

Company registration number: 02325092

Charity number: 800630

The Design Museum

Annual report and consolidated accounts

31 March 2015

**The Design Museum
Annual report and consolidated accounts**

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The Design Museum

Trustees, Officers and Professional Advisers

Trustees

During the year and to date the trustees were as follows:

Luqman Arnold - Chairman	Nicholas Bull FCA
Sebastian Conran	Sir Terence Conran
David Constantine	Hugh Devlin
Sir Christopher Frayling	Sir John Hegarty
Anya Hindmarch MBE	Johannes Huth
Alistair Johnston CMG FCA	Charles Rifkind
Lady Jill Ritblat	Rolf Sachs
Julian Vogel	Zdenek Bakala
Asif Khan (appointed 10 June 2015)	

Sub committees of the main board as at 31 March 2015

Curatorial Committee	Development and Communications Committee	Enterprise Committee
Deyan Sudjic OBE – Chairman Sir Terence Conran Johannes Huth Rolf Sachs Stephen Bayley (co-opted) Daniel Charny (co-opted) Davina Mallinckrodt (co-opted) Justin McGuirk (co-opted)	Julian Vogel – Chairman David Constantine Sir John Hegarty Patsy Baker (co-opted) Andrew Bentley (co-opted) Isabelle Hotimsky (co-opted) Beatrix Ong (co-opted)	Hugh Devlin – Chairman Sebastian Conran Anya Hindmarch Graham Sim (co-opted) Peter Prescott (co-opted)
Finance Committee	Learning Committee	Nominations Committee
Alistair Johnston – Chairman Nicholas Bull Tom Massey (co-opted)	Sir Christopher Frayling – Chairman Sebastian Conran John Holden (co-opted) Catherine Large (co-opted) Jeremy Myerson (co-opted)	Luqman Arnold – Chairman Sir Terence Conran Sir John Hegarty Rolf Sachs
Project Delivery Committee	Director of the museum	Company Secretary
Johannes Huth - Chairman Nicholas Bull Charles Rifkind	Deyan Sudjic OBE	Philip John Watkins Katten Muchin Rosenman LLP 125 Old Broad Street London EC2N 1AR

Registered Office	Bankers	Bankers
28 Shad Thames Butlers Wharf London SE1 2YD	Barclays Bank Plc 1 Churchill Place London E14 5HP	National Westminster Bank plc 201 Tooley Street London SE1 2ZH

Auditor	Solicitors	Solicitors
Crowe Clark Whitehill LLP St Bride's House, 10 Salisbury Square London EC4Y 8EH	Katten Muchin Rosenman LLP 125 Old Broad Street London EC2N 1AR	Speechly Bircham LLP 6 New Street Square London EC4A 3LX

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Trustees' report (including strategic report and Directors' report)

Year ended 31 March 2015

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 and Articles of Association dated 24 November 1988. The Design Museum's company registration number is 02325092 and charity registration number is 800630. The museum also carries out trading activities in support of the museum through its subsidiary, Design Museum Enterprises Limited, which undertakes retail, corporate hospitality and services 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 appropriate to the needs of the museum. A skills audit is used by the Nominations Committee to assess this and evaluate recruitment priorities when vacancies arise and new appointments are made. New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committees and decision-making processes, the business plan and recent financial performance of the museum. Following their induction, Trustees' ongoing training needs are met as and when required.

In addition to the Nominations Committee, there were six sub-committees of the board, comprising trustees and co-opted advisers, who oversaw key areas of focus of the museum. These were the Curatorial, Development and Communications, Enterprise, Learning, Project Delivery and Finance Committees. The Project Delivery and Finance Committees have delegated responsibility from the board for specific aspects of the plans to expand the museum.

Day-to-day management of the Charity is delegated to the director of the museum, Deyan Sudjic OBE, who reports to the board of trustees.

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.

The museum's mission is to create the most inspiring, forward-looking, exciting and engaging design museum in the world, which will uphold its values of being welcoming, collaborative, enterprising and provocative.

In pursuit of this mission, the Design Museum has plans to realise a significant expansion of its activities and resources. This will be achieved by transforming the former Commonwealth Institute, a Grade II* listed building in Holland Park, Kensington, into a new home for the Design Museum which is expected to attract over 500,000 visitors a year.

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Year ended 31 March 2015

The main objectives for the year were building internal capacity and reputation whilst in the current location at Shad Thames, planning for the opening and delivery of the ongoing operations of the Design Museum at its new home, delivery of its refurbishment and maintaining the financial security of the organisation throughout this period.

STRATEGIC REPORT

- ACHIEVEMENTS AND PERFORMANCE

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 as described below.

Operational Fundraising

Operational fundraising has progressed well in the year, with the main sources of donations and sponsorship being the following:

- **Sponsorship for exhibitions** – the museum received sponsorship from Paul Smith, and Bird & Bird, as described in the exhibitions section below.
- **Grants for learning** – Deutsche Bank have continued to sponsor the Design Ventura learning programme, as detailed in the learning section below.
- **Individual and Corporate Giving** – the museum is grateful to its individual and corporate members and other donors for their continued support.
- **Conran Foundation grant** – the museum continues to receive the generous support of the Conran Foundation for its ongoing activities.
- **Government grants** – a grant from DCMS supports the museum's objective of promoting culture and a grant from the Arts Council of England supported the Designers in Residence programme.

Exhibitions

The Design Museum stages between six and eight temporary exhibitions a year, covering a range of areas from architecture and graphic design to fashion and product design. The 2014/15 exhibition programme included:

- **In the Making** (22 Jan 14 – 4 May 14) – In The Making, curated for the Design Museum by Edward Barber and Jay Osgerby, captures twenty four objects mid-manufacture, putting the aesthetic of the unfinished centre stage.
- **Hello, My Name is Paul Smith** (15 Nov 13 – 22 Jun 14) – Celebrating his career to date and exploring future developments, this exhibition referenced Paul Smith's influences and fashion designs, charting the rise of this quintessentially British label which has become one of the leading fashion brands in the world. The exhibition was sponsored by Paul Smith.

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- **Designs of the Year 2014** (20 Mar 14 – 25 Aug 14) – The Design Museum's annual Design Awards showcase the most innovative and progressive designs from around the world, spanning seven categories: Architecture, Digital, Fashion, Furniture, Graphics, Product and Transport.
- **Time Machines: Daniel Weil and the Art of Design** (14 May 14 – 31 Aug 14) – This witty and thought-provoking exhibition spanned Daniel Weil's thirty years at the forefront of design practice - from young Royal College of Art student to longstanding partner at international design consultancy Pentagram. Time Machines: Daniel Weil and the Art of Design featured clocks specially created for the exhibition as well as commissions for Swatch, United Airlines, Krug, Mothercare and the Pet Shop Boys, as well as some of the designer's earliest work.
- **Louis Kahn : The Power of Architecture** (9 Jul 14 – 12 Oct 14) – The American architect who influenced Frank Gehry, Renzo Piano and many others was showcased in this exhibition, which explored the diverse output of one of the twentieth century's most influential architects through photographs, drawings, models and film
- **Collection Lab** (10 Sep 14 – summer 15) – Collection Lab is an experimental exhibition which engages visitors in a conversation about design. Visitors have the opportunity to shape the Design Museum's Permanent Collection exhibition, that will be free to visit in the museum's new home in Kensington in 2016
- **Designers in Residence** (10 Sep 14 – 8 Mar 15) – The Design Museum's annual Designers in Residence programme provides a platform to celebrate new and emerging designers at an early stage in their career. The project was generously supported by the Arts Council.
- **Women Fashion Power** (29 Oct 14 – 26 Apr 15) – Women Fashion Power was a survey of fashion from the point of view of the wearer, rather than the designer. It featured a wealth of historical material.

During the year, museum paying visitors decreased by 15% to 142,181 (2014: 167,315), generating admissions income of £1,198k (2014: £1,247k).

Touring

The Design Museum continued its programme of touring exhibitions, giving greater access to the museum's content to audiences nationally and internationally and increasing the museum's profile. During 2014/15 the following exhibitions were touring:

- **Dongdaemum Design Plaza, Seoul, South Korea** (21 Mar 14 – 26 May 14) - Designed to Win
- **RMIT Design Hub, Melbourne, Australia** (28 Aug 14 – 11 Oct 14) – The Future is Here
- **National Centre for Craft and Design, Sleaford, Lincolnshire** (22 Nov 14 – 20 Mar 15) – Lesser Known Architecture
- **Irish Design 2015 at Dublin Castle, Dublin, Ireland** (30 Dec 14 – 17 Mar 15) – In the Making
- **ModeMuseum, Hasselt, Belgium** (30 Jan 15 – 7 Jun 15) – Hello My Name is Paul Smith
- **Sewerby Hall and Gardens, Sewerby, Yorkshire** (28 Mar 15 – 28 Jun 15) – A Century of Chairs

The Design Museum

Trustees' report (including strategic report and Directors' report)

Year ended 31 March 2015

Collection

The Design Museum holds a collection of industrial design, furniture, graphics and household appliances, which provides a unique record of achievements in this field, as well as documenting the social and technological history of modern Britain. The museum's collection policy defines its purpose, scope and future development. A selection of items is available to view via the museum's Collection app, which is free for digital download.

Learning

The Design Museum provides a well-respected and inventive programme of learning activities for schools and students in Further and Higher Education. The 2014/15 achievements from our learning programme included:

- **Design Factory** – an annual project for BA design students, spanning product, fashion/textiles, graphics/illustration and architecture/spatial design.
- **Design Ventura** – a design and enterprise project for students in years 9, 10 and 11, generously supported by Deutsche Bank, enabled pupils to experience the design process and learn enterprise skills by working to a real-world brief to create a product to be manufactured and sold in the Design Museum Shop.
- **Master of Arts (MA) in Curating Contemporary Design, Kingston University** - a programme offering students the opportunity to curate live projects and build their own professional profiles.

Public Programmes on Design

The museum raises awareness of design and architecture through a busy public programme of talks, debates and events that support and extend the exhibition programme. In 14/15 the museum welcomed 2,178 visitors to 24 Public Programme events of which 70% sold out.

The programme included partnership events with, It's Nice That, AnOther Magazine, Open City, Fashion and Textile Museum, LongLunch, Harpers Magazine, Phaidon, RIBA and TimeOut.

Formats included, 'In Conversation' Talks and Debates, Socials, Masterclasses, Workshops, Morning Tours, Film Screenings, Studio Experience Courses, Weekend Gallery Tours and the Architecture Charrette.

Highlights included the Studio Experience course with Paul Smith, a workshop on costume design led by Jane Petrie, lead costume designer on the forthcoming Suffragette film as part of the Women Fashion Power exhibition, the Harpers Magazine Talks series for Women Fashion Power and a screening of "My Architect" at RIBA to support the Louis Kahn exhibition.

Digital

The Design Museum is proud to rank 3rd in the world amongst museums and galleries in terms of the scale of its presence on the social media site Twitter, which is testament to its following among a young and technology literate generation.

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During the year a new Design Museum website and online shop were launched. There has been a continuing trend in accessing digital content, with a decrease in website visitors and increase in social media followers.

Digital presence	2014/15	2013/14
Website	1,438,000 visits by 1,071,000 visitors	2,079,000 visits by 1,500,000 visitors
Facebook fans	350,000	298,000
Twitter followers	1,268,000	935,000
Online shop	206,000 visits by 173,000 visitors	230,000 visits by 173,000 visitors
Collection app downloads to date	374,000	235,000

Retail, Café and Event Space Hire

The museum trading revenue and profits decreased in 2014/15 compared to the prior year:

- **Retail** – The Design Museum shop aims to sell the most beautiful, innovative and intelligently designed products and publications from around the world. Shop sales in the year were £808k (2014: £929k), with a net profit of £176k (2014: £240k). This decrease in sales compared to the prior year is a result of the reduction in museum visitor numbers.
- **Café** – The Design Museum café income in the year was £213k (2014: £213k), with a net profit of £28k (2014: £11k).
- **Event Space Hire** – The museum has event spaces which are used for product launches, conferences, creativity sessions, receptions, dinners and weddings. Income during the year from hire of these event spaces totalled £133k (2014: £200k), with a net profit of £53k (2014: £104k).

Trading subsidiary financial performance

The Design Museum's trading subsidiary, Design Museum Enterprises Limited, had turnover during the year of £1,981k (2014: £1,997k) and profit before gift aid and taxation of £751k (2014: £801k), which has been donated in full to The Design Museum at the year end.

Design Museum Kensington project

The project to refurbish the former Commonwealth Institute building in Kensington as the new home of the Design Museum has continued to make significant progress during the year. The capital target of £55m for fundraising remains on track, which will fund project expenditure of £48.1m and a further £6.9m in reserves to secure funding for its future expanded operations in Kensington. In March 2015 the museum secured a grant of £3m from the Arts Council, several other significant donations have also been pledged or received during the year. In December 2014, a statutory instrument was passed into law, allowing the museum to reclaim VAT under section 33A of the VAT Act 1994, on costs relating to free admissions to the permanent exhibition in Kensington. On 3 June 2015 the company entered into a 175 year lease of the building. The fit out contractors for the interior of the building started on site in June 2015. Planning for future exhibitions and for an enriched visitor experience is also in progress. The

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Trustees' report (including strategic report and Directors' report)

Year ended 31 March 2015

museum is working with the local community in Kensington to forge strong relationships for the future.

Staff and Volunteers

The museum has continued to invest in staff in order to address the challenge of planning the expanded scale of operations in its new home.

The museum is very grateful to its team of volunteers, who have had an important role in helping to enhance the visitor experience, amongst other things assisting with the curation of exhibitions and contributing to research into audience development.

- FINANCIAL REVIEW

Reserves

The Design Museum has a policy of holding target unrestricted free reserves, being unrestricted reserves less unrestricted fixed assets' net book value, within a range of three to six months' operating costs, calculated and reviewed annually. The range of target unrestricted free reserves in the year was £1.5m - £3.0m (2014: £1.5m - £3.0m). This target range is based on an assessment of museum risks, the stability of its income streams, and operational cash flow requirements. Actual unrestricted free reserves at 31 March 2015 were £684k (2014: £659k). The museum is aiming to reach its target level of unrestricted reserves by 2016/17, after raising designated reserve funds for building replacements and permanent collection refreshes as part of the Design Museum Kensington campaign.

In addition to unrestricted reserves, at 31 March 2015 the museum held £25.4m (2014: £24.0m) of restricted reserves primarily to fund the Design Museum Kensington capital project. The museum has an investment policy of holding funds in sterling cash deposit accounts spread across at least two major UK clearing banks. These deposits ensure that cash is readily available to fund the costs of the Design Museum Kensington project over 2015 and 2016, in line with the museum's cash flow forecasts.

Income and Expenditure

The income, expenditure and surplus for the year, analysed between ongoing operations and the Design Museum Kensington project, were as follows:

	2014/15			2013/14		
	Ongoing operations £'000	Design Museum Kensington project £'000	Total £'000	Ongoing operations £'000	Design Museum Kensington project £'000	Total £'000
Income						
Restricted	183	3,104	3,287	264	19,857	20,121
Unrestricted	4,729	-	4,729	4,852	-	4,852
Total	4,912	3,104	8,016	5,116	19,857	24,973
Expenditure	(4,912)	(1,787)	(6,699)	(5,010)	(1,571)	(6,581)
Surplus / (Deficit)	(0)	1,317	1,317	106	18,286	18,392

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The expenditure has supported all of the key objectives of the Design Museum to deliver the achievements and performance as described above.

Ongoing operations: The decrease in the museum's surplus compared to the prior year has been a result of reduced visitor numbers in the year affecting the admissions and retail income.

Design Museum Kensington Project: The decrease in income compared to the prior year reflects the timing of the capital campaign, whilst the increase in expenditure reflects the development of Design Museum Kensington design, build and planning activity.

- PLANS FOR FUTURE PERIODS

The Design Museum will be in its current location in Shad Thames until 2016. The plans for the remaining time in Shad Thames include building the internal capacity and reputation of the museum by continuing to programme a series of engaging exhibitions and delivering inspiring learning programmes. At the same time the museum will be managing the project to relocate to Kensington, developing plans for its additional operations whilst ensuring financial stability.

- RISK MANAGEMENT

The trustees have given consideration to the risks to which the museum is exposed. A summary of risks is maintained by management, describing their likely impact and any required mitigating actions. This is reviewed by the Finance Committee and the Board at least once a year. The major risk is considered to be the move to the Design Museum Kensington, which includes financial and reputational risks. Financial risks of the move are primarily around the control of capital and other costs, the generation of sufficient income to cover these costs and ensuring that any contractor time overruns do not delay the completion of the project. These risks are being managed by a dedicated project team and reviewed regularly by the Project Delivery Committee.

GOING CONCERN

The Design Museum receives operational funding and income from a number of sources including admissions income, grants and donations, sponsorship and trading activities. Most of these sources of funding and income are not committed and may be affected by factors outside trustees' control, including government policy and uncertainties in the economic outlook. The trustees receive forecasts and financial projections which take into account variations in the level and timing of future income and funding.

At 31 March 2015, 93% of the capital fundraising target for the Design Museum had been either received or pledged. The trustees expect to raise the remaining 7%, which represents £3.5m (note 17), in addition to the £6.9m reserves fund, in accordance with fundraising forecasts.

After making enquiries the trustees have reasonable expectation that the museum has adequate resources to continue in operational existence for greater than 12 months from the approval of the accounts and accordingly the museum continues to adopt the going concern basis in preparing its consolidated financial statements.

The Design Museum

Trustees' report (including strategic report and Directors' report)

Year ended 31 March 2015

STATEMENT OF TRUSTEES' RESPONSIBILITY

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 the trustees to prepare financial statements for each financial year which 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 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 in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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.

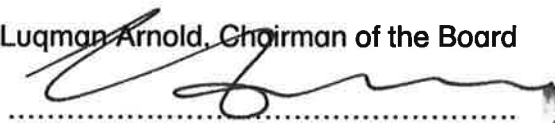
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INFORMATION PROVIDED TO THE AUDITOR


In so far as each trustee is aware there is no relevant audit information of which the Charity's auditor is unaware and 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

Luqman Arnold, Chairman of the Board


..... 31st July 2015

Alistair Johnston, Trustee


..... 31st July 2015

The Design Museum

The independent auditor's report

Year ended 31 March 2015

We have audited the financial statements of The Design Museum for the year ended 31 March 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

The Design Museum
The independent auditor's report
Year ended 31 March 2015

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company 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.

N. Hashemi

Naziar Hashemi (Senior Statutory Auditor)
for and on behalf of Crowe Clark Whitehill LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

.....9.....October 2015

The Design Museum
Consolidated Statement of Financial Activities
(including the income and expenditure accounts)
Year ended 31 March 2015

	Notes	Unrestricted £	Restricted £	2015 £	2014 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income					
Donations, gifts and similar income	3	879,401	34,103	913,504	856,505
Design Museum Kensington project		-	2,919,935	2,919,935	19,784,437
Grants receivable	4	156,000	183,192	339,192	464,393
Activities for generating funds					
Trading sales	7	1,980,808	-	1,980,808	1,996,813
Investment income					
	5	963	149,678	150,641	75,262
Incoming resources from charitable activities					
	6	1,712,042	-	1,712,042	1,795,544
Total incoming resources		4,729,214	3,286,908	8,016,122	24,972,954
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	8	526,670	-	526,670	359,373
Trading costs	7,8	1,229,755	-	1,229,755	1,195,666
Charitable activities					
Exhibitions, Curatorial and Communications	8	2,598,577	-	2,598,577	2,570,644
Learning	8	229,117	171,997	401,114	595,229
Design Museum Kensington project	17	-	1,745,952	1,745,952	1,571,085
Governance costs	8,9	156,407	40,603	197,010	288,791
Total resources expended		4,740,526	1,958,552	6,699,078	6,580,788
Net income for the year		(11,312)	1,328,356	1,317,044	18,392,166
Balances brought forward		737,615	24,022,193	24,759,808	6,367,642
Balances carried forward		726,303	25,350,549	26,076,852	24,759,808

The total incoming resources for The Design Museum charity (excluding its trading subsidiary) amounted to £6,786,367 (2014 - £23,933,584) and the net surplus for the year was £1,317,044 (2014 - £18,392,166).

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


The notes on pages 15 to 28 form part of the financial statements

**The Design Museum
Consolidated and Charity Balance Sheets
Year ended 31 March 2015**


	Notes	The Group		The Charity	
		2015 £	2014 £	2015 £	2014 £
FIXED ASSETS					
Tangible assets	11	2,871,178	2,098,879	2,866,879	2,082,709
Heritage assets	12	97,200	97,200	97,200	97,200
Investments	13	-	-	2	2
		<u>2,968,378</u>	<u>2,196,079</u>	<u>2,964,081</u>	<u>2,179,911</u>
CURRENT ASSETS					
Stock		110,473	123,654	-	-
Debtors	14	2,116,628	3,495,708	2,060,103	3,638,426
Cash at bank and in hand	15	21,763,879	19,861,621	21,691,440	19,591,923
		<u>23,990,980</u>	<u>23,480,983</u>	<u>23,751,543</u>	<u>23,230,349</u>
CREDITORS: Amounts falling due within one year	16	(882,506)	(917,254)	(638,871)	(650,551)
NET CURRENT ASSETS		<u>23,108,474</u>	<u>22,563,729</u>	<u>23,112,672</u>	<u>22,579,798</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,076,852</u>	<u>24,759,808</u>	<u>26,076,753</u>	<u>24,759,709</u>
TOTAL NET ASSETS		<u><u>26,076,852</u></u>	<u><u>24,759,808</u></u>	<u><u>26,076,753</u></u>	<u><u>24,759,709</u></u>
FUNDS					
Unrestricted		726,303	737,615	726,204	737,516
Restricted	17	25,350,549	24,022,193	25,350,549	24,022,193
		<u>26,076,852</u>	<u>24,759,808</u>	<u>26,076,753</u>	<u>24,759,709</u>

These financial statements were approved by the trustees on^{31st}.....July 2015, and are signed on their behalf by:

Luqman Arnold, Chairman of the Board


.....^{31st}.....July 2015

Alistair Johnston, Trustee,


.....^{31st}.....July 2015

Company Registration number 02325092.

The notes on pages 15 to 28 form part of the financial statements

**The Design Museum
Consolidated Cash Flow Statement
Year ended 31 March 2015**

	Notes	2015 £	2014 £
Net cash inflow from operating activities	(a)	2,626,639	17,392,032
Interest received		150,641	75,262
Net cash outflow from capital expenditure		(875,022)	(929,818)
Increase in cash		<u>1,902,258</u>	<u>16,537,476</u>

**Notes to the cash flow statement
Year ended 31 March 2014**

(a) Reconciliation of net income to net cash inflow from operating activities

Net income for the year	1,317,044	18,392,166
Interest receivable and other investment income	(150,641)	(75,262)
Depreciation	96,261	75,301
Loss on disposal of fixed assets	6,462	-
Change in stock	13,181	(25,927)
Change in debtors	1,379,080	(1,026,235)
Change in creditors	(34,748)	51,989
Net cash inflow from operating activities	<u>2,626,639</u>	<u>17,392,032</u>

	2014 £	Cash flow £	2015 £
(b) Analysis of balances of cash			
Cash at bank and in hand	<u>19,861,621</u>	<u>1,902,258</u>	<u>21,763,879</u>

The notes on pages 15 to 28 form part of the financial statements

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

1. Charitable Status

The company is limited by guarantee and is registered as an educational charity.

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 2005) issued in March 2005 and the Companies Act 2006. The statements have been prepared on the basis of a going concern (see the Trustees' Report). 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.

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 Companies Act 2006 no separate Statement of Financial Activities has been presented for the Design Museum charity (excluding its trading subsidiary).

Income recognition

Donations, gifts, grants and similar income are recognised as incoming resources 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 in respect of long-running or future exhibitions is deferred in order to match the income to the period of the exhibition.

Admissions income is recognised as it arises.

Trading sales and fees for service represents 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 of trading activities, costs incurred directly in the fulfilment of the Charity's objectives (curatorial and learning), costs incurred on the Design Museum Kensington project, and costs incurred in the governance of the Charity and its assets. Governance costs include legal and audit fees. The proportion of staff costs incurred to support governance activities is not included within governance costs due to the complexity in determining this amount.

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

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

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.

Gifts in kind and donated services

Donated services and gifts in kind to the Charity are recognised as incoming resources 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.

Fixed assets and depreciation

Tangible fixed assets, with a value of £500 or more, are stated at cost or valuation when acquired. Items costing less than £500 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.

All relevant acquisition costs associated with the refurbishment of the Design Museum's new home at the Commonwealth Institute have been capitalised from the 18 October 2011, being the date at which the trustees demonstrated their clear intention to complete the transaction, subject to final amendments to the lease agreement under negotiation, the granting of planning permission and Royal Borough of Kensington and Chelsea approval, which were subsequently obtained.

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

Shad Thames

Buildings and leasehold improvements	over 3 – 10 years
Exhibition equipment, Library and Education Centre	over 5 years
Computers, office equipment, fixtures and fittings	over 3 – 5 years

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

Design Museum Kensington project

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

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.

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 will be 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 number of objects that have been capitalised represent approximately 1% 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 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, and 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 12.

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.

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 the notes to the financial statements.

Pension costs

The Charity offers employees access to a defined contribution pension scheme and makes contributions to the personal pension arrangements of qualifying employees. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

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.

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.

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 taken into account in arriving at the net surplus/ (deficit) for the year.

3. Donations, gifts and other income

	Unrestricted	Restricted	2015	2014
	£	£	£	£
Conran Foundation donation	500,000	-	500,000	300,000
Gifts in Kind	231,136	34,103	265,239	332,358
Other donations	148,265	-	148,265	224,147
	<u>879,401</u>	<u>34,103</u>	<u>913,504</u>	<u>856,505</u>

The gifts in kind for 2014/15 relate primarily to items for use in exhibitions and pro bono professional legal advice. The related expenditures are included in exhibition costs and governance costs respectively.

4. Grants receivable

	Unrestricted	Restricted	2015	2014
	£	£	£	£
Department of Culture, Media and Sport	156,000	-	156,000	197,810
Deutsche Bank	-	183,192	183,192	201,079
Arts Council	-	-	-	46,470
Designers in Residence grant from individual	-	-	-	16,534
Other smaller grants	-	-	-	2,500
	<u>156,000</u>	<u>183,192</u>	<u>339,192</u>	<u>464,393</u>

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

5. Investment income

	Unrestricted	Restricted	2015	2014
	£	£	£	£
Bank interest	963	149,678	150,641	75,262

6. Incoming resources from charitable activities

	Unrestricted	Restricted	2015	2014
	£	£	£	£
Admissions	1,197,765	-	1,197,765	1,247,150
Learning	176,389	-	176,389	198,029
Touring	272,480	-	272,480	292,461
Service charges and other	65,408	-	65,408	57,904
	1,712,042	-	1,712,042	1,795,544

7. Trading sales

The Design Museum has one wholly-owned subsidiary 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 2015

	2015	2014
	£	£
Turnover	1,980,808	1,996,813
Cost of sales and administrative expenditure (including management charge)	(1,229,755)	(1,195,666)
Operating profit	751,053	801,147
Interest received	-	-
Profit before gift aid and taxation	751,053	801,147
Gift aid donation	(751,053)	(801,147)
Profit after gift aid	-	-

Balance sheet for Design Museum Enterprises Limited as at 31 March 2015

	2015	2014
	£	£
Assets	652,036	722,925
Liabilities	(651,935)	(722,824)
Total Funds	101	101

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

8. Total resources expended

	Staff costs	Depreciation	Other direct costs	Support costs	2015	2014
	£	£	£	£	£	£
Fundraising	348,551	7,804	44,991	125,324	526,670	359,373
Trading	343,698	5,409	738,537	142,111	1,229,755	1,195,666
Exhibitions, Curatorial and Communications	1,043,739	26,754	1,098,400	429,684	2,598,577	2,570,644
Learning	197,636	4,459	127,404	71,615	401,114	595,229
Governance	-	-	-	156,407	156,407	288,791
	1,933,624	44,426	2,009,332	925,141	4,912,523	5,009,703
Design Museum Kensington Project	657,395	51,835	885,463	40,603	1,635,296	1,376,621
Design Museum Kensington Fundraising	137,779	-	13,480	-	151,259	194,464
Total Design Museum Kensington	795,174	51,835	898,943	40,603	1,786,555	1,571,085
	2,728,798	96,261	2,908,275	965,744	6,699,078	6,580,788

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

	Fundraising	Trading	Exhibitions, Curatorial and Communications	Learning	Governance	Total
	£	£	£	£	£	£
Building and Operations	83,088	108,798	284,875	47,479	-	524,240
HR and Management	5,842	7,656	20,031	3,339	-	36,868
Finance and Information Technology	18,194	25,657	62,380	10,397	-	116,628
Professional fees and audit	-	-	-	-	156,407	156,407
Irrecoverable VAT	18,200	-	62,398	10,400	-	90,998
	125,324	142,111	429,684	71,615	156,407	925,141

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

	2015	2014
	£	£
Depreciation of tangible fixed assets	96,261	75,301
Government grants	(156,000)	(297,810)
Operating lease rentals:		
- Land and Buildings	342,688	244,932
- Other	4,295	22,145

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

The analysis of auditor's remuneration is as follows:

	2015	2014
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	13,500	11,500
Fees payable to the company's auditor for other services to the Group		
The audit of the company's subsidiaries	6,000	5,500
Total audit fees	19,500	17,000
Taxation advisory services	-	2,150
Fraud prevention advisory fees	-	4,750
Total non-audit fees	-	6,900

9. Governance costs

	Unrestricted	Restricted	2015	2014
	£	£	£	£
Auditor's remuneration (charitable company)	7,000	6,500	13,500	11,500
Legal and other costs donated as Gifts in Kind	149,407	34,103	183,510	277,291
	156,407	40,603	197,010	288,791

10. Staff costs

The aggregate payroll costs were:

	2015	2014
	£	£
Wages and salaries	2,043,268	1,797,049
Social security costs	222,108	184,587
Other pension costs	119,724	119,096
Trading salaries	343,698	341,853
	2,728,798	2,442,585

The average number of full time equivalent staff employed by the Charity during the financial year amounted to:

	2015	2014
	No.	No.
Fundraising	7	5
Trading	14	14
Exhibitions, Curatorial and Communications	24	23
Learning	4	6
Support	11	13
Design Museum Kensington project - Fundraising	2	4
Design Museum Kensington project - Other	14	3
	76	68

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

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

	2015	2014
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£160,001 - £170,000	-	1
£170,001 to £180,000	1	-

During the year, contributions of £55,400 (2014 - £64,491) were made into a defined contribution pension scheme for four higher paid members of staff (2014 - four).

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 £3,925 (2014 - £3,498).

Travel and associated expenses incurred by the trustees attending quarterly trustees' meetings for a total of £119 (1 trustee) were reimbursed during the year (2014 - £231, 1 trustee).

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. Contributions paid during the year amounted to £119,724 (2014 - £119,096).

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

11. Fixed assets

<u>THE GROUP</u>				
	Design Museum Kensington	Buildings & leasehold Incl. Exhibitions & Education	Computers and office equipment, fixtures and fittings	Total
	£	£	£	£
COST				
At 1 April 2014	2,043,266	348,493	958,271	3,350,030
Additions	859,691	-	15,331	875,022
Disposals	-	-	(14,910)	(14,910)
At 31 March 2015	<u>2,902,957</u>	<u>348,493</u>	<u>958,692</u>	<u>4,210,142</u>
DEPRECIATION				
At 1 April 2014	(22,616)	(341,180)	(887,355)	(1,251,151)
Charge for the year	(51,835)	(4,342)	(40,084)	(96,261)
Depreciation on disposals	-	-	8,448	8,448
At 31 March 2015	<u>(74,451)</u>	<u>(345,522)</u>	<u>(918,991)</u>	<u>(1,338,964)</u>
NET BOOK VALUE				
At 31 March 2015	<u>2,828,506</u>	<u>2,971</u>	<u>39,701</u>	<u>2,871,178</u>
At 31 March 2014	<u>2,020,650</u>	<u>7,313</u>	<u>70,916</u>	<u>2,098,879</u>
<u>THE CHARITY</u>				
	Design Museum - Kensington	Buildings & leasehold Incl. Exhibitions & Education	Computers and office equipment, fixtures and fittings	Total
	£	£	£	£
COST				
At 1 April 2014	2,043,266	348,493	834,678	3,226,437
Additions	859,691	-	15,331	875,022
At 31 March 2015	<u>2,902,957</u>	<u>348,493</u>	<u>850,009</u>	<u>4,101,459</u>
DEPRECIATION				
At 1 April 2014	(22,616)	(341,180)	(779,932)	(1,143,728)
Charge for the year	(51,835)	(4,342)	(34,675)	(90,852)
At 31 March 2015	<u>(74,451)</u>	<u>(345,522)</u>	<u>(814,607)</u>	<u>(1,234,580)</u>
NET BOOK VALUE				
At 31 March 2015	<u>2,828,506</u>	<u>2,971</u>	<u>35,402</u>	<u>2,866,879</u>
At 31 March 2014	<u>2,020,650</u>	<u>7,313</u>	<u>54,746</u>	<u>2,082,709</u>

12. Heritage assets

Collection assets held at 31 March 15 were included at cost and valuation per below:

<u>THE GROUP AND THE CHARITY</u>				
	2015	2014	2013	2012
	£	£	£	£
Balance at 1 April	97,200	97,200	97,200	85,200
Additions	-	-	-	12,000
At 31 March	<u>97,200</u>	<u>97,200</u>	<u>97,200</u>	<u>97,200</u>

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

The 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.

It is not practicable to provide information for periods earlier than 1 April 2011.

Description of the Collection

The Design Museum collects objects that demonstrate the impact of design on people's lives. The collection is made up of 3,457 objects and includes furniture, lighting, domestic appliances and communications technology. Objects in the collection date from 1850 to 2015 and together form an important record of designs that have helped to shape the modern world. Of these approximately 1% of the total number of items have been included in the balance sheet per the table above.

The objects are held either in the core collection of significant and resonant designs which have achieved impact or delivered change, or the specialist collection to illustrate a specific area of expertise. 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 director. 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.

13. Investments

THE CHARITY

	2015	2014
	£	£
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 Ltd.

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

14. Debtors

	The Group		The Charity	
	2015	2014	2015	2014
	£	£	£	£
Trade Debtors	408,655	376,766	52,689	71,363
Amounts owed by Subsidiary	-	-	353,572	379,362
Taxation and social security	1,312	-	56,041	76,758
Prepayments	237,208	408,916	133,251	408,915
Accrued Income	1,304,411	2,548,586	1,299,508	2,540,588
Prepaid Exhibition Costs	158,370	148,168	158,370	148,168
Deposits on rental properties	6,672	13,272	6,672	13,272
	2,116,628	3,495,708	2,060,103	3,638,426

Amounts due after more than one year are £6,672 (2014 - £6,672) within deposits on rental properties, £595,000 (2014 - £1,180,000) within accrued income and £nil (2014 - £55,068) within prepayments.

15. Cash and bank

	The Group		The Charity	
	2015	2014	2015	2014
	£	£	£	£
Design Museum - Shad Thames	400,011	112,819	400,011	112,819
Design Museum Kensington project	21,291,429	19,479,104	21,291,429	19,479,104
Design Museum Enterprises	72,439	269,698	-	-
	21,763,879	19,861,621	21,691,440	19,591,923

16. Creditors: Amounts falling due within one year

	The Group		The Charity	
	2015	2014	2015	2014
	£	£	£	£
Trade Creditors	351,937	260,568	242,465	212,374
Taxation and Social Security	62,611	104,288	62,611	67,294
Accruals	212,756	328,096	182,953	297,824
Deferred income	255,202	224,302	150,842	73,059
	882,506	917,254	638,871	650,551

Deferred income includes annual membership fees received in advance and recognised over the course of the year of £70,513 (2014: £50,559), fees for higher education courses received in advance of £42,717 (2014: £Nil), exhibition sponsorship income received in advance and recognised over the course of the exhibition of £104,360 (2014: £142,351) and other income of £37,612 (2014: £31,392).

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

17. Restricted funds

	Balance at 31 March 2014 £	Incoming resources £	Resources expended £	Balance at 31 March 2015 £
Design Museum Kensington project				
Heritage Lottery Fund	-	164,094	(164,094)	-
ACE Renaissance funding	-	11,108	(11,108)	-
Swiss Philanthropy Foundation	-	1,250,000	-	1,250,000
Shad Thames rent	355,068		(300,000)	55,068
Other Funding	23,658,511	1,488,233	(1,121,072)	24,025,672
Design Museum Kensington project before bank interest and governance costs	24,013,579	2,913,435	(1,596,274)	25,330,740
Interest	-	149,678	(149,678)	-
Design Museum Kensington project before governance costs	24,013,579	3,063,113	(1,745,952)	25,330,740
Governance costs	-	40,603	(40,603)	-
Total Design Museum Kensington project	24,013,579	3,103,716	(1,786,555)	25,330,740
Design Ventura Learning programme	-	183,192	(171,997)	11,195
Designers in Residence exhibition	8,614	-	-	8,614
	24,022,193	3,286,908	(1,958,552)	25,350,549

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 to a new location in the former Commonwealth Institute building in Kensington.

The fundraising progress and income recognition of the Design Museum Kensington project is as follows:

	£
Income recognised in the cumulative years to 31 March 2014	27,792,293
Income recognised in the year ended 31 March 2015 (excluding Shad Thames rent and gifts in kind)	3,069,613
Estimated further income pledged as at 31 March 2015	13,753,832
Income yet to be raised as at 31 March 2015	3,479,031
Total Kensington museum project income target	<u>48,094,769</u>

The total cost of the project, excluding donated land and buildings, is expected to be £48.1m. The further income pledged will be recognised as income in future financial years in accordance with the relevant income recognition policies, as conditions of the funding are fulfilled. The pledged amount includes the element of the £4.9m and £3.0m grants from the Heritage Lottery Fund and Arts Council respectively not yet recognised as income. The museum expects to achieve its remaining fundraising target of £3.5m in accordance with its fundraising forecasts. In addition it aims to raise a further £6.9m expendable endowment fund to secure funding for its future expanded operations in the Kensington museum. The capital fundraising target excludes the funding for Shad Thames rent, as this rental charge is not part of the Kensington museum capital budget.

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

Design Ventura Learning programme

In 2013 the Design Museum renewed its partnership with Deutsche Bank for a further three years from 2014-2016. This education initiative is called Design Ventura, and benefits 14 -16 year olds as well as their teachers. The programme encourages pupils to experience the design process in all its complexity and learn enterprise skills by fulfilling a brief, problem solving and pitching ideas professionally. Aside from the benefits of working to a real-world brief, students also receive hands-on experience relevant to qualifications such as the Creative Media Diploma and GCSE level Design and Technology. It also delivers a programme of continuing professional development for teachers by providing a training day to promote the project within the curriculum.

Designers in Residence exhibition programme

The annual Designers in Residence programme provides a platform to celebrate new and emerging designers at an early stage in their career.

The Arts Council offered a grant of up to £93,790 to the Design Museum towards the costs of the Designers in Residence Programmes in 2013 and 2014. The final instalment of this grant was recognised as income in 2014 but received in April 2015. The carried forward balance at 31 March 2015 will be fully expended in 2015.

18. Analysis of group net assets between funds

THE GROUP

	Fixed assets	Cash and Bank	Other net assets	Total
	£	£	£	£
Restricted funds - Design Museum Kensington project	2,828,506	21,291,429	1,210,805	25,330,740
Restricted funds - Other	-	-	19,809	19,809
Unrestricted funds	139,872	472,450	113,981	726,303
	2,968,378	21,763,879	1,344,595	26,076,852

THE CHARITY

	Fixed assets	Cash and Bank	Other net assets	Total
	£	£	£	£
Restricted funds - Design Museum Kensington project	2,828,506	21,291,429	1,210,805	25,330,740
Restricted funds - Other	-	-	19,809	19,809
Unrestricted funds	135,575	400,011	190,618	726,204
	2,964,081	21,691,440	1,421,232	26,076,753

19. Operating leases

At 31 March 2015 the company had aggregate annual commitments under non-cancellable operating leases, as set out below:

	Land and Buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
In respect of leases expiring:				
In less than one year	15,190	-	741	21,713
Between one and two years	315,000	300,000	-	-
Between two and five years	-	-	6,373	432

The Design Museum

Notes to the financial statements for the year ended 31 March 2015

20. Capital commitments

At the balance sheet date, the value of capital commitments was £1.7m (2014: £nil). This relates to a pre-construction services agreements signed for the fit out of the former Commonwealth Institute building in Kensington.

21. Post balance sheet events

On 3 June 2015 the company entered into a 175 year lease of the former Commonwealth Institute building with 224 Kensington High Street Limited Partnership. Subject to the Royal Borough of Kensington and Chelsea council not exercising an option within 5 years of the lease grant to take the freehold of the building, or transfer it to a newly established Trust, the company will have the option to extend the lease to 350 years, subject to a number of conditions pre-agreed in the Settlement Agreement signed between the company and 224 Kensington High Street Limited Partnership on 3 June 2015. The building had a market value as at May 2012 of £23.2m and has since had significant construction work performed by 224 Kensington High Street Limited Partnership on the shell and the core, before being leased to the company at a peppercorn rent.

Also on 3 June 2015, a fit out contract was signed, for a further £18.8m in costs over and above the capital commitment made at the balance sheet date (£20.5m in total for the contract). The capital commitment, should the contract be terminated before 31 August 2015, is £5m. After the fit out works are completed, estimated mid -2016, the company will undertake an updated market valuation of the building.

22. Related party transactions

The Conran Foundation

The directors consider that the Conran Foundation, a charity of which Sir Terence Conran, Sebastian Conran, Nicholas Bull and Sir Christopher Frayling are also directors, is a related party. During the year, the Conran Foundation donated £500,000 as an annual grant (2014: £300,000), and £nil to the capital campaign (2014: £5,800,000). During the previous year it also donated £55,068 as the rental value of the Shad Thames building owned by the Conran Foundation and leased by the Design Museum at a peppercorn rent until the date of its sale in June 2013 and £7,830,000 being the donation of the Shad Thames building which was subsequently sold.

Conran Octopus Limited

The directors consider that Conran Octopus Limited, a company in which Sir Terence Conran has an interest, is a related party.

During the year, the Design Museum received £10,293 (2014: £29,587) in publishing royalties from Conran Octopus Limited from the sales of books and other publishing material.

Capital Campaign

All trustees have donated or have committed to donate to the capital campaign.