

Company registration number: 02325092

Charity number: 800630

the Design Museum

Annual report and consolidated accounts

31 March 2023

the Design Museum
Annual report and consolidated accounts

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the Design Museum Trustees, Officers and Professional Advisers

During the year and to date the trustees, officers and professional advisers were as follows:

Lord Mandelson – Chair	Nicholas Bull FCA (Nominated by the Conran Foundation)
Asif Khan – Deputy Chair	Sebastian Conran (Nominated by the Conran Foundation)
Carl Anderson	Eva Jiricna (Nominated by the Bakala Foundation) (appointed 10 May 2022)
Susan Boster	
Victoria, Lady Conran	
Dahlia Dana (appointed 9 May 2022)	
Dominic Field	
Suhair Khan (appointed 19 October 2022)	
Davina Mallinckrodt	Wendy Becker (resigned 30 April 2022)
Michelle Ogundehin	Saba Nazar (resigned 30 April 2022)
Mike Peck FCA AMCT	John Pfeffer (resigned 30 April 2022)
Stuart Roden (appointed 5 May 2023)	Julian Treger (resigned 30 April 2022)

Company Secretary

Philip John Watkins
Withers LLP
20 Old Bailey
London
EC4M 7AN

Registered Office	Bankers	Auditor
224–238 Kensington High Street London W8 6AG	Barclays Bank Plc 1 Churchill Place London E14 5HP	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

Solicitors

K&L Gates
One New Change
London
EC4M 9AF

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Trustees, Officers and Professional Advisers

The following committee and management structure was in place throughout the year

Curatorial Committee	Development Committee	Learning and Research Committee
<p>Chair: Tim Marlow Asif Khan Davina Mallinckrodt Lord Mandelson Michelle Ogundehin</p> <p>Co-opted members: Daniel Charny Razia Iqbal Matt Jones Ameena McConnell Professor Jane Pavitt Sir Charles Saumarez Smith</p>	<p>Chair: Dahlia Dana Carl Anderson</p> <p>Co-opted members: Roger Ewart Smith Edward Hintze Nicky Josling Christina Makris Edoardo Mapelli Mozzi Julian Vogel Philip Watkins</p>	<p>Chair: Jeremy Myerson (co-opted) Sebastian Conran</p> <p>Co-opted members: Professor Rebecca Cain Emily Caldwell Emily Campbell Hilary Jennings Yusuf Mohammad Neal Shasore Victoria Thornton</p>
External Affairs Committee	Finance and Operations Committee	Enterprise Committee
<p>Chair: Davina Mallinckrodt Suhair Khan</p> <p>Co-opted members: Patsy Baker Lisa Burdge Emily Fermor Gilly Mackwood Chaka Sobhani Julian Vogel</p>	<p>Chair: Mike Peck Nicholas Bull</p> <p>Co-opted members: Jenny Chong Paul Riseborough</p>	<p>Chair: Susan Boster Davina Mallinckrodt</p> <p>Co-opted members: Lucien Bowater Felix Conran Duncan Sanders</p>
Nominations and Governance Committee	Key Management Personnel	
<p>Chair: Lord Mandelson Nicholas Bull Asif Khan Davina Mallinckrodt</p>	<p>Tim Marlow (Chief Executive and Director) Justin McGuirk (Chief Curator) Sam Owen (Chief Operating Officer) Josephine Chanter (Director of Audiences) Chloe Brand (Director of Development) Siobhán Tighe ACMA (Director of Finance and Operations)</p>	

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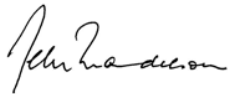
CHAIRMAN'S STATEMENT

Nothing in the world of design stands still. There are constant changes and developments, sometimes leaps in innovation and sometimes small moments of discovery, but there is always momentum.

As with the whole of the cultural sector, the museum has moved through a period of significant change over the last few years. The way we have chosen to respond is shaping the way we evolve as an institution. It is reflected in our working practices, the topics we explore and share with our visitors, the increasingly diverse collaborations we make with the design community, the questions we ask and the challenges we set for ourselves as an organisation.

Over the course of 2022–23 the museum has continued to showcase how design can shapes different answers to difficult questions. We have strived to remain curious about how design impacts our everyday lives and to share that curiosity through an expansive and varied exhibition and learning programme – delivered locally, nationally and globally. The museum's teams continue to remain entrepreneurial and to keep our commercial offering relevant. The museum continues to develop thoughtful and meaningful relationships with a range of partners better to explore the relevance of design across a myriad of mediums. All this is done with our audiences in mind, and with the purpose of sharing these changes, both large and small, with the widest possible group and engaging them in the value of design.

One final change which takes place this year is within the museum governance structure: the role of Chair will pass to Stuart Roden, whom I wish, along with the whole museum leadership team, every success.



Lord Mandelson
Chairman

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ACHIEVEMENTS AND PERFORMANCE

FY22–23 represented the first year since the start of the pandemic where all parts of the museum were fully open and operational, culminating in the reintroduction of public catering at the start of the year. This was reflected in a significant uplift in visitor footfall which reached over half a million this year (529,652), with 169,450 people specifically attending our temporary exhibitions.

One of the key achievements in the year was the breadth of programming we delivered. The programme was designed to engage as much of the museum's extensive audience base as possible and to continue delivering our mission of making the impact of design visible to all. Major temporary exhibitions surveyed design in popular culture, through *Football: Designing the Beautiful Game*, and *Objects of Desire: Surrealism and Design 1924–Today*, which explored the ongoing impact of surrealism across a variety of design practices – most notably in furniture, product design and fashion, but also in the contemporary fields of speculative and critical design. Finally, *WEIRD SENSATION FEELS GOOD: The World of ASMR* examined the growth of this online sub-culture into an emerging mainstream creative practice, uncovering how design has facilitated and shaped this change.

All the exhibitions had a pricing structure aimed at accommodating a diverse range of visitors in a very testing economic climate. There was also a strong free offering throughout the year. These displays and projects are critical to the sense of energy and momentum that drives the museum and were wide-reaching in their subject matter and approach. Bethany Williams's display *Alternative Systems* explored sustainable practices through foregrounding the work of an emerging talent in contemporary fashion, while the *Restore* project – coordinated by our Designer Researchers in Residence – looked at strategies for tackling the climate crisis. Key partnerships also enhanced the offering for our visitors: The Design Age Institute displays – including *The Future of Ageing* and *Designing for our Future Selves* – considered solutions to support a growing ageing population; the *OAK Collection* exhibition in the Huth Galleries demonstrated changes in watch design and innovation; meanwhile, an anniversary retrospective looked at the iconic Fred Perry brand; and, in *The Art of Movement*, Van Cleef & Arpels showcased how design principles have helped to create a reputation for dynamism and originality in their jewellery over the past 100 years. Yinka Ilori also staged his first substantial museum display on the prominent balcony spaces, exploring both his vibrant creative practice and his own rich cultural influences – diversifying our collection through the acquisition of two chairs, which were selected by Ilori with support from the Art Fund.

Our learning programme has continued to expand its reach: both geographically, through the national networks of Design Ventura and Ardagh Young Creatives; and virtually, as the Entrepreneurs Hub moved online. Our audience range has increased as more participants from different cultural backgrounds and socio-economic groups engaged with us through a wide range of design-based learning activities.

The confirmation of our continued relationship with the Arts and Humanities Research Council (AHRC) through the Future Observatory project has allowed the museum to engage with and disseminate the ground-breaking research taking place through the work of the Design the Green Transition programme. The museum's own focus on creating a sustainable pathway in exhibition design and delivery, which has been shared with the museum sector and beyond, was the result of a major piece of exploration launched during the *Waste Age: What can design do?* exhibition in 2021–22. This has culminated in the publication of our [environmental impact model and toolkit](#), which demonstrates how the museum is playing a pioneering role as a leader of behavioural change within our sector.

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We were glad to retain ongoing National Portfolio Organisation support from Arts Council England in a year where funding across the cultural sector was notably challenging. We remain immensely grateful to all our funding partners and supporters.

The museum has remained commercial in both approach and outlook across all parts of the institution. Our international programme toured exhibitions globally, extending their lifecycle and increasing their design-focused impact. Our retail outlets have adapted and changed, while the use of physical space across the museum was explored to realise new opportunities.

There were still ongoing challenges throughout the year, which were as expected. The museum aims to build as robust a profile as possible in recognition that difficult market conditions will continue for a significant time. The ability to be entrepreneurial in our approach, to question and challenge how we operate while delivering on our core mission continues to be one of our main strengths and achievements.

POST YEAR-END PERIOD AND OUTLOOK

The economic outlook is still uncertain, which means ongoing rigour around anticipated risk must be maintained in the business's planning strategy. The year has started positively with substantial media coverage of the exhibitions *Ai Weiwei: Making Sense* and *The Offbeat Sari*. Already advanced admissions and retail performance are strong. The second half of the year reconnects with previously engaged audience groups within fashion, through the forthcoming *REBEL* exhibition, and the evolving culture around *Skateboards*. In addition, our Future Observatory programme will continue to foreground the design research being carried out around the green transition and the museum will make a formal application for IRO status. We will continue to be a key member of the South Kensington Zero Emissions Nature Positive Group (South Ken ZEN), working collectively with the wider community to tackle the climate crisis.

Internally, the museum will undertake a collaborative process to review our mission and vision, ensuring it remains fit for purpose and reflective of all the voices within the organisation, while continuing to deliver to long-term and sustainable strategic goals.

PLANS FOR FUTURE PERIODS

As our innovative programme demonstrates, design can be seen all around us and is vital in shaping how our world works, and envisioning how it can work for the better. The internal ambition to continue exploring and showcasing design's possibilities in multiple arenas is felt across the institution. The museum is the only national design museum in the UK and we recognise this as both a serious responsibility and an exciting opportunity for growth. Our mission remains to inspire public debate, expanding audiences and supporting the designers of the present and the future.

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OPERATIONAL OVERVIEW:

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Design Museum is a private company limited by guarantee, not having a share capital, that has been granted permission by Section 30 of the Companies Act 2006 to omit the word 'Limited' from its name. The Design Museum is a registered charity, and the governing documents of the charity are its Memorandum of Association (dated 24 November 1988) and Articles of Association (updated 1 February 2016). The Design Museum's company registration number is 02325092 and its charity registration number is 800630. The museum also carries out trading activities in support of the museum through its subsidiary arm, Design Museum Enterprises Limited, which undertakes retail and publishing, as well as catering, venue hire and sponsorship activities.

The Design Museum is governed by a Board of Trustees (who are company directors for the purpose of the Companies Act 2006). The trustees provide the mix of skills, competencies and profiles required for them to adequately fulfil their obligations, which include continually developing and leading on agreed strategies for the museum to deliver its charitable values and purposes, both internally and externally.

A skills audit is used by the Chairman and the Nominations and Governance Committee to assess the needs of the museum, and this is the foundation on which recruitment decisions for trustees are made. Throughout the process, trustees consider the reach of their candidate pool to ensure they attract a diverse group of applicants, as this is deemed an integral part of the Board's effectiveness. Trustees are elected by the directors and are appointed for an initial period of three years, following which period they are eligible for re-election for a further three years. This choice of term is the result of a Board and committee effectiveness review taken during 2018/19 to ensure that the governance structure was both appropriate and effective in running the museum, in line with the Charities Governance Code. This review led to a number of changes being made to the Board and to museum governance, based on the recommendations of the code. The Charities Governance Code was updated in March 2022, with a focus on **Principle 3: Integrity** and **Principle 6: Equality, Diversity and Inclusion** (formerly 'Diversity'). Compliance under the code is kept under review.

All new trustees are briefed on their legal obligations under both charity and company law, as well as the content of the Memorandum and Articles of Association. Additionally, they are briefed on the committees and decision-making processes, together with the business plan and financial performance of the museum. The trustee induction pack contains details of the role and responsibilities of trustees, along with the behaviour expected from them – in line with the code of conduct – and how they should deal with any potential conflict of interest. This process has been reviewed and refined over the course of the year to ensure that a thorough onboarding approach continues to be applied. The museum maintains a register of interests which is reviewed periodically. Trustees are aware that they must disclose any potential conflict of interest to the Board so that it can be appropriately dealt with, in line with the museum's governing document, and that any failure to do so could affect the museum's performance and reputation.

There are seven subcommittees of the Design Museum's Board, comprising trustees and co-opted advisers, who oversee all key areas of focus. These include Curatorial, Development, External Affairs, Enterprise, Learning and Research, Nominations and Governance, and Finance and Operations. These subcommittees meet regularly and report to the Board to ensure that the museum is led effectively and in line with the agreed strategy.

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The members of the Design Museum are the Conran Foundation and the currently serving trustees. The Conran Foundation has voting rights at Board meetings as well as the power to appoint and remove up to two trustees. The Bakala Foundation is not a member but has the power to appoint and remove one trustee.

Day-to-day management of the charity is delegated to the Director and Chief Executive of the museum, Tim Marlow OBE, supported by the directorate, who report to the Board of Trustees. The trustees have also established appropriate controls and reporting mechanisms to ensure that the leadership team operates within the scope of the powers delegated to it. These controls are formally reviewed and approved annually by the Finance and Operations Committee.

The Chairman ensures that, alongside support of the executive, there is also healthy debate among the trustees that provides challenge to the directors, thereby ensuring that the Design Museum's aims are being delivered. Actions of these meetings are minuted and regularly reviewed.

The pay and remuneration for key management personnel at the Design Museum is set taking into consideration the level of responsibility and function of the role. Roles are also externally benchmarked on a regular basis using independent salary surveys, market data and specific sector salary information. A comparison with market rates is conducted for each role according to location, industry and size of organisation.

The trustees have reviewed the public benefit guidance published by the Charity Commission. The activities undertaken by the Design Museum further its charitable purposes for the public benefit in several areas, in particular exhibitions, learning and public programmes.

RELATED PARTY RELATIONSHIPS

The charity has a wholly owned trading subsidiary, Design Museum Enterprises Limited, which undertakes retail, publishing, a catering concession, as well as venue hire and sponsorship activities. All profits from Design Museum Enterprises Limited are donated in full to the Design Museum.

As described in note 23, the Conran Foundation is considered a related party. 238 Kensington High Street Limited is no longer considered a related party as this business has now been dissolved.

OBJECTIVES AND ACTIVITIES

The objectives of the Design Museum, as set out in the Memorandum and Articles of Association, are to advance the education of the public in the study of all forms of design and architecture in the historical, social, artistic, industrial and commercial contexts, by the establishment and maintenance of a museum of design and architecture. This is reflected in our **Vision**, which is a world where everyone values design and our **Purpose**, which is to make the impact of design visible to all.

The overarching, long-term objective of the museum is to be the most successful museum of contemporary design and architecture in the world, a point of reference for these global industries, realised by attracting a broad audience of visitors annually, and growing the museum's digital footprint to over 10 million online visitors. In support of the museum's long-term objective, the five strategic objectives are:

- To create immersive, entertaining, relevant and thought-provoking exhibitions and programmes
- To deliver a programme that maximises ticket sales and commercial and fundraising income potential
- To raise the profile and reputation of the institution, establishing the Design Museum's authority on design and architecture at both a national and international level

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- To drive strategic partnerships that deliver programme and income targets
- To deliver a sustainable operation

Internally the museum has a network of groups which focus on the values that are inherent to our organisation. A staff led group called DEMAND (Design Museum Anti-Discrimination Group) sits alongside our Access and Inclusion Steering Group. An Environmental Impact Working Committee also focuses on how best to identify and deliver our goals around sustainability.

The museum continues to work within the framework of shorter-term objectives which will help shape and define our response to current economic pressures:

Aim 1: Increase visitor footfall from FY19–20 (which was the pre-Covid, base footfall)

Aim 2: Increase exhibitions planning and delivery timeframe

Aim 3: Increase secondary spend (per visitor)

Aim 4: Increase contributed and fundraised income

OPERATIONAL DETAIL:

PROGRAMME:

The Design Museum usually stages three to four temporary exhibitions a year (in Galleries 1 and 2) for which it levies admission charges, covering a range of areas from architecture and graphic design to fashion and product design. In addition, we present a series of free displays in the Balcony Gallery and as well as the Mezzanine and Atrium spaces.

GALLERY 1:

Football: Designing the Beautiful Game

Dates: 8 April – 29 August 2022

The exhibition explored the story behind football, unpicking how design has been used to push the game to new limits. Displaying over 500 objects, films and interviews ranging across areas such from sporting performance and kit development through to stadium design, visitors enjoyed the stories of club legacies and game legends including Messi, Pelé, George Best and Diego Maradona. Produced in partnership with the National Football Museum in Manchester, the show revealed the master-planning of the world's most significant football stadiums; the design innovation used in today's boots; how the graphic design of team badges, kits and posters shape a club's identity; and how grassroots initiatives are pushing back against the sport's commercialisation.

Objects of Desire: Surrealism and Design 1924 – Today

Dates: 14 October 2022 – 19 February 2023

Curated in collaboration with Vitra Design Museum, the exhibition explored design from the birth of surrealism in 1924 to the current day, spanning now-classic Surrealist works of art and design as well as contemporary responses. The exhibition uncovered how one of the 20th century's most influential movements came to impact design through its questioning of convention and its commitment to exploring mysticism and the unconscious mind. Bringing together the best in Surrealist design – across furniture, interior design, fashion, photography – it placed world-renowned Surrealist pioneers (among them Salvador Dalí, Dora Maar, Man Ray, Leonora Carrington and Lee Miller) in dialogue with contemporary artists and designers like Schiaparelli, Dior and Björk.

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GALLERY 2:

WEIRD SENSATION FEELS GOOD: The World of ASMR

Dates: 13 May 2022 – 10 April 2023

Millions around the world are part of an online community who experience ASMR (Autonomous Sensory Meridian Response): a physical sensation of euphoria or deep calm, sometimes a tingling in the body, triggered through sound, touch and movement. In collaboration with ArkDes, the Swedish Centre for Architecture and Design, this was the first exhibition of its kind to translate the world of ASMR from our screen into an interactive, physical space. WEIRD SENSATION invited visitors to step into an acoustically tuned environment to understand how people are using new and existing tools and materials to navigate our complex world. The exhibition also explored the emerging field of creativity that has grown up around this feeling through the work of designers and content creators who try to trigger it.

ATRIUM (free displays)

Delivered in partnership with the Design Age Institute and its partners, this two-part project celebrated how design can help us reimagine products, services and environments to enhance our experience of living in later life. The first phase of the project was on view in summer 2022 and the second in spring 2023. Further details below:

Project Overview

One thing we all have in common is that we are ageing, and many of us will live into old age. By 2040, more than a quarter of the UK's population will be aged over 60. We are moving towards a future in which the population of older adults will only continue to grow. This displayed invited people to discover how design can support an ageing population – and, indeed, our own future selves – to meet their needs, interests and aspirations with greater agency and joy.

Display 1: The Future of Ageing

Dates: 20 July – 25 September 2022

The Future of Ageing display celebrated how design can help us reimagine products, services and environments to enhance our experience of living in later life, showcasing a selection of prototypes, sketches and research from projects being developed by Design Age Institute and its partners.

Display 2: Designing for our Future Selves

Dates: 24 February – 26 March 2023

This second display showcased how, in a changing world, cutting-edge design can help people to live their later years with greater independence – not just sustainably and healthily, but also with joy and fulfilment. It featured ten design initiatives currently being developed by the Design Age Institute and its partners aimed to positively impact the way we live and work as we grow older.

MEZZANINE (free display)

The Ralph Saltzman Prize 2022 (N.B. this opened in the last Fiscal Year)

Dates: 2 February – 3 April 2022

The first year of our annual prize in partnership with the Saltzman Family Foundation, celebrating emerging product designers in recognition of Ralph Saltzman's design legacy. Designer Mac Collins was the 2022 prize winner.

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Design Ventura (see 'Learning' for more detail)

The Ralph Saltzman Prize 2023

Date: 2 February – 3 April 2023

The second year of our annual prize in partnership with the Saltzman Family Foundation, celebrating emerging product designers in recognition of Ralph Saltzman's design legacy. Designer Marco Campardo was the 2023 prize winner.

BALCONY (free display)

Bethany Williams: Alternative Systems (N.B. this opened in the last Fiscal Year)

Dates: 22 February – 4 September 2022

From garments made from recycled book-waste to collaborations with community projects, this London-based designer is building a practice that seeks to avoid the usual contradictions of fashion. Her work tackles social and environmental issues, and this display also included her collaboration as part of the Emergency Designer Network to create PPE during the pandemic.

Yinka Ilori: Parables for Happiness

Dates: 15 September 2022 – 25 June 2023

The display showcased key elements of Ilori's vibrant aesthetic, which has drawn throughout his career on the mix of cultures that came together in the north London diaspora community where he grew up. It also highlighted some of the most important aspects of Ilori's work – such as his billboard graphics that promote joy – and places them beside key influences, especially Nigerian textiles.

HUTH GALLERY (free display)

The OAK Collection

19 May – 25 May 2022

The world's first display of one of the largest privately owned watch collections, encompassing both vintage and modern timepieces.

Fred Perry: A British Icon

10 June – 19 June 2022

Celebrating 70 years of the Fred Perry polo shirt, visitors were invited to discover the legacy of Britain's most enduring sportswear brand. From the company's tennis beginnings to its contemporary designs, the exhibition demonstrated the cultural significance of how the Fred Perry polo shirt has evolved, and how it continues to resonate globally.

The Art of Movement, Van Cleef & Arpels

23 September – 20 October 2022

Featuring almost a hundred creations from Van Cleef & Arpels' patrimonial collection, as well as numerous archive documents and lender masterpieces, this exhibition illustrated the High Jewellery Maison's ongoing quest to impart movement into precious materials.

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TOURING

The museum tours its exhibitions internationally, which creates an additional income stream and offers greater access to content for international audiences, thereby increasing its profile. The museum is growing its international profile and reaching new audiences through its developing programme of touring exhibitions and wider international engagement.

Sneakers Unboxed

Design Museum Den Bosch, Netherlands
5 May – 16 October 2022

Chiang Kai-shek Memorial Hall, Taipei, Taiwan
22 December 2022 – 5 March 2023

Mars Pod

SPACE – The Human Quest, Antwerp Expo
23 April – 13 November 2022

The Future of Ageing

V&A Dundee, Scotland
12 October 2022 – 22 January 2023

Waste Age: What can design do?

Hong Kong Design Institute, Hong Kong
3 February – 7 May 2023

DIGITAL

The Design Museum has over 5 million followers across all channels with our Twitter following still one of the highest in the global museum sector. Our newly introduced TikTok is showing 100 per cent growth this year and Instagram continues to deliver strong growth and engagement.

Across our social channels we achieved nearly 45,694,931 impressions and 838,200 engagements across our various platforms and 5,016,719 video views. Our website also performed well, with 1,865,267 unique visitors recorded. Popular strands of content included exhibition related posts and evergreen content (our design of the week is one of the most popular, and the highest performing post of the FY) as well as partnerships and collaborations that have enabled us to grow our reach and diversify our audiences.

Digital presence	2022/23	2021/22
Twitter followers	4,103,704	4,161,394
Facebook fans	437,423	419,298
Instagram followers	489,645	466,117
TikTok followers	4,867	2,434
YouTube followers	4,271	3,446
Website (unique visitors)	1,865,267	1,971,360
Online shop (unique visitors)	211,728	234,260

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FUNDRAISING

The Design Museum has considered the guidance set out by the Charity Commission, follows the Institute of Fundraising's code of fundraising practice and is registered with the Fundraising Regulator. We have not received any complaints in respect to our fundraising practices.

The museum has a professional fundraising department led by the Director of Development. The team is responsible for fundraising from individuals, companies, and trusts and foundations, working within the guidelines set out by the Fundraising Regulator and Code of Fundraising Practice. The museum's fundraising is supported by a volunteer Development Committee, which is chaired by a trustee.

The museum does not engage any external partners or fundraising agencies to carry out fundraising on its behalf, nor do we engage in fundraising activities that would place vulnerable people at risk.

Fundraising covers the income raised through grants from trusts and foundations, income from individuals and giving circles, government funding, corporate sponsorship and corporate membership. Each area is supported by dedicated members of staff to ensure that achieving targets is managed in a way that is neither detrimental to the museum's reputation or the wellbeing of the people and parties involved.

In the financial year FY22–23, a total of £2.3m in grants, donations and sponsorship was recognised, including the first tranche of National Portfolio Organisation funding from Arts Council England (which will continue up to the year ending March 2026.)

The main areas of support during the year were:

- **Government grants** – the museum continues to receive the full support of government and was successful in securing National Portfolio Organisation status again, which supports core activity as well as the Design Researchers in Residence and learning programmes.
- **Funding for exhibitions and displays** – last year saw both major Gallery 1 exhibitions receive financial support from corporates, with *Football: Designing the Beautiful Game* receiving support from the Italian Trade Agency and *Objects of Desire: Surrealism and Design from 1924* receiving support from Rocco Forte Hotels. In addition, *WEIRD SENSATION FEELS GOOD: The World of ASMR* was supported by Ultra Fabrics.

The museum also delivered the second year of the Ralph Saltzman Prize, which celebrates emerging product designers. Created by Lisa Saltzman on behalf of the Saltzman Family Foundation, this year's prize was awarded to Marco Campardo.

- **Grants for learning and development** – Deutsche Bank continued its generous support of the Design Ventura learning programme, which is now entering its fourteenth year, and the Ardagh Group continued its funding of the Young Creatives programme.

The Swarovski Foundation are supporting our Sustainable Design School's Programme; Idlewild Trust supported Design Researchers in Residence; the Kusuma Trust supported the 'Growing Together' garden project; while the Art Fund and V&A Purchase Grant Fund jointly supported acquisition of work by artist Bodys Isek Kingelez, to help the museum in diversifying and developing its collection. The Bakala Foundation has provided support towards the museum's core activities.

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- **Individual and corporate giving** – the museum is grateful to our individual donors and corporate members for their continued support.

THE DESIGN MUSEUM COLLECTION

The Design Museum holds a collection of industrial design, furniture, graphics and household appliances, which provide a unique record of the social and technological history of modern Britain. The collection consists of over 3,500 examples of mass-produced design from the 20th and early-21st centuries.

The museum's collection policy defines its purpose, scope and future development. We collect thoughtfully and selectively, with a view to supporting the museum's upcoming exhibitions programme.

Within the year, the museum started long-term planning of its Collection Rehang project.

LEARNING

2022–23 has continued to be a year of rebuilding, exploration and consolidation for the Design Museum's learning/engagement portfolio. Throughout the year, 28,528 learners took part in the museum's programmes. This year has seen the museum bringing these programmes back on site, in parallel with some online events and off-site activities. The museum has also continued to operate a hybrid programming model, taking the chance to explore new opportunities in the post-Covid period.

The focus of the learning activity portfolio has continued to inspire and empower everyone to engage with design and, through it, imagine positive change. The programme has extended its reach geographically, across socioeconomic groups and within a DEI framework. Efforts have been made to put more focus on exhibition-related events, enhancing programming synergies across the learning department and streamlining priorities in our programming pipeline. We have continued to offer a wide array of learning programmes and resources, with a strong indication of interest in (and increased demand for) sustainability-related learning.

With the three strands under the Learning Department, and with new members recruited to the team, team building work has been done to develop strategic objectives, set priorities and to further identify the scope of work, as below:

1. **Pathways into Design.** For schools and young people (including Design Ventura), the schools programme in its various forms (on site and remote workshops, resources and visits) and the Ardagh Young Creatives, this pathway programme supports young people (aged 14–16) from underrepresented backgrounds to access the design industries.

2. **New Thinking, New Voices.** For designers, professional working within and around the creative industries and communities. The aim is to facilitate cross-disciplinary thinking, to share and shape insights and innovation. Equitable and reciprocal learning encounters have been launched to recognise the expertise that comes from lived experience, and to welcome voices that are not represented in the museum.

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3. **Design Museum Academy.** These recurring, structured learning opportunities are for adults, children and businesses looking for hands-on making courses to learn about materials and techniques; to build awareness of design in everyday life; and to develop industry skills and insights to incorporate such knowledge into their own practice.

The programmes in the year have included:

- Design Ventura has engaged 283 secondary schools, with 15,289 students in the main programme and 175 via the Online Mini Challenge
- The Sustainable Design Schools Programme (formerly called Digital Schools Programme) launched in February 2022 with its handling collection inspired by the Waste Age exhibition. The programme is now a core part of our workshop portfolio and can be delivered both face-to-face and remotely. Since April 2022, it has engaged 1,249 students in 49 sessions. Our parallel programme of workshops for schools (Hands on Design and Digital Design workshops) have engaged a total of 4,279 students in 167 sessions. In total, the schools programme (SDSP and Hands on Design and Digital Design, excluding Design Ventura) has engaged with 129 schools in the last financial year
- The second year of the Ardagh Young Creatives (AYC), the pathway for supporting young people from underrepresented backgrounds into the design industries, with attempts for regional expansion in Barnsley. There are currently nine young people engaged in 17 workshops on the AYC programme plus four other associated events, with approximately 41 young people in London. We touched base with approximately 40 young people through two events in Barnsley. These were intended to gather recruitment, but the expansion plan has been postponed after discussion with the funder as further work needed to be done to bridge the gap of local support
- The Growing Together project explores design and horticulture as catalysts for positive social change. The project engaged 100 local people in ten workshops and two Open Days to rethink and remake the Dame Sylvia Crowe Garden. A cohort of twelve volunteers, established in September 2022 to share stewardship of the green space, attended ten further sessions on site and two sessions offsite
- Approximately 190 people attended three panel discussions in the Designing for Your Future Self series and 41 participants joined two Wisdom Hour workshops.
- Ten panel discussions and five one-to-one 'in conversation' events (three were live-streamed), one film screening, one book launch, three workshops, three After Hour performance-led events took place as part of the New Thinking New Voices public programme, drawing audiences of approximately 1,750 in person and approximately 1,320 online
- Three BSL exhibition tours and three audio-described exhibition tours took place, with approximately 50 participants
- The Entrepreneurs Hub has successfully delivered eleven online talks and has engaged with 1238 participants
- The Design Museum Academy, and more specifically the new Executive Education course, 'Design your Way to Net Zero' – an online three-part Design History course and exhibition workshop programme that hosts technical design sessions and Design Camps for ages 11 to 14 – had 702 participants across 40 sessions.

FUTURE OBSERVATORY:

Future Observatory has enjoyed a successful year, bringing the first year of *Future Observatory: Design the Green Transition (FODGT)* to a close boasting a diverse research portfolio, high public and academic community engagement and a robust financial outlook. Activity delivered included:

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Year ended 31 March 2023

- Appointed five **Design Ecosystem Fellows** from across the UK to map production systems that support environmental sustainability, circular economies and waste reduction; research reports published on the FO website [July 2022 – January 2023]
- Appointed four **Design Researchers in Residence** to carry out discovery research within a dedicated studio space in the museum
- Commencement of Round 1 **Design Exchange Partnerships**: 18 DEP early career researchers addressed green transition challenges within the theme of coastal communities, working closely with their HEI/IROs and non-academic partners
- Launch of our pilot **Design Accelerators**: nine awarded projects are supporting engagement between university R&I and their local communities.
- Future Observatory also launched six new **Policy Fellowships**, supported and commissioned by the Research and Development team at the Department for Digital, Culture, Media and Sport (DCMS), with FO hosting nine workshops (online and in-person, with 89 attendees) bringing together analysts and policy experts from DCMS with design researchers
- The **Green Transition Ecosystem** (GTE) applications opened with huge success on 10 January 2023: 158 attendees at our GTE Townhall, hosted at the Design Museum on 31 January 2023; and 27 online application surgeries (14–16 February 2023); 28 final applications were officially submitted on 28 March 2023 – an excellent outcome, greatly exceeding AHRC and FO's application target of ten
- Our FODGT research cohort currently boasts 38 researchers across five research strands in Q4 (DEP, DA, DRiR, DCMS, LCH) working with 24 HEIs and 64 non-academic/community partners
- FO recruited the first four members of the **FO Research Steering Group** (RSG); a committee of specialist designers and researchers spanning architecture, systems design and fashion to provide mentorship and advice to successful GTEs and the FO Research team. These members are Dr Neal Shasore, Dr Sharon Prendeville, Dr Harriet Harris and Dr Sharon Baurley
- The RSG is a complement to our **FO Advisory Board**, to which we added a new member – Indy Johar – in Q4
- As Future Observatory comes to the end of its first year of FODGT, the FO directorship continues to develop FO's future project strands, strategies, policies and governance within the Design Museum research and learning ecosystem. We have developed a three-year **Design Museum Research Strategy** to provide overall direction for research endeavours across the museum (with Future Observatory, Design Museum Learning and Design Museum Curatorial teams at its core)
- We established the **Learning and Research Committee** in November 2022 (revised from the Learning Committee established in 2012), convened a cross-departmental Research Development Group and have embedded a contemporary research ethics assessment process at the museum, based on our updated Code of Good Research Practice.

TRADING SUBSIDIARY TRADING PERFORMANCE

The Design Museum's trading subsidiary, Design Museum Enterprises Limited, had turnover during the year of £3.5m (2022: £3.0m) and a profit before taxation of £0.4m (2022: operating loss £0.2m). This has been donated in full to the Design Museum under Gift Aid at the year end. The principal activities of Design Museum Enterprises Limited are the operation of shops, catering, sponsorship services and venue hire.

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Year ended 31 March 2023

Retail and Publishing, Catering and Venue Hire

- Retail** – The Design Museum operates three physical shops and an online shop. During 2022–23, the range consisted of exhibition merchandise from the four temporary exhibitions, plus a core range of books and general gifting items, all available both onsite and online. The split of sales was weighted more heavily to the core range (73 per cent) than the exhibition ranges (27 per cent), due to lower than budgeted footfall in Gallery 1 exhibitions. During the year, the High Street Kensington shop operated on occasion in a ‘pop-up’ style: it housed Amy Winehouse merchandise until the exhibition closed in early April 2022 (a successful trial of selling merchandise for Gallery 2 shows in a dedicated shop space, which will be repeated in 2023–24); it operated as a ‘sale’ shop for a month in May; and then transitioned to a ‘plant and grow’ shop during the summer months. Sales of plants were lower than anticipated, however, and the shop reverted to design-led gifts after Christmas.
- Publishing** – The Design Museum publishes a range of books to support the museum’s collections and exhibitions, which are in turn sold across its three retail outlets. Titles are either produced in-house or in collaboration with external publishing partners. Books are distributed globally via Thames & Hudson and DAP. During FY22–23, the publishing programme included books from the two Gallery 1 shows – *Football, Designing the Beautiful Game*, and *Objects of Desire*. Having published titles for Gallery 2 shows in 2021–22, there was no publication to accompany WEIRD SENSATION FEELS GOOD, which ran for most of the year, although the publishing remit will include appropriate Gallery 2 shows in future. The team also went through a programme with an external publishing consultant to look for process efficiencies and to introduce wider options into the production process.
- Catering** – Following a tender process in 2021–22, the museum appointed an independent coffee shop operator – London Grade Coffee – to run the café, which opened in March 2022. Following an initial trial period, the contract was extended for FY22–23, with a further extension granted until September 2023 when the public catering services will be re-tendered.
- Venue Hire** – The museum has a spectacular suite of event spaces which are regularly used for corporate events of various size and complexity, ranging from seminars to week-long product launches, exhibitions, dinners and receptions as well as filming. In FY22–23, the commercial hire and events department generated just over £1.67 million of revenue from commercial hires. This income is high compared to similar venues in London, partly due to the diversification of the hire business and the team confirming two large commercial partnerships. The team will continue to diversify the portfolio to include filming, weddings, private hire, exclusive hire and commercial displays.

STAFF AND VOLUNTEERS

The Design Museum continues to invest in its staff and to provide staff with a positive and supportive working environment, including clear opportunities for development, recognition for responsibilities taken on and results delivered.

During the year the museum continued to exercise pay restraint as we continued on our post-pandemic recovery, but was able to deliver permanent uplifts to a large proportion of the staff base, as part of a move to address pay conditions in the sector as a whole. The museum entered a voluntary collective agreement with the Public and Commercial Services Union (PCS) which will form the basis of pay awards going forward. We are working closely with them on our pay and reward policies, together with a refresh of our

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Year ended 31 March 2023

Employee Handbook, related policies and procedure, in order to make the museum the best workplace it can be.

The museum welcomed back on site its team of volunteers, who enhance visitors' experience of the museum, as well as assisting with the curation of exhibitions, collection care, library and archiving, publishing, communications and its garden (the average number of volunteers in post on a weekly basis in 2022-23 was 65).

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FINANCIAL REVIEW

Income and Expenditure

	Unrestricted	Unrestricted designated	Restricted	2023	2022
	£	£	£	£	£
Total income	7,602,131	-	1,302,499	8,904,630	8,233,420
Total expenditure	(10,237,805)	(186,471)	(1,381,920)	(11,806,196)	(11,537,571)
Net income/(expenditure) for the year	(2,635,674)	(186,471)	(79,421)	(2,901,566)	(3,304,151)
Transfer of funds	-	-	-	-	-
Net movement of funds	(2,635,674)	(186,471)	(79,421)	(2,901,566)	(3,304,151)

Income

Income in the period has been delivered from self-generated activity rather than exceptional activity which has been a significant part of the profile in the previous two years. The growth in core admissions income is still recovering slowly, reflecting the wider market conditions. Certainly, this has had an impact on trading income. However, the trading arm has pivoted to include more commercial hire activity as a means of addressing this impact. The exceptional activity has been brought back within the traditional business portfolio in the form of fundraised income, spread across a variety of sources.

	2023	2023	2022	2022
	£	£	£	£
Admissions	1,986,090		1,750,014	
Trading	3,478,390		3,003,689	
Other charitable activities	949,239		772,184	
Donations, gifts & other income*	1,172,742		779,642	
Grants	1,239,556		822,119	
		8,826,017		7,127,648
Exceptional activity:				
CJRS Grant		-		45,772
Conran Foundation		78,613		1,060,000
Total Income		8,904,630		8,233,420

*Includes Design Museum Kensington project income and Investment Income

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Year ended 31 March 2023

Expenditure

Expenditure has increased by £0.3m from 2022, due to inflationary pressure on costs as opposed to a change in business profile. Throughout the year, cost restraint was applied across all areas of activity, including staffing.

Unrestricted funds

The unrestricted deficit of £2.6m in the year is from ongoing operations. The museum continues to focus its efforts on growing revenues to achieve operational profitability. This is part of a planning process which requires improved performance to break even, and then achieve profitability over the next few years.

The museum building is held as a separate designated fund. Building depreciation is recognised as unrestricted expenditure, and any assets purchased in respect of the building are transferred to designated funds in order that the reserves reflect the net book value of the building at the year end.

Restricted funds

Restricted income comprises income relating to ongoing operations.

Cashflow

As a matter of sound financial practice, the management regularly reviews its cashflow position to ensure that at all points it has at least six weeks of operating cashflow.

The museum has an investment policy of holding funds in sterling cash deposit accounts, where balances are spread across at least two major UK clearing banks. These deposits ensure that cash is readily available to fund the costs of operations, in line with the museum's cashflow forecasts.

The museum opened a high interest notice account to hold funds at a more favourable rate. This has been drawn down against as necessary across the year.

Balance Sheet

On 31 March 2023 the museum held £31.4m (2022: £31.6m) of unrestricted designated reserves, being the net book value of fixed assets relating to the Design Museum Kensington. As well as these unrestricted funds, £0.6m (2022: £0.6m) of restricted reserves were held, primarily relating to the Design Museum projects and development of the museum's IT. Total funds held on 31 March 2023 were £30.1m (2022: £33.0m).

Reserves

31 March 2023

	Fixed assets £	Cash £	Loan £	Other assets £	Total £
Unrestricted reserves	1,089,247	3,306,062	(5,000,000)	(1,348,691)	(1,953,382)
Unrestricted designated reserves	31,446,144	-		-	31,446,144
Restricted reserves	-	424,110		147,407	571,517
	32,535,391	3,730,172	(5,000,000)	(1,201,284)	30,064,279

31 March 2022

	Fixed assets £	Cash £	Loan £	Other assets £	Total £
Unrestricted reserves	813,377	6,722,893	(5,000,000)	(1,853,977)	682,293
Unrestricted designated reserves	31,632,615	-		-	31,632,615
Restricted reserves	-	415,610		235,327	650,937
	32,445,992	7,138,503	(5,000,000)	(1,618,650)	32,965,845

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The total funds are shown in these tables, the SoFA and note 19. The details of these funds are explained above and in note 19.

The Design Museum has a policy target of unrestricted free reserves equal to six months budgeted future operating costs. Unrestricted free reserves are defined as being total unrestricted reserves less the net book value of unrestricted fixed assets.

The unrestricted free reserves target on 31 March 2023 equates to £6.3m (2022: £5.7m). This target is reviewed annually, based on an assessment of museum risks, the stability of its income streams, and operational cashflow requirements.

There is a deficit on unrestricted free reserves on 31 March 2023 (excluding fixed assets) therefore there are nil unrestricted free reserves (2022: £Nil). The Design Museum will continue to strive to achieve the target in the medium term by following the business plan. This includes objectives to continue to grow admissions and other revenue streams, while aiming to keep costs down, to provide financial stability.

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RISK MANAGEMENT

The executive management team, appointed by the trustees and those parties to whom they report, are responsible for decision making, risk management and the museum's control environment. Pre-pandemic, a summary of risks – maintained and actively managed by the executive team – outlining likely impacts and mitigating actions was reviewed by the Finance and Operations Committee and by the Board at least once a year. The major risks which have reputational and financial impacts relate to the operational performance of the museum. They normally include:

- Admissions and/or commercial income targets not being met
- Fundraising failing to meet targets across the different funding streams
- Cost inflation restricting the ability to deliver programmes and/or activities, placing extreme pressure on overall finances
- Insufficient free reserves and cashflow to cover financial risks.

Committees review policies and procedures annually, which relate to their respective remits. Benchmarking of activities across key areas of operation is undertaken periodically.

Budgets and cashflows were revised throughout the year and presented to the Board to ensure projections and their supporting assumptions were clearly communicated. These budgets were assessed with the usual rigour by the Finance and Operations committee. Scenario modelling ensured the impact of different outcomes on the projected profile was applied, so the full range of risk could be demonstrated at each key point. As part of the loan requirement, the Director of Finance and Operations and the Director of Development met regularly with the Arts Council England Cultural Recovery Fund loan team to assess performance against the planned financial profile, keeping them updated about current trends and behaviours and flagging any variations from expected patterns.

Action was taken to maximise income at all reasonable opportunities and, where possible, business as usual income streams adapted to generate alternative income. As part of the risk management, expenditure was closely monitored and managed to a lower target.

The museum moved to an agile working policy where staff split their time on a 60:40 ratio between the office and home (where appropriate for their role). As such, risks around physical and mental wellbeing created by working from home were still a factor, and practices to manage this were also maintained. An adapted workplace assessment was shared with staff, a regular wellness programme was communicated, and an Employee Assistance Programme including access to the Headspace app were introduced as part of our staff benefits.

GOING CONCERN

The Design Museum faced a challenging year and as expected, the imbalance between the immediate return of almost full running costs compared to the slower return of income has meant a deficit of £2.9m was generated. This is a lower deficit than previously forecast, reflecting the ability of the museum to respond to the wider environmental pressures in a way that maintains financial surety.

As a result, the unrestricted reserves show a deficit of £1.9m, a worsening of the prior year's surplus of £0.7m; cash at hand and bank has reduced to £3.7m from £7.1m.

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This business plan lays out in detail the income generation strategies that will return the organisation to its pre-pandemic position and grows onwards from that point. The strategic changes and workstreams needed to deliver this longer-term business change are already in place, with support and feedback from the wider committee groups. These strategies have been interrogated for their rigour and will continue to be examined as they develop. In the more immediate term, for the purposes of the Going Concern Assessment, the trustees have reviewed updated scenarios drawn from the core of the business plan. These scenarios assume a slower than planned recovery of visitor footfall, and associated and secondary income, as well as a shortfall in fundraising delivery targets. They consider that the short-term impact of continued disruption can be mitigated. The trustees remain cautious but optimistic, recognising the propensity of visitors returning to the museum is unknown, as is the appetite of donors for giving and other stakeholders for use of the museum.

The trustees are satisfied that, given the current information and estimates, the charity will have sufficient funds to continue with its operations for the foreseeable future. Being that the assessment period is at least twelve months from the date of approval of these financial statements, it is therefore appropriate to prepare these financial statements on the going concern basis.

However, there remain plausible but not remote scenarios whereby either admissions and other revenues are insufficient, and/or insufficient funds are raised, to mitigate sufficiently the ongoing impact of current economic factors. These circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires that the trustees prepare financial statements for each financial year. These should give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of those resources (including the income and expenditure of the charitable group) for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles laid out in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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Year ended 31 March 2023

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

INFORMATION PROVIDED TO THE AUDITOR

In so far as each of the trustees is aware, there is no relevant audit information of which the charity's auditor is unaware. Each of the trustees have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

Trustees' report (including strategic report and directors' report) signed by order of the Board of Trustees

Lord Mandelson, Chairman of the Board

DocuSigned by:
Peter Mandelson
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..... 3 August 2023

Mike Peck, FCA, AMCT, Trustee

DocuSigned by:
Mike Peck
AA400FFB287D459...
..... 3 August 2023

the Design Museum
The independent auditor's report
Year ended 31 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DESIGN MUSEUM

Opinion

We have audited the financial statements of the Design Museum ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheet, the Group Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the groups and the charitable company's affairs as of 31 March 2023 and of the group's 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 charitable company/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.

Material uncertainty relating to going concern.

We draw attention to note 2 in the financial statements, which indicates under going concern that there remain plausible but not remote scenarios whereby either admissions and other revenues are insufficient, and/or insufficient funds are raised, to mitigate sufficiently the ongoing impact of current economic factors and that these circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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.

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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other

the Design Museum

The independent auditor's report

Year ended 31 March 2023

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 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared 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 strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception.

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within 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 and proper accounting records have not been kept; 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 statement of trustees' responsibilities set out on page 24, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102).

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation, health and safety legislation, employment legislation and taxation legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

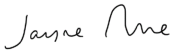
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We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grants and donations income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Operations Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

DocuSigned by:

OCA562679C1E4E6...

Jayne Rowe

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 04 August 2023 | 15:42 BST

the Design Museum
Consolidated Statement of Financial Activities
(Including the income and expenditure accounts)
Year ended 31 March 2023

	Notes	Unrestricted	Unrestricted designated	Restricted	2023	Unrestricted	Unrestricted designated	Restricted	2022
		£	£	£	£	£	£	£	£
INCOME									
Donations and legacies									
Donations, gifts and similar income	3	954,861	-	226,775	1,181,636	1,637,740	-	177,000	1,814,740
Design Museum Kensington project	19	-	-	8,500	8,500	-	-	7,727	7,727
Grants receivable	4	173,128	-	1,066,428	1,239,556	246,901	-	620,991	867,892
Charitable activities	6	2,935,330	-	-	2,935,330	2,522,198	-	-	2,522,198
Other trading activities									
Trading sales	7	3,478,390	-	-	3,478,390	3,003,689	-	-	3,003,689
Investments	5	60,423	-	796	61,218	17,077	-	97	17,174
Total income		7,602,131	-	1,302,499	8,904,630	7,427,605	-	805,815	8,233,420

the Design Museum
Consolidated Statement of Financial Activities
(Including the income and expenditure accounts)
Year ended 31 March 2023

	Notes	Unrestricted	Unrestricted designated	Restricted	2023	Unrestricted	Unrestricted designated	Restricted	2022
		£	£	£	£	£	£	£	£
EXPENDITURE									
Raising funds	8	3,709,336	-	82,835	3,792,171	3,803,415	-	60,000	3,863,415
Charitable activities	8	6,528,469	-	1,299,084	7,827,554	6,478,908	-	588,847	7,067,755
Design Museum Kensington project	19	-	186,471	-	186,471	-	606,401	-	606,401
Total expenditure		10,237,805	186,471	1,381,920	11,806,196	10,282,323	606,401	648,847	11,537,571
Net income/(expenditure) for the year		(2,635,674)	(186,471)	(79,421)	(2,901,566)	(2,854,718)	(606,401)	156,968	(3,304,151)
Transfer to designated funds	19	-	-	-	-	-	-	-	-
Transfer to unrestricted funds	19	-	-	-	-	-	-	-	-
Net movement of funds		(2,635,674)	(186,471)	(79,421)	(2,901,566)	(2,854,718)	(606,401)	156,968	(3,304,151)
Balances brought forward	20	682,292	31,632,615	650,937	32,965,845	3,537,011	32,239,016	493,969	36,269,996
Balances carried forward		(1,953,382)	31,446,144	571,517	30,064,279	682,292	31,632,615	650,937	32,965,845

All income and expenditure in the year arises from continuing activity.

The notes on pages 35 to 51 form part of the financial statements

the Design Museum

Consolidated and Charity Balance Sheets

Year ended 31 March 2023

	Notes	The Group		The Charity	
		2023 £	2022 £	2023 £	2022 £
FIXED ASSETS					
Intangible assets	11	151,985	90,774	151,985	90,774
Tangible assets	12	32,198,804	32,220,709	32,198,804	32,220,709
Heritage assets	13	184,602	134,509	184,602	134,509
Investments	14	-	-	2	2
		<u>32,535,391</u>	<u>32,445,992</u>	<u>32,535,393</u>	<u>32,445,994</u>
CURRENT ASSETS					
Stock		290,814	303,586	-	-
Debtors	15	3,608,668	1,386,847	3,856,592	3,579,768
Cash at bank and in hand	16	<u>3,730,172</u>	<u>7,138,503</u>	<u>2,497,203</u>	<u>4,723,502</u>
		7,629,654	8,828,936	6,353,795	8,303,270
CREDITORS: Amounts falling due within one year	17	(5,100,766)	(3,309,083)	(3,825,008)	(2,783,519)
		<u>2,528,888</u>	<u>5,519,853</u>	<u>2,528,787</u>	<u>5,519,751</u>
NET CURRENT ASSETS					
		<u>2,528,888</u>	<u>5,519,853</u>	<u>2,528,787</u>	<u>5,519,751</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,064,279	37,965,845	35,064,180	37,965,745
CREDITORS: Amounts falling over one year	18	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
		<u>30,064,279</u>	<u>32,965,845</u>	<u>30,064,180</u>	<u>32,965,745</u>
TOTAL NET ASSETS		<u>30,064,279</u>	<u>32,965,845</u>	<u>30,064,180</u>	<u>32,965,745</u>
FUNDS					
Unrestricted funds					
General funds	20	(1,953,382)	682,293	(1,953,481)	682,193
Designated funds	19	31,446,144	31,632,615	31,446,144	31,632,615
		<u>29,492,762</u>	<u>32,314,908</u>	<u>29,492,663</u>	<u>32,314,808</u>
Restricted funds	19	571,517	650,937	571,517	650,937
		<u>30,064,279</u>	<u>32,965,845</u>	<u>30,064,180</u>	<u>32,965,745</u>

The net income/(expenditure) in the charitable entity for 2023 was a deficit of £2,901,566 (2022 deficit: £3,304,151)

These financial statements were approved by the trustees on 2 August 2023, and are signed on their behalf by:

Lord Mandelson, Chair of the Board

Mike Peck, FCA, AMCT, Trustee

DocuSigned by:

Peter Mandelson

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DocuSigned by:

Mike Peck

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The notes on pages 35 to 51 form part of the financial statements

Company Registration number 02325092

the Design Museum
Consolidated Cash Flow Statement
Year ended 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Net cash (utilised)/provided by operating activities	(a)	(3,013,549)	(1,286,142)
Interest from investments		61,218	17,174
Cash flows from financing activities			
Cash inflows from new borrowings		-	-
Cash outflows from repayments		(27,650)	(33,516)
Cash flows from investing activities			
Purchase of property and equipment		(428,351)	(523,975)
(Decrease)/increase in cash	(b)	<u>(3,408,331)</u>	<u>(1,826,459)</u>

Notes to the cash flow statement
Year ended 31 March 2023

(a) Reconciliation of net deficit to net cash flow from operating activities

Net (deficit)/ surplus for the year	(2,901,566)	(3,304,152)
Interest from investments	(61,218)	(17,174)
Depreciation and amortisation	338,951	501,629
Loss on disposal of fixed assets	-	205,677
Decrease/(increase) in stock	12,772	33,815
(Increase)/decrease in debtors	(2,221,821)	(20,854)
Increase /(decrease) in creditors	1,819,333	1,314,917
Net cash (outflow)/inflow from operating activities	<u>(3,013,549)</u>	<u>(1,286,142)</u>

(b) Analysis of cash and cash equivalents

	2022 £	Cash flow £	2023 £
Cash at bank and in hand	7,138,503	(3,408,331)	3,730,172
	<u>7,138,503</u>	<u>(3,408,331)</u>	<u>3,730,172</u>

the Design Museum
Consolidated Cash Flow Statement
Year ended 31 March 2023

(c) Analysis of changes in net debt

	2022	Cashflow outflow	Loan repayments	2023
Cash	7,138,503	(3,408,331)		3,730,172
	7,138,503	(3,408,331)		3,730,172
Loans falling due within one year	(27,649)		27,649	-
Loans falling due after more than one year	(5,000,000)			(5,000,000)
Total	2,110,854	(3,408,331)	27,649	(1,269,828)

The notes on pages 35 to 51 form part of the financial statements

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

1. Charitable Status

The company is limited by guarantee (company registration number 02325092) and is registered as an educational charity in England and Wales (charity registration number is 800630). The address of the registered office is 224–238 Kensington High Street, London, W8 6AG.

2. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities SORP (FRS102) and the Companies Act 2006. The statements have been prepared on the basis of a going concern (see below). The principal accounting policies adopted in the preparation of the financial statements are set out below and are consistent with those of the previous year.

The Design Museum meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The individual entity accounts of the Design Museum have taken advantage of the disclosure exemption under FRS 102 not to separately disclose: a company-only cashflow statement, categories of financial instruments and the items of income, expenses, gains, or losses relating to instruments, as these have been presented on a group basis in the notes to the accounts.

Consolidation

The Statement of Financial Activities and the Consolidated Balance Sheet consolidate the results of the charity and its wholly owned subsidiary undertaking, Design Museum Enterprises Limited. The results of the subsidiary are consolidated on a line-by-line basis. Intra-group transactions and year-end balances are eliminated on consolidation. In accordance with section 408 of the Companies Act 2006 no separate Statement of Financial Activities has been presented for the Design Museum charity.

Going concern

The Design Museum faced a challenging year and as expected, the imbalance between the immediate return of almost full running costs compared to the slower return of income has meant a deficit of £2.9m was generated. This is a lower deficit than previously forecast, reflecting the ability of the museum to respond to the wider environmental pressures in a way that maintains financial surety.

As a result, the unrestricted reserves show a deficit of £1.9m, a worsening of the prior year's surplus of £0.7m; cash at hand and bank has reduced to £3.7m from £7.1m.

This business plan lays out in detail the income generation strategies that will return the organisation to its pre-pandemic position and grows onwards from that point. The strategic changes and workstreams needed to deliver this longer-term business change are already in place, with support and feedback from the wider committee groups. These strategies have been interrogated for their rigour and will continue to be examined as they develop. In the more immediate term, for the purposes of the Going Concern Assessment, the trustees have reviewed updated scenarios drawn from the core of the business plan. These scenarios assume a slower than planned recovery of visitor footfall, and associated and secondary income, as well as a shortfall in fundraising delivery targets. They consider that the short-term impact of continued disruption can be mitigated. The trustees remain cautious but optimistic, recognising the propensity of visitors returning to the museum is unknown, as is the appetite of donors for giving and other stakeholders for use of the museum.

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

The trustees are satisfied that, given the current information and estimates, the charity will have sufficient funds to continue with its operations for the foreseeable future. Being that the assessment period is at least twelve months from the date of approval of these financial statements, it is therefore appropriate to prepare these financial statements on the going concern basis.

However, there remain plausible but not remote scenarios whereby either admissions and other revenues are insufficient, and/or insufficient funds are raised, to mitigate sufficiently the ongoing impact of current economic factors. These circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to use appropriate assumptions and estimates to determine the values of assets and liabilities whose values require an element of judgement to be applied. These are based on a combination of historical experience and other relevant factors.

Revisions to accounting estimates are disclosed in the period in which the revision occurs if there is an impact to the financials in that or any subsequent periods.

The trustees hold the view that, of the estimates and assumptions applied in determining the valuation of assets and liabilities at the balance sheet date, none will require a material adjustment to be made to their carrying values in the next financial year.

Income recognition

Donations, gifts, grants (including government grants), and similar income are recognised as income when the charity has entitlement and the conditions for their receipt have been met.

Membership income is recognised over the period of the membership.

Sponsorship income received for exhibitions taking place in the future is deferred and recognised over the period during which the exhibition runs.

Admissions income is recognised over the period of the exhibition.

Trading sales and fees for service represent amounts invoiced and accrued during the year, exclusive of Value Added Tax Income is recognised on delivery of goods or provision of the relevant services.

Expenditure

Expenditure is accounted for on an accruals basis and is allocated between costs incurred in order to raise funds for charitable activities, costs incurred directly in the fulfilment of the charity's objectives (curatorial and learning) and costs incurred on the Design Museum Kensington project.

Direct costs in respect of exhibitions are recognised over the period of the exhibition.

Allocation and apportionment of overhead costs

Wherever possible, expenditure is allocated specifically to the relevant activities for which it is incurred. Where support and overhead costs cannot be directly attributed, they have been allocated to activity cost categories based on the proportion of staff numbers in each cost category. All costs relating to the Design Museum Kensington project, including directly attributable overheads, have been allocated to other direct costs.

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

Gifts in kind and donated services

Donated services and gifts in kind to the charity are recognised as income where the benefit to the charity is reasonably quantifiable and measurable. They are valued at open market value, i.e., what it would have cost the organisation to acquire the same or similar products or services on the open market. An equivalent amount is also included as either expenditure under the appropriate heading in the Statement of Financial Activities or capitalised as fixed assets in the balance sheet. Amounts that cannot be reasonably quantified and measured are excluded from the Statement of Financial Activities. No amounts are included for services donated by volunteers.

Irrecoverable VAT

Expenditure includes any VAT which cannot be fully recovered.

Tangible fixed assets and depreciation

Fixed assets, with a value of £1,000 or more, are stated at cost or valuation when acquired. Items costing less than £1,000 are expensed in the year of purchase. The cost of acquisition includes all costs (including any irrecoverable VAT) that are directly attributable to bringing the assets into working condition for their intended use.

Tangible fixed assets are depreciated over their estimated useful life on a straight-line basis at the following rates:

Computers, office equipment, fixtures, and fittings	over 3 – 5 years, from date of use
Costs of bringing Kensington Museum building into use	over length of lease, from date of occupation
Designer Maker User exhibition	over 5 years
Energy Saving battery	over 15 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible fixed assets and amortisation

Intangible fixed assets represent expenditure on computer software and are amortised on a straight-line basis over their useful life, estimated at three to five years. The cost of acquisition includes all costs (including any irrecoverable VAT) that are directly attributable to bringing the assets into working condition for their intended use. The carrying values of intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Heritage assets

In 2012 a proportion of heritage assets were recognised in the financial statements for the first time, using valuation as an approximation for cost. Additions to the collection are capitalised and recognised in the balance sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Donated objects are capitalised at their deemed value at the date of donation. This value is determined by the keeper of the relevant collection. It is not the museum's policy to revalue items once capitalised. Such items are not depreciated as they are deemed to have indefinite lives.

Only items for which we have reliable information on cost or value have been capitalised. The numbers of objects that have been capitalised represent approximately 1 per cent of the volume of the total collection but would be a higher proportion of the value of the total collection. A valuation of the total collection has not

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

been performed due to the large number of items within the museum's collection and their diverse nature, resulting in a full valuation incurring a disproportionate cost to the museum given that many items in the collection are not considered to have a significant financial value.

The museum's management policy in respect of its heritage assets is summarised in note 13.

Unrestricted / restricted funds

Unrestricted funds comprise accumulated surpluses on general funds that are available for use in the furtherance of the general charitable objectives of the charity. Within unrestricted funds, those amounts designated represent funds set aside by trustees for a particular purpose.

Restricted funds are those that can only be used for restricted purposes within the objects of the charity. Restrictions arise when specified by donors or when funds are raised for particular restricted purposes. Where a restricted fund has expended more resources than it has received, a transfer is made from general unrestricted funds to cover any shortfall. Unspent restricted funds are carried forward for spending in future years. Further explanation on the nature and purpose of each of the restricted funds is included in note 19.

Pension costs

The charity offers employees access to a defined contribution pension scheme and makes contributions to the personal pension arrangements of qualifying employees, who are automatically enrolled into the scheme in the third month of their employment unless they specifically make the choice to opt out. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

Taxation

The Design Museum is registered as a charity and as such the income arising from and expended on its charitable activities is exempt from corporation tax.

The museum has taken advantage of the exhibitions tax relief made available by the Finance Act 2017. This is shown in accrued income in relation to those exhibitions displayed or toured during the financial year.

Operating leases

Rentals applicable to operating leases are recognised on a straight-line basis over the period of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value. In the current year, a decision was made to write off all historic exhibition stock. After a dedicated sales period, many old stock lines would be retained at full or partial value based on current valuation practices, which would be an incorrect reflection of the asset position and a full write off these items was a more prudent judgment.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Exchange differences are considered in arriving at the net surplus for the year.

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors and accrued income. Financial liabilities held at amortised cost comprise, trade and other creditors, grants payable and accruals. Income arising from financial assets, comprising bank interest is recognised within income and expenditure.

3. Donations, gifts and other income

	Unrestricted	Restricted	2023	2022
	£	£	£	£
Conran Foundation donation	11,500	67,113	78,613	1,060,000
Bakala Foundation	152,479	-	152,479	-
Gifts in kind	224,883	-	224,883	177,248
Other income	-	159,662	159,662	117,000
Other donations	565,999	-	565,999	460,493
	<u>954,861</u>	<u>226,775</u>	<u>1,181,636</u>	<u>1,814,741</u>

Gifts in kind relate to pro bono professional legal fees. The related expenditure is included in governance.

4. Grants receivable

	Unrestricted	Restricted	2023	2022
	£	£	£	£
Deutsche Bank	-	225,140	225,140	218,330
Arts Council - NPO	173,128	-	173,128	173,128
Arts and Humanities Research Council	-	467,252	467,252	333,336
Royal College of Art	-	182,025	182,025	-
Other grants	-	192,011	192,011	69,325
Royal Borough of Kensington and Chelsea	-	-	-	28,000
Other grants - CJRS income	-	-	-	45,773
	<u>173,128</u>	<u>1,066,428</u>	<u>1,239,556</u>	<u>867,892</u>

5. Investment income

	Unrestricted	Restricted	2023	2022
	£	£	£	£
Bank interest	60,423	796	61,218	17,174

6. Income from charitable activities

	Unrestricted	Restricted	2023	2022 *
	£	£	£	£
Admissions	1,986,090	-	1,986,090	1,750,014
Learning	252,065	-	252,065	203,064
Touring	206,100	-	206,100	167,000
Service charges and other	491,075	-	491,075	402,120
	<u>2,935,330</u>	<u>-</u>	<u>2,935,330</u>	<u>2,522,198</u>

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

7. Trading sales

The Design Museum has one wholly owned subsidiary Design Museum Enterprises Limited (registered in England and Wales (No. 2330977) which has been consolidated. Design Museum Enterprises Limited undertakes trading activities and is incorporated in England. The principal activities of this company are the operation of a shop within the museum, sponsorship services, catering services, publishing partnerships and commercial corporate hospitality events. A summary of the financial performance and position is given below:

Profit and loss account of Design Museum Enterprises Limited for the year ended 31 March 2023

	2023	2022
	£	£
Turnover	3,478,390	3,003,689
Cost of sales and administrative expenditure (including management charge)	<u>(3,036,687)</u>	<u>(3,168,264)</u>
Operating (loss)/profit	441,703	(164,576)
Other income	<u>-</u>	<u>390,157</u>
Profit for the year	<u>441,703</u>	<u>225,581</u>
Retained earnings at start of period	99	99
Profit for the year	441,703	225,581
Gift aid donation	<u>(441,703)</u>	<u>(225,581)</u>
Retained earnings at end of period	<u>99</u>	<u>99</u>

Balance sheet for Design Museum Enterprises Limited as of 31 March 2023

	2023	2022
	£	£
Assets	2,767,863	3,263,101
Liabilities	<u>(2,767,762)</u>	<u>(3,263,000)</u>
Total Funds	<u>101</u>	<u>101</u>

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

8. Total expenditure

	Staff costs	Depreciation	Other direct costs	Support costs	2023	2022
	£	£	£	£	£	£
Raising funds						
Fundraising	462,773	14,424	111,238	167,049	755,484	690,519
Trading	1,228,550	-	936,444	871,693	3,036,687	3,168,264
	1,691,323	14,424	1,047,682	1,038,742	3,792,171	3,858,783
Charitable activities	2,872,661	138,057	2,905,662	1,911,174	7,827,554	7,072,387
	4,563,984	152,481	3,953,344	2,949,916	11,619,725	10,931,170
Design Museum Kensington Project	-	186,471	-	-	186,471	606,401
Total 2023	4,563,984	338,952	3,953,344	2,949,916	11,806,196	11,537,571

Breakdown of support costs by activity (non-staff costs)

	Raising funds	Charitable activities	Museum Kensington project	Total
	£	£	£	£
Building and Operations	768,954	1,103,503	-	1,872,457
HR, Finance, IT and Management	251,205	317,538	-	568,743
Professional fees and audit	-	312,278	-	312,278
Irrecoverable VAT	18,582	177,856	-	196,438
Total 2023	1,038,741	1,911,175	-	2,949,916
<i>Total 2022</i>	<i>882,512</i>	<i>1,575,165</i>	<i>-</i>	<i>2,457,677</i>

Net income on ordinary activities is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation and amortisation of tangible fixed assets	309,982	500,084
Depreciation and amortisation of intangible fixed assets	28,970	1,545
	338,952	501,629
Operating lease rentals:		
- Land and Buildings	-	-
- Other	-	-

The analysis of auditor's remuneration is as follows:

	2023	2022
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	20,350	18,500
Fees payable to the company's auditor for other services to the Group		
The audit of the company's subsidiaries	7,000	6,500
Prior year fees	650	-
Total audit fees	28,000	25,000
Total non-audit fees	8,200	7,950

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

9. Governance costs

	Unrestricted	Restricted	2023	2022
	£	£	£	£
Auditor's remuneration	28,000	-	28,000	25,000
Legal and professional fees	75,395	-	75,395	53,450
Legal and other costs donated as Gifts in kind	208,883	-	208,883	177,247
	<u>312,278</u>	<u>-</u>	<u>312,278</u>	<u>255,697</u>

Governance costs are shown under expenditure for charitable activities and Design Museum Kensington on the SoFA.

10. Staff costs

The aggregate payroll costs were:

	2023	2022
	£	£
Wages and salaries	4,119,480	3,767,328
Social security costs	340,901	291,877
Other pension costs	103,603	90,846
	<u>4,563,984</u>	<u>4,150,051</u>

The average number of staff employed during the financial year amounted to 166 (2022: 139). The average number of full-time equivalent museum staff employed during the financial year by activity amounted to:

	2023	2022
	No.	No.
Fundraising	7	8
Commercial	27	23
Exhibitions, Curatorial and Communications	56	47
Learning	11	9
Support	17	17
	<u>118</u>	<u>104</u>

The number of employees included in the above whose emoluments, excluding pension and national insurance contributions, fell within the following ranges were:

	2023	2022
£60,001 to £70,000	1	2
£70,001 to £80,000	1	1
£80,001 to £90,000	1	1
£160,001 to £170,000	-	1
£180,001 to £190,000	1	-

For the above, employer's contributions of £13,923 (2022: £15,156) were made into a defined contribution pension scheme.

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

During the year total emoluments (including pension contributions and employers NI) of six (2022: five) key management personnel amounted to £579,932 (2022: £539,459). Redundancy and termination payments in the year totalled £16,728 (2022: £Nil)

The contribution of volunteers during the year is detailed in the trustees' report.

Trustees' remuneration and expenses

No trustees received or waived any remuneration during the financial year. Insurance to protect the trustees, employees, and agents of the charity from loss arising from claims for neglect or default was purchased for an annual premium of £9,849 (2022: £9,284).

No travel or associated expenses incurred by the trustees attending quarterly trustees' meetings were claimed during the year (2022: £Nil).

Donations from trustees totalled £17,900 (2022: £99,700). This is excluding donations made through foundations (the Conran Foundation and the Bakala Foundation)

Pension commitments

The company offers employees access to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the year end. The company makes payments into the pension arrangement of qualifying staff members who are automatically enrolled onto the scheme in their third month of employment with the Design Museum unless they opt out of such arrangements. Contributions paid during the year amounted to £103,603 (2022: £90,846).

11. Intangible assets

THE GROUP AND THE CHARITY

	Computer software	£
COST		
At 1 April 2022	330,641	
Additions	90,181	
At 31 March 2023	<u>420,822</u>	
DEPRECIATION AND AMORTISATION		
At 1 April 2022	(239,867)	
Charge for the year	(28,970)	
At 31 March 2023	<u>(268,837)</u>	
NET BOOK VALUE		
At 31 March 2023	<u><u>151,985</u></u>	
At 31 March 2022	<u>90,774</u>	

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

12. Tangible assets

<u>THE GROUP</u>	Design, Maker, User exhibition	Buildings and leasehold	Computers and office equipment, fixtures and fittings	Total
	£	£	£	£
COST				
At 1 April 2022	1,813,372	32,627,192	1,697,497	36,138,061
Additions			288,077	288,077
Disposals				-
At 31 March 2023	<u>1,813,372</u>	<u>32,627,192</u>	<u>1,985,574</u>	<u>36,426,138</u>
DEPRECIATION AND AMORTISATION				
At 1 April 2022	(1,813,372)	(1,004,651)	(1,099,329)	(3,917,352)
Depreciation on disposals				-
Charge for the year		(186,471)	(123,511)	(309,982)
At 31 March 2023	<u>(1,813,372)</u>	<u>(1,191,122)</u>	<u>(1,222,840)</u>	<u>(4,227,334)</u>
NET BOOK VALUE				
At 31 March 2023	<u>-</u>	<u>31,436,070</u>	<u>762,734</u>	<u>32,198,804</u>
At 31 March 2022	<u>-</u>	<u>31,622,541</u>	<u>598,168</u>	<u>32,220,709</u>
<u>THE CHARITY</u>				
	£	£	£	£
COST				
At 1 April 2022	1,813,372	32,627,192	1,697,497	36,138,061
Additions			288,077	288,077
Disposals				-
At 31 March 2023	<u>1,813,372</u>	<u>32,627,192</u>	<u>1,985,574</u>	<u>36,426,138</u>
DEPRECIATION AND AMORTISATION				
At 1 April 2022	(1,813,372)	(1,004,651)	(1,099,329)	(3,917,352)
Depreciation on disposals				-
Charge for the year		(186,471)	(123,511)	(309,982)
At 31 March 2023	<u>(1,813,372)</u>	<u>(1,191,122)</u>	<u>(1,222,840)</u>	<u>(4,227,334)</u>
NET BOOK VALUE				
At 31 March 2023	<u>-</u>	<u>31,436,070</u>	<u>762,734</u>	<u>32,198,804</u>
At 31 March 2022	<u>-</u>	<u>31,622,541</u>	<u>598,168</u>	<u>32,220,709</u>

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Notes to the financial statements for the year ended 31 March 2023

13. Heritage assets

Collection assets held at 31 March 2023 were included at cost and valuation per below:

<u>THE GROUP AND THE CHARITY</u>	2023	2022	2021	2020	2019	2018	2017
	£	£	£	£	£	£	£
Opening balance	134,509	119,454	109,483	107,483	107,274	107,274	103,559
Additions	50,093	15,055	9,970	2,000	209	-	3,715
Closing balance	<u>184,602</u>	<u>134,509</u>	<u>119,454</u>	<u>109,483</u>	<u>107,483</u>	<u>107,274</u>	<u>107,274</u>

The brought forward valuation was produced by Phillips, external valuers, on 14 April 2013 by reviewing and researching each object selected to determine its market value. The objects were selected by the museum director as the higher value items within the collection.

Description of the Collection

The Design Museum acquires objects which demonstrate the impact of design on people's lives. The collection is made up of approximately 5,000 objects, including examples of furniture, product design, graphic design, and communications technology. Objects in the collection date from 1859 to 2023 and form an important record of designs that have helped to shape the modern world. Of these approximately 1 per cent of the total number of items has been included in the balance sheet per the table above.

The collection was awarded full Accreditation under the MLA scheme for UK museums in November 2011.

Preservation and Management

All objects are recorded and managed by the museum's Collection department via a Collections Management System for the documentation of these objects. The museum has a Collections Policy, including an Acquisition and Disposal policy, which is approved by the trustees.

To be considered for acquisition, an object must be innovative in one of the following areas: it is design led; it was or is influential; it delivered change; it enabled access. All acquisitions are measured against these criteria and must be approved by the museum directors. If a potential acquisition is deemed to have significant financial impact due to long term conservation needs and storage requirements, the acquisition must be approved by the Curatorial Committee. Disposal of an object will only be considered if the object is a duplicate, the condition of the object is such that it cannot be conserved to a displayable standard, or the retention of the object is inconsistent with the museum's Acquisition and Collection Policies. In exceptional cases, the disposal may be motivated principally by financial reasons.

14. Investments

THE CHARITY

	2023	2022
	£	£
Shares in subsidiary undertaking	2	2

The fixed asset investment represents the historical cost of the investment in the ordinary share capital of the wholly-owned subsidiary, Design Museum Enterprises limited, a company registered in England and Wales

the Design Museum

Notes to the financial statements for the year ended 31 March 2023

whose registered office is the same as the Design Museum. Financial results for the trading subsidiary are shown in note 7.

15. Debtors

	The Group		The Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	2,475,851	415,925	1,260,095	219,240
Amounts owed by subsidiary	-	-	1,492,003	2,500,519
Taxation and social security	179,901	76,415	179,901	-
Prepayments	204,282	230,574	196,282	230,574
Accrued income	572,932	509,935	552,609	475,437
Prepaid exhibition costs	175,702	147,326	175,702	147,326
Other debtors	-	6,672	-	6,672
	3,608,668	1,386,847	3,856,592	3,579,768

16. Cash and bank

	The Group		The Charity	
	2023	2022	2023	2022
	£	£	£	£
Design Museum Operations	2,073,092	4,307,892	2,073,092	4,307,892
Design Museum Kensington project	424,110	415,610	424,110	415,610
Design Museum Enterprises	1,232,970	2,415,001	-	-
	3,730,172	7,138,503	2,497,203	4,723,502

17. Creditors: Amounts falling due within one year

	The Group		The Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	1,366,925	672,209	1,227,122	565,963
Bank loan	-	27,650	-	27,650
Taxation and social security	326,447	84,536	93,958	321,453
Accruals	601,617	1,580,928	568,908	1,299,893
Deferred income	2,805,777	943,760	1,935,020	568,560
	5,100,766	3,309,083	3,825,008	2,783,519

Accruals relate to general accruals across the Group.

Deferred income relates mainly to income received in advance and recognised over the course of the term it relates to. This includes annual membership fees of £178,773 (2022: £188,377), fees for higher education courses of £74,447 (2022: £51,245), sponsorship income for a learning programme £76,154 (2022: £72,832), sponsorship income for exhibitions £840,387 (2022 £26,296), payment for future touring exhibitions £227,700 (2022: £84,935), payments for exhibitions tickets £131,334 (2022: £144,875), payments for future events £30,370 (2022: £375,200), Future Observatory £1,214,612 (2022: £Nil), Other £32,000 (2022: £Nil).

18. Creditors: Amounts falling over one year

	The Group		The Charity	
	2023	2022	2023	2022
	£	£	£	£
Arts Council England loan	5,000,000	5,000,000	5,000,000	5,000,000
	5,000,000	5,000,000	5,000,000	5,000,000

The Arts Council England loan is repayable over a period of 20 years; the first repayment being due in March 2025. Interest is payable at the rate of 2 per cent per annum.

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Notes to the financial statements for the year ended 31 March 2023

19. Restricted and designated funds

	Balance at 1 April 2022	Income	Expenditure	Transfer between funds	Balance at 31 March 2023
	£	£	£	£	£
Design Museum Kensington project					
Conran Foundation (DMU purchases)	5,602	-	-	-	5,602
Other funding	216,811	8,500	-	-	225,311
Interest and gifts in kind	860	796	-	-	1,656
Total Design Museum Kensington project	223,273	9,296	-	-	232,569
Design Ventura learning programme	63,470	225,140	(231,892)	-	56,718
Conran Foundation – CRM	144,000	-	(28,432)	-	115,568
Conran Foundation – Purchases	-	12,113	(12,113)	-	-
Conran Foundation – Founders Lecture	-	50,000	(50,000)	-	-
Conran Foundation – Entrepreneurs Hub	-	5,000	-	-	5,000
Fidelity UK Foundation	23,993	-	(23,993)	-	-
Ardagh Packaging	-	25,000	(25,000)	-	-
Arts and Humanities Research Council	154,676	467,252	(621,928)	-	-
Reuben Foundation	-	75,000	(75,000)	-	-
Royal College of Art	-	182,025	(174,672)	-	7,353
Other	36,325	251,674	(138,890)	-	149,109
Total charitable activities	422,464	1,293,203	(1,381,920)	-	333,748
Kaplicky Internship	5,200	-	-	-	5,200
	650,937	1,302,499	(1,381,920)	-	571,517
Unrestricted designated funds	Balance at 1 April 2022	Income	Expenditure	Transfer between funds	Balance at 31 March 2023
	£	£	£	£	£
Design Museum Kensington project	31,632,615	-	(186,471)	-	31,446,144
Total designated funds	31,632,615	-	(186,471)	-	31,446,144

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Notes to the financial statements for the year ended 31 March 2023

Comparatives

	Balance at 1 April 2021	Income	Expenditure	Transfer between funds	Balance at 31 March 2022
	£	£	£	£	£
Design Museum Kensington project					
Conran Foundation (DMU purchases)	5,602	-	-	-	5,602
Other Funding	209,085	7,727	-	-	216,812
Interest and gifts in kind	764	97	-	-	861
Total Design Museum Kensington project	215,451	7,824	-	-	223,275
Design Ventura learning programme	36,876	218,330	(191,737)	-	63,469
Conran Foundation – CRM	144,000	-	-	-	144,000
Conran Foundation – Material Tales	14,310	-	(14,310)	-	-
Conran Foundation – Founders Lecture	-	60,000	(60,000)	-	-
Fidelity UK Foundation	78,132	-	(54,140)	-	23,992
Ardagh Packaging	-	67,000	(67,000)	-	-
Arts and Humanities Research Council	-	333,336	(178,660)	-	154,676
Other	-	119,325	(83,000)	-	36,325
Total charitable activities	273,318	797,991	(648,847)	-	422,462
Kaplicky Internship	5,200	-	-	-	5,200
	493,969	805,815	(648,847)	-	650,937

Unrestricted designated funds	Balance at 1 April 2021	Income	Expenditure	Transfer between funds	Balance at 31 March 2022
	£	£	£	£	£
Design Museum Kensington Project	32,239,016	-	(606,401)	-	31,632,615
Total designated funds	32,239,016	-	(606,401)	-	31,632,615

Purposes of restricted funds

Design Museum Kensington Project

The Design Museum received donations from a variety of sources towards funding the project to relocate and expand the museum in Kensington. Further income pledged was recognised as income in each financial year in accordance with the relevant income recognition policies, as conditions of the funding are fulfilled.

Design Ventura Learning programme

Design Ventura engaged 15,289 secondary school students in the main programme and a further 175 schools through the Online Mini Challenge.

Conran Foundation

Supporting fundraising activity based around an annual celebration of the life of Sir Terence Conran, plus ad hoc collection and business development activities. The CRM build project has been completed and the fund is being written off as it is depreciated.

Ardagh Packaging

Successful second year of the Ardagh Young Creatives, the pathway for young people from underrepresented backgrounds into the design industries, including a regional expansion in Barnsley.

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Notes to the financial statements for the year ended 31 March 2023

Arts and Humanities Research Council

Future Observatory, including Designers Researchers in Residence exhibition and learning programme. Specifically delivering the project, *Design the Green Transition*.

Other

Supporting the museum's exhibitions and learning programme, funding Family and Young Audience, Schools, and Access Programmes.

Kaplicky Internship

The Kaplicky Internship is a programme funded by the Bakala Foundation providing future and recent architecture graduates from Czech universities an opportunity to spend three months on a paid internship in a prestigious London studio. They have the chance to work on projects under the auspices of renowned architects and gain valuable work experience.

Purposes of designated funds

In 2017–18 the trustees designated the value of the museum as a separate fund. Therefore, the building depreciation is an unrestricted expense, and any assets purchased in respect of the building are transferred to designated funds in order that the reserves reflect the net book value of the building at the year end.

During the year 2022-23 £186,471 (2022: £606,401) was expended from unrestricted designated funds being the reduction in net book value of the Design Museum Kensington project's fixed assets.

The reserve fund represents funds raised as part of the capital campaign designated towards building reserves capacity in the museum. The museum hopes to add to these funds through further fundraising in the coming years in order to achieve its strategic objective in delivering a sustainable operation.

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Notes to the financial statements for the year ended 31 March 2023

20. Analysis of group net assets between funds

<u>THE GROUP</u>	Restricted	Unrestricted designated	Unrestricted general	Total 31 March 2023
	£	£	£	£
Fixed assets	-	31,446,144	1,089,247	32,535,391
Cash and bank	424,110	-	3,306,062	3,730,172
Other net assets	147,406	-	(6,348,691)	(6,201,284)
	571,517	31,446,144	(1,953,382)	30,064,279

<u>THE CHARITY</u>	Restricted	Unrestricted designated	Unrestricted general	Total 31 March 2023
	£	£	£	£
Fixed assets	-	31,446,144	1,089,249	32,535,393
Cash and bank	424,110	-	2,073,092	2,497,203
Other net assets	147,406	-	(5,115,822)	(4,968,416)
	571,517	31,446,144	(1,953,481)	30,064,180

Comparatives

<u>THE GROUP</u>	Restricted	Unrestricted designated	Unrestricted general	Total 31 March 2022
	£	£	£	£
Fixed assets	-	31,632,615	813,377	32,445,992
Cash and bank	415,610	-	6,722,893	7,138,503
Other net assets	235,327	-	(6,853,977)	(6,618,650)
	650,937	31,632,615	682,293	32,965,845

<u>THE CHARITY</u>	Restricted	Unrestricted designated	Unrestricted general	Total 31 March 2022
	£	£	£	£
Fixed assets	-	31,632,615	813,379	32,445,994
Cash and bank	415,610	-	4,307,892	4,723,502
Other net assets	235,327	-	(4,439,077)	(4,203,750)
	650,937	31,632,615	682,194	32,965,746

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Notes to the financial statements for the year ended 31 March 2023

21. Operating leases

On 31 March 2023 the Design Museum had no lease payment commitments under non-cancellable operating leases.

22. Capital Commitments.

At the balance sheet date, there were capital commitments of £Nil (2022: £0.2m)

23. Related party transactions

The Conran Foundation

The directors consider that the Conran Foundation, a charity of which Victoria, Lady Conran, Sebastian Conran and Nicholas Bull are also directors, is a related party. During the year, the Design Museum received donations of £0.08m (2022: £1.06m) from the Foundation of which £0.06m was in the form of restricted grants.

Design Museum Enterprises Limited

The Design Museum charged a management fee of £1.2m in the year (2022: £1.1m) to Design Museum Enterprises Limited. It received a donation under Gift Aid of £0.4m (2021: £0.2m). At the year end, the Design Museum was owed £1.5m (2022: £2.5m) by Design Museum Enterprises Limited. This balance was primarily made up of the donated profit for the year and a VAT amount paid to HMRC.

24. Subsequent events

Contingent asset:

A Business Rate evaluation has been carried out and a rebate has been approved in principle by the Valuation Office on June 2023. After deducting professional fees for the appeal the rebate amount is expected to be in the region of £500,000.