

NATIONAL HERITAGE (SCOTLAND) ACT 1985

Accounts prepared pursuant to section 9 of Schedule 1 of the National Heritage (Scotland) Act 1985, for the year ended 31 March 1992, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 244 of 1991-92.)

Presented pursuant to Act 1985, c. 16, S1, s. 9

National Museums of Scotland Accounts 1991-92

ORDERED BY THE HOUSE OF COMMONS
TO BE PRINTED 15 FEBRUARY 1993

LONDON: HMSO
490

4 March 1993

Contents

	Page
Report of Board of Trustees	1
Statement 1 Income and Expenditure Account	4
2 Balance Sheet	5
3 Cash Flow Statement	6
4 Accounting Policies and Notes	7
Certificate and Report of the Comptroller and Auditor General	14

Report of the Board of Trustees incorporating Foreword

- History of Body** 1 The National Museums of Scotland (NMS) was set up on 1 October 1985 by the amalgamation of the National Museum of Antiquities of Scotland (NMAS) and the Royal Scottish Museum (RSM). Prior to this date the NMAS was a body funded by the Scottish Office Education Department (SOED) under a separate Vote whilst the RSM was for funding and administrative purposes a part of SOED.
- Statutory Background** 2 The NMS and its activities are controlled primarily by the terms of the National Heritage (Scotland) Act 1985.
- Principal Functions of the NMS** 3 The functions of the NMS are, as set out in section 2(1) of the 1985 Act, to:—
- (a) care for, preserve and add to the objects in their collections,
 - (b) secure that the objects are exhibited to and interpreted for the public,
 - (c) secure that the objects are available to persons seeking to inspect them in connection with study or research,
 - (d) generally promote the public's awareness, appreciation and understanding of matters agricultural, archaeological, architectural, artistic, cultural, environmental, historical, industrial, military, scientific and social both by means of the Board's collections and by such other means, including collaboration with other institutions, as they consider appropriate, and
 - (e) provide education, instruction and advice and carry out research.
- Financial Results and Appropriations** 4 In the period in question, that is from 1 April 1991 to 31 March 1992, NMS received £10.3m by way of grants-in-aid from SOED and £0.40m from hire of facilities, etc.
- During the year, £5.0m was spent on running costs; a further £5.4m was spent on salaries and wages.
- A surplus of £338,000 is shown in the accounts.
- Capital items to the value of £2.25m were also purchased during the year by way of grant-in-aid from SOED.
- The National Museums received £672,000 from SOED for the purchase of items for the Collection and £162,000 from other receipts. The sum of £856,000 was spent on items etc, leaving a balance of £9,000 after the previous year's balance of £31,000 is taken into account.
- NMS's Activities during the Year** 5 NMS contributes to the cultural wealth and knowledge of Scotland by:—
- (a) the preservation of material and natural objects;
 - (b) providing displays to illuminate for the public Scottish and international aspects of man's culture and the natural world;
 - (c) encouraging research on its holdings; and
 - (d) providing an education service for the interpretation of its holdings.
- The period was dominated by the need to build up structures. One of the major activities was the continuing building up of a system for

computerised documentation of the National Collection, a task which is likely to take eight years. The Documentation Service now provides computerised documentation to the National Galleries of Scotland and guidance to local museums on their systems.

- | | | |
|--|-----------|---|
| The Status of Land and Buildings | 6 | Other than the storage facility at Granton the Trustees did not in the period hold any land or buildings on behalf of NMS. Most of the buildings which house NMS were Crown properties, vested in the Secretary of State for the Environment and the remainder were rented, on his behalf, for use of the National Museums. |
| Significant Changes to Fixed Assets | 7 | In the period, NMS acquired or improved assets to the value of £2,248,661 mainly on the purchase of computers and building improvements. The buildings and their contents have not yet been transferred to the Trustees. |
| Activities in the field of Research and Development | 8 | A wide range of research work was undertaken by members of NMS staff and by others working on NMS collections. During the year, 113 articles or books were published by members of staff and 54 by others drawing on collections in NMS's care. NMS also contributed to fieldwork at home and abroad. |
| Future Developments in NMS's Activities | 9 | Planning for the construction of the 'Museum of Scotland' is well advanced and implementation of this project will be the most important activity for NMS until its expected completion in five to six years. |
| Important Events which have occurred since the Financial Year-end | 10 | No important events have occurred since 1 April 1992 which will have an impact on these accounts. |
| Names of Board Members during the Year | 11 | The Trustees of the National Museums are appointed by the Secretary of State for Scotland. The following were members of the Board during the period covered by these Accounts: —
The Marquess of Bute (Chairman)
Mr Robert Smith (Vice-Chairman)
Professor Lalage Bown
Mr William Brown
Mr Ronald Cramond
Lady Dalkeith
Sir Nicholas Fairbairn QC, MP
Sir Alistair Grant
Dr Hugh Ingram
Professor Peter Jones
Dr Derek Pringle
Professor Christopher Smout
Sir John Thomson |
| Appointment of Auditors | 12 | The Accounts of the National Museums are audited by the Comptroller and Auditor General. |
| Disabled Employees | 13 | The National Museums adopts a positive attitude towards the employment of disabled persons both in recruitment and, as far as possible given the age of the premises of the Museums, in the provision of suitable working conditions. Every encouragement is given to disabled staff to develop their skills. |

**Employee
Consultation**

- 14** The Management of the NMS communicates with staff representatives on the various Trade Unions both directly and through the mechanism of the Whitley Council and its Sub-Committees. The Trustees made available, to each member of staff, a copy of their Corporate Plan 1992-96 and held an open forum to discuss the contents. Staff information is distributed by way of notices, circulars, etc.

Income and Expenditure Account for the year ended 31 March 1992

Statement 1

Income	Note	1991-92 £	1990-91 £
Grant-in-aid received	2	10,320,309	10,083,596
Net surplus from revenue earning activities	3	35,385	—
Gross income from grant aided activities	4	55,247	81,776
Profit on sale of assets		—	—
Depreciation contribution from reserve	14	430,332	248,688
Other income	5	347,659	156,390
		<u>11,188,932</u>	<u>10,570,450</u>
Expenditure			
Staff costs	6	5,400,349	4,876,019
Other operating charges	7	5,020,101	5,209,305
Net deficit on revenue earning activities	3	—	20,908
Loss on sale of assets		—	—
Depreciation	8	430,332	248,688
		<u>10,850,782</u>	<u>10,354,920</u>
Operating Surplus/(Deficit)		<u>338,150</u>	<u>215,530</u>
Transfer to General Fund	14	302,765	215,530
Transfer to Board Reserve Fund	15	35,385	—
		<u>338,150</u>	<u>215,530</u>

[The notes on pages 7 to 13 form part of these accounts]

Balance Sheet as at 31 March 1992

Statement 2

	Notes	1991-92		1990-91	
		£	£	£	£
Fixed Assets					
Tangible Assets	8		3,799,332		1,981,003
Current Assets					
Stocks	9	42,041		18,680	
Debtors	11	215,958		151,094	
Cash at bank and in hand	12	517,025		216,834	
			<u>775,024</u>		<u>386,608</u>
Creditors					
Amounts falling due within one year	13	852,689		779,930	
Net Current Liabilities			<u>(77,665)</u>		<u>(393,322)</u>
Total Assets Less Current Liabilities			<u>3,721,667</u>		<u>1,587,681</u>
Capital and Reserves					
General Fund	14	3,677,412		1,556,318	
Board Reserve Fund	15	35,385		—	
Purchase Fund	16	8,870		31,363	
			<u>3,721,667</u>		<u>1,587,681</u>

M. Jones
Accounting Officer

27 August 1992

[The notes on pages 7 to 13 form part of these accounts]

Cash Flow Statement for the Year Ended 31 March 1992

Statement 3

	Notes	1991-92		1990-91	
		£	£	£	£
Net cash inflow from operating activities	20		226,613		65,186
Finance Costs:					
Interest received		—	96,071	—	18,085
Net cash inflow/(outflow)			322,684		83,271
Investing activities:					
Payments from Purchase Fund		856,324		736,096	
Payments to acquire tangible fixed assets		2,248,661		1,350,008	
Net cash outflow from investing activities			(3,104,985)		(2,086,104)
Net cash outflow before financing			(2,782,301)		(2,002,833)
Financing					
Capital grants		2,248,661		1,350,008	
Purchase Fund		833,831		749,142	
			3,082,492		2,099,150
Increase in cash and cash equivalents	21		(300,191)		(96,317)
			2,782,301		2,002,833

[The notes on pages 7 to 13 form part of these accounts]

Notes to the Accounts

Statement 4

Accounting Policies

1 (a) Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by the valuation of certain fixed assets in accordance with directions given by the Secretary of State for Scotland with the consent of the Treasury under paragraph 9(3) of Schedule 1 to the National Heritage (Scotland) Act 1985.

Without limiting the information given, the accounts meet the requirements of the Companies Act 1985 and Statements of Standard Accounting Practice issued by member bodies of the Consultative Committee of Accountancy Bodies so far as those requirements are appropriate.

(b) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or at valuation where the cost is not known. Rentals paid under an operating lease are charged to income on a straight line basis over the lease term.

The title to the land and buildings administered by the Board has not been transferred from the Secretary of State. Accordingly these assets have not been included as assets in the Balance Sheet. The contents of the buildings at 31 March 1989 etc have not been transferred to the Trustees and have also not been included in the fixed assets in the Balance Sheet. However on 1 April 1989, the National Museums assumed managerial responsibility for processing and accounting for all expenditure previously undertaken by the Property Services Agency, and a separate buildings grant was provided. Expenditure from 1 April 1989 on fixed assets associated with buildings and purchase of buildings has been included in tangible fixed assets.

Depreciation is provided in equal annual instalments on all tangible fixed assets over their estimated useful lives, as follows:—

Equipment	over 7 years
Vehicles	over 7 years
Buildings improvements	over 15 years
Building purchases	over 50 years

At 1 October 1985, the Trustees of NMS assumed responsibility for the collections of artefacts assembled by the Trustees of the National Museum of Antiquities of Scotland and by the Royal Scottish Museum. The items contained in these collections, totalling some 700,000 artefacts and 3 million natural science items, are not considered tangible fixed assets as their value cannot be realised other than under the terms set out in Section 8(3) of the National Heritage (Scotland) Act 1985.

(c) Government Grants

The revenue portion of the annual grant-in-aid is credited to income in the year in which it is received.

Any portion relating to capital expenditure is notionally credited to a General Fund which is written down by the amount of the depreciation charge.

Grant-in-aid received which has not been expended in cash by the year end is carried forward in the balance sheet as a creditor under the description "Income received in advance".

(d) Stocks

Stocks are stated at the lower of cost or net realisable value.

(e) Board Reserve Fund

The net proceeds derived from revenue earning activities, donations and other sources, excluding grant-in-aid, are taken to the Board Reserve Fund. These funds may be used at the Board's discretion.

(f) Taxation

Non-recoverable Value Added Tax (VAT) arising from expenditure is charged to the Income and Expenditure Account.

(g) Current Cost Accounting

The Trustees consider that the application of current cost accounting is not suitable or practicable to its activities.

Government Grants 2
(See Notes 1(c) & 16)

	1991-92		1990-91	
	£	£	£	£
In respect of:				
Operating grant	6,467,125		6,087,548	
Buildings grant	<u>3,853,184</u>	10,320,309	<u>3,996,048</u>	10,083,596
Operating capital expenditure		486,845		243,476
Building capital expenditure		1,761,816		1,106,532
Purchase Fund		<u>672,000</u>		<u>656,000</u>
Total received during year		<u>13,240,970</u>		<u>12,089,604</u>

Revenue Earning Activities 3

	1991-92	1990-91
	£	£
Sales	60,961	46,924
Cost of Sales	<u>(19,522)</u>	<u>(61,260)</u>
Gross Surplus/(Deficit)	41,439	(14,336)
Direct Staff Costs	<u>(6,054)</u>	<u>(6,572)</u>
Net Profit/(Loss)	<u>35,385</u>	<u>(20,908)</u>

Grant-Aided Activities 4

	1991-92	1990-91
	£	£
Rental of facilities etc	<u>55,247</u>	<u>81,776</u>

Other Income 5

	1991-92	1990-91
	£	£
Sponsorship	22,113	—
Agency	25,966	5,068
Other Income	<u>299,580</u>	<u>151,322</u>
	<u>347,659</u>	<u>156,390</u>

Employees**6**

	1991-92	1990-91
	£	£
Staff costs during the year		
Non-shop staff		
Salaries	4,289,080	3,892,924
Notional Social Security costs	424,195	385,014
Pension costs	687,074	598,081
Total	<u>5,400,349</u>	<u>4,876,019</u>
Shop staff		
Salaries	5,253	4,899
Social Security costs	519	342
Pension costs	282	245
Total	<u>6,054</u>	<u>5,486</u>

The National Museums of Scotland participates in the Principal Civil Service Pension Scheme (PCSPS) which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the NMS in an independently administered fund. The pension cost charge represents contributions payable by the NMS to the fund and amounted to £687,951. Contributions totalling £595 were paid in advance and are included in debtors.

The average full-time equivalent number of employees was:

	1991-92	1990-91
	Number	Number
Curatorial	120	123
Conservation	19.2	17
Warding	84.7	88.5
Administration, support services	76.1	72.8
Total	<u>300</u>	<u>301.3</u>

The number of employees earning in excess of £30,000 per annum was:

£30,001 —£35,000	5	4
£35,001 —£40,000	5	5
£40,001 —£45,000	1	1
£45,000+	1	—

Other Operating Charges**7**

(See Notes 10 and 17)

	1991-92	1990-91
	£	£
Administration expenses	157,511	106,820
Other external charges	896,985	1,137,796
Fuel and Utilities	392,728	294,944
Rents etc	498,651	334,692
Furniture and furnishings	249,363	26,979
Repair and renewals	2,814,113	3,297,874
Audit Fee	10,750	10,200
Total	<u>5,020,101</u>	<u>5,209,305</u>

(The fuel, utilities, furniture etc of the NMS direct trading activities are subsumed within the above costs and are not possible to attribute.)

Tangible Fixed Assets

(See Note 1(b))

	Buildings & Improvements		Equipment		Total	
	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91
	£	£	£	£	£	£
Cost or valuation						
Net book amount at						
1 April	1,316,775	272,782	664,228	606,901	1,981,003	879,683
Additions	1,761,816	1,106,532	486,845	243,476	2,248,661	1,350,008
Disposals	—	—	—	—	—	—
	<u>3,078,591</u>	<u>1,379,314</u>	<u>1,151,073</u>	<u>850,377</u>	<u>4,229,664</u>	<u>2,229,691</u>
Depreciation						
Provision for period	179,994	62,539	250,338	186,149	430,332	248,688
Disposals	—	—	—	—	—	—
	<u>179,994</u>	<u>62,539</u>	<u>250,338</u>	<u>186,149</u>	<u>430,332</u>	<u>248,688</u>
Net Book Amount						
At 31 March	<u>2,898,597</u>	<u>1,316,775</u>	<u>900,735</u>	<u>664,228</u>	<u>3,799,332</u>	<u>1,981,003</u>

From 1 April 1989, buildings work either under £2,000 where expenditure on a project covers more than one financial year and expenditure in 1989-90 is less than £2,000 or more than £2,000 if all relevant expenditure has been incurred in the current financial year, has been included in the Assets Register. The buildings and their contents at 31 March 1989 have not been vested in the Trustees and their value has not been included.

Stocks

	1991-92	1990-91
	£	£
(Board Reserve Fund)		
Stocks held for resale	<u>42,041</u>	<u>18,680</u>

Payments for Agency Work

10 The National Museums undertakes work, such as the co-ordination of fieldwork, on behalf of other agencies. These agencies normally make payments in advance to the National Museums who utilise these funds throughout the life of any particular project which can span several financial years.

Debtors

	1991-92	1990-91
	£	£
SOCS	502	4,196
Prepayments	48,359	72,046
Season Ticket Holders	10,122	11,481
Loan to NMS Trading Co (See Note 17)	103,058	3,058
NFA (Art)	10,809	—
Other	43,108	60,313
	<u>215,958</u>	<u>151,094</u>

Cash at Bank and in Hand	12		
		1991-92	1990-91
(See Notes 16 and 19)		£	£
Purchase Grant		8,870	31,363
NFA (Art and Science)		46,808	49,335
Bank and Cash in hand		461,347	136,116
		<u>517,025</u>	<u>216,834</u>

Creditors – Amounts falling due within one year	13		
		1991-92	1990-91
		£	£
Income received in advance		97,083	89,134
Operating Charges		684,087	633,026
Audit		9,000	8,415
VAT		4,902	—
NFA (Science)		57,617	49,355
		<u>852,689</u>	<u>779,930</u>

Full provision has been made in the operating charges for settlement as necessary of a claim for contractors additional expenses due to prolongation and disruption.

General Fund	14		
		1991-92	1990-91
		£	£
Balance at 1 April		1,556,318	239,468
Grant-in-Aid for purchases of fixed assets		2,248,661	1,350,008
		<u>3,804,979</u>	<u>1,589,476</u>
Less:			
released to I and E A/C to meet depreciation (note 8)		430,332	248,688
		<u>3,374,647</u>	<u>1,340,788</u>
From Income and Expenditure Account		302,765	215,530
Balance as at 31 March		<u>3,677,412</u>	<u>1,556,318</u>

Board Reserve Fund	15		
		1991-92	1990-91
		£	£
Balance at 1 April 1991		—	—
Transfer from I & E Account		35,385	—
Balance at 31 March 1992		<u>35,385</u>	<u>—</u>

Purchase Fund (See Note 1(c))	16	1991-92	1990-91
		£	£
	Income		
	Balance at 1 April	31,363	18,317
	Scottish Office Education Dept	672,000	656,000
	Contributions to "Lizzie"		
	National Heritage Memorial Fund		37,818
	Geologists Association/Curry Fund		10,000
	Royal Mail		5,000
	Pilgrim Trust		7,500
	Lothian Region		5,000
	West Lothian District Council		20,000
	Edinburgh District Council		2,500
	Other contributions		5,324
	Contributions to Thistle Collar		
	National Heritage Memorial Fund	45,555	
	Bank of Scotland	10,000	
	Coutts & Company	10,000	
	Royal Bank of Scotland	1,000	
	Others	620	
	Contributions to Duke of Hamilton Portrait		
	National Heritage Memorial Fund	35,000	
	R K A Thompson Legacy	12,143	
	National Art Collections Fund	10,000	
	Russell Trust	1,000	
	Contributions to Dumfries Freedom Box		
	National Heritage Memorial Fund	20,000	
	National Art Collections Fund	15,000	
	Other contributions	1,513	
		<u>865,194</u>	<u>767,459</u>
	Expenditure		
	Purchases	792,110	686,987
	Fieldwork etc	64,214	49,109
		<u>856,324</u>	<u>736,096</u>
	Balance at 31 March	<u>8,870</u>	<u>31,363</u>
	The National Museums funds fieldwork in Scotland using the Purchase Grant on the basis that artefacts discovered are likely to become part of the National Collection.		
		<u>44,500</u>	<u>12,271</u>

Shop Sales **17** The National Museums of Scotland Trading Company Ltd took over responsibility for the shop outlets at Chambers Street and the Scottish United Services Museum. In order to assist the Trading Company the NMS made a loan to them of £3,058, interest free, payable on 31 March 1993. A further interest free loan of £100,000 was made available to the Trading Company during 1991-92.

Audit Fees **18** The National Audit Office have indicated that their fee for the 1991-92 accounts will be £9,000. The fee for 1990-91 accounts was £1,795 greater than allowed for in the 1990-91 accounts; this has been reflected in the 1991-92 accounts.

**National Fund
for Acquisitions**

- 19 The Director of the National Museums acts as adviser to the SOED on payments under the National Fund for Acquisitions (NFA), previously known as the Local Museums Purchase Fund. This fund, although shown in the Accounts, is not available to the National Museums. The commitments as at 31 March 1992 were £45,535.

Notes to the cash flow statement

**Reconciliation of
Operating Profit
to Net Cash
Inflow from
Operating Activities**

	1991-92	1990-91
	£	£
Operating surplus/(deficit)	338,150	215,530
Interest Received	(96,071)	(18,085)
Increase in stocks	(23,361)	30,309
Increase in debtors	(64,864)	44,810
Increase in creditors	72,759	(207,378)
Net cash inflow from operating activities	<u>226,613</u>	<u>65,186</u>

**Analysis of
Changes in Cash
and Cash
Equivalents during
the year**

	1991-92	1990-91
	£	£
Balance at 1 April 1991	216,834	120,517
Net cash inflow	<u>300,191</u>	<u>96,317</u>
Balance at 31 March 1992	<u>517,025</u>	<u>216,834</u>

Certificate and Report of the Comptroller and Auditor General

I certify that I have examined the financial statements on pages 4 to 13 in accordance with the provisions of the National Heritage (Scotland) Act 1985 and the National Audit Office auditing standards.

In my opinion the financial statements give a true and fair view of the state of affairs of the National Museums of Scotland at 31 March 1992 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the provisions of the National Heritage (Scotland) Act 1985 and the directions made thereunder by the Secretary of State for Scotland.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

National Audit Office
11 December 1992

HMSO publications are available from:

HMSO Publications Centre

(Mail, fax and telephone orders only)

PO Box 276, London, SW8 5DT

Telephone orders 071-873 9090

General enquiries 071-873 0011

(queuing system in operation for both numbers)

Fax orders 071-873 8200

HMSO Bookshops

49 High Holborn, London, WC1V 6HB

071-873 0011 Fax 071-873 8200

(counter service only)

258 Broad Street, Birmingham, B1 2HE

021-643 3740 Fax 021-643 6510

Southey House, 33 Wine Street, Bristol, BS1 2BQ

0272 264306 Fax 0272 294515

9-21 Princess Street, Manchester, M60 8AS

061-834 7201 Fax 061-833 0634

16 Arthur Street, Belfast, BT1 4GD

0232-238451 Fax 0232 235401

71 Lothian Road, Edinburgh, EH3 9AZ

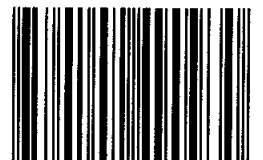
031-228 4181 Fax 031-229 2734

HMSO's Accredited Agents

(see Yellow Pages)

and through good booksellers

ISBN 0-10-249093-7



9 780102 490930