203 | 208,735 | 100,556 | 150,403 | 250,959 |
| Donation from subsidiary undertaking | — | — | — | 100,527 | — | 100,527 |
| Management recharge | 17,806 | — | 17,806 | 135,898 | — | 135,898 |
| Total funds | 1,104,247 | 845,969 | 1,950,216 | 506,285 | 417,870 | 924,155 |

2 Investment income and interest receivable

| Group | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|---------------------|-------------------------|-----------------------|----------------|-------------------------|-----------------------|----------------|
| Investment income | 112,224 | — | 112,224 | 127,587 | — | 127,587 |
| Interest receivable | 386 | — | 386 | 1,099 | — | 1,099 |
| Total funds | 112,610 | — | 112,610 | 128,686 | — | 128,686 |

| Charity | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|---------------------|-------------------------|-----------------------|----------------|-------------------------|-----------------------|----------------|
| Investment income | 112,224 | — | 112,224 | 127,587 | — | 127,587 |
| Interest receivable | 345 | — | 345 | 776 | — | 776 |
| Total funds | 112,569 | — | 112,569 | 128,363 | — | 128,363 |

3 Income from other trading activities

| Group | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|--------------------|-------------------------|-----------------------|---------------|-------------------------|-----------------------|----------------|
| Events | 16,682 | — | 16,682 | 259,711 | — | 259,711 |
| Sales | 7,567 | — | 7,567 | 54,277 | — | 54,277 |
| Other | 212 | — | 212 | 23 | — | 23 |
| Total funds | 24,461 | — | 24,461 | 314,011 | — | 314,011 |

The charity had no trading activities during the year (2020: none).

4 Income from charitable activities

| Group and charity | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|--|-------------------------|-----------------------|---------------|-------------------------|-----------------------|-----------|
| Total funds: Admissions and other museum income | 22,593 | — | 22,593 | 203,625 | — | 203,625 |

5 Income from other sources

| Group and charity | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|----------------------------------|-------------------------|-----------------------|----------------|-------------------------|-----------------------|-----------|
| Coronavirus Job Retention Scheme | 129,598 | — | 129,598 | 6,363 | — | 6,363 |
| Miscellaneous | 15,637 | — | 15,637 | 28,374 | — | 28,374 |
| Total funds | 145,235 | — | 145,235 | 34,737 | — | 34,737 |

Miscellaneous income includes £10,293 (2020 – £24,085) being tax recoverable under the Exhibition Tax Relief Scheme for charities.

6 Expenditure on raising funds

| Group and charity | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|--------------------------|-------------------------|-----------------------|---------------|-------------------------|-----------------------|-----------|
| Fundraising expenses | 1,271 | — | 1,271 | 7,233 | — | 7,233 |
| Guidebook: cost of sales | 552 | — | 552 | 3,257 | — | 3,257 |
| Investment manager fees | 19,608 | — | 19,608 | 21,057 | — | 21,057 |
| Total funds | 21,431 | — | 21,431 | 31,547 | — | 31,547 |

7 Expenditure on charitable activities: developing and maintaining the Museum

| Group | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|------------------------|-------------------------|-----------------------|------------------|-------------------------|-----------------------|-----------|
| Museum operating costs | 554,205 | 746,851 | 1,301,056 | 971,749 | 339,308 | 1,311,057 |
| Depreciation (note 12) | 183,559 | — | 183,559 | 184,642 | — | 184,642 |
| Conservation | 15,940 | — | 15,940 | 15,977 | — | 15,977 |
| Total funds | 753,704 | 746,851 | 1,500,555 | 1,172,368 | 339,308 | 1,511,676 |

| Charity | Unrestricted funds £ | Restricted funds £ | 2021 £ | Unrestricted funds £ | Restricted funds £ | 2020 £ |
|------------------------|-------------------------|-----------------------|------------------|-------------------------|-----------------------|-----------|
| Museum operating costs | 532,106 | 746,851 | 1,278,957 | 893,840 | 339,308 | 1,233,148 |
| Depreciation (note 12) | 183,559 | — | 183,559 | 184,642 | — | 184,642 |
| Conservation | 15,940 | — | 15,940 | 15,977 | — | 15,977 |
| Total funds | 731,605 | 746,851 | 1,478,456 | 1,094,459 | 339,308 | 1,433,767 |

Museum operating costs include governance costs (see note 9) in respect to the charity.

8 Staff costs

| Group and charity | 2021 £ | 2020 £ |
|-----------------------|----------------|----------------|
| Salaries | 731,357 | 669,528 |
| Social security costs | 50,174 | 46,372 |
| Pension costs | 18,091 | 11,850 |
| | 799,622 | 727,750 |

The average number of employees (excluding temporary and agency staff), analysed by function, was as follows:

| Group and charity | 2021 | 2020 |
|-----------------------|------|------|
| Senior management | 2 | 2 |
| Museum administration | 17 | 17 |
| | | |

During the year two members of staff received annual remuneration (including taxable benefits but excluding employer's pension and national insurance contributions) of between £80,000 and £90,000 (2020 – two members of staff, between £60,000 and £70,000).

No Trustee received reimbursement of expenses during the year in connection with services to the charity (2020 – none).

The key management personnel of the Museum in charge of directing and controlling, running and operating the Museum on a day to day basis comprise the Trustees together with the Chief Executive and the Finance Director.

The total remuneration (including taxable benefits and employer's pension and national insurance contributions) payable to key management personnel during the year was £206,867 (2020 – £162,433). Executives' remuneration is set by the Finance & Audit Committee and reviewed annually.

9 Governance costs

| Group | 2021 £ | 2020 £ |
|--------------------------------------|---------------|---------------|
| Auditor's remuneration | | |
| . Statutory audit – fee for the year | 10,700 | 10,600 |
| Other governance costs | 1,713 | 1,713 |
| | 12,413 | 12,313 |

10 Net movement in funds

This is stated after charging:

| Group | 2021 £ | 2020 £ |
|---------------------------------------|----------------|-----------|
| Auditor's remuneration | | |
| . Statutory audit | 10,700 | 10,600 |
| . Other services | 12,400 | 11,000 |
| Depreciation of tangible fixed assets | 183,560 | 184,642 |

11 Taxation

The Foundling Museum is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The Foundling Museum Trading Company Limited donates its taxable profits (if any) to The Foundling Museum via a Gift Aid compliant deed of covenant.

12 Tangible fixed assets

| Group and charity | Leasehold improve- ments £ | Office equipment, fixtures and fittings £ | 2021 Total £ |
|------------------------|-------------------------------------|---|--------------------|
| Cost | | | |
| At 1 April 2020 | 3,929,876 | 295,974 | 4,225,850 |
| Additions | — | 59,902 | 59,902 |
| At 31 March 2021 | 3,929,876 | 355,876 | 4,285,753 |
| Depreciation | | | |
| At 1 April 2020 | 2,705,129 | 259,176 | 2,964,305 |
| Charge for the year | 169,711 | 13,848 | 183,559 |
| At 31 March 2021 | 2,874,840 | 273,024 | 3,147,865 |
| Net book values | | | |
| At 31 March 2021 | 1,055,036 | 82,852 | 1,137,888 |
| At 31 March 2020 | 1,224,747 | 36,798 | 1,261,545 |

Included within office equipment, fixtures and fittings are assets with a net book value of £31,980 in respect to the charity's website and digital branding (2020 - £nil).

13 Heritage Assets

| Group and charity | Museum artefacts £ |
|--------------------------|--------------------------|
| Cost or valuation | |
| At 1 April 2020 | 9,453,198 |
| Additions | 5,000 |
| At 31 March 2021 | 9,458,198 |

The Museum has in the past obtained various assets where the donors have placed conditions or legal charges to restrict their use. Primarily these assets are allowed to be displayed to the public, but the Museum cannot benefit from the intrinsic value of these assets other than from the income they generate. In the event that the Museum were no longer to comply with the conditions imposed by the donors, the assets would be removed from the Museum and offered to other charities, without compensation being due to the Museum for the loss of those assets.

The Museum holds two assets which fall into this category, a painting obtained with funding from The National Heritage Memorial Fund (“NHMF”) and The Gerald Coke Handel Collection received from The Museums and Libraries Archives Council. In accordance with the requirement of the Charities SORP FRS 102, both these assets are recognised in the financial statements. The painting is included at £4,000,000 which reflects the value when acquired by the NHMF in 2003 and The Gerald Coke Handel Collection is included at £4,825,240 as valued by Christie’s in 2006.

Other heritage assets acquired by the Museum are included on the balance sheet at cost.

Heritage assets are held in a separate fund as this represents assets where the charity owns the legal title but where the original owners or the donors of the assets have placed legal restrictions on the assets’ sale or disposal.

14 Fixed asset investments

| Group | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Listed investments | | |
| . Market value as at 1 April 2020 | 2,552,731 | 2,901,295 |
| . Additions at cost | 247,403 | 341,301 |
| . Disposals at book value (proceeds: £315,631, net realised gains: £56,230) | (259,401) | (581,101) |
| . Net unrealised investment gains (losses) | 267,346 | (108,764) |
| . Market value as at 31 March 2021 | 2,808,079 | 2,552,731 |
| Cash held for reinvestment | 268,536 | 221,280 |
| Total investments at 31 March 2021 | 3,076,615 | 2,774,011 |
| | | |
| Cost of listed investments | 2,368,483 | 2,372,011 |
| | | |
| Charity | 2021 £ | 2020 £ |
| Listed investments | | |
| . Market value as at 1 April 2020 | 2,552,731 | 2,901,295 |
| . Additions at cost | 247,403 | 341,301 |
| . Disposals at book value (proceeds: £315,631, net realised gains: £56,230) | (259,401) | (581,101) |
| . Net unrealised investment gains (losses) | 267,346 | (108,764) |
| . Market value as at 31 March 2021 | 2,808,079 | 2,552,731 |
| Cash held for reinvestment | 268,536 | 221,280 |
| | 3,076,615 | 2,774,011 |
| Investment in subsidiary undertaking (see below) | 2 | 2 |
| Total investments at 31 March 2021 | 3,076,617 | 2,774,013 |
| | | |
| Cost of listed investments | 2,368,483 | 2,372,011 |

Both group and charity listed investments (comprising the above and those classified as current assets – see note 15) which equate to more than 5% of the total listed investment portfolios (fixed and current) comprise units in the Charities Property Fund (£311,439 (8.75% of the portfolio)).

Investment in subsidiary

The charity has one wholly owned trading subsidiary - The Foundling Museum Trading Company Limited - which is incorporated in the UK and sells promotional goods and organises events for the benefit of The Foundling Museum. The trading results of the subsidiary have been incorporated into the consolidated financial statements.

The following is a summary of the financial statements of The Foundling Museum Trading Company Limited for the year ended 31 March 2021, which have been included in the consolidated financial statements.

14 Fixed asset investments (continued)

| | 2021 £ | 2020 £ |
|---|-----------------|-----------|
| Turnover | 24,462 | 314,011 |
| Cost of sales | (16,055) | (60,696) |
| Gross profit | 8,407 | 253,315 |
| Administrative costs | (23,853) | (153,111) |
| Operating (loss) profit | (15,446) | 100,204 |
| Donations made under gift aid | — | (100,527) |
| Loss on ordinary activities before interest and taxation | (15,446) | (323) |
| Other interest receivable and similar income | 41 | 323 |
| Loss on ordinary activities before taxation | (15,405) | — |
| Taxation | — | — |
| Loss for the financial year | (15,405) | — |
| Retained earnings at 31 March 2020 | — | — |
| Accumulated losses at 31 March 2021 | (15,405) | — |

At 31 March 2021 the company had total called up share capital of £2 and accumulated losses of £15,405 (2020 – called up share capital and retained earnings of £2).

15 Current asset investments

| Group and Charity | 2021 £ | 2020 £ |
|--|------------------|-----------|
| Listed investments | | |
| . Market value as at 1 April 2020 | 483,703 | 330,837 |
| . Additions at cost | 403,049 | 247,056 |
| . Disposals at book value (proceeds: £200,464; gains: £15,593) | (184,871) | (38,371) |
| . Net unrealised investment gains (losses) | 48,770 | (55,819) |
| . Market value as at 31 March 2021 | 750,651 | 483,703 |
| Cash held for reinvestment | 78,390 | 81,691 |
| Total investments at 31 March 2021 | 829,041 | 565,394 |
| Cost of listed investments | 723,526 | 505,019 |

16 Debtors

| | Group 2021 £ | Charity 2021 £ | Group 2020 £ | Charity 2020 £ |
|---|--------------------|----------------------|--------------------|----------------------|
| Operating debtors | 28,170 | 19,486 | 56,039 | 24,339 |
| Gift aid tax recoverable | 30 | 30 | 23,999 | 23,999 |
| Other debtors | 58,751 | 58,751 | 93,652 | 93,652 |
| Prepayments and accrued income | 8,227 | 7,527 | 16,350 | 13,922 |
| Amounts due from subsidiary undertaking | — | 60,848 | — | 155,648 |
| | 95,178 | 146,642 | 190,040 | 311,560 |

17 Creditors: amounts falling due within one year

| | Group 2021 £ | Charity 2021 £ | Group 2020 £ | Charity 2020 £ |
|---|--------------------|----------------------|--------------------|----------------------|
| Expense creditors | 95,041 | 92,263 | 12,089 | 11,249 |
| Supporters' loan endowment scheme (note 25) | 450,000 | 450,000 | 424,044 | 424,044 |
| Other creditors | 93,941 | 87,650 | 90,165 | 85,561 |
| | 638,982 | 629,913 | 526,298 | 520,854 |

Loans from supporters have been invested with Veritas and are held as current asset investments (note 15) as they are repayable with a minimum of two months' notice.

18 Creditors: amounts falling due after more than one year

| Group and charity | 2021 £ | 2020 £ |
|-------------------|------------------|-----------|
| Loan | 3,000,000 | 3,000,000 |

An endowment loan of £3 million was awarded to the Museum by The National Heritage Memorial Fund. The entire loan is interest free and repayable in full on 31 March 2028.

19 Provision for liabilities

| Group and charity | 2021 £ | 2020 £ |
|---|---------------|-----------|
| Provision for pension scheme deficit reduction payments (note 23) | 96,000 | 107,000 |

20 Other restricted funds

The income funds of the group and charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:

| Group and Charity | At 1 April 2020 £ | Income £ | Expenditure and transfers £ | At 31 March 2021 £ |
|---------------------------------------|----------------------------|-------------|--------------------------------------|-----------------------------|
| Conservation fund | 12,387 | 2,500 | (14,247) | 640 |
| Paul Mellon Centre/Pilgrim Trust fund | 6,991 | — | (675) | 6,316 |
| The Clore Duffield Foundation fund | 3,791 | 25,000 | (1,840) | 26,951 |
| Exhibitions fund | — | 80,233 | (52,613) | 27,620 |
| Learning running costs fund | 73,459 | 24,700 | (24,623) | 73,536 |
| Collection purchases fund | 30,227 | 380 | (756) | 29,851 |
| Gerald Cooke Handel Foundation fund | 1,804 | 5,953 | (6,556) | 1,201 |
| Oak Foundation fund | — | 31,853 | (16,853) | 15,000 |
| Trustee of JR Murray fund | — | 40,000 | (40,000) | — |
| China Project fund | 45,268 | 30,000 | (43,012) | 32,256 |
| Foyle Foundation fund | 22,675 | — | (6,497) | 16,178 |
| Covid Emergency Grants | — | 535,300 | (517,006) | 18,294 |
| Other funds | 1,230 | 40,250 | (22,173) | 35,485 |
| Front Desk Project | — | 29,800 | — | 29,800 |
| | 197,832 | 845,969 | (746,851) | 296,950 |

20 Other restricted funds (continued)

| Group and Charity | At 1 April 2019 £ | Income £ | Expenditure £ | Transfers £ | At 31 March 2020 £ |
|---------------------------------------|----------------------------|----------------|------------------|-----------------|-----------------------------|
| Conservation fund | 33,766 | — | (15,135) | (6,244) | 12,387 |
| Paul Mellon Centre/Pilgrim Trust fund | 30,608 | — | (23,617) | — | 6,991 |
| The Clore Duffield Foundation fund | 6,290 | — | (2,499) | — | 3,791 |
| Exhibitions fund | 1,385 | 83,224 | (82,609) | (2,000) | — |
| Learning running costs fund | 29,626 | 58,000 | (65,842) | — | 21,784 |
| Collection purchases fund | 24,764 | 12,083 | — | (6,620) | 30,227 |
| Gerald Cooke Handel Foundation fund | (2,183) | 15,730 | (11,743) | — | 1,804 |
| Oak Foundation fund | 20,653 | 32,133 | (52,786) | — | — |
| Music funds | — | 11,250 | (11,250) | — | — |
| Trustee of JR Murray fund | — | 40,000 | (40,000) | — | — |
| ICAP fund | — | 51,675 | — | — | 51,675 |
| China Project fund | — | 76,107 | (30,839) | — | 45,268 |
| Foyle Foundation Fund | — | 35,000 | — | (12,325) | 22,675 |
| Other funds | 1,550 | 2,668 | (2,988) | — | 1,230 |
| | <u>146,459</u> | <u>417,870</u> | <u>(339,308)</u> | <u>(27,189)</u> | <u>197,832</u> |

The specific purposes for which the funds are to be applied are as follows:

◆ **Conservation fund**

The conservation fund is for the restoration and maintenance of the paintings, furniture and other artworks exhibited by the Museum.

◆ **Paul Mellon Centre fund**

The Paul Mellon Centre for Studies in British Art have funded the creation of a catalogue of the collection.

◆ **The Clore Duffield Foundation fund**

The Clore Duffield Foundation has funded the Foundling Fellowship, a scheme to find the contemporary Coram, Hogarth and Handel to work with the Museum to develop original, creative initiatives for children and to raise the profile of the museum in those areas.

◆ **Exhibitions fund**

The Exhibitions Fund is for the costs of various upcoming exhibitions and displays.

20 Other restricted funds (continued)

◆ **Learning running costs fund**

The Education Running Costs Fund is to finance the day to day operating activities of the Education Centre, including the Museum's Nursery Project.

◆ **Collection purchases fund**

The Collection purchases fund comprises donations from a variety of sources for the enhancement of the collections.

◆ **Gerald Cooke Handel Foundation fund**

The Gerald Cooke Handel Foundation fund is for expenditure directly related to the Gerald Cooke Handel collection

◆ **Oak Foundation fund**

The Oak Foundation is funding a three-year training programme aimed at young adults who grew up in foster care or children's homes

◆ **Music Fund**

The Music Fund is funds raised by the 1750 club to sponsor a wide range of music events.

◆ **Trustee of JR Murray fund**

The Trustee of JR Murray fund is to fund the salary of The Director.

◆ **ICAP fund**

The ICAP fund is for a bespoke training and mentorship programme for care-experienced young adults.

◆ **China project fund**

The China project fund is for establishing new ways of generating income.

◆ **Foyle Foundation fund**

The Foyle Foundation fund is for replacing IT equipment.

◆ **Covid Emergency grants**

These grants, principally from Arts Council England, covered a wide range of special projects as well as contributing to payroll and overhead costs to ease the impact of the pandemic on the Museum's programmes and finances.

20 Other restricted funds (continued)

◆ Front Desk project

This project was for the remodelling of the front desk area to make it more welcoming, improve the lighting and the retail shop display area and thereby improve the visitor experience.

◆ Other funds

Other funds comprise items of miscellaneous restricted income to be spent on various museum projects.

21 Designated funds

| Group and charity | At 1 April 2020 £ | New designations £ | Expenditure and transfers £ | At 31 March 2021 £ |
|---------------------------|-------------------------|--------------------------|--------------------------------------|--------------------------|
| Buildings repair fund | 2,000 | — | (2,000) | — |
| Redundancy costs | — | 50,000 | — | 50,000 |
| Purchase of lease | — | 600,000 | — | 600,000 |
| Vaults | — | 25,000 | — | 25,000 |
| Exhibition shortfall fund | 20,000 | — | — | 20,000 |
| Sash windows | — | 60,000 | — | 60,000 |
| NHLF Shortfall fund | 225,986 | 74,014 | — | 300,000 |
| | 247,986 | 809,014 | (2,000) | 1,055,000 |

| Group and charity | At 1 April 2019 £ | New Designations £ | At 31 March 2020 £ |
|---------------------------|-------------------------|--------------------------|--------------------------|
| Buildings repair fund | 2,000 | — | 2,000 |
| Exhibition shortfall fund | 20,000 | — | 20,000 |
| NHLF Shortfall Fund | — | 225,986 | 225,986 |
| | 22,000 | 225,986 | 247,986 |

Full details of the purpose of the above funds are provided in the Trustees' report.

22 Analysis of net assets between funds

| Group | Unrestricted funds £ | Restricted funds £ | Total 2021 £ | Unrestricted funds £ | Restricted funds £ | Total 2020 £ |
|---|-------------------------|-----------------------|--------------------|-------------------------|-----------------------|--------------------|
| Fund balances at 31 March 2021 are represented by: | | | | | | |
| Tangible fixed assets | 1,137,888 | — | 1,137,888 | 1,261,545 | — | 1,261,545 |
| Investments | 3,076,615 | — | 3,076,615 | 2,774,011 | — | 2,774,011 |
| Heritage assets | — | 9,458,198 | 9,458,198 | — | 9,453,198 | 9,453,198 |
| Current assets | 2,182,394 | 296,950 | 2,479,344 | 1,259,013 | 197,832 | 1,456,845 |
| Creditors: amounts falling due within one year | (638,982) | — | (638,982) | (526,298) | — | (526,298) |
| Creditors: amounts falling due after more than one year | (3,000,000) | — | (3,000,000) | (3,000,000) | — | (3,000,000) |
| Pension deficit | (96,000) | — | (96,000) | (107,000) | — | (107,000) |
| Total | 2,661,915 | 9,755,148 | 12,417,063 | 1,661,271 | 9,651,030 | 11,312,301 |

Unrealised gains included above:

| Charity | Unrestricted funds £ | Restricted funds £ | Total 2021 £ | Unrestricted funds £ | Restricted funds £ | Total 2020 £ |
|---|-------------------------|-----------------------|--------------------|-------------------------|-----------------------|--------------------|
| Fund balances at 31 March 2021 are represented by: | | | | | | |
| Tangible fixed assets | 1,137,888 | — | 1,137,888 | 1,261,545 | — | 1,261,545 |
| Investments | — | 9,458,198 | 9,458,198 | 2,774,013 | — | 2,774,013 |
| Heritage assets | 3,076,617 | — | 3,076,617 | — | 9,453,198 | 9,453,198 |
| Current assets | 2,188,728 | 296,950 | 2,485,678 | 1,253,569 | 197,832 | 1,451,401 |
| Creditors: amounts falling due within one year | (629,913) | — | (629,913) | (520,854) | — | (520,854) |
| Creditors: amounts falling due after more than one year | (3,000,000) | — | (3,000,000) | (3,000,000) | — | (3,000,000) |
| Pension deficit | (96,000) | — | (96,000) | (107,000) | — | (107,000) |
| Total | 2,677,320 | 9,755,148 | 12,432,468 | 1,661,273 | 9,651,030 | 11,312,303 |

| Investments | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| Reconciliation of movements in unrealised gains | | |
| Unrealised gains at 1 April 2020 | 159,404 | 388,473 |
| Net unrealised gains (losses) in year | 316,116 | (164,583) |
| In respect to disposals | (8,799) | (64,486) |
| Unrealised gains at 31 March 2021 | 466,721 | 159,404 |

23 Pensions

The charity participates in the Career Average Revalued Earnings ('CARE') Scheme operated by The Pensions Trust, a multi-employer scheme which provides benefits to some 37 non-associated employers. The scheme is a defined benefit scheme in the UK.

23 Pensions (continued)

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2016. This actuarial valuation showed assets of £60.45m, liabilities of £85.30m and a deficit of £24.86m. To eliminate this funding shortfall, the Trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

| | |
|---------------------------------------|---|
| From 1 April 2018 to 30 November 2028 | £1,400,000 per annum (payable monthly and increasing by 3.0% each year on 1 April) |
|---------------------------------------|---|

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

23 Pensions (continued)

| | 2021 £ | 2020 £ | 2019 £ | 2018 £ |
|----------------------------|---------------|-----------|-----------|-----------|
| Present value of provision | 96,000 | 107,000 | 122,000 | 129,000 |

Reconciliation of opening and closing provisions:

| | 2021 £ | 2020 £ |
|--|-----------------|-----------|
| Provision at start of period | 107,000 | 122,000 |
| Unwinding of the discount factor (interest expense) | 2,500 | 2,000 |
| Deficit contribution paid | (12,000) | (12,000) |
| Remeasurements - impact of any change in assumptions | (1,500) | (5,000) |
| Provision at end of period | 96,000 | 107,000 |

Income and expenditure impact

| | 2021 £ | 2020 £ |
|--|----------------|-----------|
| Interest expense | 2,500 | 2,000 |
| Remeasurements – impact of any change in assumptions | (1,500) | (5,000) |
| Income (costs) recognised in statement of financial activities | 1,000 | (3,000) |

Assumptions

| | 2021 % | 2020 % | 2019 % | 2018 % |
|------------------|-------------|-----------|-----------|-----------|
| Rate of discount | 0.98 | 2.58 | 1.58 | 1.93 |

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

24 Connected charities

Coram

The Foundling Hospital (subsequently the Thomas Coram Foundation and now known as Coram) was established in 1739 by the philanthropist Thomas Coram. Instrumental in helping Coram realise his vision were the artist, William Hogarth and the composer, George Frideric Handel. Hogarth initiated the donation of artworks and Handel gave fundraising performances of Messiah in the Hospital's Chapel. In the process, they created the UK's first public art gallery and set the template for the way the arts could support philanthropy. In 1998 Coram created the Museum to safeguard the Foundling Hospital Collection, to offer public access to the Collection, and to preserve its integrity in its original context. The Foundling Museum's objects include the ability "to support such of the purposes of the charity now known as Coram as the Museum, in consultation with Coram, shall from time to time determine."

Coram is one of 13 company members of The Foundling Museum and nominates up to one third of the trustees of The Foundling Museum and holds retained powers to safeguard its founding principles.

Many of the paintings and other artefacts housed within The Foundling Museum Collection belong to the Foundling Hospital Collection which is owned by Coram but they are held and managed by The Foundling Museum in accordance with a legal agreement for a period of 25 years which commenced in June 2002. Whilst Coram is able to sell any item it owns from the Foundling Hospital Collection to a third party during the period to June 2027, any such sale must be at full market value and the purchaser would have to accept that the item would be sold subject to the unexpired term of the agreement. In addition, The Foundling Museum has the automatic right to be given twelve months in which to raise the money to buy any item that Coram has indicated that it wishes to sell.

During the year, excluding VAT, the Museum paid Coram £16,943 in respect of insurance (2020 - £11,144), £4,726 (2020 - £3,766) for rent and service charge and £1,260 (2020 - £1,260) for waste collection.

24 Connected charities (continued)

Coram (continued)

Coram paid the Museum £405 (2020 - £798) in respect of admissions and paid the Foundling Museum Trading Company £1,470 (2020 - £3,114) for venue hire. Coram Children's Legal Centre paid £nil (2020 - £521) to the Trading Company in respect of venue hire.

At 31 March 2021, the Museum owed Coram £16,943 (2020 - £405). The Foundling Museum Trading Company was owed £405 (2020 - £1,470) by Coram.

The Gerald Coke Handel Foundation

The Gerald Coke Handel Collection is an internationally-important collection of material relating to composer George Frideric Handel and his contemporaries, including manuscripts, printed music and books, libretti, artworks and ephemera.

The Collection was assembled by Gerald Coke over a period of sixty years and left to the nation by his widow with a wish that it be allocated to the Museum in the care of the Handel Institute. The endowment accompanying the Collection is managed by the Gerald Coke Handel Foundation.

Formed in 1996, the Gerald Coke Handel Foundation administers the endowment that accompanies the Gerald Coke Handel Collection and assists the Foundling Museum with the care of the Collection, which came to the Museum through the Government's Allocation in Lieu scheme.

The Foundation's objectives are to advance public education by providing research facilities for academics, musicologists, musicians, students, writers, researchers and all those interested in the life and work of Handel, his associates and contemporaries, the musical environment of his time, the printing and publishing of music in the eighteenth century, and related subjects.

Under the terms of a Management Deed dated 23rd July 2003, the Museum received the following sums from The Foundation during the year: £38,015 in respect of licence fees (2020 – £38,015), £49,831 in respect of reimbursement of librarians' employment costs (2020 – £53,251) and £42,063 in relation to premises costs (2020 – £34,843).

25 Related party transactions

Supporters' loan endowment scheme

The Museum has established a supporters' loan endowment scheme to enable it to benefit from the income generated by the investment of the loaned funds (notes 15 and 17). The Museum withdraws the income on the fund on a monthly basis and applies such monies towards its charitable objectives. Lenders may withdraw the loan principle by giving 60 days' notice in advance of each quarter date and they are entitled to the original capital plus any capital gains (payable as interest) up to a maximum of 1.5% over the Bank of England base rate over the duration of their loan, or less any capital losses.

The amount loaned to the Museum by the Trustees in the year under the scheme and invested in the fund was £nil (2020 – £nil), and the accrued interest due to the Trustees was £2,723 (2020 – £nil). The amounts due to the Trustees at 31 March 2021 was £77,723 (2020 – £70,674).

Chinese Connections Limited

On 4 June 2019, a private limited company wholly owned by a former Trustee, Judy Bollinger (who resigned as a Trustee in December 2019), and the charity secretary and Finance Director, Nigel Cudlipp, was established with the aim of generating income for the Museum. No income was generated by the new company during the year. Income is expected to be generated in Chinese Connections Limited in future, with any taxable profits donated to the Museum.

Other related party transactions

Total trustee donations in the year amounted to £10,390 (2020 – £24,200).

No trustee received reimbursement of expenses during the year in connection with services to the charity (2020 – none).

There were no further related party transactions (2020 – none).

26 Members liability

The charitable company is constituted as a company limited by guarantee. In the event of the charitable company being wound up, the member is required to contribute an amount not exceeding £1.