

Charity Registration No. 1109276
Company Registration No. 4921852

Institute of Imagination
(formerly known as The London
Children's Museum)

Trustees' report and accounts

31 December 2014

Institute of Imagination (formerly known as The London Children's Museum)

Report and financial statements 2014

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Institute of Imagination (formerly known as The London Children's Museum)

Legal and administrative information

Trustees

B J Demeroutis
M Dorion
E Gilpin-Jacobs
K Grussing
R Lewis
J Quinn
M Reilly
P Simon
D Uehlein
N Viner

CEO

S Crofton

Charity number

1109276

Company number

4921852

Principal address

18 Broadwick Street
London
W1F 8HS

Registered Office

18 Broadwick Street
London
W1F 8HS

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

J.P. Morgan
1 Knightsbridge
London
SW1X 7LX

Lawyers

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Institute of Imagination (formerly known as The London Children's Museum)

Trustees' report (incorporating the Directors' report)

The Trustees present their report and accounts for the year ended 31 December 2014. On the 23 February 2015 the charity changed its name from The London Children's Museum to the Institute of Imagination.

The accounts have been prepared in accordance with the Companies Act, the accounting policies set out in note 1 to the accounts and comply with the charity's memorandum and articles of association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in 2005.

The report of the Board of Trustees has been prepared in accordance with the provisions applicable to small companies entitled to the small company's exemption to not include a strategic report.

Structure, governance and management

The charity is a company limited by guarantee without share capital and is governed by its memorandum and articles of association.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and at the date of signing were:

B J Demeroutis
M Dorion
E Gilpin-Jacobs
K Grussing
R Lewis
J Quinn
M Reilly (appointed 14 February 2014)
P Simon
D Uehlein
N Viner (appointed 30 July 2014)

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

A number of Committees are in place including Finance, Investment and Nominations. The Finance Committee consists of M. Reilly (Chair) M. Dorion and P. Simon. The Investment Committee consists of P. Simon (Chair) M. Dorion and M. Reilly. The Finance Committee established the levels of delegated authority, a procurement policy and a whistleblowing policy that was reviewed and approved by the Board.

New trustees are appointed with a view to maintaining an appropriate balance of skills and experience. Appointments of Trustees are reviewed by the nominations committee and ratified by the board of Trustees. Trustees hold office for a 4 year fixed term and one third of trustees are considered for reappointment at the annual general meeting. All Trustees receive information about their responsibilities as a part of their induction. Training is provided to existing Trustees as and when the need arises.

Objectives and activities

The charity's objects are to develop a children's museum in London and there has been no change in these during the year.

The trustees have paid due regard to the public benefit guidance published by the Charity Commission.

Over the next five years, significant effort will continue to be directed towards securing the ideal site for the museum, raising initial gifts to get the capital campaign underway. Consultation with potential users and key stakeholders have been established to develop the proposal and concept, engaging the community and raising awareness of the value that a children's museum would bring to London, and opening the museum to the public.

Institute of Imagination (formerly known as The London Children's Museum)

Trustees' report (incorporating the Directors' report) (continued)

Achievements and performance

Two major audience-facing programmes took place through 2014, which built on the content development work we had undertaken across 2013. The first of these involved the rollout of the Imagination Pods programme. Three of these resource pods have been circulating around special educational needs schools, community groups and children's centres, providing children with a range of creative resources and experiences during their stay in schools over a one or two week period. The programme has been very well received and evaluated, and attracted further funding which will allow us to scale up the number of Pods in 2015.

In August 2014 we opened the Imagination Lab - our 60sqm² testing and prototyping space in the OXO Tower on the Southbank, London. Up until this point we have run all our audience engagement programmes at third party locations such as schools and nurseries. Having our own space has allowed us to do much more varied and in-depth work. As well as booked in school visits we have opened up the Lab for family drop-ins, which have proved highly successful with well over 750 people attending. The Lab also acts as a valuable showcase for us to demonstrate impact, proof of concept and audience reach. In total, the Lab reached approximately 1,500 individuals in 2014 and generated external programme and fit out funding. The Imagination Lab was also one of a small number of projects chosen to receive a prestigious Clore Prize from the Clore Duffield Foundation as part of their 50th anniversary award programme.

Shaping the Museum - a substantial document that pulls together our learning from the children's workshop programme 2011-2014 was produced and forms a valuable workbook of ideas and projects to feed in to final design and operation.

We also further developed our digital strategy, holding two digital roundtable events across the year and engaging a broad network of digital thought leaders from the worlds of technology, commerce, charity, culture and education. With the support of this network and a select advisory group we have begun to gather ideas and best practice that will inform our development as we move forwards, helping us to achieve our vision of delivering a holistic and leading edge approach to the use of digital technologies.

In 2014 we continued to grow our Patrons and Advisory Board. We were delighted that Sir Ken Robinson, an international expert on education and creativity, agreed to become our 5th Patron. For the Advisory Board were pleased to be able to add experts in experience design, staff from Children's Museums and hands-on centres in Europe and the USA and Jason Silva, a Futurist and host of the National Geographic Channel's Brain Games.

The charity was highlighted as a major pipeline project in the Mayor's new Cultural Strategy 2014-2020 and we continued to deepen our support from the Greater London Authority (GLA), the Mayor's office and at Ministerial level within the Department for Culture, Media and Sport (DCMS).

In 2014 we were pleased to welcome two new Trustees to the Board: Mary Reilly, a former Partner of Deloitte LLP and former Chair of the London Development Agency, and Nick Viner, the Chief Executive of Firefly Capital and former CEO of JW3, London's new Jewish community cultural centre.

Throughout 2014 we continued our site search, and discussions continue with site owners, with the support of specialist property advisors, Pilcher Hershman Partnership. These discussions remained ongoing at the year-end.

In March 2015, following a thorough brand review conducted in Q4 2014, the charity formally changed its name from Children's Museum London to the Institute of Imagination. The new name reflects our focus on understanding and unlocking the power of imagination, the cornerstone of creativity, problem solving and innovation. It also reflects our official status as an Institute, a term protected by government to denote organisations of the highest standing that are leaders in their field and that conduct research in their chosen area. All activities conducted going forwards will be done so under the banner of the Institute of Imagination.

Institute of Imagination (formerly known as The London Children's Museum)

Trustees' report (incorporating the Directors' report) (continued)

Financial review

Through our fundraising efforts we have continued to develop a pipeline of supporters, build relationships with existing funders and enrich our case for support. We held seven fundraising engagement events across the year which enabled us to extend our networks further and increase awareness of our cause. We also conducted a series of research projects including gap analysis of our database.

In line with our strategy to protect capital, we successfully fundraised to cover the costs of our 2014 Content and Learning programme, in fact securing more than budgeted expenditure, thus enabling us to deliver even more activities for children and families than initially planned. We are pleased to have broad financial support from Trusts, Foundations, Statutory, Individuals and Companies, including some multi-year pledges.

On behalf of the Trustees and staff at the Institute of Imagination we would like to thank the following organisations and individuals for their generous support in 2014:

The Arts Council England
The Bellinger Donnay Foundation
The Black Heart Foundation
The Charles Skey Charitable Trust
Clare Duffield Foundation
Mrs H Delfin
Esmee Fairbairn Foundation (TASK fund)
Jon Grussing
Hogan Lovells London
The President's Club
Jane Quinn
Diana Uehlein

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has exceeded this amount at the year-end whilst the charity is identifying a suitable site for development. At the end of the year reserves of £2,288,611 are held including restricted funds of £80,428.

Disclosure of information to auditor

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

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

Institute of Imagination (formerly known as The London Children's Museum)

Trustees' report (incorporating the Directors' report) (continued)

Auditor

Deloitte LLP were appointed during the year and have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Trustees

and signed on behalf of the Board of Trustees



R Lewis
Trustee

27 April 2015

Institute of Imagination (formerly known as The London Children's Museum)

Statement of Trustees' responsibilities

The Trustees, who are also the directors of Institute of Imagination for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the trustees of Institute of Imagination (formerly known as The London Children's Museum)

We have audited the financial statements of the Institute of Imagination for the year ended 31 December 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to smaller entities).

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 charitable company'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 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 charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent auditor's report to the trustees of
Institute of Imagination (formerly known as The London Children's Museum)
(continued)**

Matters on which we are required to report by exception

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

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



Reza Motazedi (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

21 May 2015

Institute of Imagination (formerly known as The London Children's Museum)

Statement of financial activities Including income and expenditure account For the year ended 31 December 2014

	Notes	Unrestricted funds	Restricted funds	Total 2014	Total 2013
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	1,222,876	123,490	1,346,366	1,088,355
Investment income	3	2,716	-	2,716	762
Total incoming resources		<u>1,225,592</u>	<u>123,490</u>	<u>1,349,082</u>	<u>1,089,117</u>
Resources expended					
Costs of generating funds					
Costs of generating voluntary income	4	198,065	2,134	200,199	139,848
Charitable activities	4,5	487,310	40,928	528,238	527,678
Governance costs	4	32,287	-	32,287	28,719
Total resources expended		<u>717,662</u>	<u>43,062</u>	<u>760,724</u>	<u>696,245</u>
Net income for the year		<u>507,930</u>	<u>80,428</u>	<u>588,358</u>	<u>392,872</u>
Fund balances at 1 January 2014		<u>1,700,253</u>	<u>-</u>	<u>1,700,253</u>	<u>1,307,381</u>
Fund balances at 31 December 2014		<u><u>2,208,183</u></u>	<u><u>80,428</u></u>	<u><u>2,288,611</u></u>	<u><u>1,700,253</u></u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

Institute of Imagination (formerly known as The London Children's Museum)

Balance sheet At 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	9	<u>3,555</u>	<u>4,664</u>
Current assets			
Debtors	10	37,540	23,445
Cash at bank and in hand		<u>2,356,198</u>	<u>1,738,118</u>
		<u>2,393,738</u>	<u>1,761,563</u>
Creditors: amounts falling due within one year	11	<u>(108,682)</u>	<u>(65,974)</u>
Net current assets		<u>2,285,056</u>	<u>1,695,589</u>
Total assets less current liabilities		<u>2,288,611</u>	<u>1,700,253</u>
Funds			
Restricted funds	13,14	80,428	-
Unrestricted funds	13,14	<u>2,208,183</u>	<u>1,700,253</u>
		<u>2,288,611</u>	<u>1,700,253</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements of the Institute of Imagination (registration number: 4921852) were approved by the Board on ~~27 April~~ 2015. They were signed on its behalf by:



R Lewis
Chairman

Institute of Imagination (formerly known as The London Children's Museum)

Notes to the financial statements

Year ended 31 December 2014

1. Accounting policies

Basis of preparation

The accounts have been under the historical cost convention, in accordance with the applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the reporting requirements of the Companies Act 2006.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

Going concern

The accounts have been prepared under the historical cost convention, the applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities" (Revised 2005), and the Companies Act 2006. The Trustees believe the Charitable Company is financially secure for the foreseeable future.

Cash flow

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

Fund accounting

Unrestricted funds are those which are available for the general purposes of the charity at the discretion of the trustees.

Restricted funds are those which have been received for undertaking an activity specified by the donor.

Incoming resources

Income is recognised in the statement of financial activities when it becomes receivable.

Income is deferred only to the extent that it has been received in advance for specific conditions to be met.

Donated services are included at their estimated open market value.

Resources expended

All expenses are recognised when an invoice is received. Provisions are included in the statement of financial activities to the extent that goods and services have been contracted for but not yet received.

Costs of generating funds are costs related to the generation of voluntary income for the charity.

Charitable activities expenditure is any that relates directly to fulfilling the charitable objects of the charity.

Governance costs relate to the direct running of the charity, allowing the charity to operate and generate the information required for public accountability. They include the costs of external audit.

Staff costs are analysed and apportioned on the basis of managements estimation of the time spent on each activity. Costs which do not directly relate to one activity are apportioned on the same basis.

Tangible fixed assets and depreciation

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

Computer equipment	25% straight line basis
Fixtures, fittings & equipment	25% straight line basis

Tangible fixed assets are tested only for impairment when an indicator exists. Fixed assets below £1,000 are not capitalised.

Institute of Imagination (formerly known as The London Children's Museum)

Notes to the financial statements (continued)

Year ended 31 December 2014

1. Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities are translated into sterling at the exchange rate ruling on the balance sheet date. Foreign exchange gains are recognised as other income and foreign exchange losses are recognised within the relevant category of charitable activity expenditure for the period in which they are incurred.

Operating leases

Expenditure on operating leases is accounted for on a straight-line basis over the life of a lease.

2. Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Donations and gifts	<u>1,222,876</u>	<u>123,490</u>	<u>1,346,366</u>	<u>1,088,355</u>
Donations and gifts				
Unrestricted funds:				
Donations			1,186,687	1,009,199
Gift Aid			3,111	25,246
Donated services			33,078	-
			<u>1,222,876</u>	<u>1,034,445</u>

Included in donations is the sum of £45,167 (2013: £43,046) representing the exchange gain on donations received in US dollars.

Donations and gifts are derived from targeted fund raising by the organisation. Donated services are provided pro-bono from Hogan Lovells.

3. Investment income

	2014 £	2013 £
Interest receivable	<u>2,716</u>	<u>762</u>

Institute of Imagination (formerly known as The London Children's Museum)

Notes to the financial statements (continued)

Year ended 31 December 2014

4. Total resources expended

	2014 £	2013 £
Cost of generating funds		
Cost of generating voluntary income	200,199	139,848
Charitable activities		
Activities undertaken directly	392,819	415,666
Support costs	135,419	112,012
Total	528,238	527,678
Governance costs	32,287	28,719
	<u>760,724</u>	<u>696,245</u>

Charitable activities undertaken directly primarily constitute research and development in the Imagination Labs and finding a suitable site to establish a permanent museum.

Cost of generating funds includes salaries and other direct fundraising costs.

	2014 £	2013 £
Fees payable to the auditors		
Audit of these financial statements	8,000	1,500
Other services	2,500	2,500
	<u>10,500</u>	<u>4,000</u>

	Cost of generating funds £	Charitable activities £	Governance costs £	Total 2014 £	Total 2013 £
Management and governance	175,479	325,505	32,287	533,271	547,673
Fundraising costs	8,972	26,710	-	35,682	27,254
Property costs	-	3,947	-	3,947	-
Marketing and PR	15,748	50,437	-	66,185	13,334
Content and learning	-	121,639	-	121,639	107,984
	<u>200,199</u>	<u>528,238</u>	<u>32,287</u>	<u>760,724</u>	<u>696,245</u>

Legal services are provided on a pro bono basis by Hogan Lovells London.

Institute of Imagination (formerly known as The London Children's Museum)

Notes to the financial statements (continued) Year ended 31 December 2014

5. Support costs

	2014 £	2013 £
Administration costs	43,885	26,874
Staff costs	86,424	85,138
IT expenses	5,110	-
	<u>135,419</u>	<u>112,012</u>

Support costs are those which allow charitable activities to be carried out but which do not relate directly to an activity.

6. Trustees

None of the Trustees (or any persons connected with them) received any remuneration or reimbursed expenses during the year.

7. Employees

The average payroll costs were as follows:

	2014 £	2013 £
Wages and salaries	323,971	321,620
Social security costs	35,854	37,578
	<u>359,825</u>	<u>359,198</u>

The average monthly number of employees during the year was:

	2014 Number	2013 Number
Management	<u>5</u>	<u>4</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2014 Number	2013 Number
£90,001 to £100,000	1	1
£80,001 to £90,000	1	1
£60,001 to £70,000	-	1
	<u></u>	<u></u>

8. Taxation

The company is a registered charity and as such is not liable to United Kingdom income or corporation tax on charitable activities.

Institute of Imagination (formerly known as The London Children's Museum)

Notes to the financial statements (continued) Year ended 31 December 2014

9. Tangible fixed assets

	Computer equipment £	Fixtures, fittings, and equipment £	Total £
Cost			
At 1 January 2014	12,107	5,301	17,408
Additions	4,270	-	4,270
At 31 December 2014	16,377	5,301	21,678
Accumulated depreciation			
At 1 January 2014	7,443	5,301	12,744
Charge for the year	5,379	-	5,379
At 31 December 2014	12,822	5,301	18,123
Net book value			
At 31 December 2014	3,555	-	3,555
At 31 December 2013	4,664	-	4,664

10. Debtors

	2014 £	2013 £
Other debtors	30,014	18,095
Prepayments and accrued income	7,526	5,350
	37,540	23,445

11. Creditors: amounts falling due within one year

	2014 £	2013 £
Taxes and social security costs	11,566	11,661
Other creditors	81,911	51,333
Accruals	15,205	2,980
	108,682	65,974

12. Called-up share capital

The charitable company is limited by guarantee without share capital.

Institute of Imagination (formerly known as The London Children's Museum)

Notes to the financial statements (continued)

Year ended 31 December 2014

13. Funds

	Unrestricted funds £	Restricted funds £	Total £
Opening balance at 1 January 2014	1,700,253	-	1,700,253
Income	1,225,592	123,490	1,349,082
Expenditure	(717,662)	(43,062)	(760,724)
Closing balance at 31 December 2014	<u>2,208,183</u>	<u>80,428</u>	<u>2,288,611</u>

Unrestricted funds are those which are available for the general purposes of the charity at the discretion of the trustees.

Restricted funds relate to donations for Imagination Labs and Pods.

14. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2014:			
Tangible fixed assets	3,555	-	3,555
Current assets	2,313,310	80,428	2,393,738
Creditors: amounts falling due within one year	(108,682)	-	(108,682)
	<u>2,208,183</u>	<u>80,428</u>	<u>2,288,611</u>

15. Related party transactions

No transactions have been carried out with any party who would be deemed related in the current or preceding period.

Donations received from six Trustees (2013: two) amounted to £65,200 (2013: £11,200) during the year.

16. Post balance sheet events

On 10 February 2015, a significant unrestricted donation of £724,905 (\$1,105,625) was received towards our overall charitable objectives.