

National Museum of Science & Industry

Annual Report and Accounts 2008-09



Science Museum

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National Museum of Science & Industry

(NMSI) family members:

Science Museum

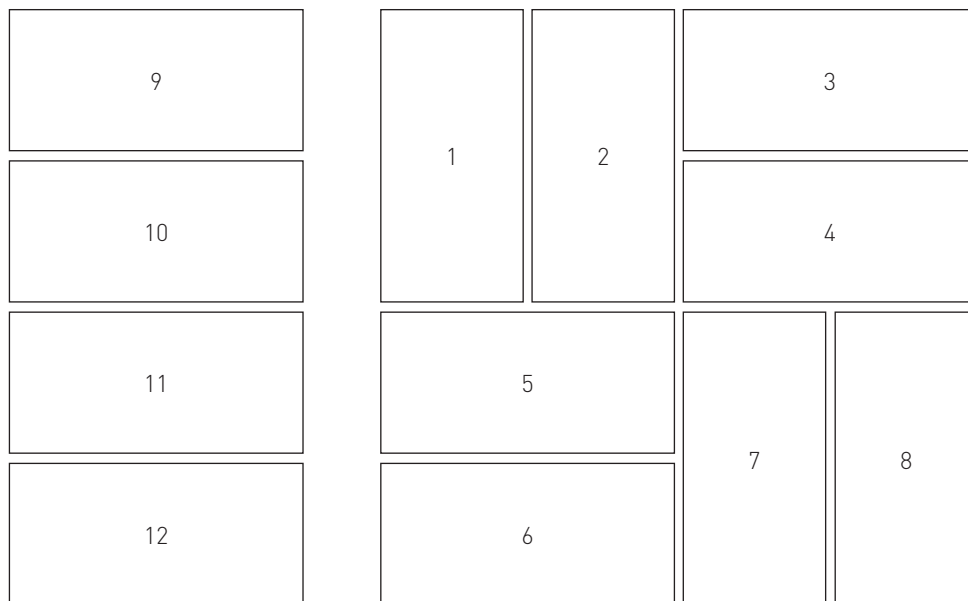
National Railway Museum and Locomotion at Shildon

National Media Museum

Science Museum at Wroughton

NMSI Trading Limited

Cover photo captions



- 1 Toy testers testing the products short-listed for the Smart Toy of the Year Awards at the Science Museum, August 2008.
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MUSEUM AND GALLERIES ACT 1992

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NMSI Account 2008-09

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1. Structure, governance and management

1.1 About NMSI

1.1.1 NMSI now

The National Museum of Science & Industry (NMSI) is devoted to the history and contemporary practice of science, medicine, technology, industry and media. Its collections, in the fields of science, technology, engineering, medicine, design and enterprise, transport and media, are the largest, most comprehensive and most significant in their field anywhere in the world. NMSI incorporates the Science Museum, the Science Museum Library and the Wellcome collections of the history of medicine at South Kensington; the National Railway Museum at York; the National Media Museum at Bradford; Locomotion: the National Railway Museum at Shildon; and Concorde 002 with its associated exhibition at Yeovilton. Collection stores are located in Wroughton, Swindon; Blythe House in West Kensington; Foundry Lane in York and Black Dyke Mills in Bradford.

1.1.2 History

The Science Museum has its origins in the South Kensington Museum set up soon after the Great Exhibition of 1851. The National Railway Museum, which opened in 1975, was established as a result of the transfer of the British Transport Commission's railway collection to the Board of Trustees of the Science Museum. The National Media Museum was established in 1983 with the support of Bradford City Council as part of the council's economic redevelopment. The Science Museum collection store at Wroughton, a former Second World War airfield, was made available to the Museum by the Ministry of Defence in 1979. Locomotion: the National Railway Museum at Shildon was opened in 2004 in partnership with Sedgefield Borough Council.

1.1.3 Legal status

NMSI was managed directly by Government until 1984, when the Board of Trustees of the Science Museum was established under the National Heritage Act 1983. Thereafter, the Museum ceased to operate as part of a Government department. NMSI now has the status of a non-departmental public body, operating within the public sector but at arm's length from its sponsor department, the Department for Culture, Media and Sport (DCMS). These accounts fulfil the requirements of the 1983 Act and the Museums and Galleries Act 1992. NMSI is an exempt charity under the Second Schedule of the Charities Act 1960 and is recognised as charitable by the Inland Revenue. NMSI has a wholly owned subsidiary trading company, NMSI Trading Ltd (company registration no: 2196149), set up in 1988. This operates at all three Museums and gift-aids taxable profits to NMSI. Bradford Film Ltd is a company limited by guarantee whose sole member is NMSI Trading Ltd.

1.1.4 Framework for operation

DCMS agreed a Management Statement and Financial Memorandum with the Museum in 2002-03; continuing receipt of the Grant is dependent upon the Museum's compliance. This sets out DCMS policy and financial requirements which include the relevant provisions of Managing Public Money and such other guidance as the Treasury, Cabinet Office or DCMS have issued. It also describes the delegated powers and limits. A Funding Agreement between DCMS and NMSI defines the commitments by each party every three years and can be seen on the NMSI website.

1.2 The organisational structure

1.2.1 Management of NMSI

The Board of Trustees of the Science Museum is responsible for the whole of NMSI. The Trustees, who may number between 12 and 20, are appointed by and responsible to the Prime Minister through DCMS. The Director of NMSI, as Chief Executive Officer, is responsible to the Board of Trustees and, as Accounting Officer, is accountable to the DCMS for compliance with the Management Statement and Financial Memorandum. Within the framework of their statutory duties as stated under the National Heritage Act 1983, the role of the Trustees is to establish NMSI's policy, review performance and endorse appointments to key management positions. Their primary activity is to assist the Chairman in meeting the Board's overall responsibilities, in accordance with the policies of the Secretary of State, and in compliance with charity law. Trustees offer guidance and expertise to the Chairman on NMSI's strategy and its practical implementation.

Trustee subcommittees reflect the individual Museums and cross-NMSI activity. Details of these subcommittees can be found in section 4.4.

In 2008-09, the group of senior managers reporting to the Director within NMSI, together with the Director, formed the Executive, comprising the Director of each Museum, the Managing Director of NMSI Trading Ltd, the Directors of Corporate Services, Human Resources, Finance, Development, Head of Learning, the Chief Information Officer and NMSI Head of Estates. The NMSI Executive is accountable to the Director. It is responsible for resource allocation, leading strategic management, developing the cultural content and programmes and sustaining NMSI values.

1.2.2 Staff engagement

NMSI has created several ways of facilitating effective communications with staff. Regular staff briefings from the NMSI Director, the Directors of Museums and other senior staff on strategic and topical issues are supplemented by NMSI-wide and Museum-specific newsletters as well as announcements and news on the NMSI intranet and by e-mail.

There are a number of forums where NMSI engages with staff representatives and officials from the Trade Unions on matters of mutual interest and concern. These forums are used for the usual business of negotiating pay and benefits, but also for the development of policies and health and safety matters.

NMSI operates a performance development process that enables personal objectives to be articulated and fully aligned to the wider business goals. The process looks at how results are achieved as well as the results themselves, enables individual feedback and development and provides for an element of pay to be directly linked to the assessed individual performance level.

The staff opinion survey remains a primary tool to enable tracking and responding to staff views across a range of issues. The survey is available in online and paper formats. The results are discussed with staff and actions agreed at both central and local level.

In response to last year's staff survey results we have invested in leadership development at senior levels and in career and personal development for all staff. Job-related training for all managers and staff continues to be a priority with induction, management development, health and safety, skills and IT training programmes running throughout the year.

1.2.3 Equality and diversity

It is NMSI policy that all eligible people shall have equal opportunity for employment and advancement in NMSI on the basis of their ability, qualifications and fitness for the work. There must be no discrimination based on gender, race, religion, age, physical disability or sexual orientation against any eligible person whether in recruitment, training, promotion or in any other way.

NMSI aims to reduce job segregation, where people of one group are concentrated in particular areas of work, and to make best use of the potential of all employees, regardless of race, religion, gender, age, sexual orientation or any physical disability.

We have continued our work with the Shaw Trust and Access to Work and a range of specialist advisers to make reasonable adjustments to the workplace for staff and potential recruits with disabilities. NMSI has been commended for the commitment it has shown to this important area.

NMSI has disability and gender equality schemes in place together with their associated action plans.

We also have a Diversity Panel made up of a cross section of staff members who have an interest in diversity. Chaired by the Director, the panel is involved in a range of measures to promote diversity, including participating in the Young Graduates in Museums and Galleries Programme and the *icould* project. Both of these initiatives engage with young adults when they are considering their future careers, enabling us to promote our organisation.

1.3 Relationship between charity and related parties

The National Museum of Science & Industry is an executive non-departmental public body whose parent body is DCMS. DCMS is regarded as a related party. Details of related party transactions are contained in note 21 to the accounts.

2. Review of 2008–09 and plans for the future

2.1 Director's statement

This has been another year of achievement for NMSI led by Martin Earwicker – Director until April 2009.

In 2008–09 we welcomed 4.3 million visitors to our Museums and attracted just over 15.5m visits to our web sites. The 2008–09 year was also a fantastic year for Learning teams across NMSI, with the group delivering live programmes to more than 1 million visitors. The Science Museum has also retained its role as the number-one choice for education visits in the UK, with 357,915 booked education visitors.

Our Trading Company has again delivered solid profits and continues to make an important financial contribution to NMSI, whilst finding innovative ways to bring our assets and intellectual property to a wider audience.

The integrated NMSI organisation continues to deliver both cross-Museum initiatives and efficiencies, the latter of which are being reinvested in the Museums' public offer. For example we have been able to realise efficiencies through the delivery of shared advisory services such as project management and health and safety, and through the establishment of shared maintenance and systems contracts. We are also working with other museums on shared services to realise savings, for example a joint cleaning contract between the Science Museum and the Natural History Museum resulted in lower costs.

Our stimulating cultural programmes continue to deliver content that fulfils our objectives of reaching and engaging a broader audience. The Science Museum was named London Visitor Attraction of the Year in the Visit London awards and was a silver winner of the national Enjoy England Large Visitor Attraction of the Year awards. *The Railway Children*, at the National Railway Museum, won five-star national theatrical reviews and was Visitor Experience of the Year at the Visit York Awards. The National Media Museum attracted record numbers to its exhibitions and successfully hosted the 15th International Film Festival, with appearances from Virginia McKenna and Simon Beaufoy.

This year has been an important year in placing our visitors at the centre of all we do. We have reinforced our commitment to achieving excellence through the provision of a life-enhancing experience for all, and are developing mechanisms for measuring our delivery of this. As part of this, we have launched an NMSI-wide Customer Charter programme that acts as a visitor's 'bill of rights'.

Looking forward, we have exciting development plans in all three Museums. The Science Museum will celebrate its Centenary with a formal dinner on 11 June, a variety of events, a new trail and 'dressing' of the ground floor, and the launch of a new gallery, *Cosmos & Culture*. The programme will run for a year, with a £1m public appeal for funding, and will culminate with the opening of the renewed *Who Am I?* gallery. The National Railway Museum is progressing well in planning and fundraising for our major project to redevelop the Great Hall. At the National Media Museum we have attracted funding for developing a new internet gallery and are working on delivering our London Galleries at the Science Museum for 2011.



Molly Jackson
Acting Director

2.2 NMSI

Objectives

As defined in the 1983 National Heritage Act, NMSI's charitable objectives are to:

- a) Care for, preserve and add to the objects in its collections,
- b) Secure that the objects are exhibited to the public,
- c) Secure that the objects are available to persons seeking to inspect them in connection with study or research, and
- d) Generally promote the public's enjoyment and understanding of science and technology and of the development of those subjects, both by means of the Board's collections and by such other means as they consider appropriate.

Taking due regard of the Charity Commission's general guidance on public benefit, the Trustees of NMSI have agreed that the mission of NMSI is to inspire, engage and motivate the widest audience about the development of the modern world and its relevance to the present and future, through the best use of its collections. In doing so, we aim to provide the widest possible audience with a life enhancing-experience. This informs all decision-making, future planning and the setting of strategic objectives.

Through the delivery of our mission, NMSI's vision is to be the most admired museum in the world and thus be a source of pride to the public, our sponsors and our staff.

In order to achieve this vision, NMSI's strategic objectives are to:

1. Focus on a large and diverse audience through our brands
2. Engage and inspire through the highest-quality informal learning opportunities
3. Develop and promote access to an excellent customer experience for all
4. Develop and reward great people who perform
5. Embed effective management processes
6. Maximise financial resilience and organisational efficiencies

These objectives underpinned all of NMSI's work and the specific objectives and activities implemented at each of our Museums over the course of 2008-09 and in future planning.

Activities and future plans

Below is outlined the work that has taken place throughout the year at each of the Museums. Informing all of this work, and a major achievement for NMSI as a whole, has been the reinforcement of our commitment to achieving excellence through the provision of a life-enhancing experience for all, with audiences at the centre of all that we do. A life-enhancing experience has learning at its heart, being the process of active engagement with experience, and must be engaging, memorable and inspiring, lasting longer than the visit itself. We aim to give our audiences a 'light-bulb' moment, a sense of awe and wonder, an experience that is out of the ordinary and that they refer back to, an insight that helps them make sense of their world.

NMSI's Audience Research and Advocacy team has been working from the start of major projects to ensure that engaging, inspiring and memorable experiences are planned for and supported. This includes the removal of barriers which might otherwise prevent or discourage certain audiences from engaging with the Museum. NMSI also recognises the need to be self-critical if it is to continually innovate and deliver an excellent experience for audiences. NMSI is therefore evaluating projects and the visitor experience against the qualities that support life-enhancing experiences.

NMSI has developed a Customer Charter that acts as a visitor's 'bill of rights' and is improving its customer service to deliver to world-class standards.

2.3 Science Museum

Objectives

The Science Museum is world-renowned for its historic collection, awe-inspiring galleries and inspirational exhibitions, with over a quarter of a million items in the collection housed in London and at Wroughton. Our mission is 'To make sense of the science which shapes our lives', and our vision is to be 'the best place in the world for people to enjoy science'. This commitment drives everything we do. We are already leaders in

science communication and learning, but we plan to go further, establishing new ways of making meaningful connections between our visitors and our collection.

The strategic priorities for 2008-09 were to:

- Deliver world leading exhibitions, websites and live programming that demonstrates the relevance of science to the past, present and future
- Deliver an improved visitor experience from the decision to visit to the moment of departure, with a commitment to place the visitor at the centre of everything that the Museum does
- Increase visitor numbers and reach people who did not currently visit the Museum, from a large and diverse audience and targeted sub-groups, both physical and virtual.

Achievement

A strong visitor offer

This was a strong year with 2,667,807 visitors, an 8% increase against the previous five years' average. As anticipated, the Science Museum Wroughton visitor figures decreased this year to 18,304, mainly due to not holding a Festival in September. The 2008-09 year saw the Science Museum deliver a strong programme of exhibitions, including *Dan Dare and the Birth of Hi-Tech Britain*, *Fast Forward: 20 ways in which F1 is changing our world* and *Wallace & Gromit present A World of Cracking Ideas*. We have also had great success with the highly praised Lates monthly event. For these, the Museum is open until 22.00 with a tailored, themed evening targeted at young adults who have not previously engaged with the Museum.

An award-winning museum

The Museum was a recipient of a number of major awards, including London Visitor Attraction of the Year in the Visit London Awards, and gained a prestigious silver award for Large Visitor Attraction of the Year at the Enjoy England Awards for Excellence. *Launchpad*, our award-winning interactive learning gallery, was particularly instrumental in our success, having exceeded our 1 million visitor target by 700,000 within the first year. More than 3.2 million people have played with the gallery's associated online game of physics puzzles, *Launchball*, which is soon to become an application on iPhone.

Record-breaking learning provision

The wide variety of learning activities and events offered has meant there have been nearly 550,000 instances of people participating in facilitated learning programmes with the Museum. Of these, 94,000 instances were people taking part in our off-site programmes, ensuring the Museum reaches people who would otherwise have difficulty taking part in our activities. This year has also seen the Museum break all previous records for the number of visitors in booked education groups, welcoming over 350,000. The Museum remains the number one destination for booked education visitors in the country. The Museum's reach has also extended even further this year through the Talk Science project, which has worked with 720 teachers across the country, to support them in delivering contemporary science discussion for the classroom. Through this programme and our other courses for teachers and trainee teachers, the Museum has created the potential to reach 404,000 students. Such work has enabled the Museum to make good progress in its aim to provide a learning experience with the Science Museum to all children in the UK by the age of 14.

Support from the community

The Science Museum's volunteer programme has been relaunched and is now placing volunteers in more public-facing roles, improving the experience for our visitors. We are pleased to have recruited 29 new volunteers from a range of backgrounds and will have more volunteers joining shortly.

Activities

Delivering an inspirational offer

The year has seen the opening of a number of gallery updates, temporary exhibitions and charging exhibitions. In April 2008 *Dan Dare and the Birth of Hi-Tech Britain* opened in the *Ingenious* space and *Films of Fact* opened in May. This was replaced in March 2009 by *Fast Forward: 20 ways in which F1 is changing our world*. *Japan Car: Designs for the Crowded Globe* launched on 29 November and *Wallace & Gromit present A World of Cracking Ideas* opened on 28 March 2009. With the focus of increasing accessibility to the Museums collections both online and offline, a new website, *Brought to Life*, was launched on 2 March 2009, providing increased access to the Museum's extensive medical collection.

The Science Museum's arts programme has had an extremely successful year, hosting our first ever dancer-in-residence, Athina Vahla; writer-in-residence Tony White; and two community-based participatory arts

projects funded by Arts Council England. These projects enable us to engage people through interpreting our collections in new ways and the residencies have attracted extremely favourable media coverage and reviews. We have continued to strive to improve access for deaf and disabled visitors throughout the year, ensuring our programme of exhibitions and events are informed by the needs of all our audiences.

Talking science

We continue to stimulate discussion about contemporary science through the *Antenna* programme of exhibitions and events. Feature exhibitions included *Does Flying Cost the Earth?*, which looked at future technologies designed to clean up new planes, and asked what we can all do to cut the carbon footprint of flying. Also presented was *Future Foods*, which highlighted the advances in improving crop yields both using GM and non-GM techniques, and explored the arguments surrounding GM. Fast turnover displays engaged our audiences with the latest scientific news topics, ranging from unmanned planes measuring reduced smog levels during the Beijing Olympics, to the robotic hand that won the MacRobert Award. Science was also brought to life through our *Antenna Live* events during the holiday periods. These included live experiments in the galleries with visitors meeting BERTI the gesture-bot, and the launch of the Bloodhound Project which aimed to build a vehicle that could reach speeds of 1000 mph. The Science Museum's Dana Centre also had another successful year of delivering high-profile, innovative and topical public engagement events. Subjects covered were as diverse as happiness, creativity and climate change.

Developing our peerless collection

Research work on the collections has borne fruit this year with the publication of Vicky Carroll's book: *Science and Eccentricity: Collecting, Writing and Performing Science for Early Nineteenth-Century Audiences* (London: Pickering and Chatto). Notable acquisitions include a rose engine lathe, used to manufacture compound printing plates, and a pantograph engraving machine, both built by Bryan Donkin, c.1820; and a collection of toy figures from Margaret Lowenfeld's Institute of Child Psychology, used in her 'World Technique' therapy from the 1930s to the 1960s. The Museum is successfully building links with the university sector to develop research on the collections and relevant subject areas, notably via its membership of the London Consortium, and a group of research-council-funded collaborative awards, two of which commenced in the autumn.

Future plans

The Museum will continue to develop, design and deliver a sustained programme of cultural offerings to explain, inspire and engage people in science, technology and medicine. It will learn from the findings of evaluations against the delivery of life-enhancing experiences and develop programmes to engage a larger and more diverse audience.

The years 2009 and 2010 will commemorate the Museum's Centenary with a three day party on 26–28 June 2009, when plans for the Museum of the Future will be revealed. In July and August 2009, the *Cosmos & Culture* gallery will open, with the *Time Measurement* gallery also being updated. To commemorate the Year of Astronomy and lunar anniversaries, the Museum will run a space season during August. The new 4D simulator in the Wellcome Wing and the IMAX Cinema will be showing space-themed programmes. The Lates programme continues throughout the year on the last Wednesday of each month, welcoming between 2000 and 3000 young adults per month. The renewed *Who am I?* biomedical gallery will be delivered in 2010 at the end of the Centenary year, which is also when we will open *Watt's Workshop*. Preparatory work continues on longer-term plans for an update of the *Mathematics* gallery, *Climate Change* and two major new core galleries, *The Making of Modern Science* and *The Making of Modern Communications*, for delivery in 2013.

We shall continue to grow the reach of our learning programmes. We will implement Collecting Stories, the new DCMS/DCSF Strategic Commissioning project that builds on the success of our community partnerships in the Creative Canals project. Collecting Stories is designed to unleash the science in collections of any kind, and we will be working in partnership with the National Railway Museum and regional museums to deliver this. We will also be working in a new partnership with the Natural History Museum and Museums, Libraries and Archives Council (MLA) to deliver a range of programmes to museums around the country as part of the Science in Your World Project.

We shall continue to build, understand and make accessible the world's best museum collection for science, technology, engineering, medicine and design and enterprise, both in the Museum and online, whilst proactively acquiring objects to build the strength of the collection. In 2009-10 we will complete the second and final phase of the *Brought to Life* medical collections website. Two more collaborative doctoral studentships funded by the Arts and Humanities Research Council (AHRC) will commence. We shall publish a Centenary history of the Science Museum with input from curatorial staff and external authors. The Curatorial Team will also be commencing an active collecting initiative and devising a new collecting policy, whilst the

rationalisation project will see the dispersal from the collections of a number of unwanted objects under the terms of the National Heritage Act.

2.4 National Railway Museum, York and Locomotion at Shildon

Objectives

The National Railway Museum operates museums at York and at Shildon, County Durham. Our vision is to be a 'world-class museum where people from all walks of life will choose to explore how railways help shape our world'. We possess a world-class collection and enjoy a high level of public awareness on both the national and international stage with our visitor numbers at York placing the Museum at the top of the league of museums outside London. Our work this year has helped to build strong foundations upon which to achieve our ultimate aims of being:

- A dynamic 21st-century museum experience
- The north of England's premier heritage attraction
- Recognised as the world's leading museum in its field
- The centrepiece of a new cultural quarter in York

In 2008-09 the Museum particularly aimed to:

- Operate a leading international museum providing a compelling experience for visitors to York and Shildon
- Provide proper stewardship for the Nation's railway collection and maximise its usefulness to people
- Provide popular and relevant programmes and services for the widest range of learners
- Provide education, interpretive and curatorial services for diverse audiences nationwide

Achievements

A strong visitor offer

Both Museums had another successful year with the new cultural programme and other planned developments going from strength to strength. We welcomed 773,157 visitors at the National Railway Museum and 138,653 to Locomotion. *Search Engine*, the National Railway Museum's new library and archive centre, had a highly successful first year. Over 30,000 visitors have used the archive facility since it opened and two exciting new exhibitions have been hosted in the dedicated gallery space.

Learning programme success

The year saw 137,000 instances of children participating in organised educational sessions and 363,000 instances of people participating in facilitated learning programmes, exceeding our targets. This success was aided by investment in our Explainer team and the delivery of new interactive stories. Several new family offers were launched, including interactive storytelling sessions and signing Saturdays for hard-of-hearing visitors. *Anim8ed*, the National Railway Museum's Strategic Commissioning Partnership Project, funded by DCMS and DCSF, and led by the National Media Museum, also engaged pupils to make animations about railway journeys. Locomotion's learning team delivered pioneering vocational training programmes for underachievers in local secondary schools. Two major community-based intergenerational learning partnerships were launched and will run until 2010.

An award winning museum

Our successes were recognised by the receipt of several prestigious awards including Visitor Experience of the Year at the Visit York Awards 2009 for the production of *The Railway Children* staged at the National Railway Museum by York Theatre Royal. The production was described by judges as a 'fantastic innovation' and is returning by popular demand in summer 2009. We also received the John Coiley Award for Locomotive Preservation for our work in partnership with volunteer groups to restore to running order the locomotive *Oliver Cromwell* in time for the 40th anniversary of its hauling British Railways' last steam passenger train. The project was funded entirely by public donations and help in kind, and the locomotive has subsequently toured nationwide.

We were also finalists for Conference Business of the Year at the Visit York Awards 2008 and 2009 and in the New Venue category at the Yorkshire Business Insider Awards 2009 for Valiant, our new dining carriage.

Activities

Developing a dynamic 21st-century museum experience

Excellent progress has been made with the National Railway Museum's ambitious plans to redevelop the Museum's Great Hall – planned, subject to successful fundraising to open in 2012. The redevelopment will enable us to attract a larger, more diverse audience, with mould-breaking displays providing new ways for individuals to engage with our collections and understand how railways help shape our world. The redevelopment will play an important part in supporting the York economy and that of the region, drawing visitors from across the country and overseas.

Progressing the Museum as the centrepiece of a new cultural quarter in York

York Central, a partnership between the National Railway Museum, Network Rail and Yorkshire Forward to develop the 33 hectares of land surrounding the Museum took a crucial step forward. A positive response was received from potential developers and although in the current economic circumstances, progress is difficult, shortlisted developers and the partners are pressing forward in the hope that a mutually satisfactory development agreement can be finalised. The exciting scheme will see the National Railway Museum at the heart of a new neighbourhood of shops, offices and homes.

Delivering inspirational programmes

The new cultural programme had a highly successful first year, attracting visitors from all walks of life. We welcomed over 60,000 people to the China 08 festival over Easter and *The Railway Children* attracted five- star reviews and was enjoyed by over 24,000 visitors. In May more than 8,500 visitors took part in the celebrations of 40 years since the end of steam and August saw the launch of the Museum's first online exhibition *Railway on the roof of the world*. Finally, a new commercial event, The Great Reunion, saw over 1,000 people enjoying a unique line up of four A4 locomotives.

Maintaining access to our world-leading collection

Our commitment to caring for and conserving our collections continued with the restoration of *Duchess of Hamilton* to its original condition as a streamlined locomotive, which is now almost complete. The overhaul of *Flying Scotsman* is continuing and mainline operations are scheduled for 2010. Conservation of an 1897 British-built locomotive and carriage whose working life was spent in South Africa also commenced in readiness for the redevelopment of the Great Hall.

Support from the community

Volunteers continue to play a vital role and over 250 volunteers contributed over 18,000 hours of work for the Museum over the past year. They have been involved in a wide range of work, from vehicle conservation and assisting with events, to working in the press office. The National Railway Collection is spread across the country with, apart from York and Shildon, material on loan to, and frequently cared for by, around 80 organisations across the UK, many of them community based. Our community-based partnership to restore, care for and operate the locomotive *Oliver Cromwell* won the key railway vehicle conservation award from the Heritage Railways Association in 2008.

Development of Locomotion

Locomotion continues to attract visitor numbers well ahead of our original targets. Our partner at Locomotion, Sedgefield Borough Council, was absorbed into the new unitary Durham County Council from April 2009. The Locomotion phase two development plan, which envisages a major addition to the learning and interpretative facilities on site, has passed the first stage of Durham County Council's ATMap and has been recognised as a project of regional importance. Further progress will be made once the new authority has settled down. The popular cultural programme, which includes the North East Steam and Diesel Galas, continues to attract large audiences and an Esmée Fairbairn Foundation grant is supporting continued training in conservation and engineering.

Future plans

Future cultural programme highlights include a focus on India in 2009 with a festival and exhibition exploring India's railways, welcoming home the streamlined *Duchess of Hamilton* and a special exhibition on innovation for young people featuring *Wallace & Gromit*. *Flying Scotsman* will return in 2010 and we will host a *Gateways to Europe* exhibition in partnership with the Spoorwegmuseum in Utrecht and a season of debate exploring the future of the rail industry. In 2011 our focus will turn to contemporary art and the launch of a purpose-built art exhibition space which will enable us to target new audiences and provide new ways of accessing our collections.

We shall continue our work to transform the Museum's Great Hall and deliver a state-of-the-art visitor experience with new multi-sensory, multimedia and interactive exhibitions. Architects and designers will be appointed to develop detailed scheme designs and we shall continue to ensure that audience and customer needs remain at the heart of our plans. Ensuring the delivery of a life-enhancing experience for our customers will be aided by the expansion of our audience research and advocacy team. A consultation has been carried out on access for deaf and disabled audiences and the findings will inform the redevelopment.

Subject to changing market conditions, in partnership with Network Rail and Yorkshire Forward we will appoint developers for the York Central scheme and shall work with them to develop more detailed plans ahead of a planning application.

We shall continue to develop and deliver our high-quality learning experiences. A Learning Platform will be developed that will introduce the concept of science and engineering through interactive shows and presentations. We shall be implementing Collecting Stories, our DCMS/DCSF Strategic Commissioning project in partnership with the Science Museum and regional museums. New resource materials for teachers and students will also be developed.

2.5 National Media Museum

Objectives

The National Media Museum's vision is to be 'the best museum in the world for inspiring people to learn about, engage with and create media'. We will do this by expanding our world-class collections, increasing our significant expertise in our core subjects, delivering well-established and respected programmes, and achieving high levels of visitor satisfaction and a strong profile and reputation.

Our objectives for 2008-09 were to:

- Successfully deliver the Museum's public programme to meet a defined audience strategy
- Show significant evidence of increased reputation measured through media appearances, critical acclaim and increased partnership working
- Move forward our programme of improvements, including improved customer care, film strategy and web improvements
- Move forward our plans for London Galleries focusing on securing significant funds and defining a completed design and programme
- Develop our Internet gallery project focusing on securing significant funds and completing a first-stage design concept

Achievements

A strong visitor offer

We welcomed 700,964 visitors to the Museum during 2008-09. This is just above our target for the year of 700,000. We have delivered a more targeted cultural programme that has resulted in 175,000 visits to our exhibitions. We have benefited considerably from the investment in our IMAX cinema, as this has enabled us to expand our programme to include major feature films such as the Batman movie *The Dark Knight* and 3D versions of *Fly Me to the Moon*, *The Polar Express* and *Monsters vs Aliens 3D* – all of which have proved successful with audiences.

Learning programme success

The year saw over 90,000 instances of people, including 54,000 children, taking part in facilitated learning activities run by the Museum. Of these, 3400 instances resulted from activities delivered outside the Museum, enabling us to reach people who might not otherwise have the chance to experience the Museum. Almost 60,000 people visited the Museum in booked education groups, exceeding our targets. This success was aided by projects such as *Anim8ed Stories*, the ongoing DCMS/DCSF-funded Strategic Commissioning project, which the Museum's learning team continued to lead using animation to engage children and young people from 12 new schools with the Museum's collections.

Recognition for quality offer

The Museum has continued to be recognised for the quality of its offer, being a finalist for White Rose Awards Visitor Attraction of the Year – 250,000 visitors and over, as well as the White Rose Awards Business Tourism Venue of the Year.

A world class offer in London

The exciting project to increase access to our collections through the establishment of a National Media Museum gallery within the Science Museum in London (London Galleries project) has made significant progress. Focus-group and online market research has established a real appetite for the different types of exhibition we create in Bradford to be shown in London, and indicate the capacity to reach new and more diverse audiences. Plans for the gallery will continue apace next year. The development of an internet gallery in Bradford has attracted significant funding, an initial design is complete and development work designing some of the interpretation and interactive elements is under way.

Activities

Providing truly life-enhancing learning experiences

The Museum has continued to programme activities to reach a wider audience. October saw the launch of our new family learning programme. We now offer monthly family fun days, as well as a programme of events and activities integrated with the theme of our exhibitions, such as monthly Watch with Baby screenings and Stay and Play sessions for parents and toddlers that ran for the duration of the *Baby* exhibition. A new programme of media-based learning activities is now on offer for groups with special educational needs.

A range of new offers have been delivered during the course of the year to meet the needs of formal learning students, many of which have been in partnership with wider initiatives supporting the needs of students across the country. The Museum contributed to an e-learning module on the Espresso web-based e-learning service currently on offer to 10,000 schools. The Museum has also produced an ESOL Guide, which uses the Museum galleries as the basis for learning English in context. Progress has also been made against our ambitious plans to embed our learning programmes into every FE/HE photography programme in the country by 2012. This year has seen a series of workshops developed to support the new Creative and Media Diploma.

Delivering on an international stage

The Museum successfully delivered three film festivals during the year. Highlights over the past year have included visits by a number of high profile guests. Attendees at the 15th Bradford International Film Festival included Virginia McKenna, Simon Beaufoy, Terry Jones, Peter Whitehead, Derren Nesbitt, the cast and crew of the new Michael Caine film *Is Anybody There?* and the cast and crew of the closing-night film *Awaydays*. As part of Bradford Animation Festival, Al Jean, Executive Producer of *The Simpsons*, talked about his career in a packed Pictureville Cinema. We have also been working with the City of Bradford and other partners to deliver the UNESCO City of Film bid which, if successful, will make our home city the first to receive this designation.

Delivering inspirational exhibitions

The exhibition programme in Gallery One included the final weeks of the *Henri Cartier Bresson Scrapbook*, which had only toured three venues in the world – New York, Paris and Bradford. This was succeeded by *Live by the Lens: Die by the Lens*, an exploration of the relationship between the film industry and photography, combining some iconic images from the collection with loaned material from leading practitioners. *Here's One We Made Earlier: 50 Years of Blue Peter* was a unique collaboration with the BBC and *Baby*, an international touring show, was hosted after being revisited in partnership with the curators to include many examples of work from our collections alongside loaned and contemporary work. In Gallery 2, *Sunny Snaps* again made good use of the collections and loans from beach photographers to bring alive a form of photography that has all but died out, but which had tremendous impact on people's lives. *Pavilion: New Works* was a partnership with the Leeds-based commissioners of new photography which showcased some up-and-coming practitioners while *Babies* reflected the themes of the main *Baby* exhibition in Gallery One with community contributions, images from important local archives and new commissions from photographers Ian Beesley and Tim Smith.

Making more of our collection

The Museum continues to be recognised internationally, progressing a major research partnership with the Getty Institute to research the photographic collection. This research partnership has already yielded many new conclusions regarding the history of photography. We are also continuing to expand our collections, having established a partnership with Nottingham Trent University to launch the UK's first National Video Game Archive which is housed at the Museum but managed, steered and researched through Nottingham Trent University's Centre for Contemporary Play. The Museum was able to acquire the historically important and unique photograph album *Miniature Edition of Mrs Cameron's Photographs From the Life, 1869* by the eminent British Victorian photographer Julia Margaret Cameron, which was made possible through funding from the Heritage Lottery Fund and The Art Fund.

Future plans

We continue to fundraise for the delivery of the London Galleries. In Bradford, the future programme is taking shape: a Creative Director, soon to be appointed, will work with the Exhibitions team to deliver an ever-stronger programme of world class exhibitions which provide our visitors with exciting ways to access and understand our collections.

An improved public offer, with customers at the centre, will be delivered this year with a refurbishment of the foyer and improved customer welcome. This will release the proposed site of the internet gallery which will be the first gallery in the world dedicated to this exciting topic.

We continue to work in partnership with the City of Bradford and Bradford University to explore ways in which the full remit of the Museum might be expressed on the current site in the longer term.

Family Learning Courses have been developed with Education Bradford and will be launched in 2009-10. A family learning space will be completed at the end of 2009 and the Museum will be working in partnership with the British Library Strategic Commissioning project Make an Impact, which involves working with intergenerational groups.

2.6 National services and activities

Estate management

Good progress has been made in the renewal of the estate infrastructure, which in the last year has seen a number of notable improvements mitigating risks in relation to health and safety and buildings infrastructure, as well as improving the general visitor surroundings. Examples include renewing and making safe the Pictureville projection room at the National Media Museum, the replacement of old cooling towers with new dry towers, renewal of the high-voltage system at Wroughton, renewal of several roofs at the Science Museum and renovation of the exterior of the Peter Allen Building at the National Railway Museum. The installation of energy meters throughout the Science Museum, as part of the South Kensington Consortium 'invest to save' scheme, was also completed; results are being monitored and will be used to plan for targeted energy-use reductions.

Procurement

Opportunities for procurement partnerships continue to be explored, with a number of joint tenders being advertised. Savings continue to be made through effective procurement and renegotiation of contracts. A new procurement policy has been agreed, to be implemented in the 2009-10 year following a procurement training programme which will further improve capability in procuring goods and services.

Health and safety

Progress has been made towards achieving OHSAS 18001 accreditation and areas for improvement are being addressed. The relationship with HSE on the FOILE programme will continue into 2010. Health and safety training has been undertaken throughout the year, including asbestos awareness training and in meeting the requirements of COSHH legislation. There has also been good progress in the last year in removing all asbestos – where it is reasonably practical to do so – from the organisation's buildings.

Fundraising

At all three NMSI museums we continue to diversify our income streams. We are building unrestricted support through our Patrons Programme, an annual individual giving scheme, now in its second full year of operation, which is designed for individuals with a strong interest in and commitment to the work of the Museum. In addition, after a little more than one full year of operation, the Science Museum membership programme has over 1500 members and is growing both through new members and a steady renewal rate. A membership programme customised for the National Media Museum's audience will be launched in autumn 2009, in conjunction with a series of exhibition openings. Also in 2008-09, with great support from the Friends of the National Railway Museum, we successfully launched a legacy programme at the National Railway Museum. A similar programme for the Science Museum is on schedule to launch in summer 2009. All of the fundraising initiatives described above – patrons, membership and legacies, together with the support from volunteers – will, over time, result in a reliable source of income and an expanded group of advocates for the NMSI group of museums.

The Science Museum continued to strengthen its ongoing partnerships with corporate sponsors such as BP and Shell, and made significant progress in building relationships with new corporate prospects. The Science Museum also continued to benefit from strong support from trusts and foundations for ongoing programmes and special projects and exhibitions. Of particular note is strong support from the Wellcome Trust and GSK for

the redevelopment of the Museum's *Who am I?* gallery, which is due to open in June 2010. Despite a downturn in the economy, the Science Museum increased its corporate members in both number and revenue.

The National Media Museum significantly expanded the receipt of external financial support for the Museum's film festivals and saw an increase in support from business partners. Fundraising plans for two capital projects, London Galleries and the internet gallery, are well in hand.

The National Railway Museum is pleased to report an HLF Stage One award for the redevelopment of the Great Hall. With the HLF development grant we are now able to develop our Stage Two bid. Concurrently, we are in discussions with additional funders from all sectors, including Government, industry and individuals, to reach our overall goal. On the revenue side, of particular note is the Steam Our Scotsman appeal, which was launched with huge media and public interest. Through this public appeal we are able to broaden the support we receive from individual donors.

Online Improvements

A new Retail EPOS system across the three brand sites has been implemented by the ICT and Systems team which provides customers with a faster and more reliable transaction at the point of sale. At the National Railway Museum the ICT Team has implemented a wireless facility allowing customers visiting *Search Engine* to gain free access to the internet.

Corporate and Collections Information

A complete revision of the NMSI Publication Scheme has been undertaken by the Corporate and Collections Information group (CCI) in line with guidance received from the Information Commissioner's Office. The revised scheme makes additional information relating to the organisation and its internal governance readily available to the public. CCI is also in the process of extending the capability of its collections management system which will enable external users to interrogate the database for non-sensitive information and answer a range of questions for themselves concerning collections both on display and in store across the NMSI family of museums.

2.7 Performance

Information is sourced through both internal records and periodic independent external surveys.

Performance against NMSI key performance indicators

Total number of visits to the Museum (including corporate hire)	Science Museum (SM)	National Railway Museum (NRM)	National Media Museum (NMeM)	Locomotion	Science Museum at Wroughton	All NMSI
Outturn 2007-08	2,712,824	843,311	737,857	149,100	49,675	4,492,767
Outturn 2008-09	2,667,807	773,157	700,964	138,653	18,304*	4,298,885

* Science Museum at Wroughton is the Science Museum's collections store and is no longer being promoted as a visitor attraction

Visits by all educational visitors	SM	NRM	NMeM	Locomotion	Science Museum at Wroughton	All NMSI
Outturn 2007-08	320,368	81,819	51,196	4,976	N/A	458,359
Outturn 2008-09	357,915	46,318	59,448	13,881	N/A	477,562

A key performance indicator for the Museum is the delivery of a life-enhancing experience. Work is taking place to measure this outcome and findings will be assessed in 2009-10.

Performance against DCMS indicators

Number of visits to the Museum (excluding corporate hire)						Science Museum at Wroughton	All NMSI
	SM	NRM	NMeM	Locomotion			
Outturn 2007-08	2,683,726	821,175	730,382	149,100		Not reported	4,384,383
Outturn 2008-09	2,625,523	747,228	694,699	138,653		755	4,206,858

The 2007-08 profile figures below were based on the total number of visitors including corporate event visitors. Following updated DCMS guidelines, the 2008-09 profile figures are based on the total number of visitors excluding Corporate event visitors. During 2008-09 a new more robust methodology was also introduced, based on a larger sample size. This has resulted in some significant differences year on year.

Visitor profile data is not reported for the collection store, Science Museum at Wroughton.

Number of visits by children under 16	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	882,627	203,200	197,334	44,723	1,327,884
Outturn 2008-09	952,249	205,941	188,590	41,730	1,388,510

Number of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	164,827	270,651	173,825	91,715	701,018
Outturn 2008-09	217,526	128,556	88,367	44,187	478,636

Number of visits by UK adult visitors aged 16 and over from an ethnic minority background	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	164,827	30,162	68,943	1,044	264,976
Outturn 2008-09	174,020	5,142	58,911	1,880	239,953

Number of visits by adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability or infirmity	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08					<i>New DCMS Indicator for 2008-09</i>
Outturn 2008-09	21,753	56,564	24,546	9,402	112,265

Number of overseas visitors	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	1,095,927	47,278	13,587	5,796	1,162,588
Outturn 2008-09	918,933	37,361	20,841	4,160	981,295

Number of visitors over 60	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	175,496	237,990	115,312	22,456	551,254
Outturn 2008-09	83,664	129,909	101,222	29,077	343,872

Percentage of visitors who would recommend a visit	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	<i>New DCMS Indicator for 2008-09</i>				
Outturn 2008-09	98%	99%	98%	96%	98%

Number of facilitated and self-directed visits to the museum/gallery by children under 16 in formal education	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	<i>New DCMS indicator for 2008-09</i>				
Outturn 2008-09	228,351	34,211	32,051	5,389	300,002

Number of instances of children under 16 participating in on-site organised activities	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	302,900	67,739	37,487	3,356	411,482
Outturn 2008-09*	351,025	130,523	51,407	7,867	540,822

* Large increases due to change in collection methodology to count instances rather than visits

Number of instances of children under 16 participating in outreach activities outside the museum/gallery	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	69,560	8,830	2,175	1,047	81,612
Outturn 2008-09	85,465	7,111	2,553	2,269	97,398

Number of instances of adults aged 16 and over participating in organised activities at the museum/gallery	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	116,256	298,526	37,657	5,352	457,791
Outturn 2008-09*	102,041	224,821	35,614	8,547	371,023

*Decreases due to change in collection methodology to exclude accompanying adults for child-centred activities

Number of instances of adults aged 16 and over participating in outreach activities outside the museum/gallery	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	10,546	272	1,661	Not reported	12,479
Outturn 2008-09	8,733	285	861	359	10,238

No. of unique website visits*	SM	NRM	NMeM	Locomotion	NMSI**
Outturn 2007-08 including robots	12,110,264	1,208,270	4,929,743	49,073	18,297,350
Outturn 2007-08 excluding robots	8,969,027	876,764	1,610,719	49,073	16,141,650
Outturn 2008-09 excluding robots	9,986,345	1,053,767	1,832,441	41,737	15,572,944

* DCMS revised definition introduced 2008-09 requires exclusion of robots in count. These have been excluded where possible and 2007-08 figures recalculated to aid like for like comparison.

** Figure additionally includes pan-NMSI websites. Decrease in 2008-09 due to decrease in Science and Society Picture Library Website figures, for which it is not possible to remove robots at present.

Number of UK loan venues	SM	NRM	NMeM	Locomotion	NMSI
Outturn 2007-08	88	71	10	N/A	169
Outturn 2008-09	89	68	15	N/A	172

NMSI-wide	Outturn 2007-08	Indicator 2008-09	Outturn 2008-09
Value-for-money savings	N/A	£1,027k	£1,344k
Admissions	£575k	N/A	£253k
Trading income	£2,646k	N/A	£2,285k
Fundraising	£6,233k	N/A	£3,128k

Sickness absence

The average number of days lost for sickness for each full time equivalent employee was 6.7 days.

3. Financial review

3.1 Review of financial position

3.1.1 Visitors

Visitor numbers across NMSI totalled 4,298,885, which is 4% down on the previous year but still close to target. This fall can in part be attributed to the Easter school holidays falling after March this year, and the fact that 2007-08 was a record-breaking year for visitor numbers at NMSI. Visitor numbers decreased by 5% at the National Media Museum, although they remained 3% up against the previous five years' average and met the 2008-09 target. Decreases at the National Railway Museum can also be attributed to a continuing decline in visitor numbers to the Yorkshire Wheel and its removal midway through the year, although events such as the award-winning production of *The Railway Children* ensured a boost to numbers. Following record numbers in 2007-08, with the opening of *Launchpad*, the Science Museum saw visitor numbers fall slightly by 2% this year. However, visitor numbers remained 8% up on the previous five years' average and visitor number targets for the year were exceeded.

3.1.2 Income and expenditure

Income for the year was £58.4m, including Grant in Aid of £39.2m, commercial income of £12.8m and grants, donation, sponsorship and lottery income of £3.1m. Income was £3.2m lower than 2007-08, the reduction being primarily due to lower receipts of grants, donations and sponsorship in 2008-09, as new activity starts from 2009-10, and to lower commercial income offset by an increase in Grant in Aid income of £0.7m.

Income from sponsorship, £0.6m, grants, legacies and donations, £2.3m mainly arose from sponsorship, grants and donations for *Brought to Life*, £0.4m, *Creative Canal* partnership, £0.1m, and energy saving investment activity, £0.2m, at the Science Museum, *Search Engine*, £0.3m, and the *Flying Scotsman*, £0.5m, at the National Railway Museum and donated capital and heritage assets of £0.3m together with funding for a variety of short-term exhibitions and programmes and unrestricted donations.

Rental income at £0.6m was increased mainly by the letting of office space at the Science Museum made available by more effective use of office space within the buildings and continued letting of short-term storage space at the Wroughton site. Other income related to learning events, service charges to tenants, services to visitors and contributions from Sedgfield Borough Council towards the costs at Locomotion.

Commercial activities included both visitor and non-visitor commercial activities at all the Museums and online together with the provision of visitors' services and marketing to the Museums. Commercial profit was slightly reduced from 07-08 mainly as a result of lower retail sales in the Science Museum as a result of lower visitor numbers and increased costs and lower rental income from surplus storage space at Wroughton.

NMSI Trading Ltd terminated the covenant to transfer all taxable profit to NMSI and will in future transfer profit by gift aid. It also reduced its share capital in 2008-09 and, by retaining a small amount of profit, will move to a positive profit and loss account balance.

Operational costs were £69.6m, (2007-2008 £71.4m). There was continued focus on releasing funds wherever possible to support front-line activity and improving the visitor experience. The joint metering initiative across organisations in South Kensington was completed, giving a wealth of data to enable focus on the most effective energy-saving activities in future. Restricted income relates to the funding of depreciation for a range of previous capital developments together with supporting a range of programmes and temporary exhibitions.

3.1.3 Balance Sheet

Fixed Assets increased in value by £8m moving from £254.6m in 2007-08 to £262.6m by the end of 2008-09. Changes as a result of the five yearly property revaluation resulted in an increase of £21.9m, less the impact of depreciation (£14.9m) offset by additions of £1m. The main effect of the **revaluation** was to increase the value of the Science Museum buildings by £25.6m and the site at Wroughton by £2.7m while decreasing the value of the National Media Museum assets by (£5.1m) and Blythe House by (£1.1m). The net movement of the value of the National Railway Museum was minimal, the write down of the rail Connection license being offset by the increase in value of the Museum land and buildings. The value of Locomotion at Shildon and the Concrete Works at the National Railway Museum was static, it being deemed prudent not to increase the value of the Concrete Works with the current market volatility.

Additions of £1m to the Fixed Assets in 2008-09 included replacement dry cooling towers at the Science Museum, £0.3m, and improvements to the IT network and movement of the ICT equipment rooms £0.3m.

Stock levels fell from £659k to £613k as a more focused approach to stockholding across the Museums was facilitated by the new stock control system.

Debtors fell by £1m from £4.7m to £3.7m, the reduction mainly being in Museum-trade debtors as project activity was completed offset by a small increase in trading prepayments as a result of an exhibition opening late in the year. Intercompany debt reduced by £0.3m as planned.

Creditors and deferred income rose by £1m, mainly as a result of sponsorship income received in advance of related activity.

Cash and investment balances increased by £3.9m, partly as a result of funds allocated to projects being completed in 2009–10 and advance receipts of funds for sponsored activities.

3.1.4 Restricted funds

The Sponsorship, Grants and Donations reserve fell from £2.7m in 2007-08 to £1.8m in 2008-09 as *Search Engine*, Invest to Save energy-saving activities and *Brought to Life* projects were progressed.

3.1.5 Designated reserves

The Museum Improvement Reserve rose from £7m to £8.9m as funds were allocated to the *Flying Scotsman* renewal, Science Museum Centenary celebrations, the *Cosmos & Culture* gallery and the new ticketing system – all well underway for completion in 2009-10.

3.2 Risk management

The Corporate Risk Group, comprising members representing all sites and functions, monitored the major risks and focused on measures in place to manage them during the year, reporting to the Audit Committee and the Board of Trustees. Risk assessment and management formed an integral part of business planning and project management.

Significant NMSI-level risks during the year were identified as a scarcity of capital funding and a severe and prolonged downturn in the economy as donors seek to curb their expenditure in more straitened times and visitors reduce expenditure within the Museums or choose to reduce visits. The results are much slower renewal of galleries and a risk to the quality of some storage facilities with potential impact on collections care standards together with a reduction in learning and temporary programmes at the Museums. Other significant risks included issues arising from health and safety, an external event such as terrorism or flu pandemic, and the Museum's creative offer failing to remain attractive to visitors.

3.3 Financial policies

3.3.1 Creditor policy

The Museum creditor policy operates a 30 days payment policy where no payment terms have been specifically agreed. Under this, 67.33% of payments (including possible disputed invoices) were made within this policy for 2008-09, (2007-08 65.2%).

3.3.2 Investment policy

The Trustees are empowered to invest by the Trustees Act 2000. Taking into account both best return, short term availability and security, NMSI makes the optimal use of cash investment opportunities by ensuring that all funds identified as surplus to working capital are reviewed daily and invested on short to medium term facilities to maintain their value over time. Until longer-term surplus cash can be identified, investment of a more permanent nature is not planned; the position is reviewed on a periodic basis. Social, environmental and ethical considerations would be taken into account. The policy was reviewed by the Finance and General Purposes and Audit Committees in September 2007.

3.3.3 Reserves policy

The Trustees review the reserves policy each year as part of the budget process in determining the levels of the reserve allocations. In addition to designated reserves where funds have already been allocated to particular purposes ranging from capital renewal to revenue-funded programmes, funds have also been allocated to a Contingency Fund to provide a reserve for use when significant unforeseen costs arise. The Trustee Finance and General Purposes Committee has reviewed the risks and determined that the fund should be increased progressively to at least £2m depending on the recent calls on the fund and the size of the current capital programme. The level of the fund is reassessed annually as part of the budget activity and also when any major change in the level of activity is planned.

The Contingency Fund is at £1.8m at 31 March 2009 and it is planned to increase it further in 2009–10 to £2.1m to match the added risks arising from the forward capital programme. Unrestricted general funds usually arise from the previous year's surplus and are allocated for expenditure or to a designated reserve in the following year. See note 18 in the notes to the accounts.

3.4 Information loss

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

Summary of Protected Personal Data Related Incidents Formally Reported to the Information Commissioner's Office In 2008-09

Statement on Information Risk	The wide range of information risks was managed through relevant policies and procedures. Following a loss of employee-related data by a contractor during the year, no misuse of that data has been notified. Specific review of exposure through contractors has been reviewed and steps taken to eliminate the possibility of repetition. An in depth review of information-related risk took place during 2008-09 in line with the Cabinet Office guidance, a programme of actions was defined and has been progressed satisfactorily.			
Date of incident	Nature of incident	Nature of data involved	Number of people affected	Notification steps
October 2008	Loss of inadequately protected laptop from contractor outside secured premises	Employee data records	Up to 3,456	Individuals notified by post
Further action on information risk	NMSI will continue to monitor and assess its information risks in the light of the loss in order to identify and address any weaknesses and ensure continuous improvement of its systems. Specific attention has been paid to the security of personal data held by contractors.			

There were no incidents unreported to the Information Commissioner's office in 2008-09.

3.5 List of sponsors and donors

Aesthetica Magazine	Michael and Jane Wilson
Alan Moore	Midland Hotel
Albert R. Broccoli and Dana Broccoli Foundation	MLA
Arts Council England	Moveright International Limited
Asahi	
	National Express
Bachmann Europe Plc	National Savings & Investments
Bluebell Railway	NedRailways
BP International Limited	Nintendo UK
Bradford Youth Offending Team	Notschool.net
British Psychological Society	NXEC Trains
Business in the Community	
	Ottley Club
CGIAR	
Charities Trust	PACE Microtechnology
Culture Ireland	
	Red Squirrel Media
Daimler AG	Royal Academy of Engineering
DCMS (via NHM)	Royal Astronomical Society
DCMS / DfES Partnership	Royal Photographic Society
DCMS/Wolfson	
Dulay Seymour Creative Communications	Science & Technology Facilities Council
Durham Education Business Partnership	Sharegift
	Shell UK
EADS	Siemens plc
Engage	Sir James Knott Trust
Eon Productions	SITA Trust
European Science Foundation	Spellman-Walker
Film and Festival.com	The Art Fund
First Light Movies	The Estate of Charles Henry Bottoms
Forestry Commission	The Football Foundation
Friends of NRM	Toshiba Corporation
Friends of NRM – Locomotion	Tyersal Pallets
	Tyne & Wear Museums
Goldsmiths University of London	
	UBS
Haworth Rotary Club	Universal-Live
HB Allen Trust	University of Bradford
Henry & James	University of York
Heritage Lottery Fund	
H M Treasury strategic commissioning funds	Wellcome Trust
	WMG Photography Fund
JCT6000 BMW	
John Kobal Foundation	Miscellaneous company donations
Johnson Matthey plc	Donations from individuals via donation boxes and other miscellaneous giving
Jo Malone	Many donors, both company and individual, to Steam our Scotsman

3.6 List of Corporate Partners

SCIENCE MUSEUM

Patron	BP Forensic Science Service GlaxoSmithKline
Fellow	National Savings & Investments UK Trade & Investment
Benefactor	Siemens
Member	Akzo Nobel Arup Group Ltd CMS Cameron McKenna Cobham plc EADS Farrer & Co Lloyds TSB Smiths Group plc Tranter Lowe

NATIONAL RAILWAY MUSEUM

Patron	Central Japan Railway Company DB Schenker Eurostar Porterbrook Leasing Company West Coast Railways West Japan Railway Company
Benefactor	Bachmann Europe Plc Corus First TransPennine Express Hornby Linde Castle Moveright International Ltd Northern Rail Wabtec Rail Ltd
Member	Jarvis Rail National Express Ned Railways Saville Audio Visual
Associate	Heidenhain (GB) Ltd Milburns Railfilms Shepherd Group

NATIONAL MEDIA MUSEUM

Business Partner	Bradford College Dulay Seymour Creative Communications Grimsby Institute Gordon's Solicitors Hallmark Kodak	Last Cawthra Feather Midland Hotel Red Squirrel Rex Procter & Partners Spellman Walker Universal Alive
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3.7 List of Patrons

Newton Circle	Howard and Veronika Covington UK Friends of the Science Museum Michael and Jane Wilson	Brunel Circle	Toby and Kate Anstruther Lady Chisholm Diana Shaw Clark Dr Ann Coxon Mr and Mrs Michael Hoffman Mr Alan Moore CBE Cynthia E Rallis Sir John Rose Leopold de Rothschild Professor Simon Schaffer Robert and Melanie Stoutzker Mr Chris Swinson Lord and Lady Waldegrave
Galileo Circle	The Lord Browne of Madingley		
Einstein Circle	Mr Donald Brydon Dr Douglas Gurr Mr and Mrs George Loudon		

We would like to thank these people, and others who wish to remain anonymous, for their generous support

4. Reference and administrative details of the charity, its Trustees and advisers

4.1 The name of the charity

Under the National Heritage Act 1983 the Board of Trustees of the Science Museum created the charity generally known by the name of the National Museum of Science & Industry (NMSI).

It comprises:

- Science Museum South Kensington and Swindon (SM)
- National Railway Museum (NRM)
- Locomotion, the National Railway Museum at Shildon
- National Media Museum (NMeM)

4.2 The address of the principal office of the charity and its charitable company

4.2.1 Museum addresses

Science Museum

Exhibition Road
London
SW7 2DD

National Railway Museum

Leeman Road
York
YO26 4XJ

National Media Museum

Pictureville
Bradford
BD1 1NQ

Science Museum at Wroughton

Hackpen Lane
Wroughton
Wiltshire
SN4 9NS

Blythe House

23 Blythe Road
London
W14 0QF

Locomotion, the National Railway Museum at Shildon

Shildon
County Durham
DL4 1PQ

4.2.2 Company information

NMSI Trading Ltd

Directors

Dr Douglas Gurr (Chair until 30 September 2008)
 Mr Howard Covington (Chair from 1 October 2008)
 Mr James Bilefield
 Martin J Earwicker (until 5 April 2009)
 Ms Molly Jackson (from 28 April 2009)
 Mr Nigel Pocklington
 Mr Martin G Smith (until 24 August 2008)
 Mr Richard Steele (resigned 28 April 2009)
 Mr Chris Weller

Secretary

Ms Anne Caine

Registered office

Exhibition Road
 South Kensington
 London
 SW7 2DD

Registered number

2196149

Bradford Film Ltd

(a company limited by guarantee)

Directors

Mr Michael G Wilson OBE (Chair)
 Ms Molly Jackson
 Mr Colin Philpott

Secretary

Ms Anne Caine

Registered office

Exhibition Road
 South Kensington
 London
 SW7 2DD

Registered number

3309258

4.3 The Board of Trustees of NMSI

Numbers in brackets refer to membership of subcommittees, as listed below.

	Term (1 or 2)	Date of current appointment	Expiry of appointment
Chairman			
The Rt Hon Lord Waldegrave of North Hill (3)	2	01.07.06	30.06.10
Members			
Lady Chisholm (8)	1	14.01.07	13.01.11
Sir Ron U Cooke PhD DSc FRGS AcSS DL (3) (4)	2	06.06.06	05.06.10
Mr Howard Covington (2) (6)	1	07.04.08	06.04.11
Professor Dame Ann Dowling DBE FREng FIMechE FRAeS FRS (3) (5) (7)	2	25.08.04	24.08.08
Lord Faulkner of Worcester (4)	1	14.01.07	13.01.11
Dr Douglas Gurr (2) (5) (6) (8)	2	06.06.07	05.06.11
Professor Averil Macdonald (7)	1	07.04.08	06.04.11
Sir Howard Newby CBE (4) (10)	1	14.01.07	13.01.11
Lord Rees of Ludlow FRS (7)	2	06.06.07	05.06.11
Dr Gill Samuels CBE (7)	1	07.04.08	06.04.11
Professor Simon J Schaffer (7)	1	14.01.07	13.01.11
Dr Maggie Semple OBE (2) (7) (9)	2	10.10.07	09.10.11
Dr Tony Sewell (1) (7)	1	14.01.07	13.01.11
Mr Martin G Smith MA MBA MA (Econ) (2) (3) (6) (8)	2	25.08.04	24.08.08
Professor Roderick A Smith MA PhD ScD FCGI FREng CEng FIMechE FIM (4)	2	23.04.06	22.04.10
Ms Janet Street-Porter (5)	1	07.04.08	06.04.11
Mr Christopher Swinson OBE (1) (3) (10)	1	07.04.08	06.04.11
Sir William Wells (1) (10)	2	06.06.07	05.06.11
Mr Michael G Wilson OBE (5) (8)	2	13.02.08	12.02.12

4.4 Trustee subcommittees and subsidiary company boards

- (1) Audit Committee (Chair – Sir William Wells)
- (2) Finance and General Purposes Committee (Chair – Mr Martin G Smith until 24 August 2008; Dr Douglas Gurr from 25 August 2008)
- (3) Remuneration Committee (Chair – Mr Martin G Smith until 24 August 2008) (Chair – Mr Christopher Swinson OBE from 25 August 2008)
- (4) National Railway Advisory Board (Chair – Sir Ron U Cooke until 30 September 2008) (Chair – Sir Howard Newby CBE from 1 October 2008)
- (5) National Media Museum Trustee Subcommittee (Chair – Mr Michael G Wilson OBE)
- (6) Board of Directors of NMSI Trading Ltd (Chair – Dr Douglas Gurr until 30 September 2008) (Chair – Mr Howard Covington from 1 October 2008)
- (7) Science Museum Advisory Committee (Chair – Professor Dame Ann Dowling until 24 August 2008) (Chair – Dr Maggie Semple OBE from 25 August 2008)
- (8) NMSI Development Trustee Subcommittee (Chair – Mr Michael G Wilson OBE)
- (9) Wellcome Wolfson Building Trustee Subcommittee (Chair – Dr Maggie Semple OBE)
- (10) NMSI York Central Trustee Subcommittee (Chair – Sir William Wells)

4.5 Full membership of Trustee subcommittees with non-Trustee members

National Media Museum Trustee Subcommittee

Chairman	Mr Michael G Wilson OBE (Trustee)
Members	Professor Mark Cleary Dr Douglas Gurr (Trustee) Ms Zahida Manzoor CBE Mr Peter McCormick OBE Mr Roger Mosey (from 4 April 2008) Mr Simon Norfolk (from 20 May 2008) Mr Tony Reeves Ms Carolyn Reynolds Ms Janet Street-Porter (Trustee)

National Railway Museum Advisory Board

Chairman	Sir Ron U Cooke (Trustee) (until 30 September 2008)
Members	Sir Howard Newby CBE (Trustee) (from 1 October 2008) Dr Alison Birkinshaw (from 24 June 2008) Mrs Gillian Cruddas (from 24 June 2008) Lord Faulkner of Worcester (Trustee) Mr Christopher Garnett Mr Brian Greenwood Mr Simon Linnett Mr Bill McCarthy Mr John G Nelson Ms Sue Palmer OBE Mr Frank Paterson Professor Roderick A Smith (Trustee)

Science Museum Advisory Committee

Chairman	Professor Dame Ann Dowling (Trustee) (until 24 August 2008) Dr Maggie Semple OBE (Trustee) (from 25 August 2008)
Members	Dr Nicolas Barker OBE Dr Jim Bennett Dr Graham Farmelo Dr Christine MacLeod Dr Clare Matterson Lord Rees of Ludlow (Trustee) Dr Gill Samuels CBE (Trustee) Professor Simon J Schaffer (Trustee) Dr Tony Sewell (Trustee)

Wellcome Wolfson Building Trustee Subcommittee

Chairman	Dr Maggie Semple OBE (Trustee)
Members	Professor Elizabeth N Anionwu CBE Professor Colin Blakemore Dr Graham Farmelo Sir Roland Jackson Bt Mr Paul Ramsbottom Mr E F Rover Mr Ben Stewart Professor Richard Wiseman

NMSI Development Trustee Subcommittee

Chairman	Mr Michael G Wilson OBE (Trustee)
Members	Lady Kitty Chisholm (Trustee) Mr John Crawford Dr Douglas Gurr (Trustee)

4.6 Methods adopted for recruitment and appointment of new Trustees

The process of recruiting Trustees in 2008-09 took place in accordance with the procedures defined by DCMS under which descriptions of the roles required were advertised in 2008, interviews conducted and recommendations made to the DCMS for appointment by the Prime Minister in accordance with the National Heritage Act 1983. Five appointments were made from 7 April 2008.

4.7 Policies and procedures for induction and training of Trustees

Officers of NMSI work with the new Trustees to provide both general briefing about the Museums and the role of the Board of Trustees of the Science Museum within a charity and non-departmental public body, and particular information about areas of interest in which the Trustees wish to support the Museums specifically. Updates and assessment of effectiveness of the Board form part of the agenda of meetings.

4.8 Executive Committee

Martin J Earwicker FREng
Ms Molly Jackson

Professor Chris Rapley CBE
Mr John Bevin

Ms Mel Burns
Ms Anne Caine
Ms Jean Franczyk
Mrs Adele McAllister
Mr Colin Philpott
Ms Cynthia Rallis
Mr Andrew Scott CBE
Mr Jon Tucker
Ms Judith Whitaker

Director (left 5 April 2009)
Acting Director (from 6 April 2009),
previously Managing Director, NMSI Trading Ltd
Director of Science Museum
Acting Director of Corporate Services (from 12 March 2009),
previously Head of Estates
Chief Information Officer (left 24 October 2008)
Director of Finance
Director of Learning
Director of Human Resources
Director of National Media Museum
Director of Development
Director of National Railway Museum
Director of Corporate Services (left 11 March 2009)
Acting Managing Director, NMSI Trading Ltd
(from 6 April 2009)

4.9 Register of Interests

The Trustee Register of Interests is available on the NMSI website or for inspection on application to the NMSI Committee Manager at the Science Museum, Exhibition Road, London SW7 2DD.

4.10 List of NMSI advisers

Auditors

NMSI

Comptroller and Auditor General
National Audit Office
Buckingham Palace Road
London SW1W 9SS

NMSI Trading Ltd and Bradford Film Ltd

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers

NMSI

Barclays Bank plc
Floor 27
1 Churchill Place
London E14 5HP

NMSI Trading Ltd and Bradford Film Ltd

Barclays Bank plc
Floor 27
1 Churchill Place
London E14 5HP

Solicitors

NMSI

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

NMSI Trading Ltd and Bradford Film Ltd

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

CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London EC1A 4DD

The fees due to the National Audit Office for Audit Services amounted to £57,000 (2007-08, £59,250). Project-grant audit certification work to the value of £6,000 was performed by NAO during 2007-08. Grant Thornton audited NMSI Trading Ltd and Bradford Film Ltd, fees due £29,800 (2007-08 £29,000); tax work to the value of £12,300 was performed.

As far as the Board of Trustees and the Accounting Officer are aware there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.



The Rt Hon. Lord Waldegrave of North Hill

Chairman of the Board of Trustees

8 July 2009



Sir William Wells

Chairman of the Audit Committee

8 July 2009



Molly Jackson

Accounting Officer and Acting Director

8 July 2009

Remuneration Report

Membership

The membership of the Remuneration Committee comprised:

Mr Martin Smith (Chair)
Sir Ron U Cooke
Professor Dame Ann Dowling (until 24 August 2008)
Lord Waldegrave of North Hill

The Director, Professor Martin Earwicker and NMSI Director of Human Resources, Ms Adele McAllister, were in attendance at the meeting which reviewed staff pay (except for discussion concerning their own pay and performance).

Policy on the remuneration of senior managers for current and future financial year

The Remuneration Committee reviews salaries of all Museums senior managers whose jobs are of a certain size (as determined by formal job evaluation) and of NMSI Trading Ltd executive staff.

When determining salary levels generally, a number of factors are taken into account:

- The projected budget for the annual staff settlement
- Salary levels internally and in the marketplace (through salary surveys)
- Job size and whether this has changed over the period (through formal evaluation, where applicable)

Performance related pay for senior managers

At the beginning of the year, senior managers are set objectives based on the Museums' business plans. At the end of the year they are assessed by the Director on to what extent they have achieved their objectives and their performance is rated accordingly. The Chairman of Trustees assesses and rates the Director's performance. All ratings are then reviewed by the Remuneration Committee. All of senior managers' pay depends on performance being delivered, this being deemed the most effective way of achieving the Corporate Plan objectives. Bonuses are payable to three Executive members within a range from 0-15%.

When determining the salary increase for each individual, the performance and contribution of the individual over the period (through performance appraisal) forms the major component of the change together with any impact from changes in job scope and external factors.

Policy on duration of contracts, notice periods and termination payments

Senior staff are permanent employees of either the National Museum of Science & Industry or of NMSI Trading Ltd, apart from the Director who was on a five-year contract ending 2 May 2011. Notice periods for senior employees are between one and three months, for the Director, six months. Termination payments are in accordance with Museum or NMSI Trading Ltd contractual terms. There were no severance or compensation payments to senior managers or former senior managers in year nor were there any payments to third parties for the services of senior managers in year. The amount paid in regard of remuneration of Martin Earwicker (the Director until 5 April 2009) was £148,672 (2007-08, £141,925) and the employer's pension contributions were £34,724 (2007-08, £33,601).

All Museum employees are members of the PCSPS Pension scheme with associated redundancy and early retirement conditions. Civil Service pension details are given in notes to the accounts at 6.2.2. All NMSI Trading Ltd staff are entitled to payments as defined under the Employment Rights Act 1996 unless individual contracts define other terms.

The Board of Trustees of the Science Museum, who hold overall responsibility for NMSI, are not remunerated. Expenses paid are disclosed in note 6.2.3 to the annual accounts.

	2008-09		2007-08		Total accrued pension at age 60 at 31/03/09 (£000)	Real increase in pension at age 60 (£000)	CETV at 31/03/09 or end date (nearest £000)	CETV at 31/03/08 or start date (nearest £000)	Real increase in CETV (nearest £000)
	Remuneration and full year equivalent (FYE) £000	Benefits in kind (nearest £100)	Remuneration and full year equivalent (FYE) £000	Benefits in kind (nearest £100)					
Martin Earwicker Director [resigned 05.04.2009]	145-150	-	140-145	-	65-70 plus lump sum 195-200	0-2.5 plus lump sum 5-7.5	1,554	1,511	38
Anne Caine Director of Finance	80-85	-	80-85	-	20-25	0-2.5	410	392	15
Molly Jackson MD, NMSI Trading Ltd	110-115	600	120-125 (re-stated)	600	-	-	-	-	-
Adele McAllister Director of Human Resources	80-85	-	75-80	-	5-10	0-2.5	105	76	17
Colin Philpott Director of National Media Museum	95-100	-	95-100	-	9-10	0-2.5	153	120	20
Cynthia Rallis Director of Development	130-135	800	125-130	800	-	-	-	-	-
Christopher Rapley Director of Science Museum	105-110	-	60-65 (FYE 100-105)	-	-	-	-	-	-
Andrew Scott Director of National Railway Museum	90-95	-	85-90	-	55-60	0-2.5	1,181	1,165	-
Jon Tucker Director of Corporate Services (Resigned 11.03.2009)	90-95	-	95-100	-	15-20	0-2.5	225	207	10

The table above has been subject to audit.

The staff included in the remuneration report constitute those managers delivering policy and direction for NMSI.

Remuneration information

'Remuneration' includes gross salary; performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

Cash-equivalent transfer values

A cash-equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in his/her former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of his/her purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries

and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



The Rt Hon. Lord Waldegrave of North Hill
Member of Trustee Remuneration Committee
8 July 2009



Molly Jackson
Accounting Officer and Acting Director
8 July 2009

Statements

Statement of Board of Trustees' and Director's responsibilities

Under Sections 9 (4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a statement of accounts on an accruals basis in the form and on the basis determined by the Secretary of State for the Department for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of NMSI's financial activities during the year and of its financial position at the end of the year.

In preparing the Museum's accounts the Trustees are required to:

- Observe the Accounts Direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgments and estimates that are reasonably prudent
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that NMSI will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for NMSI. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records and for safeguarding NMSI's assets are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.



The Rt Hon. Lord Waldegrave of North Hill

Chairman of the Board of Trustees

8 July 2009



Sir William Wells

Chairman of the Audit Committee

8 July 2009



Molly Jackson

Accounting Officer and Acting Director

8 July 2009

*A copy of which is available from the Accounting Officer, Science Museum, London SW7 2DD

Statement on the system of internal control

Scope of responsibility

As Chairman of the Trustee Audit Committee and representative of the Board of Trustees and as Accounting Officer we are responsible for maintaining a sound system of internal control that:

- Supports the achievement of objectives of the National Museum of Science & Industry
- Safeguards the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Government Accounting
- Ensures compliance with the requirements of the National Museum of Science & Industry's Management Statement and Financial Memorandum
- Has incorporated risk management within the strategic business planning process.

The present Director is placing reliance on assurances given by the previous Director (who left on 5 April 2009) together with her own extensive knowledge of the Museums. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Museum's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NMSI for the year ended 31 March 2009 and up to the date of approval of the Annual Report and Accounts and accords with Treasury guidance.

Capacity to handle risk

Separate Trustee subcommittees give strong, direct support to each Museum in addition to the Finance and General Purposes Subcommittee, the Audit Subcommittee and the Remuneration Subcommittee. The Director has focused the activity of the Museum subcommittees to support cultural work within the structure of NMSI. A review of the effectiveness of the Board took place in September 2008 and actions agreed then have been implemented. The work of the Programme Committee in setting the forward cultural programme of the museums and the Investment Committee in reviewing infrastructure programmes and all investment decisions has maintained the consistency and rigorousness of investment decisions by NMSI. The Corporate Risk Group includes managers from across NMSI who have received an induction in risk management and can act as a resource for their functions/locations. The Corporate Risk Group moved to a more extended risk assessment process to allow better assessment of gross and mitigated risks. A Management Statement outlining key responsibilities and Financial Memorandum is in place between DCMS and NMSI.

The risk and control framework

During 2008-09 NMSI took actions to achieve the Corporate Plan objectives through the agreed business plans. The corporate risks, identified within the business plans, focused on managing continued and future pressure on the funding of core activities and maintenance and failure to renew galleries and exhibitions. Other major risks included the impact on visitors and the Museums of terrorism or other external disasters, together with the impact of the severe downturn in the economy and concerns about maintaining the standards of Museum exhibitions in more straitened circumstances. The wide range of information risks was managed through relevant policies and procedures. Following a loss of employee-related data by a contractor during the year, no misuse of that data has been notified. Specific review of exposure through contractors has been reviewed and steps taken to eliminate the possibility of repetition. An in depth review of information-related risk took place during 2008-09 in line with the Cabinet Office guidance, a programme of actions was defined and been progressed satisfactorily.

Risk evaluation informs our actions in managing these risks efficiently, effectively and economically as we implement our plans to achieve the objectives over the coming years. Risk management is integrated into corporate planning and decision-making processes of NMSI.

The Board of Trustees of the Science Museum and the Board of Directors of NMSI Trading Ltd received reports from the Chairs of the Audit and Finance and General Purposes Committees and the Director concerning matters affecting internal control and the minutes of all subcommittees are distributed to Trustees. During 2008-09 the Museum has worked closely with the Health and Safety Executive to enhance further standards of health and safety in selected areas and is making steady progress to meet its requirements and achieve OHSAS 18001 accreditation, despite an issue relating to a contractor with regard to asbestos arising at the Science Museum during the year.

The system of internal control has been in place in NMSI for the year ended 31 March 2009 and up to the date of approval of the Annual Report and Accounts, in accordance with Treasury guidance. The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- A management team comprising the Directors of Museums, Director of Learning, Director of Development, Managing Director, NMSI Trading Ltd, Director of Finance, Director of HR and Director of Corporate Services which meets monthly to consider the plans and strategic direction of NMSI
- A Programme Committee undertaking review of forward cultural activity development against the Corporate Plan
- An Investment Committee undertaking review of all investment proposals to ensure a rigorous standard is consistently applied
- Regular reports from managers to the Audit Committee, Finance and General Purposes Committee, Board of Directors of NMSI Trading Ltd or management team (as appropriate) on the steps they are taking to manage risks in their areas of responsibility including progress on key projects
- Annual completion of internal control schedules by senior managers to confirm their compliance with NMSI's internal control standards
- Continual development of a range of robust system controls designed to ensure the integrity of NMSI's IT networks and external communications links
- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Trustees
- Regular reviews by the Board of Trustees of progress against the key performance indicators that measure attainment against objectives and Funding Agreements, and of periodic and annual financial reports that track financial performance against forecast
- A Funding Agreement between NMSI and the Department for Culture, Media and Sport which includes performance measures
- Clearly defined capital investment prioritisation and control processes
- Formal project management disciplines paying attention to risk and contingency levels
- The Corporate Risk Group, chaired by the Finance Director, reporting to the Audit Committee, which is responsible for
 - i. developing and monitoring the implementation of the Museum's risk strategy
 - ii. monitoring changes in the corporate risk profile and, via its Chairman
 - iii. reporting significant changes to the Director, Audit Committee, Board of Trustees and Executive Committee
- The Corporate Risk Group is responsible for the maintenance of an organisation-wide risk register, progressing work to develop a consistent evaluation framework and encouraging the use of ongoing control and risk self assessment procedures
- Maintenance of the Register of Interests for Trustees, Directors of NMSI Trading Ltd, subcommittee advisers and senior staff.

In 2008-09 the National Museum of Science & Industry continued to use the internal audit services of AHL Ltd, which operates to the Government Internal Audit Standards. AHL Ltd has provided internal audits and annual assurance for 2008-09 to the Accounting Officer. The work of the internal audit provider is informed by an analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Trustees' Audit Committee and approved by NMSI. The Head of Internal Audit (HIA) provides NMSI with regular reports on internal audit activity in the body. The reports include the HIA's independent opinion on the adequacy and effectiveness of the body's system of internal control, together with recommendations for improvement. In the internal audit annual report for 2008-09 the HIA gave reasonable assurance on the effectiveness of the Museum's risk management, control and governance processes. An audit of the contractual relationship between NMSI and Sedgfield Borough Council identified ambiguity over Health & Safety management at the Locomotion site which is being addressed. Actions arising from all the audits are being addressed by NMSI and are monitored through the Audit Committee.

Review of effectiveness

As Chairman of the Audit Committee and Accounting Officer, we have responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within NMSI who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management review letter and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board and the Audit Committee and plan to address weaknesses and ensure continuous improvement of the system.



Sir William Wells

Chairman of the Audit Committee and Trustee
8 July 2009



Ms Molly Jackson

Accounting Officer and Acting Director
8 July 2009

Audit Opinion

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the consolidated financial statements of the National Museum of Science & Industry for the year ended 31 March 2009 under the Museums and Galleries Act 1992. These comprise the consolidated Statement of Financial Activities, the consolidated Balance Sheet and Museum Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and Auditor

The Board of Trustees and the Director as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture Media and Sport's directions made there under and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board of Trustees' and Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture Media and Sport's directions made there under. I report to you whether, in my opinion, the information which comprises Structure, Governance and Management, Review of 2008-09 and plans for the future, sections 3.1, 3.2 and 3.3 of the Financial Review and the Reference and administrative details of the Charity, its Trustees and Advisers, included in the Trustees' Annual Report at section 4, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the National Museum of Science and Industry has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the National Museum of Science and Industry's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of National Museum of Science and Industry's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises the other information contained in the Trustees' Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the National Museum of Science and Industry and the group's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture Media and Sport, of the state of the National Museum of Science and Industry and the group's affairs as at 31 March 2009 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture Media and Sport's directions made thereunder; and
- information, which comprises Structure, Governance and Management, Review of 2008-09 and plans for the future, section 3.1, 3.2 and 3.3 of the Financial Review and section 4, Reference and administrative details of the Charity, its Trustees and Advisers, included within the Trustees' Annual Report, is consistent with the financial statements.

Opinion on Regularity

- In my opinion, in all material respects, the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

151 Buckingham Palace Road

Victoria

London

SW1W 9SS

10 July 2009

NATIONAL MUSEUM OF SCIENCE & INDUSTRY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR
ENDED 31 MARCH 2009

	Notes	2009 unrestricted funds £000	2009 restricted funds £000	2009 endow ment fund £000	2009 total £000	2008 total (restated) £000
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Grant in Aid from DCMS	2	39,033	125	–	39,158	38,484
Grants, legacies and donations	3	330	2,004	–	2,334	3,738
Lottery income	2	–	110	–	110	881
Activities for generating funds						
Income from commercial activities		12,682	130	–	12,812	13,831
Sponsorship		468	216	–	684	1,614
Rental income from operating leases		531	50	–	581	440
Investment income	5	527	–	5	532	581
Incoming resources from charitable activities						
Other income	4	2,143	–	–	2,143	2,025
Total incoming resources		55,714	2,635	5	58,354	61,594
Resources expended						
Costs of generating funds						
Costs of generating voluntary income		3,353	95	–	3,448	3,212
Commercial costs (fundraising trading: costs of goods sold and other)		12,618	151	–	12,769	12,990
Charitable activities						
Care for and research into collections		11,496	4,323	–	15,819	18,206
Science education and communication		15,826	8,796	–	24,622	24,231
Visitor services		10,146	2,421	–	12,567	12,376
Governance costs		400	–	–	400	399
Total resources expended	6	53,839	15,786	–	69,625	71,414
Notional cost of capital	8	1,051	3,985	–	5,036	4,992
Total resources expended including notional costs		54,890	19,771	–	74,661	76,406
Net incoming/(outgoing) resources						
Gain on revaluation of assets	9	824	(17,136)	5	(16,307)	(14,812)
Reversal of notional costs		1,062	20,837	–	21,899	25,221
Transfer between funds		1,051	3,985	–	5,036	4,992
Corporation tax		583	(583)	–	–	–
		(35)	–	–	(35)	–
Net movement in funds		3,485	7,103	5	10,593	15,401
Funds balances brought forward as reported at 01.04.08		32,094	243,087	95	275,276	259,724
Prior year adjustment		–	1,766	–	1,766	1,917
Fund balances brought forward at 01.04.08		32,094	244,853	95	277,042	261,641
Fund balances carried forward at 31.03.09		35,579	251,956	100	287,635	277,042

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period. The Museum has no recognised gains and losses other than those above and consequently no separate statement of total recognised gains and losses has been presented.

The notes on pages 41 to 61 form part of these accounts.

NATIONAL MUSEUM OF SCIENCE & INDUSTRY
BALANCE SHEETS AS AT 31 MARCH 2009

	CONSOLIDATED BALANCE SHEET		MUSEUM BALANCE SHEET		
	Notes	2009 £000	2008 £000 restated	2009 £000	2008 £000
Fixed assets					
Tangible assets	9	262,642	254,611	256,595	248,173
Heritage assets	10	14,533	14,112	14,533	14,112
Investment		-	-	411	411
		277,175	268,723	271,539	262,696
Current assets					
Stock		613	659	-	-
Debtors	13	3,675	4,664	5,539	7,637
Short-term deposits		2,000	8,500	2,000	8,500
Cash in hand and at bank		13,161	2,779	11,493	769
		19,449	16,602	19,032	16,906
Creditors: amounts falling due within one year	14.1	(7,410)	(6,436)	(4,712)	(4,150)
Net current assets		12,039	10,166	14,320	12,756
Total assets less current liabilities		289,214	278,889	285,859	275,452
Creditors: amounts falling due after one year	14.2	(927)	(1,037)	(433)	(483)
Provisions for liability and charges	16	(652)	(810)	(555)	(731)
Net assets		287,635	277,042	284,871	274,238
Represented by:					
Restricted funds					
Sponsorship, Grants and Donations Reserve		1,845	2,677	1,845	2,677
Capital Grant fund		1,615	1,766	-	-
Revaluation Reserve		62,777	41,896	62,777	41,896
Capital Projects Fund		185,719	198,514	185,719	198,514
Unrestricted funds	18.1	251,956	244,853	250,341	243,087
Designated funds					
Museum Improvement Fund		8,865	6,969	8,865	6,969
Collections Purchases Fund		381	519	381	519
Revaluation Reserve		5,771	4,906	4,216	3,351
Capital Projects Fund		17,653	17,558	17,653	17,558
Major Projects Contingency Fund		1,800	1,500	1,800	1,500
PO Block Reserve		500	300	500	300
General funds		609	342	1,015	859
	18.2	35,579	32,094	34,430	31,056
Total income funds		287,535	276,947	284,771	274,143
Endowment funds		100	95	100	95
Total funds		287,635	277,042	284,871	274,238

The Rt Hon Lord Waldegrave of North Hill
 Chairman of the Board of Trustees

Waldegrave of North Hill

8 July 2009

Sir William Wells
 Chairman of the Audit Committee and Trustee

Wells

8 July 2009

Molly Jackson
 Accounting Officer and Acting Director

Molly Jackson

8 July 2009

The notes on pages 41 to 61 form part of these accounts

NATIONAL MUSEUM OF SCIENCE & INDUSTRY
CONSOLIDATED CASH FLOW FOR THE YEAR TO 31 MARCH 2009

	Note	2009 £000	2008 £000 restated
Net cash inflow from operating activities	19.1	4,913	7,712
Returns on investments and servicing of finance	19.2	468	509
Capital expenditure	19.2	(1,444)	(5,449)
Management of liquid resources	19.2	(6,500)	–
Financing	19.2	(55)	(50)
(Decrease)/increase in cash		(2,618)	2,722
 Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period		(2,618)	2,722
Increase in liquid resources		6,500	–
Decrease in debt and lease financing		55	50
Change in net fund resulting from cash flow	19.3	3,937	2,772
Net funds as at 1 April	19.3	10,669	7,897
Net funds at 31 March	19.3	14,606	10,669

The notes on pages 41 to 61 form part of these accounts

NOTES TO THE CONSOLIDATED ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Accounting convention

The accounts have been prepared under a historical cost convention as modified by the revaluation of certain fixed assets, and comply with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (SORP), applicable accounting standards and the 2008-09 Government Financial Reporting Manual (FRoM). The accounting policies contained in the FRoM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounts follow the Accounts Direction issued by the Department for Culture, Media and Sport in a form directed by the Secretary of State.

Consolidated accounts have been prepared which include the Museum and its subsidiary companies, NMSI Trading Ltd and Bradford Film Ltd.

1.2 Incoming resources

Grant in Aid from the Department for Culture, Media and Sport is taken to Statement of Financial Activities in the year in which it is received. Except where it is has been allocated for a specific purpose, it is disclosed as unrestricted income. Grant income, sponsorship and donation income, including Lottery income, is recognised as income when the conditions for its receipt have been met. (Notes 2, 3, 4, 5). All other income is accounted for on a receivable basis.

1.3 Expenditure

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of financial statements. An analysis of resources expended is set out in note 6.1.1.

Costs of generating voluntary income include fundraising and publicity costs incurred in seeking voluntary contributions to the Museum, and in publicising the Museum.

Charitable expenditure comprises direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources as set out in note 6.1.2.

Governance costs are the costs associated with the governance arrangements and the costs associated with the strategic management of the charity's activities. These costs include internal and external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements.

1.4 Fixed assets valuation and depreciation

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life. A full year of depreciation is charged in the year of capitalisation and none in the year of disposal.

Land	Not depreciated
Freehold, leasehold and residential buildings	15-50 years
Plant and machinery	5-25 years
Galleries and exhibitions	5-15 years
Information technology and audio-visual equipment	3-10 years
Fixtures and fittings	3-10 years

Fixed assets are defined as assets costing £5,000 or more with a useful life of greater than 1 year. A fixed asset impairment review is undertaken annually. Freehold and leasehold buildings includes both the building structure with a life of between 10 and 50 years and building fit-out (including such items as lift shafts, raised floors, ventilator ducts) with a life of 10–25 years.

These land and buildings were valued by Knight Frank, Chartered Surveyors as at 31 March 2009 in accordance with the RICS Appraisal and Valuation Manual. Galleries and exhibitions have not been revalued as the current cost is equal to their actual cost but the lives of these assets are reviewed annually to reflect their true value. The difference between current cost and historic cost depreciation is taken to the Revaluation Reserve.

1.5 Investment property

Investment property is accounted for under the fair value model prescribed by SSAP 19.

1.6 Collection objects

As the collection is considered to be inalienable, no past valuation is attempted whether for purchased or donated objects and no amount is included for collections acquired on or before 31 March 2001 in the balance sheet. Additions to the collections acquired since 1 April 2001 with a purchase price greater than £5,000 or objects donated with an estimated value greater than £10,000 are capitalised and recognised in the balance sheet, where such a cost or valuation is reasonably obtainable and reliable. For the valuation of donated objects, reliance is placed on the professional knowledge expertise of the Museum's in-house curatorial staff. Collections objects are not depreciated or revalued.

Purchases of items at a price less than £5,000 for the collection are charged to the Statement of Financial Activities in the year of acquisition.

1.7 Stock

Stock is stated at the lower of cost and net realisable value and comprises goods for resale.

1.8 Leases

Costs relating to operating leases are charged to the Statement of Financial Activities over the life of the lease.

1.9 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a non-contributory and unfunded scheme. Although the scheme is a defined-benefit scheme, liability for payment of future benefits is a charge to the PCSPS. The NMSI and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis.

There is a separate scheme statement for the PCSPS as a whole. Pension contributions are paid at rates determined from time to time by the Government Actuary and advised by the Treasury.

NMSI Trading Ltd operates a defined contribution pension scheme, the assets of which are held separately in an independently administered fund. Contributions are charged to the Statement of Financial Activities as they become payable, in accordance with the rules of the scheme.

1.10 Early Retirement Scheme

The Museum operates an Early Retirement and Severance Scheme, which gives retirement benefits on redundancy terms to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme. The Museum pays annual compensation payments to those employees retired under the Early Retirement and Severance Scheme.

The total forecast annual compensations payments liability up to normal retiring age in respect of each employee is charged to the Statement of Financial Activities in the year in which the employee takes early retirement. The early retirement provision is recalculated annually, informed by updated information.

Funds are released from the provision annually to fund annual compensation payments made in the year. (Note 16.1)

1.11 Taxation

NMSI is exempt under s.505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives.

For NMSI Trading Ltd and Bradford Film Ltd, provision is made at current rates of taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the Directors, there is reasonable probability that the liability will not arise in the foreseeable future.

During the year the deed of covenant with NMSI under which all taxable profits had been paid to the Museum was terminated and replaced by an undertaking to gift aid profits, to the extent that the Directors of the subsidiary judged that they did not need to be retained in the business.

1.12 Investments

Funds identified as surplus to working capital in the short or longer-term are invested to maintain their value over time. The value of the Museum's investment in its trading subsidiary is disclosed at cost.

1.13 Financial instruments

All material business arrangements are reviewed to determine the nature of the financial instruments they contain. Financial assets and liabilities are categorised in accordance with FRS 26 and included in the financial statements in accordance with FRS 25. The nature and extent of the risks associated with the financial instruments are disclosed in accordance with FRS 29.

1.14 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction and, at year end, balances are restated at the year-end rate. All exchange differences are taken to the Statement of Financial Activities. For significant purchases, an option to purchase currency at an agreed exchange rate at a forward date is secured at the time of contract.

1.15 Notional costs

In accordance with Treasury guidance, notional cost of capital, at 3.5%, is charged in the Statement of Financial Activities in arriving at a net incoming/(outgoing) resources figure. This notional cost is reversed so no provision is included on the balance sheet.

1.16 Provisions

Provisions are made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Discount rates provided by the Treasury are used in current value calculations for long term commitments.

1.17 Accounts Direction

A copy of the Accounts Direction issued to the National Museum of Science & Industry by the Department for Culture, Media and Sport may be obtained from the Finance Director at the Science Museum, Exhibition Road, London SW7 2DD.

2. MUSEUM STATEMENT OF FINANCIAL ACTIVITIES

	2009 £000	2008 £000
Incoming resources		
Incoming resources from generated funds		
Grant in Aid from DCMS	39,158	38,484
Voluntary income (grants, legacies and donations)	2,241	3,540
Lottery income	110	881
Activities for generating funds		
Rental income from operating leases	231	132
Investment income, including Gift Aid from subsidiary	1,707	3,564
Incoming resources from charitable activities		
Other income	2,143	2,025
Total incoming resources	45,590	48,626
Resources expended		
Cost of generating funds		
Costs of generating voluntary income	3,448	3,212
Charitable activities		
Care for and research into collections	15,818	18,206
Science education and communication	24,623	24,231
Visitor services	12,567	12,376
Governance costs	400	399
Total resource expended	56,856	58,424
Net outgoing resources	(11,266)	(9,798)
Revaluation of assets	21,899	24,898
Net movement in funds	10,633	15,100
Reserves brought forward	274,238	259,138
Reserves carried forward	284,871	274,238

Grant in Aid of £39,158k was received from the Department for Culture, Media and Sport during the year (2007-08, £38,484k). This represents 67% of the annual resources expended in running the organisation. The balance of funding needs, including most capital improvements, is delivered from resources that are self-generated. A sum of £4,250k (the capital element) of the Grant in Aid was used for refurbishment and renewals of buildings and investment in ICT infrastructure.

3. VOLUNTARY INCOME (consolidated)

	2009 £000	2008 £000
Grants (excluding Lottery grants and European Union grants)	1,676	1,697
European Union grants	-	73
Value of donated capital assets and heritage assets	260	1,516
Value of donated goods and services	49	110
Individual donations	268	299
Patrons' scheme	50	43
Legacies	31	-
	2,334	3,738

4. OTHER INCOME

Other income arises from project self-generated income, conference and educational events, locomotive hire and cloakroom payments.

5. INVESTMENT INCOME

Consolidated investment income of £532k (2007-08, £581k) arose through interest earned from investing surplus funds.

6. RESOURCES EXPENDED

6.1 Total Resources Expended

6.1.1 Analysis by functional purpose

	Direct costs £000	Support costs £000	Depreciation £000	2009 Total £000	2008 Total £000
Cost of generating funds					
Costs of generating voluntary income	2,951	409	88	3,448	3,212
Fundraising trading: cost of goods sold and other costs	12,353	–	416	12,769	12,990
Charitable activities					
Care for and research into the collections	8,417	3,785	3,617	15,819	18,206
Science education and communication	12,221	4,394	8,007	24,622	24,231
Visitor services	6,275	3,504	2,788	12,567	12,376
Governance costs	163	237	–	400	399
	42,380	12,329	14,916	69,625	71,414

6.1.2 Support cost allocation

	Management (1) £000	Finance (2) £000	Human Resources (3) £000	Information Technology (4) £000	Estates (5) £000	Total £000
Costs of generating voluntary income	76	76	78	179	–	409
Care for and research into the collections	215	214	212	362	2,782	3,785
Science education and communication	314	314	406	579	2,781	4,394
Visitor services	162	161	241	159	2,781	3,504
Governance	–	237	–	–	–	237
Total	767	1,002	937	1,279	8,344	12,329

Costs were allocated to each activity on the basis defined below:

- (1) Management – in proportion to the expenditure
- (2) Finance – in proportion to the expenditure
- (3) Human Resources – in proportion to the number of full-time equivalent staff
- (4) Information Technology – in proportion to the number PCs/terminals
- (5) Estates – divided equally over the three charitable activities.

6.2 Staff

6.2.1 Staff costs

	2009 £000	2008 £000
Salaries and wages	20,907	20,145
Social Security costs	1,692	1,579
Other pension costs (Museum only)	2,601	2,397
Pension contributions (NMSI Trading Ltd and Bradford Film Ltd)	156	164
Movements on Early Retirement provision		
• Fund future costs of staff retiring in the year	23	166
• Revaluation of Early Retirement provision	37	17
Agency staff	1,115	883
Compensation and redundancy payments	76	481
	26,607	25,832

No staff costs were capitalised in the year (for 2007-08, £190k of staff costs were excluded from the staff costs above). Ex-gratia payments, arising from compensation payments, amounted to £20,000.

6.2.2 Pension contributions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but NMSI is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2008-09, employers' contributions of £2,628,131 were payable to PCSPS (2007-08 £2,363,106) at one of four rates in the range 16.5% to 23.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2010). The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension account with an employer contribution. Employers' contributions of £38,926 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% of pensionable pay. In addition, employer contributions of £1,737, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump-sum benefits on death in service and ill health retirement of these employees.

None of the contributions due to the partnership pension providers were unpaid at the balance sheet date and none had been prepaid at that date.

The NMSI Trading Ltd Pension Scheme is a contracted-in group money-purchase scheme with optional contracted-out pensions to which NMSI Trading Ltd contributes 7% and the employee 5%. NMSI Trading Ltd pension contributions of £155,864 were paid (2007-08, £163,670).

6.2.3 Trustees

The Chairman and Trustees (listed in the Annual Report) received no remuneration for their services, but travel and subsistence expenses totalling £5,539 were paid to nine Trustees.

6.2.4 Employees receiving remuneration over £60,000

£	2009	2008
60,001–65,000	6	5
65,001–70,000	–	1
70,001–75,000	3	2
75,001–80,000	1	4
80,001–85,000	3	2
85,001–90,000	–	1
90,001–95,000	2	–
95,001–100,000	1	2
105,001–110,000	1	–
110,001–115,000	1	–
120,001–125,000	–	1
125,001–130,000	–	1
130,001–135,000	1	–
140,001–145,000	–	1
145,001–150,000	1	–
	20	20

For 4 of these employees total remuneration includes BUPA contributions.

In the year contributions totalling £35k was paid to a defined contribution scheme on behalf of 6 employees who received remuneration over £60,000. For 14 of the staff included above, retirement benefits accrued under a defined-benefit scheme.

6.2.5 Employees (full-time equivalents) analysed by activity

	2009 Employment contract	2009 Other staff engaged	2009 Total	2008 Total
Care for and research into collections	162	4	166	168
Science education and communication	287	12	299	260
Visitor services	175	5	180	177
Costs of generating voluntary income	54	2	56	53
Fundraising and trading	133	5	138	139
Governance costs	3	–	3	3
Total	814	28	842	800

Of the 842 full time equivalent employed staff, 66 were on fixed term contracts. Of staff included in the above analysis, 11 have declared disabilities. A total of 122 employees, of whom 120 were NMSI Trading Ltd employees, received benefits in kind in the form of BUPA contributions. In addition, a staff member each received a child care payment and mobile telephone rental reimbursement.

6.3 Other direct costs

	2009 NMSI	2009 NMSI Trading/ Bradford Film	2009 Total	2008 Total
Other direct costs included:	£000	£000	£000	£000
Auditors' remuneration – audit fees	59	33	92	87
Auditors' remuneration – grant certifications	–	–	–	6
Lease rental payments on land and buildings	88	–	88	88
Lease rental payments on equipment	138	3	141	115
Lease rental payments on vehicles	39	–	39	32

7. NMSI TRADING LTD

The Board of Trustees of the Science Museum owns the single share which is the entire issued share capital of NMSI Trading Ltd, a company registered in England and Wales. The company's principal activities are retailing, catering, corporate hire, corporate partnership, temporary exhibitions and interactive production and providing services to the Museum for admissions, public relations, sponsorship and fundraising. Bradford Film Ltd is a company limited by guarantee for which NMSI Trading Ltd is the sole member.

On 31 March 2009 the Company passed a special resolution whereby the issued share capital of the Company was reduced from 411,000 ordinary shares of £1 each to one share of £1 and the reserves created by the reduction were applied towards reducing the deficit on the Company's profit and loss account reserves. The Deed of Covenant, under which all taxable profits from NMSI Trading Ltd are paid to NMSI was revoked on 31 March 2009 and replaced by gift aid arrangements to transfer profits to NMSI.

NMSI Trading Ltd was gifted shares in Science Exhibitions Ltd as part of the outsourcing of exhibition development to Science & Media Ltd.

7.1 NMSI Trading Ltd Consolidated profit and loss account for the year ended 31 March 2009

	2009	2008
	£000	£000
Turnover	13,132	13,783
Cost of Sales	(3,931)	(4,513)
Gross profit	9,201	9,270
Administrative expenses	(16,081)	(12,179)
Other operating income	8,258	5,998
Operating profit	1,378	3,089
Interest receivable	35	44
Interest payable	(132)	(201)
Profit on disposal of asset	–	95
Profit on ordinary activities before taxation	1,281	3,027
Tax on profit on ordinary activities	(35)	–
Profit for the financial year	1,246	3,027
Gift Aid (2008: covenanted profit)	(1,136)	(2,897)
Retained profit for the financial year	110	130

7.2 NMSI Trading Ltd consolidated balance sheet

	2009 £000	2008 £000
Tangible fixed assets	6,047	6,438
Stock	613	659
Debtors	1,812	2,540
Bank and cash	1,668	2,011
Creditors due within one year	(3,977)	(7,949)
Creditors due after one year	(4,506)	(2,170)
Provisions	(97)	(79)
Net assets	1,560	1,450
Capital and reserves		
Called-up share capital	-	411
Revaluation Reserve	1,555	1,555
Profit and loss account	5	(516)
Shareholder's funds	1,560	1,450

7.3 Subsidiary companies

The National Museum of Science & Industry has NMSI Trading Ltd as a subsidiary. NMSI Trading Ltd has National Science Centre Ltd, Wide Eye Management Company Ltd, Lift Off Interactives Ltd, Science Shops Ltd, Launch Pad Ltd, Curricula Ltd and Curriculum Ltd as dormant subsidiaries. Bradford Film Ltd, a company limited by guarantee, is a subsidiary of NMSI Trading Ltd.

8. NOTIONAL COST OF CAPITAL

Notional cost of capital is calculated as 3.5% of the average capital employed by the Museum (excluding externally funded assets) in the year. The notional charge for 2008-09 is £5,036k (2007-08 £4,992k).

9. TANGIBLE FIXED ASSETS

9.1 Consolidated assets

	Land and buildings	Plant and machinery	Galleries and exhibitions	Fixtures and fittings	Information technology & audio-visual equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or revalued amount as at 01.04.08	227,143	65,237	24,046	3,915	854	1,036	322,231
Recategorisation	(2,674)	2,654	-	20	-	-	-
Transfers from assets under construction	479	-	-	-	316	(795)	-
Additions during year	103	151	-	133	174	487	1,048
Disposals	-	-	(759)	(262)	(515)	-	(1,536)
Revaluation movement	(23,494)	(14,881)	-	(38)	-	-	(38,413)
Cost or revalued amount as at 31.03.09	201,557	53,161	23,287	3,768	829	728	283,330
Depreciation as at 01.04.08	24,346	26,265	13,937	2,397	675	-	67,620
Recategorisation	(560)	548	-	12	-	-	-
Disposals	-	-	(759)	(262)	(515)	-	(1,536)
Charge for the year	5,890	6,539	1,963	342	182	-	14,916
Revaluation	(29,676)	(30,622)	-	(14)	-	-	(60,312)
Depreciation as at 31.03.09	-	2,730	15,141	2,475	342	-	20,688
Net book value at 31.03.09	201,557	50,431	8,146	1,293	487	728	262,642
Net book value at 31.03.08	202,797	38,972	10,109	1,518	179	1,036	254,611

The net book value at 31 March 2009 represents fixed assets for

	Land and buildings	Plant and machinery	Galleries and exhibitions	Fixtures and fittings	Information technology & audio-visual equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Charitable activities	197,706	48,734	8,100	840	487	728	256,595
Other activities	3,851	1,697	46	453	-	-	6,047
Total	201,557	50,431	8,146	1,293	487	728	262,642

9.2 Museum assets

	Land and buildings	Plant and machinery	Galleries and exhibitions	Fixtures and fittings	Information technology & audio-visual equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or revalued amount as at 01.04.08	223,292	61,938	23,747	1,237	854	1,036	312,104
Reclassification	(2,674)	2,654	-	20	-	-	-
Transfers from assets under construction	479	-	-	-	316	(795)	-
Additions during year	103	151	-	109	174	487	1,024
Disposals	-	-	(759)	(92)	(515)	-	(1,366)
Revaluation	(23,494)	(14,881)	-	(38)	-	-	(38,413)
Cost or revalued amount as at 31.03.09	197,706	49,862	22,988	1,236	829	728	273,349
Depreciation as at 01.04.08	24,346	24,836	13,700	374	675	-	63,931
Reclassification	(560)	548	-	12	-	-	-
Disposals	-	-	(759)	(92)	(515)	-	(1,366)
Charge for the year	5,890	6,366	1,947	116	182	-	14,501
Revaluation	(29,676)	(30,622)	-	(14)	-	-	(60,312)
Depreciation as at 31.03.09	-	1,128	14,888	396	342	-	16,754
Net book value at 31.03.09	197,706	48,734	8,100	840	487	728	256,595
Net book value at 31.03.08	198,946	37,102	10,047	863	179	1,036	248,173

The land and buildings were valued by Knight Frank, Chartered Surveyors as at 31 March 2009 in accordance with the RICS Appraisal and Valuation Manual. The South Kensington site, National Media Museum and Locomotion at Shildon were valued on the basis of depreciated replacement cost. The National Railway Museum site, Science Museum site in Wroughton, and Blythe House are included at existing use valuations and the Foundry Lane site in York at market value.

In compliance with FRS15, which requires the different building components to be separated out, the plant and machinery elements of buildings have been recognised and are included under 'Plant and machinery', while building fit-out elements (lift shafts, ventilation ducts, raised floors etc) have been valued and are included within land and buildings.

The Concrete Works, an undeveloped site adjacent to the National Railway Museum is owned by NMSI Trading Limited and is held as an investment property at a value of £2.8m. It was valued by Drivers Jonas, Chartered Surveyors, as at 31 March 2009.

The Science Museum was transferred from the Secretary of State for the Environment on 10 August 2001. Wroughton Airfield was transferred from the Secretary of State for Defence to the Science Museum on 27 July 1997. The buildings and land relating to the National Railway Museum were transferred from the Secretary of State for the Environment on 1 August 1997. The Royal Naval Air Yard was purchased from the Ministry of Defence on 31 March 2000.

Blythe House is currently occupied by the British Museum, the Science Museum and the Victoria and Albert Museum. The freehold title is held by the Office of the Deputy Prime Minister, although ministerial responsibility for all museum estate issues has subsequently transferred to the Secretary of State for Culture, Media and Sport. As a longstanding tenant and beneficial user NMSI shows a one-third share of the value, as established by Knight Frank at March 2009, on its balance sheet.

9.3 Land and buildings

	Net book value at 31.03.09			Net book value at 31.03.08	
	Museum assets £000	NMSI Trading assets £000	Total £000	Total £000	
Freehold land and buildings	178,418	2,847	181,265	185,247	
Freehold residential properties	560	-	560	595	
Long leasehold (i)	17,702	-	17,702	15,951	
Short leasehold	1,026	1,004	2,030	1,004	
	197,706	3,851	201,557	202,797	

(i) Defined as leases with more than 50 years to run at Balance Sheet date.

10. HERITAGE ASSETS

At 31 March 2009, the cost of heritage assets was £14,533k (2007-08, £14,112k). During the year heritage assets valued at £260k were donated to the collections. No capitalised collection objects were disposed of during the year. Heritage assets are not subject to depreciation or indexation.

11. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2009, NMSI had annual commitments under non-cancellable operating leases as set out below:

	2009	2009	2009	2009	2008	2008	2008	2008
	Land & buildings £000	Vehicles £000	Equipment £000	Total £000	Land & buildings £000	Vehicles £000	Equipment £000	Total £000
Operating leases which expire:								
within one year	5	-	1	6	5	-	1	6
in the second to fifth year	21	39	140	200	21	-	133	154
after more than five years	62	-	-	62	62	39	-	101
	88	39	141	268	88	39	134	261

12. CAPITAL COMMITMENTS

12.1 Outstanding capital commitments

At the balance-sheet date there were no capital commitments.

13. DEBTORS

	Consolidated		Museum	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade debtors	2,059	3,049	538	683
Provision for bad debts	(248)	(37)	(13)	(5)
Other debtors	77	108	57	92
Prepayments and accrued income	1,289	1,088	783	898
Taxation recoverable (VAT)	498	456	498	456
Museum loans to NMSI Trading Ltd	-	-	2,547	2,797
Intercompany current account	-	-	1,129	2,716
	3,675	4,664	5,539	7,637

13.1 Loans to trading subsidiary

Purpose of loan	£000	Interest payable
Future purchase of leasehold interest in the Old Meteorological Building, Exhibition Road	1,005	0%, subject to continuing provision to the Museum of office accommodation
Purchase of land at Leeman Road York	1,292	1% above Bank of England Base rate
Working capital loan	250	1% above Bank of England Base rate

All loans held by the trading subsidiary are repayable on demand and are secured by a floating charge on all of the subsidiary's assets. The Museum has confirmed that it will not call the loans for repayment until at the earliest 30 June 2010, then subject to the ability of the subsidiary to make repayments.

14. CREDITORS

14.1 Amounts falling due within one year

	Consolidated		Museum	
	2009	2008	2009	2008
	£000	£000	£000	£000
		restated		
Trade creditors	2,777	2,683	1,878	1,959
Other creditors	290	182	290	182
Accruals and deferred income	3,701	3,023	2,197	1,665
Taxation and social-security costs	581	492	347	344
Bank loan	61	56	-	-
	7,410	6,436	4,712	4,150

14.2 Amounts falling due after one year

	Consolidated		Museum	
	2009	2008	2009	2008
	£000	£000	£000	£000
		restated		
Bank loan	494	554	-	-
Deferred income: advance rent*	433	483	433	483
	927	1,037	433	483

*The advance rent will be recognised as income in instalments of £50,000 per annum over the next 10 years.

15. INTRA-GOVERNMENT BALANCES

	Debtor balance £000	Creditor balance £000
Balances with central Government bodies	134	–
Balances with local authorities	1	171
Balances with public corporations and trading funds	10	–

16. PROVISIONS

	2009 £000	2008 £000
Early retirement provision	555	731
IMAX maintenance provision	97	79
	652	810

16.1 Provision for early retirement

	2009 £000	2008 £000
Opening balance at 01.04.08	731	807
Increase in provision: future liability for new early retirees	23	166
Revaluation of provision	37	17
Utilisation of provision	(236)	(259)
Closing balance at 31.03.09	555	731
Liability due within one year	177	227
Liability due after one year	378	504

The final charge against the provision will be in the year to March 2014. The amount of the provision anticipates increases of 3.25% per annum in the cost of the compensation payments payable to those ex-employees who have reached the age of 55. In accordance with FRS12 guidance the sum provided is equivalent to the present value of expenditures expected to be required to settle the obligation. In accordance with Treasury guidance on the discounting of pension liabilities the discount factor applied is 3.2%.

17. FINANCIAL INSTRUMENTS

17.1 Liquidity risk

Approximately 67% of NMSI's income is provided by Grant in Aid from the Department for Culture, Media and Sport, and 22% of NMSI's income is from a wide range of commercial activities. As the cash requirements of the Charity are met largely through Grant in Aid, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non financial items in line with the Charity's purchase and usage requirements and the Charity is therefore exposed to little credit, liquidity or market risk.

The foreign currency risk is negligible as substantially all income and expenditure and material assets and liabilities are denominated in sterling.

17.2 Financial assets by category

	Note	2009 £000
Trade debtors	13	2,059
Other debtors	13	77
Short term deposits	per balance sheet	2,000
Cash	per balance sheet	13,161

The above figures exclude statutory debtors which relates to VAT due from HM Revenue & Customs.

None of the financial assets have been subject to impairment.

17.2.1 An analysis of the ageing of the non impaired trade debtors is shown below:

	Trade Debtors £000	Less than 30 days £000	30-60 days old £000	More than 60 days old £000
As at March 2009	2,059	810	273	976

The Museum's principle exposure to credit risk is primarily attributable to trade debtors. However this risk is not considered significant as major customers are familiar to the Museum. The amounts presented in the Balance Sheet are net of provisions for doubtful receivables estimated by the Museum's management based on prior experience and their assessment of the current economic value.

17.2.2 Set out below is the movement in the provision for bad and doubtful debts relating to the trade debtors.

	£ 000
Provision at 1 April 2008	37
Charges to the SOFA	231
Provision used	(20)
Balance at 31 March 2009	<u>248</u>

17.3 Financial liabilities by category

	Note	£ 000
Trade creditors	14	2,777
Other creditors	14	290
Accruals		2,674
Bank loan	17.4	555

The above figures exclude statutory creditors, which related to Tax and Social Security due to HM Revenue & Customs. With the exception of the bank loan, other liabilities are non-interest bearing.

17.4 Bank loan

The amount due in relation to financial liabilities, NMSI Trading Ltd borrowing, was:

	2009	2008
	£000	£000
Loan not wholly repayable within five years:	555	610
Analysis of maturity of debt		
Within one year of demand	61	56
Between one and two years	67	61
Between two and five years	246	223
After five years	181	270
	555	610
Amount repayable by instalments any of which fall for payment after five years	181	270

The leasehold interest in the Old Meteorological Building at Exhibition Road, London (net book value at 31.03.09 £1,004,697) is subject to a mortgage equal to the total amount of the bank loan shown above.

The bank loan is at a fixed interest rate.

18. STATEMENT OF FUNDS

18.1 Statement of restricted funds

	Sponsorship, Grants and Donations Reserve £000	Capital Grant Reserve £000	Capital Projects Fund £000	Collection Purchases Fund £000	Revaluation Reserve £000	Total restricted funds £000
Opening balances at 01.04.08, (restated)	2,677	1,766	198,514	-	41,896	244,853
Income	2,325	-	50	260	-	2,635
Expenditure	(3,026)	(151)	(10,855)	-	(1,754)	(15,786)
Gain on revaluation of assets	-	-	-	-	20,837	20,837
Transfers:						
Capitalisation of donated heritage assets	-	-	260	(260)	-	-
Capitalised project expenditure	(131)	-	131	-	-	-
Transfer between Revaluation and Capital Projects reserve	-	-	(1,798)	-	1,798	-
Transfer to unrestricted reserves	-	(583)	-	-	(583)	-
Closing balances at 31.03.09	1,845	1,615	185,719	-	62,777	251,956

18.2 Statement of unrestricted funds

	Museum Improvement Reserve	Capital Projects Fund	Collections Purchase Fund	Revaluation Reserve	Conting- ency Fund	Post Office Building Purchase Reserve	Total designated funds	General funds	Total unrestricted funds
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening balances at 01.04.08	6,969	17,558	519	4,906	1,500	300	31,752	342	32,094
Income	8,825	-	-	-	-	-	8,825	46,889	55,714
Expenditure	(6,200)	(1,542)	(77)	(197)	-	-	(8,016)	(45,823)	(53,839)
Gain on revaluation of assets	-	-	-	1,062	-	-	1,062	-	1,062
Capitalised project expenditure	(729)	729	-	-	-	-	-	-	-
Capitalisation of heritage assets purchased using operating budgets	-	161	(161)	-	-	-	-	-	-
Capitalisation of non-collection object additions purchased using operating budgets	-	125	-	-	-	-	125	(125)	-
Purchase of NMSI Trading utilised assets	-	39	-	-	-	-	39	(39)	-
Transfer to increase Collections Purchase Fund	-	-	100	-	-	-	100	(100)	-
Transfer to replenish Contingency Fund	-	-	-	-	300	-	300	(300)	-
Annual transfer to Post Office Building Reserve	-	-	-	-	-	200	200	(200)	-
Transfer between Capital Projects and Revaluation Reserves	-	583	-	-	-	-	583	-	583
Corporation tax	-	-	-	-	-	-	-	(35)	(35)
Closing balances at 31.03.09	8,865	17,653	381	5,771	1,800	500	34,970	609	35,579

18.3 Analysis of group net assets between funds

Fund balances at 31 March 2009 are represented by:	Unrestricted fund £000	Restricted fund £000	Endowment fund £000	Total £000
Tangible fixed assets	26,252	236,390	–	262,642
Heritage assets	279	14,254	–	14,533
Current assets	17,424	1,925	100	19,449
Current liabilities	(6,797)	(613)	–	(7,410)
Long term liabilities	(927)	–	–	(927)
Provisions	(652)	–	–	(652)
Total net assets	35,579	251,956	100	287,635

18.4 Funds

18.4.1 Restricted funds

Where a donor or sponsor has specified a particular purpose for a donation, grant or sponsorship income, that income is shown as restricted income in the year in which receipt is due.

Sponsorship, Grants and Donations Reserve

Sponsorship income, grants and donations received for specific projects or events are shown as restricted income and credited to a Sponsorship, Grants and Donations Reserve.

Capital Grant Fund

This fund represents the net book value of two IMAX cinema projectors purchased with a capital grant from the Heritage Lottery Fund. The fund will be released to the Statement of Financial Activities over the next 11 years to match the depreciation charge on the assets.

Collections Purchase Fund

Income received for the purchase of specific items or from the sale of objects is shown as restricted income and credited to the Collections Purchase Fund.

Revaluation Reserve

Revaluation movements arising from the quinquennial professional revaluations and from indexation are taken to the Restricted Revaluation Reserve. The additional current cost depreciation charge is charged to this reserve.

Capital Projects Fund

This fund represents the net book value of fixed assets financed by restricted funds and is used to fund depreciation on these assets.

18.4.2 Endowment fund

The Brink endowment fund is a permanent endowment established to advance the education in science of disadvantaged children. The income generated by the endowment is treated as restricted to the purpose of the fund.

18.4.3 Unrestricted designated funds

Where the Museum decides to commit to a specific project, an allocation is made to a designated fund. Income is recognised in the Statement of Financial Activities as it arises and is allocated as explained in the reconciliation and analysis of movements of the funds.

Collections Purchase Fund

Museum funds committed specifically to the purchase of objects for the collections are credited to the Collections Purchases Fund and released in the year in which expenditure takes place.

Revaluation Reserve

Upward revaluation movements based on price indices, in so far as they relate to assets purchased using unrestricted funding, are taken to the Designated Revaluation Reserve. The additional current cost depreciation charge generated by indexation revaluation movements is charged to this reserve.

Capital Projects Fund

This fund represents the net book value of fixed assets financed by unrestricted funds and is used to fund depreciation on these assets.

Museum Improvement Reserve

Museum funds committed to specific future project activity are credited to the Museum Improvement Reserve and released in the year in which the related expenditure takes place.

Contingency Reserve

Funds have been allocated to a Contingency Reserve to provide a reserve for use when significant unforeseen costs arise. The level of the reserve is determined by the Finance & General Purposes Committee with reference to recent calls on the funds and the size of the current capital programme. The necessary level is reassessed annually as part of the budget activity and also when any major change in the level of activity is planned and the target level for 2009-10 is £2.1m.

Post Office Building Purchase Reserve

The Museum is contracted to purchase the leasehold (99 years from 1995) of the 'The Post Office Building' (formerly known as the Old Meteorological Building) Exhibition Road, for £1,004,697 in 2016, once the mortgage on the property is repaid by NMSI Trading Ltd. This fund represents monies set aside to meet this obligation.

18.4.4 General funds

General funds are available for use in furtherance of the general objectives of the Museum and are usually allocated for expenditure in the year after they arise. Specific general reserves are detailed under designated funds.

19. CASH-FLOW INFORMATION

19.1 Reconciliation of net incoming resources to net cash inflow from operating activities

	2009	2008
	£000	£000
Net outgoing resources before taxation	(16,307)	(14,812)
Corporation tax	(35)	-
Cost of capital	5,036	4,992
Investment income (note 5)	(532)	(581)
Interest payable (note 19.2)	57	72
Donated fixed assets and heritage assets (note 18.1)	(260)	(1,516)
Release from deferred income provision	(50)	(50)
Amortisation	-	3
Depreciation (note 9)	14,916	17,259
(Profit) on asset disposals	-	(75)
Write off of asset under construction (note 9.1)	-	1,038
Decrease / (increase) in stocks	46	(54)
Decrease in debtors	785	2,164
Movements on bad debt and specific grant provisions (note 13)	211	(914)
Increase in creditors, excluding loans	1,204	270
Increase in pension provision (note 16.1)	60	183
In-year payments to early retirees (note 16.1)	(236)	(259)
Movement on IMAX provision in NMSI Trading (note 16)	18	(8)
Net cash inflow from operating activities	4,913	7,712

19.2 Gross cash flows

	2009 £000	2008 £000
Returns on investments and servicing of finance		
Interest received (note 5)	525	581
Interest paid	(57)	(72)
	468	509
Capital expenditure		
Receipt from sale of tangible fixed assets	-	95
Payments to acquire tangible fixed assets	(1,444)	(5,544)
	(1,444)	(5,449)
Management of liquid resources		
Cash withdrawn from short-term investments	(6,500)	-
Financing		
Loan repayments	(55)	(50)

19.3 Analysis of changes in net funds

	At 01.04.08 £000	Cash flows £000	At 31.03.09 £000
Cash at bank and in hand	2,779	10,382	13,161
Current asset investments	8,500	(6,500)	2,000
Debt due within one year	(56)	(5)	(61)
Debt due after one year	(554)	60	(494)
	10,669	3,937	14,606

20. CONTINGENT LIABILITIES

There were no contingent liabilities.

21. RELATED PARTY TRANSACTIONS

The National Museum of Science & Industry is an executive non-departmental public body whose parent body is the Department for Culture, Media and Sport. The Department for Culture, Media and Sport is regarded as a related party. During 2008-09 the National Museum of Science & Industry had a number of transactions in the normal course of business and at full arms length with the Department and with other entities for which the Department is regarded as the parent Department. The Director acts as Accounting Officer for the National Coal Mining Museum for England Trust Ltd. Loans of objects were also made to other museums for which DCMS is the parent body. In addition, NMSI provides advisory services to the Heritage Lottery Fund for which it receives payment. NMSI also had a small number of transactions with other government departments and other central government bodies.

Six Trustees had relationships with bodies with which NMSI had transactions;

Organisation	Nature of transaction	Name	Payments £000	Receipts £000	Creditor £000	Debtor £000
British Institute	Film prints to show Film at NMeM	Sir Howard Newby	8	-	-	-
Imperial College	Refurbishment of level 3, Science Museum Library and various equipment hire	Lord Rees of Ludlow Professor Rod Smith	28	-	-	-
University Cambridge	Event hire: Programme for industry	Professor Simon Schaffer Professor Dame Ann Dowling	-	6	-	-
Science Media LLP	Science Museum as agent for exhibition management, service recharge	Dr Douglas Gurr Ms Molly Jackson Ms Anne Caine	149	175	175	377

NMST Trading Ltd was gifted 16.5% of shares in Science & Media LLP, the holding company for 'Science of' which creates the 'Science of' exhibitions shown in the Science Museum and elsewhere. Dr Gurr, Molly Jackson and Anne Caine hold unremunerated directorships within that group of companies to ensure the interests of NMSI Trading Ltd are represented.

A provision of £202k has been made against the net of the creditor and debtor balances attributable to Science & Media LLP.

22. PRIOR YEAR ADJUSTMENT

	2008 published accounts	Prior year adjustment	2008 restated
Income from commercial activities	13,982	(151)	13,831
Creditors falling due within one year	6,586	(150)	6,436
Creditors falling due after one year	2,653	(1,616)	1,037
Designated fund: Capital grant reserve	-	1,766	1,766

In the year ended 1998-99 NMSI secured grant funding to purchase two IMAX cinema projectors and accounted for the income in line with SSAP 4 'Accounting for Government Grants'. As a result the March 2008 consolidated financial statements and those of the Trading Company show a deferred grant of £1.77M which is included in creditors.

In compliance with Charities SORP 2005 the restated accounting treatment now recognises in full the remaining balance of the grant income and creates a designated fund which will be reduced, by the annual depreciation charge, over the life of the associated assets.

23. POST-BALANCE SHEET EVENTS

The Annual Report and Accounts 2008-09 were authorised for issue by the Trustees and Accounting Officer on 10 July 2009. There were no post balance sheet events.

AWARDS AND NOMINATIONS, EXHIBITIONS AND PUBLICATIONS

Awards and nominations

Science Museum and Science Museum at Wroughton

Visitor Attraction of the Year in the Visit London Awards 2008

Siemens Think Customer Awards, Business Event of the Year – Silver, in the Visit London Awards 2008

Business Venue of the Year – Bronze in the Visit London Awards 2008

Launchball, Best Innovative Site, at Museums and the Web 2008

Launchball, Best of the Web, at Museums and the Web 2008

Shortlisted for the Enjoy England Awards for Excellence 2009 in the Large Visitor Attraction category

National Railway Museum

Best Visitor Attraction in the York Tourism Awards for Excellence 2008

Finalist in Yorkshire Tourist Board's White Rose Awards 2008 for Best Visitor Attraction – over 50,000 visitors

Restoration of No. 70013, *Oliver Cromwell*, Heritage Railways Association John Coiley Award for Locomotive Restoration (joint with Great Central Railway)

Highly Commended in the National Centre for Languages Business Language Champions Awards 2008, for schools tourism project

Best Conference Venue in the White Rose Awards 2008

Valiant luxury dining carriage, shortlisted for the Yorkshire Business Insider Awards 2009, New Venue category.

The Railway Children, York Tourism Awards for Excellence 2009 – Visitor Experience of the Year (joint with York Theatre Royal)

National Media Museum

Finalist in White Rose Awards for Visitor Attraction of the Year – 250,000 visitors and over

Finalist in White Rose Awards Business Tourism Venue of the Year

The Colin Ford Award from the Royal Photographic Society for services to the relationship between the RPS and the National Media Museum

Exhibitions

Started between 1 April 2008 and 31 March 2009

	Opened	Closed
Science Museum		
<i>The Science of Survival</i>	April 2008	November 2008
<i>Dan Dare and the Birth of Hi-Tech Britain</i>	April 2008	October 2009
<i>Films of Fact</i>	May 2008	February 2009
<i>Does Flying Cost the Earth?</i> (Antenna feature)	May 2008	November 2008
ERNIE 1 (permanent display)	June 2008	
Science Museum War Memorial (permanent display)	November 2008	
<i>Future Foods</i> (Antenna feature)	November 2008	May 2009
<i>Japan Car</i>	November 2008	April 2009
<i>Fast Forward, 20 ways F1™ is changing our world</i>	March 2009	April 2010
<i>Wallace & Gromit present A World of Cracking Ideas</i>	March 2009	November 2009
National Railway Museum		
TA exhibition	May 2008	July 2008
<i>Search Engine</i> – case studies	June 2008	January 2009
<i>New Model Army</i>	August 2008	December 2008
<i>Search Engine</i> – Workshop of the World	February 2009	July 2009
KF7 (Chinese locomotive) cab (permanent display)	May 2008	
National Media Museum		
25th Anniversary display	May 2008	September 2008
<i>Live By the Lens, Die By the Lens</i>	June 2008	September 2008
<i>Sunny Snaps</i>	June 2008	August 2008
<i>Pavilion</i>	September 2008	January 2009
PA Display	October 2008	January 2009
<i>Here's One We Made Earlier: 50 Years of Blue Peter</i>	October 2009	January 2009
<i>Baby: Picturing the Ideal Human, 1840s – Now</i>	February 2009	April 2009
<i>Bradford Babies</i>	February 2009	April 2009

Publications

Science Museum

Books

V Carroll, *Science and Eccentricity: Collecting, Writing and Performing Science for Early Nineteenth-Century Audiences* (London: Pickering & Chatto, 2008)

S Mossman, *Fantastic Plastics: Product Design and Consumer Culture* (London: Black Dog Publishing, 2008)

Publications

T Boon, 'Early days of science broadcasting', *Nature*, 456 (2008), p708

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