SCIENCE MUSEUM GROUP

Annual Report and Accounts 2012–2013

Science Museum
Museum of Science and Industry, Manchester
National Railway Museum in York and Shildon
National Media Museum
SCMG Enterprises Ltd

HC 519

Science Museum Group

Annual Report and Accounts 2012–2013

Report and Accounts presented to Parliament pursuant to Section 9(8) of the Museums and Galleries Act 1992

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Science Museum Group (SMG) members:
(Formerly known as National Museum of Science & Industry)

Science Museum

Museum of Science and Industry, Manchester

National Railway Museum in York and Shildon

National Media Museum

SCMG Enterprises Ltd

Any enquiries regarding this publication should be sent to us at FOI@nmsi.ac.uk.

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1 About the Science Museum Group

Science Museum Group purpose and objectives

The Science Museum Group (SMG) is devoted to the history and contemporary practice of science, medicine, technology, industry and media. Its collections form an enduring record of scientific, technological and medical change since the 18th century. They are the largest, most comprehensive and most significant in their field anywhere in the world. SMG incorporates the Science Museum, the Science Museum Library and the Wellcome Collections of the History of Medicine in South Kensington; the Museum of Science & Industry (MOSI) in Manchester; the National Railway Museum (NRM) in York and in Shildon; and the National Media Museum (NMeM) in Bradford. Collections stores are located at Wroughton, Swindon, Blythe House in West Kensington and Brunel Avenue in Salford.

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

- Care for, preserve and add to the objects in its collections
- Secure that the objects are exhibited to the public
- Secure that the objects are available to persons seeking to inspect them in connection with study or research, and
- 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 SMG have agreed that the mission of SMG is to engage people in a dialogue about the history, present and future of human ingenuity in the fields of science, technology, medicine, transport and media. We will achieve this by aspiring to the highest international museum standards in the care and presentation of collections, programming, learning and advocacy for our subject areas. This informs all decision-making, future planning and the setting of strategic objectives.

Our strategic objectives across the Group are to:

- Aspire to the highest international museum standards in the care and preservation of collections, scholarship, programming, learning and advocacy for our subject areas
- Strengthen our core narratives and deliver dynamic gallery displays
- Implement clear audience strategies that focus on providing life-enhancing experiences
- Extend our reach nationally and internationally
- Make optimum use of our estate
- Be an organisation that is extrovert, entrepreneurial, efficient and dedicated to the development of great people

These objectives underpin all of SMG's work and the specific objectives and activities implemented at each of our Museums.

Science Museum Group history

The Science Museum has its origins in the South Kensington Museum set up soon after the Great Exhibition of 1851. The Museum of Science & Industry opened in 1969 as the North Western Museum of Science and was registered as a charity in 1987. 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 Railway Museum at Shildon was opened in 2004 in partnership with Sedgefield Borough Council. The National Media Museum was established in 1983 as the National Museum of Photography, Film & Television, with the support of Bradford City Council. The Science Museum collections store at Wroughton, a former Second World War airfield, was made available to the Museum by the Ministry of Defence in 1979.

Science Museum Group legal status

SMG 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. SMG 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. SMG is an exempt charity under the Second Schedule of the Charities Act 1993 with DCMS acting as its principal regulator for charity law purposes and is recognised as charitable by HM Revenue & Customs. SMG has a wholly owned subsidiary trading company, SCMG Enterprises Ltd (company registration no. 2196149), set up in 1988. This operates at all four Museums and Gift Aids taxable profits to SMG. Bradford Film Ltd is a company limited by guarantee whose sole member is SCMG Enterprises Ltd. MOSI was the public-facing name of the Greater Manchester Museum of Science & Industry Trust (GMMOSIT); the charity was a private company limited by guarantee, a DCMS sponsored body and an NDPB. The assets and undertakings of GMMOSIT were transferred to SMG at midnight on 31 January 2012. The assets and undertakings of MOSI Enterprises Ltd, the wholly owned subsidiary of GMMOSIT, were transferred to SCMG Enterprises Ltd at 23.59 on 31 March 2012.

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 SMG defines the commitments by each party every three years and can be seen on the SMG website.

From 2012–13, SMG has taken on responsibility for distributing Grant in Aid to the National Coal Mining Museum for England (NCMME). This arrangement is governed by a Management Statement and Memorandum agreed between SMG and NCMME. NCMME retains its own Board of Trustees and continues to publish its own annual report of its activities, together with its audited annual accounts no later than 31 December each year. NCMME is not considered a subsidiary undertaking for the purposes of group accounting and SMG does not exercise any control over, nor does it have any responsibility for, the operations of NCMME.

Museum addresses

Science Museum
Exhibition Road
London
SW7 2DD

National Railway Museum
Leeman Road
York
YO26 4XJ

National Media Museum
Pictureville
Bradford
BD1 1NQ

Museum of Science & Industry
Liverpool Road
Castlefield
Manchester
M3 5BG

National Railway Museum at Shildon
Shildon
County Durham
DL4 1PQ

Company addresses

Entity	Registered number	Charity registration	Registered office
SCMG Enterprises Ltd	2196149	-	Science Museum Exhibition Road London SW7 2DD
Greater Manchester Museum of Science & Industry Trust	02067804	518412	
MOSI Enterprises Ltd	02965671	-	
Bradford Film Ltd (a company limited by guarantee)	3309258	-	

List of SMG advisers

	SMG		SCMG Enterprises Ltd Bradford Film Ltd
Auditors	Comptroller and Auditor General National Audit Office 157–197 Buckingham Palace Road London SW1W 9SP		Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP
Bankers	Barclays Bank plc Floor 27 1 Churchill Place London E14 5HP		Barclays Bank plc Floor 27 1 Churchill Place London E14 5HP
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2 Review of 2012–13 and plans for the future

Science Museum

Our objectives

The Science Museum's mission is to make sense of the science that shapes our lives. This commitment drives everything we do. Through our world-class collections of historical objects, galleries, interactive experiences and our learning programmes we aim to be the leading international museum championing the understanding, enjoyment and prestige of science in modern society.

This year we set out our Strategic Ambitions for the next decade, including a commitment to focus on the urgent choices faced by society and the fundamental science and technology that underpin them. Our core themes of work for the coming decade will be:

- Climate science and sustainability
- The history and future of medicine
- Informatics and the science of data
- Understanding the universe

Our audiences

The Science Museum is a favourite with families: this year 53% of our visitors came in family groups. 13% of our visitors came in education groups and we remain the UK museum with the most recorded visits by this segment. Adults visiting independently who come to see the collection, reflect on science issues, engage their minds or simply to see the Museum, make up 34% of our audience. For many visitors to the capital the Museum is a must-visit destination, with 37% of our general admission visitors from overseas and 23% from outside of London and the Southeast. Digitally the Science Museum's reach is global, with 47% of our website traffic coming from outside the UK.

Our achievements

This year the Science Museum welcomed 3.1 million visitors, our highest annual total since complete records began. This included a significant increase in the number of overseas visitors during this Olympic year and a growing independent adult audience in line with our audience development plan. Our new exhibitions this year included the award winning *Codebreaker*, celebrating Alan Turing's life and legacy, and *Web Lab*, which received 200,000 visits in its first six months and 4.5 million online visits in the same period.

We are also delighted this year to have acquired the Professor James Lovelock Archive. This valuable collection of documents and artefacts covers the 70-year career of the notable independent scientist. In July the governments of the UK and Brazil and the Science Museum signed a letter of intent to cooperate on science communication and education. We ended the year with the Great British Innovations campaign in which over 50,000 people voted for the most important innovation in science and technology from the last 100 years.

None of these achievements would have been possible without the generous support of corporate sponsors, trusts, foundations and individuals, not least our visitors whose support has been overwhelming over the past year. In these challenging economic times, with the likelihood of continued reductions in public funding, this support will become ever more critical.

Exhibitions, galleries and events

New exhibitions, displays and programmes in 2012–13 have included:

- *Signs, Symbols, Secrets: An illustrated guide to alchemy*. Opening in April 2012, this exhibition includes a newly discovered Ripley scroll, illustrated manuscripts and early printed books from the Museum's Library & Archives collections, including the *Rosarium philosophorum*, one of the most widely studied texts of European alchemy.
- *Universe of Sound*. Opened by Culture Minister Ed Vaizey in May 2012, this was a high-definition interactive experience in which Gustav Holst's *The Planets* was performed by a 'virtual' Philharmonia Orchestra. This installation received much coverage in the media and very positive audience feedback.
- *Codebreaker: Alan Turing's Life and Legacy* opened in June 2012 to mark the 100th anniversary of Alan Turing's birth. This exhibition has been a major pull for visitors to the Museum and has been awarded the Great Exhibitions prize by the British Society for the History of Science against stiff competition.

- *Made in Britain*, developed by the Department for Business, Innovation and Skills, celebrated the best of British manufacturing. We also marked the Summer of Sport with four *Antenna* exhibits and a series of events celebrating the 2012 Olympic and Paralympic Games, including the opportunity for visitors to try a range of Paralympic wheelchairs and cutting-edge sensor technology.
- In July we opened *Web Lab*, a highly interactive exhibition developed in collaboration with Google that comprises five experiments bringing the extraordinary workings of the internet to life. The experience is also accessible by web users around the world.
- *Climate Changing Stories*, unveiled in June, is the next instalment in a series of displays taking a long view of our climate changing world. These gallery interventions include artworks from new and emerging artists and reveal the hidden stories behind some of the Museum's best-loved exhibits.
- *Pain Less: the future of relief* opened in November 2012 and investigates the future of pain relief through personal stories, scientific discovery, objects, films and games.
- *The Voice of the BBC: 90 Years of Public Broadcasting* opened in November, celebrating the 90th anniversary of the first BBC broadcast. To mark the historic moment, a musical composition written by Damon Alban was broadcast live from the Museum across all BBC channels to millions of listeners.

This year we have also completed a number of gallery updates:

- Part of the *Computing* gallery has been redesigned to incorporate a selection of Babbage's original engineering drawings.
- Regular updates to the *Who am I?* gallery have included the highly popular Bionic Man display.
- Significant scientific milestones were marked with *Crossing the Sun*, an exhibit on the transit of Venus, launched in June, and *Hidden Structures*, a display commemorating the centenary of X-ray crystallography, opened in March.
- We launched a ground-breaking augmented reality app that gave visitors a personal tour of our *Making the Modern World* gallery hosted by the renowned TV presenter and science enthusiast James May.

The exhibitions programme has been complemented by our rich strand of festivals and events. Highlights have included:

- A series of climate change events, including a climate-themed September Lates, a number of Dana Centre dialogue events and the ever-popular *A Cockroach Tour of the Science Museum*.
- ZombieLab took place across three days in January and February and featured interactive live games, mass experiments, a series of short talks and a zombie trial. The festival included one of our most well attended Lates evenings, which attracted over 5000 visitors.
- Our High Performance festival in March marked International Women's Day.
- In January the Museum hosted Science Policy in the Real World, a discussion about the experience of being Science Minister between the current incumbent, David Willetts, and two predecessors, Lord David Sainsbury and Lord William Waldegrave. The invited audience included several current and former government science advisers and three current and former university vice-chancellors. The event was co-organised by the Museum, the Royal Society and the Mile End Group of Queen Mary University of London.

The cultural programme has also been enriched by contributions from residencies. Mark Champkins is our Inventor in Residence, Aleks Kolkowski is our Sound Artist in Residence and Alex Bellos is our Curator in Residence.

Significant development work has been undertaken in 2012–13 on future exhibitions and gallery developments, including:

- Media Space (opening September 2013); *Antenna* feature on 3D printing (opening October 2013); *Collider*, a major new temporary exhibition about the Large Hadron Collider (opening November 2013); a new psychology exhibition (opening December 2013).
- Plans for the *Information Age* gallery are advanced, with full funding now secured, site clearance complete and an opening date of autumn 2014 confirmed.
- A vision for the redevelopment of our medical galleries has been drawn up and proposals for a new *Mathematics* gallery are in development.

Learning

The Museum continues to inform, engage and inspire large numbers of families, education groups and adults through its Learning programmes.

This year we welcomed 400,000 visitors in education groups. A survey commissioned this year with teachers and education group leaders demonstrated the value they place on a visit to us, with 91% agreeing that a visit to the Museum brought science and technology alive for their group and 86% that a visit to the Museum helps positively change their young people's perceptions about science. This year we introduced the Teacher Zone at our Lates events as a way of highlighting the collections, galleries and learning activities – the first of these, held in December, drew over 200 teachers. Our online educational resources continue to be popular and we launched @SM_ Learn, a Twitter feed designed for teachers.

In total just under 750,000 family, education and adult visitors took part in on-site facilitated Learning events at the Museum this year, an increase of 35% on the previous year. We have achieved this with a rich programme of events and activities. Some highlights include:

- 384,000 visitors enjoyed our on-site free science shows and demonstrations.

- Our adult evening Lates programme was attended by a record 35,000 people. This year our Lates programme included workshops on quantum physics, top heart surgeon Gianni Angelini talking from within our historic operating theatre and a high-profile talk from Sir John Beddington, the outgoing Scientific Advisor to Government.
- In August we ran robotics workshops for families with *Robogals*, a group of female robotics undergraduates from Imperial College.
- We engaged families with computer programming in arduino workshops as part of our Turing-related programme.
- In December we delivered a family show called The Physics of Christmas.

Using our expertise in science learning and communication we have extended the Museum's impact in the education, heritage and science sectors.

- We delivered training to nearly 2000 teachers, and worked with 125 scientists from the Royal Society, Royal Academy of Engineers and Royal College of Pathology, supporting them in their science engagement work.
- Through the Talk Science project we ran a series of seminars with academics, teachers and museum educators exploring ways of using our collections to support science teaching.
- In June we established a training session in audience research for MA students in the Museums and Galleries in Education programme at the Institute of Education, delivered with colleagues from the Natural History Museum. This will be extended in 2013–14.
- We established Building Bridges, a three-year project working with 11- to 12-year-olds, their teachers and families from our five partner London boroughs. The project aims to enhance scientific engagement and literacy, and its impact will be assessed by our academic partner, Sheffield Hallam University, and findings shared with the sector.

Our reach was further extended through our off-site science learning activities, with 173,000 instances of participation in our shows, object handling or training. This included showcasing Museum objects at the Big Bang fair in March.

We recognise the importance of partnerships and have worked with a number of notable institutions over the past year:

- We were chosen by Arts Council England (ACE) to partner SS *Great Britain* by supporting its development of new learning resources. This is part of ACE's Museums and Schools programme funded by the Department for Education.
- We are working with the Prince's Trust to deliver its first science engagement project for 13- to 19-year-olds.
- In January the Museum hosted the English Touring Opera as it launched the new opera *Laika the Spacedog* for Key Stage 2 students.
- We completed the second year of our Climate Science Outreach Project, partnering with four other museums nationally to work with 50 schools. The focus was on science journalism and resulted in a touring exhibition and magazine of the young people's work.

We strive to be the most accessible and inclusive museum in the UK, and continue to deliver a programme aimed at deaf, visually impaired and blind visitors. Working with the team responsible for the creation of a major new gallery about communications, we have generated opportunities for people with disabilities to inform our approach during the planning stages to ensure that their needs are integrated.

The Learning team were also joined by four apprentices aged 16–19, none of whom had any formal qualifications but are now working towards a qualification in cultural venue operations.

Our international reputation grows. This year we delivered science communication training for informal learning providers in South Korea, Turkey, Malta and elsewhere. The Museum has also hosted groups from countries around the world including Japan, Qatar and Saudi Arabia and delivered science shows to over 7000 people as part of a British Council-funded science festival in Hong Kong and southern China.

Collections

Science Museum curators continue to play a key role in the development and delivery of our ambitious curatorial, exhibition and research programmes, deploying their expertise, representing the Museum, and maintaining and building networks both within the UK and abroad.

In January, Professor Jim Bennett, formerly Director of the Museum of the History of Science in Oxford, joined the Museum in the new role of Visiting Keeper. During his time at the Museum he will contribute to forthcoming gallery and exhibition projects and research projects. We have also been pleased to welcome Tae-Beom Ahn, curator at the National Science Museum of Korea, to the Museum to work with us for six months. Tae-Beom was awarded the highly prestigious Korean Government Overseas Fellowship.

Dr Robert Bud, Keeper of Science and Medicine, was appointed the 27th Sarton Professor at the University of Ghent in Belgium. He presented the formal lecture associated with this honour on 22 November 2012, when the certificate and Sarton Medal were formally presented to him.

This year was a particularly busy year for Museum loans, with items going to 93 UK venues and 23 international venues in 10 countries. We have lent to several high-profile exhibitions including:

- *Doctors, Dissections and Resurrection Men* at the Museum of London – 23 items
- *Epidemics* at Fundación 'la Caixa' in Barcelona – 32 items

- *Treasures of the Royal Courts: Tudors, Stuarts and the Russian Tsars* at the Victoria and Albert Museum – a model (researched and built by David C Wray, 1974–82) of the earliest known English coach, based on an original in the armoury chamber of the Kremlin, Moscow
- *The Universal Addressability of Dumb Things*, a Hayward touring exhibition curated by Mark Leckey visiting The Bluecoat, Liverpool, Nottingham Contemporary and the De La Warr Pavilion, Bexhill – 4 items
- *Wizardry in Wood* at the Skinners' Hall, which received over 2000 visitors – 26 items from the Holtzapffel Collection borrowed by the Worshipful Company of Turners

We continue to develop our pre-eminent collections through targeted acquisition projects and selective donations and purchases. We are committed to building our collections to fully represent past and present practice and developments in the fields of science, technology and medicine.

Notable additions to the Museum's collections during 2012–13 include the following:

- The archive and selected laboratory equipment of James Lovelock FRS, scientist, inventor and 'father of the Gaia theory'
- Paul Dirac's own copy of his PhD thesis, a work acknowledged as being one of the foundations of quantum physics
- Model of a coaxial escapement invented by George Daniels CBE (1926–2011), made by him for Omega, Switzerland in 1999
- The first working prototype vehicle of the ULTra personal rapid transit driverless computer-controlled battery-powered car system, produced in 2000–01 and used in the testing of the test track in Cardiff
- A complete set of 43 wooden crystal models made by Nathaniel John Larkin (1781–1855) of Somers Town between 1813 and the 1840s
- A hutch built by William Grey Walter to house his cybernetic tortoises, named 'Machina speculatrix' and built under the auspices of the Burden Neurological Institute, Bristol, 1951–52
- Complete folio of eight screen prints, in colour, entitled 'The Turing Suite', by Eduardo Paolozzi, produced in 2000 and recognised as being the artist's last work
- Yellow call box and associated objects used to sell mobile phone call time to passers-by at the 'Council Junction', Ntarinkon near Bamenda, Cameroon, *c.* 2012
- Selected material dealing with the development and production of penicillin and TCP from the Pfizer Heritage Archive, *c.* 1872–2009
- Signed press releases, scientists' notes and ephemera relating to CERN's 4 July 2012 announcement of the discovery of a Higgs-like particle, including a selection of champagne bottles, a Higgs equation T-shirt worn by Professor John Ellis and a cuddly Higgs boson toy carried by Dr Aidan Randle-Conde, LHC ATLAS physicist
- Argon gas plasma surgical device used to control bleeding, developed and produced in Russia, 1994
- Brother CM1000 electric typewriter, the very last mass-produced machine of its type to be made in the UK, 2012
- London 2012 Olympic torch and mini cauldron, designed by Barber Osgerby, 2012
- Selection of objects from the now closed Balfour Red Cross Museum, including medals, badges, medical equipment, uniforms, photographs and selected archival material
- Compound molecular microscope owned by Edwin Lankester and purchased from the makers Smith & Beck of London in 1852, with accessories and three boxes of slides

As part of the *Information Age* gallery development, the *Ships* gallery was emptied this year. This involved moving some very large objects. In some cases there was only a few centimetres of clearance as objects were moved through the Museum's gallery spaces. Just over 1800 items were moved into redeveloped storage spaces at Blythe House and Wroughton.

Conservation of objects for the *Information Age* gallery has started, with a variety of communications objects from computers to telephones and undersea cables being treated in the labs. As part of this work, a test rebuild of the largest object conserved by our conservators for over a decade, the Rugby tuning coil, was completed at Wroughton.

During the year the Science Museum Art Collection's 280 oil paintings were published digitally thanks to the BBC's *Your Paintings* website, a joint initiative between the BBC and the Public Catalogue Foundation.

Research

In 2012–13 we formally launched our Research and Public History Department and made significant progress in developing our research and public history programmes. We delivered three initiatives funded by the Arts and Humanities Research Council (AHRC): the Enfield Exchange, a public history project in Enfield linked to *Information Age*; Intermedial Science, a historical comparison of science on TV and museum displays in the 1950s and 1960s; and the majority of the workshops in the Public History of Science, Technology, Engineering and Medicine (PHoSTEM) Research Network, which brings together museum and university staff to develop research and practice in the public history of science.

This year we have also been very successful in applications for funding. Most notably, following our bid to the AHRC's Collaborative Doctoral Scheme we have been awarded 24 doctoral studentships over three years, worth £1.4 million. We have also secured £68,000 to support community heritage groups funded under the Heritage Lottery Fund's All Our Stories initiative.

Publications

The latest, eighth, volume in the *Artefacts* series developed in conjunction with the Smithsonian Institution and the Deutsches Museum was published in January. Edited by Tim Boon and Frode Weium (of the Norwegian Museum of Science and Technology, Oslo), it features ten essays exploring the impact of electronics on music by looking at objects from museums around the world. Also published this year was the second edition of *Milestones*, originally printed as *Making of the Modern World* in 1992, featuring several new essays and a new introduction.

This year we published 16 academic papers, including:

- T Blyth, 'Computing for the masses? Constructing a British culture of computing in the home', in A Tatnall (ed.), *Reflections on the History of Computing: Preserving Memories and Sharing Stories*, IFIP Advances in Information and Communications Technology (Springer, 2012), pp 231–42
- R Bud, 'Applied science: a term in search of a meaning', *Isis*, 103 (2012), pp 537–45
- A Hampshire, R R Highfield, B L Parkin and A M Owen, 'Fractionating human intelligence', *Neuron*, 76/6 (2012), pp 1225–37
- M Hobson and J Dillon, 'Communicating global climate change: issues and dilemmas', in J K Gilbert and S Stocklmayer (eds), *Communication and Engagement within Science and Technology* (New York: Routledge, 2013), pp 215–28
- M Leskard and L Burden, 'Solutions for challenging buildings: storage projects at the Science Museum', proceedings of the conference Climate for Collections: Standards and Uncertainties, Munich, November 2012
- J Liffen, 'Epsom, Britain's first public automatic telephone exchange', *International Journal for the History of Engineering and Technology*, 82/2 (July 2012) pp 210–32
- P Morris, 'Musings from a departing Editor on the 75th Anniversary of *Ambix*', *Ambix*, 59/3 (2012), pp 189–196
- D Rooney, 'Place and time on the Jubilee line', introductory essay, in C Bonham-Carter, L Coysh and T Dillon (eds), *One Thing Leads to Another: Everything is Connected* (London: Black Dog, 2012)
- J Sen, 'Bullock cart or satellite launch vehicle? Controversies over representing science and technology in India at the Science Museum in 1982', *South Asian History and Culture*, 3/3 (2012), pp 414–39
- J Wess, 'Avoiding arithmetic, or the material culture of not learning mathematics', *Journal of the Society for the History of Mathematics*, 27/2 (2012)

We also produced reviews, public history publications and other journalism pieces this year on subjects as diverse as scientific advice in the film industry and Second World War weaponry.

Sponsors, donors and volunteers

We are enormously grateful to the sponsors, donors and volunteers whose support has made possible a whole range of initiatives across the Museum this year. These are just some of the things they enabled us to accomplish:

Climate change

The Museum ran another very successful year of climate science outreach, thanks to the funders of the *Atmosphere* project (Shell, Siemens, Bank of America Merrill Lynch, Barclays, Bayer and Accenture) and the City Bridge Trust's support of the London Educational Outreach elements. Over 1000 pupils from 50 schools across the UK were involved.

Climate Changing Stories was launched in June. One of the new exhibits is a 14-metre wind turbine blade tip, donated by Siemens. The dramatic display tells a story of progress and sustainability. Elsewhere, thanks to a loan from EADS, we were able to display the tip of an Airbus A380 wing rib, the design of which was inspired by the bone structure of an eagle's wing.

Learning and outreach

This year BP has continued to be a significant and generous supporter of our Learning and Outreach programmes through Talk Science, which they have supported since 2007 and which has inspired thousands of young people and teachers. In the last 12 months through Talk Science we reached 525 science teachers who have the potential to reach 105,000 secondary students. The *Futurecade* game developed through Talk Science and launched in February has reached 300,000 people to date and was shortlisted for a BETT Award.

We are grateful for BG Group's generous support of the Building Bridges programme. The programme will be evaluated by Sheffield Hallam University to explore the impact on participating students' scientific literacy and the value they place on science in their lives.

The Kusuma Trust UK, John Lyons and the ExPat Foundation have all supported Learning work this year.

Summer of Sport

The Summer of Sport at the Museum, inspired by the London 2012 Olympic and Paralympic Games, was a chance for our audiences to find out how science and technology delivered excellent performance at the Games. Two of our *Antenna* gallery exhibits this summer were supported by, and featured objects from, Ottobock and Visa.

The Royal Academy of Engineering once again helped the Museum deliver innovative public engagement by supporting the Engineering London 2012 project which explored Olympic engineering through exhibits and events.

Antenna
EADS kindly supported an Antenna Live event on threat detection with visitors able to ask questions about a bomb disposal suit and a portable luggage threat detection system. In June we were excited to receive confirmation of Haier's support for the Museum, which includes the support of an *Antenna* Topic Zone next year. SITA Trust continues to support the *Antenna* gallery, and a Society Award from the Wellcome Trust provided essential funding for the *Antenna* feature exhibition *Pain Less*. A further *Antenna* feature focusing on 3D printing is now under development thanks to significant funding from the Engineering and Physical Sciences Research Council. The British Psychological Society (BPS) has continued its visionary support for an in-house BPS Curator of Psychology to deliver research, events and a forthcoming temporary exhibition on psychology.

Lates
Our Lates events are made possible with the help of our funders, including our generous title sponsor MasterCard. In September 2012, Shell, Siemens and Bank of America Merrill Lynch supported a Lates event dedicated to climate science as part of their support of the *Atmosphere* gallery. In March 2013, EADS supported a Lates on the theme of security and surveillance.

Thanks to support from Rentokil Initial plc, the ever-popular *A Cockroach Tour of the Science Museum* is able to go ahead for another year.

Information Age
Fundraising for our new communications gallery, *Information Age*, continued throughout the year. We worked closely with the Heritage Lottery Fund and we are delighted that this year the Fund awarded us £6 million. This was followed by grants from the Wolfson Foundation and the Fidelity UK Foundation. Following Garfield Weston's support in 2011–12 we are grateful for the generous support this year of BT, Lead Principal Sponsor; ARM Holdings, Principal Sponsor; Google, Principal Funder; and Accenture, Connect Circle Sponsor. This year we also welcomed support for this new gallery from some of the individual major donors with whom we work closely here at the Museum. In November 2012 the Motorola Foundation agreed to support part of the learning resources for the *Information Age* project, which includes digital learning tools and some provision of continuing professional development for secondary school teachers.

Collider
The Museum's forthcoming temporary exhibition *Collider* received major support from the Science and Technology Facilities Council this year, enabling work to begin on the project. In March, Winton Capital Management also committed significant support to the project, which, along with the support of some of our individual major donors, will enable the Museum to realise the first of its sophisticated temporary exhibitions.

The Development department held over 40 events in 2012–13, welcoming more than 2500 people into the Museum. These included private tours of our galleries, visits to our collections and storage sites, talks and receptions with leading scientists, cultivation events to introduce new donors and sponsors to the Museum, dinners to thank and acknowledge our funders, receptions to celebrate major gallery and exhibition openings, and finally the most prestigious event of the year, the Director's Annual Dinner.

Following the introduction of a welcome desk, the new Visitor Fundraising team have been able to engage with more visitors, leading to the generation of just under £1 million over the year.

Many individual donors choose to support our work by becoming Patrons of the Science Museum. Our Patrons are our closest supporters and the unrestricted donations they give annually help us in all areas of our work, from our Learning programmes through to our work conserving and interpreting our collections.

The focus for this year with our volunteering programme has been to strengthen it internally to ensure we are offering volunteers the best experience possible. New training has been devised to support Volunteer Supervisors as well as increasing social activities with the volunteers and deeper engagement with the Volunteer Coordinator. The programme has grown to 158 volunteers in 55 positions who have given the Museum over 30,000 hours across three sites (the Museum at South Kensington, Blythe House and Wroughton).

We are also pleased to be engaged with volunteer programmes such as the Community Collector project. This scheme involves the training of volunteers from five museums to collect and scan telegrams, as well as record messages and stories from the public, from Porthcurno, Cornwall in the south to Glasgow in the north. The information collected by volunteers will form part of *Information Age* and is one of the many ways volunteers are involved in adding value and depth to our content and making much of our collection so much more accessible to our visitors.

Future plans and challenges

The principal challenge for the Science Museum and for the group as a whole in the coming years is the likelihood of further significant reductions in public funding. Whilst we will continue to do everything we can to make efficiency savings that do not impact delivery of our programmes to the public, if public funding continues to fall we may have to review the scale and range of our operations.

We have an ambitious programme of exhibitions planned for 2013–14 and beyond, including *Collider* (on the Large Hadron Collider, autumn 2013), *Cosmonauts* (on the Russian space programme, 2014), and a collections-based exhibition on climate change (2014). Media Space will open in 2013 and the *Information Age* gallery will open in 2014, followed by major improvements to the *Mathematics* gallery, medical galleries and our non-gallery public spaces, in line with our Masterplan.

We want to be the UK's leading centre for engaging the public with the contemporary practice and history of science, technology and medicine.

We are developing an e-journal for our research outputs and a publications series promoting our collections.

Our Learning team aim to deliver direct learning experiences to over 1 million people and provide live programmes for all those who visit us in booked groups. We also plan to lead the delivery of a nationwide programme of continuing professional development for teachers.

Museum of Science & Industry

Our objectives

The Museum of Science & Industry's mission is to explore where science met industry and the modern world began, and to understand the impact that Manchester science, technology and innovation continues to have on all our lives. We aim to be internationally recognised for our creative exploration of how these things created and sustain modern society.

This year our key objectives were to:

- Create a ten-year Masterplan for the Museum
- Integrate with the Science Museum Group
- Establish a renewed focus on programmed events and festivals

Our audiences

In 2012–13, 63% of those visiting the Museum came as a family group, with a significant proportion visiting regularly in order to take part in our programme of family-friendly events and activities. Independent adults made up almost 27% of overall visitor numbers and the remaining 10% of our visitors came in educational groups. Among general admissions visitors, 80% come from Greater Manchester and the Northwest region, with a further 14% from elsewhere in the UK and 6% from overseas. Visitor numbers were lower than in 2011-12, an expected reduction arising from unusually high visitor numbers related to the opening of the Great Western Warehouse in 2011.

Our achievements

In 2012–13, 642,000 people visited the Museum . Our February half-term programme, Steam, Sweat and Sewers, attracted 30,000 visitors.

The Manchester Science Festival, produced by the Museum, attracted 85,000 visits to exhibitions and events across Greater Manchester. As part of the Festival, we commemorated the centenary of Alan Turing by inviting people to take part in a mass experiment, which generated the largest-ever data set about the mathematical patterns of sunflowers. Over 12,000 sunflowers were pledged to the experiment in 13 countries around the world.

This year the Museum won Best Family Day Out in the Mamas & Papas awards and Best Hospitality Venue of the Year at the City of Manchester Business Awards.

Exhibitions, galleries and events

Highlights of our displays and exhibition programme this year included:

- *Wave*, by Sigune Hamann, hosted at the Museum on tour from the Wellcome Collection. The installation, an archive of still and moving images both found and staged, features more than 50 recorded waving hands and was installed in the windows and foyer of the Museum.
- *Field of Jeans* by Helen Storey, which introduced the idea that everyday clothing and textiles can purify the air that we breathe.
- *The Wasted Works*, an exhibition by Gina Czarnecki exploring the life-giving potential of 'discarded' body parts.
- *Beneath and Beyond*, by Stephen Hurrell, which brings together science and nature in a unique live sound installation generated from tectonic shifts and ongoing movements beneath the Earth's surface.
- *Behind The Scene: Stories from Manchester's LGBT communities* opened in August and included specially recorded oral histories and items from the Museum's permanent collections, as well as loans from community groups and individuals.

We hosted a number of successful festivals and events at the Museum this year including:

- A two-day conference and four-week art exhibition as part of the FutureEverything festival of digital, art and music in May.
- Manchester's first Mini Maker Faire, hosted at the Museum in August, celebrating the spirit of DIY electronics, creative engineering and artistry. The event encouraged visitors to interact with a wide array of items and learn how to make their own. Plans are now under way for a second Faire in August 2013.
- The Manchester Science Festival, produced by MOSI in October, attracted over 85,000 visits to exhibitions and events over nine days across the city, including 25,000 visits to the Museum.
- Steam, Sweat and Sewers, our programme developed for February half term creating the atmosphere of a Victorian fair with a Victorian carousel, Victorian toys and a Victorian photo booth within a programme of family events in which 17,000 visitors participated.
- A visit during August from the Deputy Prime Minister, Nick Clegg MP, who took questions from an audience of 100 for a radio broadcast.

The Masterplanning process has been completed and the initial priorities identified as development of the Historic Station Building, including a new temporary exhibition gallery under the arches, improvements to the Welcome and Entrance to the Museum and general improvements to the public realm.

Network Rail's preferred alignment for the Ordsall Chord would have a significant impact on the Museum and its future plans. This year we have continued our programme of advocacy aimed at eliminating and reducing that impact.

This year we completed an economic impact study which demonstrates the economic, social and cultural contribution the Museum makes to Manchester, both in its present state and in its potential represented by the Masterplan. This is measured through its role as an employer with supply-chain expenditure and as a visitor attraction that generates spending both on site and off site.

This year we have also improved our audience data and research. This will feed in to a programme of training for all our staff and will inform the development of our audience plan and annual cultural programme.

Learning

This year we welcomed 64,000 visitors in education groups to the Museum to explore our site and learn about science and industry. Of these visitors, 41,000 were from schools.

We ran a number of schools partnership projects this year:

- We developed a new schools activity, Railway Robots, with a grant from the Institute of Engineering and Technology.
- In March we celebrated National Science & Engineering Week with a number of fully booked workshops and a joint project with the National Railway Museum.
- We participated with other Museums across the Group in the Climate Science Outreach Project working with five schools from Greater Manchester to explore climate change issues. Students produced articles published in the magazine *Atmos*, which was circulated to all secondary schools in Greater Manchester and showcased at a live event at the Museum.

We continue to manage the Schools STEM Advisory Network and STEM Ambassadors Programme for the Greater Manchester area. This year the programme has placed ambassadors in 140 schools in Greater Manchester, working with 450 teachers and providing at least 100,000 instances of engagement with pupils in face-to-face activity. The Museum has led the way in facilitating and producing innovative resources including workshops building knowledge and skills with the Raspberry Pi and coding.

This year there were 222,000 instances of visitors engaging with activities at the Museum, including live engine demonstrations, working mill machinery, costume characters and family activities. We have reinvigorated our approach to holiday programming by connecting visitors with our overarching story and bringing the site to life in new ways, through the Victorian-themed Steam, Sweat and Sewers. This approach will form the basis for future holiday programming.

October's Manchester Science Festival was our most playful and creative programme of events yet and included a mass experiment inspired by Alan Turing's unfinished work on sunflowers. Participants were invited to grow sunflowers and record the Fibonacci sequence in the seed heads to investigate the mathematical patterns of sunflowers. Over 12,000 sunflowers were pledged in 13 countries across the world. The study was the largest research attempt ever into the mathematical patterns in sunflowers. Initial findings showed that a mathematical sequence can be found in most sunflower spirals and the results have been featured in *The Sunday Times* and by BBC News.

Our Saturday Science programme continued this year, bringing scientists and engineers to show, discuss, make and experiment with our visitors. The group behind the Nobel prizewinning graphene discovery invited visitors to make their own graphene, and Zombie Attack challenged families to work out how to defend themselves against infection.

Every year the Museum recognises an individual for excellence in science communication through the Josh Award. Winners take the role of Science Communicator in Residence. Maths comedian Matt Parker won the 2012 Josh Award and created the first domino computer, a live experiment in the *Revolution Manchester* gallery during Manchester Science Festival.

Collections, research and publications

The rate of acquisitions slowed during the year as curators took stock of the Museum's new place within SMG and the need to avoid duplication with the other museums. The bulk of new acquisitions retained a strong Manchester focus. Highlights include:

- The Paul Berry Collection (converted from a long-term loan), representing the career of the Manchester-based stop-motion animator (1961–2001)
- Portrait photographs by James Mudd & Son, one of Manchester's most important Victorian photographers
- A rare iron-founders archive from the company Forrest & Sym Ltd
- An early bottle for the Tizer soft drink, created in Manchester
- A bar of Calvert's Carbolic Medical Soap, developed by an eminent analytical chemist who profited from his inventions by producing disinfectant products

Objects and archives were loaned to seven UK venues this year, including the Manchester Museum, Gallery Oldham and the University of Salford.

In 2012–13 the Museum supported PhD research on jet engine development by Metropolitan-Vickers through a studentship at the University of Manchester.

Sponsors, donors and volunteers

We are very grateful to the sponsors, donors and volunteers whose support has made possible a wide range of projects and initiatives across the Museum this year. Below are just some of the things they have enabled us to accomplish.

The Manchester Science Festival 2012's Main Sponsors were once again Siemens and Waters Corporation. We are also grateful for financial support given to the Festival by the University of Salford, The Oglesby Charitable Trust, The Granada Foundation, Winton Capital and the Zochonis Charitable Trust.

This year the Museum received further investment from United Utilities to make improvements to the popular *Underground Manchester* gallery. The company also supported our February half-term programme, Steam, Sweat and Sewers – the first time that the Museum has received sponsorship for its core public programme.

We would also like to express our gratitude to the late Ken Andrews and his family for a generous legacy gift that represents one of the first donations towards the Museum's capital plans to redevelop its historic and internationally significant site.

We introduced a new visitor giving programme at the beginning of 2012–13 which has proved a great success with £121,000 received in donations in the first year.

This year we had 129 volunteers. Their huge contribution covers a range of key activities such as assisting with railway operations, printing, cataloguing, customer service and conservation.

Future plans and challenges

In line with the Masterplan development, next year we will fit out an interim temporary exhibition space which will house *Brains: The Mind as Matter* on tour from the Wellcome Collection. We will also improve the main Welcome and Entrance to the Museum. In addition to our usual programme of events and festivals we will also develop a new exhibition curated by the Museum.

By the end of 2013–14 we will have completed the integration of the Museum into SMG and implemented the outcome of an organisational review to ensure the Museum's operational infrastructure functions at the standard required for a year-round, seven-day-a-week cultural attraction.

National Railway Museum at York and Shildon

Our objectives

The National Railway Museum comprises a main museum in York and a second museum, Locomotion, in Shildon, County Durham. Our mission is to enable people to explore the story of railways and how they fit into that story. Through life-enhancing experiences, visitors gain greater appreciation of railways as a form of transport through an exciting, educational and memorable series of complementary gallery, interactive, web and learning experiences telling the story of railways past, present and future.

Our vision is for the Museum to become the world's premier, most exciting railway museum, achieving national and international acclaim and a must-visit reputation.

Paul Kirkman became Director of the Museum in November 2012, on a one-year secondment from DCMS.

Our audiences

The Museum in York continues to appeal successfully to family groups, which make up 56% of visitors. Independent adults account for 38% of visitors, whilst some 6% come in education groups. The Museum is a particular attraction for railway enthusiasts and their families, who make up 21% of general admissions visitors, but the majority of visitors are not specifically railway enthusiasts. Most visitors come for the nostalgia, for a fun way to spend time and learn and to see interesting objects. The Museum remains a key part of York tourism, with 57% of our general admissions visitors coming from outside the Yorkshire and Humber region (including 7% who are from overseas).

Our achievements

This year we welcomed 727,000 visitors to the Museum in York and 203,000 to Locomotion; 64,000 visited during Railfest in June alone. In October two A4 locomotives completed their journeys from Wisconsin and Montreal to the Museum in Shildon in preparation for next year's anniversary of *Mallard* becoming the fastest steam locomotive in the world. In December we cemented our relationship with the Railway Museum in Saitama, Japan with the signing of a sisterhood agreement between the two museums.

Exhibitions, galleries and events

In June we staged Railfest at the Museum in York, a nine-day event that included Britain's biggest-ever gathering of rail record-breakers, including *Flying Scotsman*, *Mallard*, a high-speed Class 395, East Coast's 91110 and *Tornado*. A team of 150 volunteers worked over 5000 hours during the festival to explain the importance of the vehicles to visitors and facilitated access to cabs and carriage interiors.

Other events this year included:

- The Royal Scot class steam locomotive *Scots Guardsman* carried the Olympic flame from the Museum in York to Thirsk as part of the Olympic Torch relay and then continued to Shildon.
- Two North American A4s travelled from Montreal and Wisconsin to the Museum ahead of next year's *Mallard* celebrations. Over 8000 visitors attended their arrival at Locomotion in October. *Dwight D Eisenhower* then went on display alongside *Mallard* in the Great Hall in York and *Dominion of Canada* could be seen being worked on in our workshops in Shildon.
- Cab-it in January gave visitors the chance to get on board some of the vehicles in our collection, including *Duchess of Hamilton*.

Exhibitions this year have included:

- *The Track Stars*, an exhibition celebrating many of the vehicles featured at Railfest in York during June.
- *The Tornado Story*, an exhibition at Locomotion exploring the building of Britain's newest main-line steam locomotive, Peppercorn Class A1 *Tornado*.
- *Hints for Holidays* and *Whatever the Weather* in York, which examined the origins of the seaside holiday and selling train travel in winter through the exhibition of iconic railway posters from the National Collection.
- *Changing London Stations*, showed a set of aerial photographs commissioned by Network Rail.
- This year we completed the refurbishment and reinterpretation of Station Hall. A new entrance to Station Hall creates the impression of a vintage station concourse. The Station Stories project has used reminiscence sessions, a touring pop-up in local libraries and digital engagement to collect memories and personal anecdotes of travelling through and working in stations, many of which form part of the Station Hall interpretation displays.

This year we also launched a smartphone app with the University of York. Designed for use whilst travelling on the East Coast Main Line, the app enables passengers to explore the route at different points in its history.

Learning

The Learning team have focused this year on facilitating engagement with the collection and the science, technology and engineering it represents. For example, over the year our on-site Explainer team engaged more than 206,000 visitors with the collection through talks, tours and collections access activities, and part of the Station Hall redevelopment developed two new public tours, a day in the life of a station porter and a tour of the Royal Coaches.

In March 2013 the Museum hosted the regional National Science & Engineering Week, working with a range of partners including the Institution of Civil Engineers, National Science Learning Centre and the Rotary Club. We engaged schools and families with engineering challenges and STEM workshops and activities. There were over 14,600 instances of participation over the six days.

We have continued to reach out and highlight the Museum through off-site activity, including taking part in Harrogate Children's Festival and Countryside Days. We have also continued to work to increase access to the Museum itself. Advice during the Station Hall project guided development to ensure the experiences are accessible for visitors with a range of needs, and we have developed relationships with York Accessible Arts and Media and the Joseph Rowntree Foundation to find ways of bringing in and supporting groups on site.

We continued to work with the Science Museum on the Climate Science Outreach Project, completing the second year which saw students investigate climate science stories in their local areas and resulted in an exhibition at the Museum and a magazine. The third year of the project has now started and we are working with ten schools to support them to run climate science events.

This year's programme of holiday family events have been very popular and included Great British Holiday over the summer, with nearly 11,900 visitors enjoying our shows and taking part in activities; Santa's Steam Adventures, which attracted 4700 visitors; Paddington Bear over October half term, when we attracted 35,700 visitors; and Big Fun with Little Trains, which drew 41,000 visitors over February half term.

Collections

Search Engine received 40,000 visits this year, including 9600 study visits to consult original material from the collections, a slight increase on the previous year. Fifty additional catalogues, lists and research guides to the archive collections were made available on the website. There were over 19,000 downloads of catalogues and guides over the course of the year. A database containing over 20,000 names of railwaymen who died in the First World War was also put online.

This year the collections team have been working to review, photograph and pack a wide range of object collections for transfer from Foundry Lane, York to improved storage in hangar C1 at Wroughton.

Significant acquisitions this year include:

- Papers of Peter Kenneth Kersey, a senior railway inspector whose career included preparation of vehicles for Lord Mountbatten's funeral train
- Papers collected by engineer Alan Hawes during the course of his career, including material covering the London & South Western Railway, origins of the Southern Railway electrification scheme and Alfred Raworth's notebook
- The 'Stephenson family recipe book', which was probably assembled by the Stephenson family cook or housekeeper in the mid-1840s
- 'Southern Rail & Constituent Locomotive Drawings' from the 1850s to 1960s
- 'Richardson's Railway Guide', an illustrated booklet from 1841 showing the departure and arrival of the trains on every railway in England, including colourful descriptions of all the principal towns
- Section III of the very rare Bradshaw *Handbook for Tourists in Great Britain and Ireland*, *c.* 1880, as used by Michael Portillo in his *Great Railway Journeys* TV series
- *Baron Montez of Panama and Paris*, by Archibald Clavering Gunter, a rare example of a 19th-century 'yellowback' thriller produced specifically for sale on railway stations
- *Distant Steam Train*, watercolour by Christopher Richard Wynne Nevinson, *c.* 1925
- The Curl collection of approximately 2000 photographs, all glass plate negatives produced by London & South Western Railway; London, Brighton & South Coast Railway and Southern Railway photographers
- The Ken Nunn photographic collection, a gift of the Locomotive Club of Great Britain, comprising approximately 11,500 negatives and prints featuring railways in the UK, Ireland, France and Belgium from the late 1890s to the early 1960s

Loans out this year have included British Rail signage for the Victoria and Albert Museum's exhibition *British Design 1948–2012* and the Design Museum's exhibition *Extraordinary Stories about Ordinary Things*.

This year we have continued to make progress with the restoration of *Flying Scotsman*. An independent report commissioned in October from First Class Partnerships has highlighted the remaining substantial work that needs to be completed. We have accepted the advice of the report that we should tender for an external contractor to complete the final stages of the restoration.

The Museum has received two Engineering Heritage Awards from the Institution of Mechanical Engineers for the restoration of *Mallard* and the Experimental Advanced Passenger Train, the world's first self-propelled active-tilting train.

Research and publications

This year we finished a major research programme funded by the Arts and Humanities Research Council and SMG on the history of marketing by Britain's railways. This research helped to shape the redisplay of the Station Hall and underpinned the smartphone app developed in conjunction with the University of York and East Coast. We also continued to work with partners in universities and the transport industries to develop an understanding of history that has the potential to inform future policy about how we move ourselves and our things.

Notable publications this year include:

- C Divall, 'Business history, global networks and the future of mobility', *Business History*, 54 (July 2012), pp 542–55
- A Medcalf, '"We are always learning": marketing the Great Western Railway, 1921–39', *Journal of Transport History*, 3rd series, 33/2 (December 2012), pp 186–211
- B Schmucki, 'The machine in the city: public appropriation of the tramway in Britain and Germany, 1870–1915', *Journal of Urban History* (April 2012), published online

Sponsors, donors and volunteers

We rely on the support of many organisations and individuals to deliver our programme of events, exhibitions and education activities. Below are just some of the things they have enabled us to accomplish this year:

Station Hall
The completion of the Station Hall refurbishment was possible thanks to support in 2012–13 from Yorventure, Prem Lachman, Jean and Eric Boast, Angela Yeoman and Alan E Moore and a legacy gift received in memory of Mr and Mrs Arthur William Downham.

Dinner at the National Railway Museum
Dinner at the National Railway Museum returned after a two-year break, generously sponsored by Eversholt Rail, Network Rail and Siemens. At this event we welcomed 600 people to the Museum from across the rail industry, heritage and tourism sectors and a number of new partnerships were initiated during the evening's discussions.

Railfest
Railfest was widely supported by our rail industry partners and we are very grateful to the event's major sponsors: Angel Trains, Porterbrook, ATOS, Network Rail, Northern Rail, Hornby plc, Bachmann Industries, East Coast and the Freight Transport Association. The in-kind support received from Hitachi, Bombardier, Southeastern and West Coast Railways was also instrumental to the event's success.

Many other supporters have contributed to our work this year, and specifically we recognise the gifts from our Patrons, Corporate Partners and visitors to the Museum. This year our visitors donated over £450,000 – more than double the previous year.

Volunteers continue to play an essential part in the success of the Museum. We have over 300 volunteers active in 14 different roles across the Museum, from archiving to driving the miniature railway and gardening. In 2012–13 we recruited and trained over 180 new volunteers to join the team, including those for Railfest in June.

In 2012 it was the NRM's Year of the Volunteer, during which we ran a series of events aimed at raising the volunteers' profile and thanking them for their efforts. We have also seen some of our volunteers receive awards for their work with us. A Development volunteer won the Vodafone World of Difference Award and two of our signalling school volunteers won the York Care Golden Moment Award.

Future plans and challenges

To mark the 75th anniversary of *Mallard* breaking the speed record as the fastest steam locomotive in the world, the Museum is reuniting all six surviving A4 locomotives with a programme of celebrations starting in early summer 2013. We are delighted that HRH The Prince of Wales has agreed to be our patron for this series of events.

We will improve access to exhibits in the Great Hall, in line with the conclusions of our Masterplanning exercise, which is now under way. Next year we will also be holding exhibitions marking 50 years since the delivery of the Beeching report and *It's Quicker By Rail* as part of the *Mallard* 75 celebrations.

National Media Museum

Our objectives

Our mission is to help our audiences explore and understand the social and cultural impact of communications media in all their forms. We aim to be the best museum in the world for inspiring people to learn about, engage with and create media.

To achieve this, our objectives this year were to deliver:

- A unique, unrivalled and inspiring media collection
- Inspiring galleries and spaces telling stories in a distinctive way
- An exciting programme that connects media practitioners with audiences and inspires engagement
- An inspiring and sustainable cinema operation
- Greater regional, national and international profile and recognition as an authoritative voice about media
- A team that can inspire and tell stories about media
- A financial model that ensures we can deliver our essence to all our audiences

In September a new Head of Museum, Jo Quinton-Tulloch, was appointed to focus on building the Museum's cultural programme and reputation.

Our audiences

The Museum has two broad audiences: those who visit primarily for the galleries and exhibitions and those who visit mainly for the full-length film programme. This year 77% of all our visitors came for the former, whilst 23% came for the latter. Of the visits motivated by the galleries and exhibitions, 63% of visitors came in family groups and 25% were independent adults, with a further 11% coming in education groups. Our independent adult visitors come to see interesting objects, learn and have a culturally engaging experience. The Museum as a whole is an important attraction and resource for communities in Yorkshire and the Humber, with 73% of our general admissions visitors coming from the region.

Our achievements

This year the Museum welcomed over 493,000 visitors. Over 35,000 visitors attended during February half term alone to enjoy a programme of activities inspired by the popular children's book character *Horrid Henry*. A major attraction for visitors to the Museum this year was *Life Online*, the world's first permanent gallery dedicated to the social, cultural and technological impact of the internet.

Working in partnership with the BBC and Japanese broadcaster NHK, the Museum showcased Super Hi-Vision technology. Developed for the Olympics, Super Hi-Vision is a projected television system with 16 times higher definition than current high-definition television. The Museum was one of only three locations in the UK where the public could experience this technology and was the most visited of the three sites.

In September, the Museum attracted international attention when it revealed the discovery of the earliest colour moving pictures ever made – the Lee and Turner film. Part of the National Cinematography Collection, the significance of this film only became clear once researchers were able to digitise and overlay the frames, revealing moving colour images created between 1901 and 1902 and rewriting the history of early film.

Exhibitions, galleries and events

This year's programme of exhibitions and gallery developments included:

- *In the Blink of an Eye*, which combined material from the national collections with contemporary work and interactives to explore how media have captured movement. The exhibition was part of Yorkshire's 2012 Cultural Olympiad programme and attracted 80,000 visitors and much critical acclaim.
- *Life Online*, the first major gallery opened in the Museum since 2006, which gives the public an insight into the way technology has changed the way we live, work and play together.
- *Art of Arrangement: Photography and the Still Life Tradition*, which opened in November, featured many highlights from the Museum's photography collection alongside oil paintings from Leeds Museums and two contemporary film works by Ori Gersht that gave new context to the collection.
- *Tom Wood: Men and Women*, which opened in March 2013, produced in collaboration with the Photographers' Gallery in London. This is the first solo exhibition of Wood's work in the UK. Eighty vintage prints were also acquired for the Museum, the single largest acquisition of Wood's work to date and one of the largest from a living photographer.
- Our 2011 exhibition *The Lives of the Great Photographers*, drawn exclusively from our collection, toured to the Dick Institute, Kilmarnock from June to August, giving over 35,000 visitors a chance to see it.

These are some of the highlights of this year's film programme:

- The 18th Bradford International Film Festival opened in April with a preview of Whit Stillman's *Damsels in Distress*. Major guests at the Festival included Barbara Windsor, Ray Winstone and French director Olivier Assayas. Both attendance and income showed significant improvements on the previous year.
- In July, Alfred Hitchcock's *The Lodger*, newly restored by the BFI National Archive, was presented with live music accompaniment by Nitin Sawhney and the London Symphony Orchestra.
- During September and October we screened relays from both the Metropolitan Opera and National Theatre Live to sell-out audiences.
- In October, Baroness Floella Benjamin introduced screenings of her film made especially for children, *Coming to England*, as part of Black History Month.
- The 2012 Bradford Animation Festival took place at the Museum in November. National and international delegates were able to hear from leading practitioners such as LAIKA and Aardman Animations studios and enjoy a retrospective of Chuck Jones's work.
- IMAX had commercial success with the screening of two major features released on film, as opposed to digital, format: *The Dark Knight Rises*, with over 23,000 admissions, and the first instalment of Peter Jackson's adaptation of *The Hobbit*, which attracted over 16,000 admissions.

Other significant events at the Museum this year were:

- In May the Museum hosted a BAFTA Young Games Designer event streamed live over the web and attended by budding young games designers and school pupils.
- Veteran Bradford Olympian Muriel Hearnshaw attended a Super Hi-Vision screening of one of the Olympic swimming events.
- One hundred years of Indian cinema is being marked by the Museum with a series of events which started in March 2013, including an exhibition showcasing the Museum's collection of Bollywood posters.

Learning

This year the Learning team focused on creating experiences to help engage visitors with the science and technology of the collections. During the summer over 16,000 visitors enjoyed shows, storytelling, drama characters and hands-on activities that brought out the science – and people – behind the collections. In October, Bradford City held its first Science Festival and the Museum played an important role in this, delivering its workshops. In addition, four new gallery demonstration workshops have been introduced on pixelation, zoetropes, magic lanterns and light writing.

We continued to develop our holiday family offer and the Museum was visited by 35,000 visitors in February half term, with 31,000 participating in *Horrid Henry*-themed family activities, delivered in partnership with Orion Children's Books, which included a book signing by Francesca Simon, the series author.

To support the *Art of Arrangement* exhibition a resource pack for Key Stages 4 and 5 was developed and on-gallery talks for students were delivered.

This year we have continued to develop ways of increasing access to the Museum and its collections:

- As part of the Cultural Olympiad, the Museum worked with local communities to document their experiences of moving to and living in Yorkshire. These included Polish and Roma/Gypsy communities. The resulting series of short animated films, *Fragile Stories*, was shown at the Museum for six weeks over July and August, and has since been screened all over Yorkshire.
- As part of Positive Bradford Day in June we took our photography handling collection, the Cottingley fairies talk and the green-screen experience out into City Park in the centre of Bradford for the day to engage directly with local people. Positive Bradford is a coalition of people involved with the business, arts and education sectors.

Collections

The BBC gifted its collection of almost 1000 historical objects to the Museum as part of its 90th anniversary celebrations. This unique collection tells the story of British broadcasting, and specifically the BBC, from its earliest pioneering days in the 1920s right up to the present moment. The collection features important radio and television studio equipment used by the BBC over its 90-year history, plus production props, radio and television receivers, branding and merchandising objects.

Highlights from the collection include iconic objects such as an extremely rare Blattnerphone, the broadcast recording device which used steel tape to capture the voice of Neville Chamberlain as he announced the outbreak of the Second World War to the nation in 1939; the AXBT microphone, created by the BBC and now considered a design classic; and two original Emitron 405-line television cameras manufactured by EMI in 1936 and used at the BBC's television studios in London for the world's first regular high-definition television service.

In September the Museum unveiled the earliest colour moving pictures ever made – the Lee and Turner film. Created by photographer and inventor Edward Turner using a process he patented with his financial backer Frederick Lee in 1899, these images have been dated to between 1901 and 1902, making them the earliest examples of colour moving pictures in existence. Lee and Turner's invention had always been regarded by film historians as a practical failure, but it has now been 'unlocked' through digital technology, revealing the images produced by the process for the first time in over a hundred years.

Research and publications
In April the Museum hosted a ground-breaking colloquium. An international group of acclaimed scholars and curators examined original photographs from the Museum's collections and discussed the complex issues surrounding the production of a facsimile edition of *The Annals of the Artists of Spain*, an important early photographically illustrated book. This was part of a University of Glasgow Stirling Maxwell Research Project.

Academic publications this year have included:

- C Harding, 'Sunny snaps: commercial photography at the water's edge', in T Cusack (ed.), *Art and Identity at the Water's Edge* (Farnham: Ashgate, 2012), pp 229–46
- C Harding, in J Hacking (ed.), *Photography: The Whole Story* (Thames & Hudson, 2012)
- G Hobson, in J Hacking (ed.), *Photography: The Whole Story* (Thames & Hudson, 2012)

Sponsors, donors and volunteers
We are enormously grateful to the sponsors, donors and volunteers whose support has made possible a whole range of initiatives across our Museum this year. Below are just some of the things they enabled us to accomplish.

Bradford Animation Festival
This year we were delighted to announce that Bradford College would be Principal Sponsor of the Bradford Animation Festival (BAF) for the period 2012 to 2014, which will includes BAF's 20th anniversary year. By 2014, Bradford College will have sponsored BAF for eight years and we are very grateful for the enormous contribution the college has made to the success of the Festival, helping it grow to become one of the most respected animation and gaming festivals in Europe. BAF 2012 was also supported by Creative England/BFI/National Lottery, Kudlian Software, the University of Bradford and a number of other Festival partners. BAF Kids was sponsored by Canadian animation software company Toon Boom.

Bradford International Film Festival
This year we were also delighted to announce that Virgin Media would be the Title Sponsor for Bradford International Film Festival for the next three years. As well as lead sponsorship from Virgin Media, the 18th edition of the Festival also received funding from Creative England/BFI/National Lottery, The David Lean Foundation and the Boris Karloff Foundation, as well as Bradford Metropolitan District Council/UNESCO City of Film. The Festival sponsors included Leeds Metropolitan University/Northern Film School, Coutts and Co., Grand Central Trains, Black Sheep Brewery, Jurys Inn and Northern Rail. The Museum also ran a successful public appeal to support the 60th anniversary of the Cinerama format. We are grateful to all donors to the Cinerama is 60 campaign, particularly the family of the late Richard Greenhalgh for their generous support.

Media Space
Fundraising for the capital build of Media Space was completed in 2012–13. Virgin Media increased its support for the project and was announced as Principal Founding Sponsor in autumn 2012. A benefit auction of photographs from 1840 to the present was held in May 2012 at Christie's and realised £370,000, with generous donations of work from a wide range of collectors, galleries and artists, including Martin Parr, Mary McCartney, Simon Norfolk and Anna Fox. The project was also the recipient of the auction proceeds of a dinner suit worn by Daniel Craig in *Skyfall*, part of the 50 years of James Bond celebrations in October 2012. Media Space has also received significant financial support from the Wilson family and the Dana and Albert R Broccoli Foundation, and a number of individual donors who wish to remain private.

Legends: Corporate Membership @ National Media Museum
We are extremely grateful for the enthusiastic commitment that the Legends Corporate Members show towards the Museum. Particular thanks go to our long-standing members Last Cawthra Feather, Rex Procter & Partners, Hallmark, Schofield Sweeney and Freemans Grattan Holdings – all major Bradford-based organisations making a significant contribution to the success of the Museum and the future of the city.

Membership @ National Media Museum
The Museum has retained a strong level of membership, and we are enormously grateful to the many members either joining or renewing in 2012–13.

Volunteers
This year the Museum had 85 volunteers assisting at events such as Bradford Animation Festival and Bradford International Film Festival, facilitating the senior screening film discussions, helping with family activities, cataloguing and archiving the Museum's collections and performing a number of administration roles. The volunteers are a valuable asset to the Museum.

Future plans and challenges

In September 2013 we will open Media Space in London. Major exhibitions curated by the NMeM to showcase the National Photography Collections will be launched in London and then transfer to the Museum in Bradford. We will also be working with the British Film Institute to complete the Yorkshire Mediatheque project, which will enable a selection from our existing *TV Heaven* offer to be incorporated into the BFI Mediatheque and made available more widely.

In the longer term our priority is to broaden the appeal and reach of the Museum's offer, increase our visitor numbers and secure a sustainable business model for our film operation. This will include developing new partnerships and private sector support and increasing our digital offer and access to our collections.

Science Museum Group-wide activities

Estate development

At the Science Museum work has been undertaken to improve the initial impression of the building, including redecoration and improvements to the heating of the front concourse, restoration of the marble floor at the Main Entrance to the Museum, redecoration of the Group Entrance and low-energy LED lighting of the façade from dusk to midnight.

At the NRM physical access to and around the Station Hall building has been much improved by introducing new ramps and walkways. The floor surface has been improved with a new polished concrete promenade and access to the South Yard improved with the installation of a new glazed doorway.

At MOSI the Upper Yard is no longer being used as a car park and the potential of the site as one of Manchester's great public spaces is now evident. The old gatehouse has been demolished as part of the future plans to refresh the current gates to create a window frame for the site.

Large parts of the NRM and NMeM reserve collections have been successfully relocated to Wroughton, providing these collections with improved storage conditions. Subsequent vacation of leased premises in Bradford and new tenants for the former store in York will realise significant savings.

At Wroughton our new Hemcrete Museum Store has been completed and provides environmentally controlled storage for the Railway Industry National Archive (the archives of the post-privatisation railway industry), very large ship models and the carriage collection. The experimental store building uses traditional building materials of hemp and lime to buffer the internal environment with minimal mechanical and electrical intervention, providing a template for environmentally sustainable museum storage. The building won the Best Workplace New Build category at the prestigious national Greenbuild Awards.

The challenge of reducing energy consumption throughout the estate continues. Full energy audits have been completed for both the NRM and the NMeM sites. At the Science Museum, NMeM and NRM reconfiguration of existing engineering plant and introduction of new equipment is already helping to enable savings. At the Science Museum an overhaul of the existing combined heat and power unit will extend its use for a further three years. At the NRM energy-efficient lighting replacement has achieved significant savings. At MOSI, the energy efficiency plan has delivered savings of 6% in its first year.

A full condition survey has been carried out at the NRM York and Shildon sites, and at the NMeM this has been developed in to a five-year asset management plan for each site to inform future capital investment priorities.

Corporate and collections information

We continue to respond to a wide range of enquiries, both statutory and relating to the collections. We have noted an increase in intensity of legislative enquiries from journalists. These enquiries have covered procurement and outsourcing of services; senior staff appointments and departures; *Flying Scotsman*, repatriation of the two A4 locomotives and Railfest at the National Railway Museum; and Media Space.

We audited and upgraded catalogue records for 1820 objects before they were decanted from the *Ships* gallery. A further 1600 objects have been audited at the NRM.

We have continued to review historic loans, concentrating on items from the Science Museum *Ships* gallery and items needed for upcoming exhibitions. Over 25 lenders have been traced and agreed to gift their objects to the Museum.

This year has been a particularly busy year for loans, with over 2000 objects publicly accessible at 43 international venues in 10 countries and 205 venues in the UK. More unusual requests included a mobile X-ray vehicle borrowed for filming of an episode of the TV series *Call the Midwife*, a Smith-Clarke 'Baby' cabinet respirator borrowed by the BBC for the Dimbleby Lecture by Bill Gates and the Citroen DS19 automatically guided motorcar, displayed at the International Citroen Car Club Rally at Harrogate.

The Science Museum Photo Studio produced in excess of 9000 reproduction-quality images during the past year, including more than 1800 images of objects and gallery progress views from the *Ships* gallery decant. The department photographed all objects prior to going on loan to exhibitions and many objects selected for Museum gallery display. It has also been a busy year for press/PR and education coverage, with the department seeing increasing demand from across the Group.

International strategy

During 2012–13, SMG made significant strides in its international working and profile, aiming to rebuild its reputation as a truly international organisation. In order to get best value from such work and set the direction for future developments a Science Museum Group International Strategy was agreed by the Board of Trustees in November.

A particular highlight was the signing of a Letter of Intent between the governments of the UK and Brazil and the Science Museum to cooperate on science communication and education. The document was signed by Aloizio Mercadente, Minster for Education, Brazil; David Willetts, Minister for Universities and Sciences, UK; and Ian Blatchford, Director of the Science Museum Group, at the Science Museum, in July 2012 in the presence of President Dilma Rousseff of Brazil. Follow-up visits have been made by several senior Science Museum Group staff, including the Director, who travelled with the Prime Minister's delegation to Brazil in September 2012.

Other highlights this year included:

- The Science Museum is a founder of a new forum for directors and chief executive officers of the major public national science museums in Europe, and will be co-hosting the second meeting of the forum with the Natural History Museum in London.
- Senior staff from SMG and the NRM visited Japan in December, where a sisterhood agreement was signed with the JR East Railway Museum in Saitama.
- The Science Museum has worked closely with CERN on the development of *Collider*, the new exhibition on the Large Hadron Collider which will open later in 2013. There is considerable interest from overseas organisations in hosting this exhibition when it subsequently tours.
- The Science Museum is collaborating with a range of organisations in Russia, Japan and India to develop new major temporary exhibitions.
- The Science Museum has provided science communication training for informal learning providers in South Korea, Turkey, Malta and elsewhere. The Museum has also hosted groups from Japan, Qatar, Saudi Arabia and elsewhere interested in finding out more about our science engagement, communication, teacher training and operations.
- The Science Museum has delivered science shows internationally, including to over 7000 people as part of a British Council-funded science festival in Hong Kong and southern China.
- Two A4 class locomotives from Canada and the US have been loaned to the NRM as part of the *Mallard* 75 celebratory programme.
- There has been an expedition to Cameroon to collect artefacts for display in the new *Information Age* gallery.

Digital activity

Traffic to our websites has increased strongly this year after relatively modest increases over the previous two years, with the total number of web visits across the group topping 20 million of the first time. Analysis of the behaviour of these new visitors suggests that they are primarily being attracted by the range of deep scientific and historical content provided by projects such as *Brought to Life* and *Who am I?*, and by the additional collections-related content being put online at York and Bradford.

At the Science Museum we delivered phase one of the redevelopment of our core brand website: a new home page with a responsive design that adapts to different platforms such as tablets and smartphones. This launched on time for the Olympics and was awarded an international Webby Award as one of the 15 best new home pages launched anywhere in the world during the year. Our ground-breaking collaboration with Google, *Web Lab*, produced an online presence that attracted global attention and challenged the boundaries between experiences in physical and online spaces. In early 2013 we took the lead role in a consortium of seven national scientific institutions in developing an online vote for the most important British innovation of the last 100 years, and the recent one most likely to shape our future. This generated 100,000 visits to the website over a two-week period, being covered widely in the national press, and at its peak seeing major figures such as Gia Milinovich, Stephen Fry, Ben Goldacre and the Prime Minister debating the value of their chosen innovations via Twitter.

At the NRM major new areas of our collections went online for the first time, ranging from drawings of locomotives to our extensive collections of railway company seals. We also launched the *East Coast Timeline* – an app for mobile phones and tablets developed with East Coast trains that traces stories and artefacts from the history of the East Coast Main Line and presents them to users as they travel today between London and Edinburgh.

At the NMeM we launched the Mirror – an online experience developed in conjunction with Cambridge University, digital media agency RKCR/Y&R and digital artists Sennep that gives interactive visualisations of visitors' personality profiles generated by analysing their use of the web and social media.

Across the entire Group we continued to work to embed digital media at the heart of our strategic marketing activity. A particular success has been our targeting of advertising at the fast-growing iPad platform, which has driven click-through rates of up to 10% against an industry standard average click-through across the web of 0.05%.

Staff engagement

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

There are a number of forums where the Group 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 addressing pay and benefits but also for the development of policies and health and safety matters.

The Group operates a performance development process that enables personal objectives to be articulated and fully aligned to wider business goals. The process looks at how results are achieved as well as the results themselves and provides an opportunity to look at the development and support that staff members require to deliver their objectives.

We are continuing to focus on supporting managers and staff members in dealing with change and are increasing the level of support offered in career transition activity. This year we have continued to invest in leadership and management development and have just begun programmes for our new management teams at MOSI and the NMeM. With the expansion of digital activity we have introduced digital learning as a new strand in our staff development.

Sickness absence

The average number of days lost from sickness for each full-time equivalent employee was 6.4 days (2011–12 7.05 days).

Equality and diversity

It is Group policy that all eligible people should have equal opportunity for employment and advancement on the basis of their ability, qualifications and fitness for the work. There should 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.

The Group works with local communities, schools and education groups to increase access for under-represented groups. Building on our wide experience of STEM-based teaching and learning and our knowledge of working with hard-to-reach audiences, we are introducing apprenticeships to our learning teams to diversify our intake to entry-level roles.

This year we have continued to work with occupational health providers, Ellingham Employment Services, Salford City Council, Access to Work and a range of other specialist advisers to make reasonable adjustments to the workplace for staff and potential recruits with disabilities.

Performance

Performance information is sourced through both internal records and periodic independent visitor surveys. There has been no change in the method of calculation this year compared with previous years.

Performance against DCMS indicators

	SM	MOSI	NRM		NMeM	SMG
			York	Shildon		total
Number of visits to the Museum						
2012–13	**3,084,000**	**642,000**	**727,000**	**203,000**	**493,000**	**5,149,000**
2011–12	2,922,000	839,000	717,000	210,000	483,000	5,171,000
Number of visits by children under 16						
2012–13	**1,078,000**	**249,000**	**123,000**	**223,000**	**146,000**	**1,749,000**
2011–12	1,050,000	335,000	220,000	60,000	179,000	1,843,000
Number of overseas visitors						
2012–13	**1,141,000**	**40,000**	**49,000**	**2,000**	**8,000**	**1,240,000**
2011–12	935,000	67,000	50,000	11,000	14,000	1,077,000
Percentage of visitors who would recommend a visit						
2012–13	**97%**	**99%**	**99%**	**93%**	**100%**	**98%**
2011–12	99%	99%	99%	93%	99%	99%
Number of facilitated and self-directed visits to the museum/gallery by children under 18 in formal education1						
2012–13	**279,000**	**41,000**	**25,000**	**18,000**	**30,000**	**394,000**
Number of instances of children under 18 participating in on-site organised activities[1]						
2012–13	**439,000**	**135,000**	**143,000**	**31,000**	**82,000**	**830,000**
Number of unique website visits[2]						
2012–13	**14,943,000**	**466,000**		**2,036,000**	**1,310,000**	**20,494,000**
2011–12	11,498,000	383,000		1,376,000	1,079,000	16,064,000
Number of UK loan venues						
2012–13	**109**	**14**		**83**	**34**	**240**
2011–12	89	17		61	18	185

1 Performance figures collected in previous years were for children under 16 only.

2 Robots have been excluded from figures wherever possible. SMG total figure additionally includes pan-SMG websites.

SMG-wide performance indicators

	2012–13	2011–12
	£000	£000
Admissions income (gross income)	Nil	38
Trading income (net profit, excluding sponsorship income)	2,956	3,822
Total charitable giving (including sponsorship income)	9,824	5,628
Ratio of charitable giving to Grant in Aid	22.5%	14.7%

3 Financial review

Review of financial position

Income and expenditure

Self-generated income has increased during the year, with turnover from commercial activities up 14% compared with the previous year. Whilst this includes a full year's trading at MOSI (against just two months in 2011–12), it nevertheless represents a strong trading performance and growth in commercial income.

There was also an increase in the value of grants and donations received, due principally to donations of heritage assets in the year, which had a value of £2.8m (2011–12 £16k).

Grant in Aid allocated to SMG has fallen by 1.4% compared with the equivalent full year allocations in 2011-12. Changes in the basis of our GIA allocation are illustrated in the table below:

£'ms	2013	2012	Decrease
GIA for SMG (including MOSI from acquisition)	41.0	38.3	
GIA for MOSI (10 months)		3.3	
Full year allocation for SMG including MOSI	41.0	41.6	-1.4%
GIA for NCMME (new responsibility)	2.7		
Total GIA allocation for 2012-13	43.7		

Other movements in GIA relate to the inclusion of a full year's allocation for MOSI and the inclusion for the first time in 2012–13 of a £2.7m GIA allocation to the National Coal Mining Museum England (NCMME).

Total incoming resources in 2011-12 included the transfer of the net assets of MOSI (£42.3m).

Operational costs were £88.9m (2011–12 £69.0m). Again, the inclusion of a full year's activities at MOSI contributed to this increased level of expenditure. There was continued focus on the most effective use of resources to ensure expenditure supported exhibition and gallery development and improved the visitor experience, as well as continuing to care for and learn more about our collections.

During the year a capital grant of £11.46m (2011-12 £nil) was made to the Science Museum Foundation for the furtherance of the charitable objects of SMG.

Balance sheet

The net book value of **tangible assets** fell by £9m, from £333m at 31 March 2012 to £324m at 31 March 2013, because increased depreciation charges exceeded in-year additions. At the year end work was still progressing on two new galleries, *Media Space* and *Information Age*, accounting for the significant increase of £2.5m in the value of assets under the course of construction. Two new storage facilities were completed in the year, one at Science Museum Wroughton for large objects (£685k) and a second for the Railway Industry National Archive at York (£402k).

Stock levels were comparable to March 2012, showing only a modest inflation-related increase (3.5%).

The value of **trade debtors** increased from £1.6m to £3.1m. At the year-end £1.5m was outstanding against a sponsorship contract and this single balance accounts for the 95% increase in trade debtors. The increase is offset by reductions in both taxation recoverable and accrued income, meaning that debtors as a whole increased by £0.5m.

Creditors and deferred income rose from £9.3m to £18.9m, £8.5m of the increase being the balance of the 2012–13 grant payable to the Science Museum Foundation, details given in notes 11.1 and 19.

Cash and investment balances fell from £19.6m to £18.5m, reflecting movements in working capital.

Pensions liability increased from £2.6m to £3.3m. Following the acquisition of MOSI, SMG became an admitting body of the Greater Manchester Pension Fund, a defined benefit scheme. The liability was last evaluated at 31 March 2013 and details are given in note 6.2.7 to the accounts.

Financial policies

Creditor policy

The Museum operates a 30-days payment policy where no payment terms have been specifically agreed. Using a sampling method, 76% of payments were made within this policy during 2012–13 (2011–12 74.76%). No allowance has been made within these statistics for disputed invoices.

Investment policy

The Trustees are empowered to invest by the Trustees Act 2000. Taking into account both best return, short-term availability and security, SMG ensures 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.

Reserves policy

The Trustees seek to maintain unrestricted general funds not committed or invested in tangible fixed assets at a level equivalent to three months' worth of non-contractual income. This level of reserves is held as a safeguard against unpredictable income streams, which may be vulnerable to the wider economic climate, including retail income, visitor donations and, increasingly, government Grant in Aid. The Trustees agreed at their meeting in March 2013 that £1.5m was an appropriate level of reserves to hold in this respect. The value of reserves at 31 March 2013 was £1.48m.

The Trustees review the reserves policy each year and make changes where appropriate to reflect likely funding requirements or known risks.

Designated funds are unrestricted income funds held for specific future projects of high strategic value. The Museum Improvement Fund represents the aggregate value of designated funds held for such projects, which include major capital works as well as exhibitions, research and educational projects. The majority of projects for which funds are held in the Museum Improvement Fund will be undertaken during the coming financial year. A designated fund is also held for collections purchases that may arise in the coming year.

Immunity from seizure

SMG has approved status under Part 6, Section 136 of the Tribunals, Courts and Enforcement Act 2007. This took effect from 9 November 2009, and was granted by the Secretary of State for Culture, Media and Sport. Part 6 of the Act confers protection on objects loaned from abroad for temporary public exhibitions, provided the conditions set out in the Act are met. To date, SMG exhibitions have not included any protected items.

4 Remuneration Report

Review of financial position

The membership of the Remuneration Committee comprised:

Mr Christopher Swinson (Chair)
Lady Chisholm
Dr Douglas Gurr
Dr Gill Samuels

The SMG Director, Mr Ian Blatchford, and Director of Human Resources, Ms Adele McAllister, were in attendance at the meeting which reviewed senior staff pay (excluding 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 of the Museums' senior managers whose jobs are of a certain size (as determined by formal job evaluation) and of SCMG Enterprises Ltd senior 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)
- Government guidance
- The individual manager's performance over the year

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, Chief Operating Officer or Group Executive member on the extent to which they have achieved their objectives and their performance is rated accordingly. The Chairman of the Board 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 business plans. Bonuses are payable to two members of the Group Executive within a range from 0 to 15% and information is disclosed for bonuses paid during the year.

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 together with any impact from changes in job scope and external factors.

Policy on contractual terms

Senior staff are permanent employees of either SMG or SCMG Enterprises Ltd. Notice periods for senior employees are between one and six months, for the Director, six months. Termination payments are in accordance with Museum or SCMG Enterprises Ltd contractual terms.

During the year Colin Philpott, outgoing Director of NMeM, received a redundancy payment and compensation in lieu of notice. During the year payments were made to DCMS in respect of Paul Kirkman who was seconded from DCMS to SMG to act as Director of NRM following the resignation of Steve Davies.

The amount paid in regard of remuneration of Ian Blatchford was £148,742, including a bonus payment of £18,200 (2011–12 £149,500, including a bonus of £19,500) and the employer's pension contributions were £31,722 (2011–12 £31,525).

All Museum employees, except those working at MOSI, are members of the Principal Civil Service Pension Scheme with associated redundancy and early retirement conditions. Civil Service pension details are given in notes to the accounts at 6.2.4. Museum staff working at MOSI are members of the Greater Manchester Pension Fund, for which SMG is an admitting body. All SCMG Enterprises Ltd staff may participate in a group personal pension scheme, currently provided by Aviva. In the event of redundancy they will be entitled to payments as defined under the Employment Rights Act 1996 unless individual contracts define other terms.

The members of the Board of Trustees of the Science Museum, who hold overall responsibility for SMG, are not remunerated. Expenses paid are disclosed in note 6.1.4 to the Annual Accounts.

Median remunerations

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The midpoint for the banded remuneration of the highest-paid director in SMG in the financial year 2012–13 was £147,500 (2011–12 £147,500). This was 7.4 times (2011–12 7.5 times) the median remuneration of the workforce, which was £19,984 (2011–12, £19,710).

In 2012–13 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from banded midpoint of £12,500 to £147,500 (2011–12 £7,500 to £147,500 on a full-year basis).

Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind. It does not include employer pension contributions and the cash-equivalent transfer value of pensions.

Remuneration table

	2012–13		2011–12						
	Remuneration and full-year equivalent (FYE) £000	Benefits in kind (nearest £100)	Remuneration and full-year equivalent (FYE) £000	Benefits in kind (nearest £100)	Total accrued pension at age 60 31.03.13 (£000)	Real increase in pension at age 60 (£000)	CETV at 31.03.13 or end date (nearest £000)	CETV at 31.03.12 or start date (nearest £000)	Real increase in CETV (nearest £000)
Ian Blatchford Director	145–150 [includes 15–20 bonus]	-	145–150 [includes 15–20 bonus]	-	30–35	0–2.5	457	419	16
Alexandra Burch Director of Learning (appointed 01.02.2012)	70–75 [FYE 70–75]	-	15–20 (restated: note i) [FYE 60–65]	-	10–15	5–7.5	169	81	80
Anne Caine Director of Finance (retired 31.07.2013)	25–30 [FYE 80-85]	-	80–85	-	25–30	0–2.5	544	499	31
Steve Davies Director of NRM (left 02.11.2012)	60–65 [FYE 105–110]	500	100–105	600	-	-	-	-	-
Jane Ellis Director of Finance (appointed 03.09.2012)	50–55 [FYE 85–90]	-	-	-	10–15	2.5–5	150	-	31
Sue Fisher Director of Development	115–120 [includes additional travel and accommodation allowances 15–20] [FYE excluding allowances: 95–100]	10,000	90–95 (restated: note ii) [includes additional travel and accommodation allowances 10–15] [FYE excluding allowances: 75–80]	16,300 (re-stated: note iii)	-	-	-	-	-
Jean Franczyk Director of MOSI (appointed 01.02.2012)	95–100	-	15–20 [FYE 95–100]	-	5–10	2.5–5	148	92	42
Roger Highfield Director of External Affairs (appointed 28.02.2012)	75–80 [FT, FYE 95–100]	-	25–30 [FT, FYE 95-100] (restated: note iv)	-	0–5	0–2.5	32	-	17
Paul Kirkman Director of NRM, seconded from DCMS (appointed 05.11.2012)	25–30 [FYE 65–70]	-	-	-	-	-	-	-	-
Karen Livingstone Director of Masterplan and Estate	35–40 [FYE 75–80]	-	20–25 [FYE 75-80]	-	15-20	2.5–5	262	189	61
Heather Mayfield Deputy Director, Science Museum including NMeM (appointed 01.02.2012)	85–90	-	20–25 [FYE 85–90]	-	35–40	0–2.5	759	681	21
Deputy Director, Science Museum			60–65 [FYE 80–85]		-	-	-	-	-
Adele McAllister Director of Human Resources	85–90	-	85–90	-	15-20	2.5–5	287	223	31
Jonathan Newby Chief Operating Officer	110–115	600	130–135 [includes 15–20 bonus]	600	-	-	-	-	-
Colin Philpott Director of NMeM (redundant 30.04.2012)	110–115 [includes redundancy £66,530 and compensation in lieu of notice £30,611] [FYE excluding redundancy 95-100]	-	95–100	-	15–20	0–2.5	281	264	2
Jo Quinton-Tulloch Head of NMeM (appointed 20.09.2012)	35–40 [FYE 65–70]	-	-	-	15–20	0–2.5	256	-	28

The table above has been subject to audit. Staff without pension disclosures are not members of the PCSPS pension scheme.
The staff included in the remuneration report constitute those managers delivering policy and direction for SMG.

Restatements of comparative figures			
(i)	Alexandra Burch	0–5	Arrears of responsibility allowance relating to 2011–12 omitted in error
(ii)	Sue Fisher	10–15	Arrears of additional allowances relating to 2011–12 omitted in error
(iii)	Sue Fisher	15–20	2011–12 travel and accommodation benefits in kind omitted in error
(iv)	Roger Highfield	-	FYE for 2011–12 had not been stated on a full-time basis

Remuneration table (continued)

Comparative figures for past members who did not serve on the Group Executive in the year to 31.03.2013

		2011-12	
	Executive role end date	Remuneration and full-year equivalent (FYE)	Benefits in kind
		£000	(nearest £100)
John Bevin Acting Director of Corporate Services	19.12.2011	40–45	-
Judith McNicol Director of Change Management	31.12.2011	35–40 [FYE 85–90]	-

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 HM Revenue & Customs as a taxable emolument.

Cash-equivalent transfer values

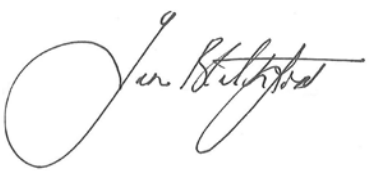
A cash-equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment 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 individuals have 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 his/her 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

The real increase in CETV reflects the increase effectively funded by the employer. It takes account of the increase in accrued pension that is 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.

Dr Douglas Gurr
Chairman of the Board of Trustees

27 June 2013



Mr Ian Blatchford
Accounting Officer and Director

27 June 2013

5 Sustainability Report

Summary of performance

The Group is committed to supporting sustainable development both in its own operations and through engagement with the public. We have invested in improving our electronic management systems during the year, allowing us to regulate and monitor infrastructure such as lighting more effectively. We have also made some improvements to our estates to help us minimise energy consumption. These have included installation of LED lights at MOSI replacing inefficient sodium lamps; heat leak testing and sealing gaps at the Dana Centre and operating the new Hemcrete Museum Store at Wroughton. At the NRM simple steps such as installation of lux sensors in the Great Hall have reduced the length of time the lights are on, and at the NMeM the building management system has been improved, enabling more efficient operation of the Museum's plant.

Notwithstanding these measures, increased levels of capital works at the Museums as well as the inclusion of a full year's worth of energy consumption at MOSI (against only 2 months in 2011-12), has resulted in a higher level of energy consumption overall compared with 2011-12.

Greenhouse gas emissions

		2013	2012
Non-financial indicators (tCO_2e)	Total gross emissions	12,564	11,332
	Scope 3 business travel gross emissions	1,000 [1]	999
Related energy consumption (see individual metrics)	Electricity – non-renewable (kWh)	15,227,504	
		4	13,825,627
	Electricity – CHP (kWh)	1,092,914	1,243,025
	Gas (kWh)	20,559,572	
		2	18,238,574
	Oil (litres)	28,102	31,989
	Biomass – wood pellets (tonnes)	54	62
Financial indicators (£000)	Expenditure on energy	1,993	1,825 [2]
	CRC expenditure	142	117
	Expenditure on business travel	447	451
	(1) Estimated figure, subject to confirmation [2] Restated from £2,595k, overstated due to calculation error		

Performance

The combination of the inclusion of a full year's activity at MOSI (against only 2 months in 2011-12) and major capital projects that have been underway during the year has resulted in a higher level of total emissions in 2012-13 than in the previous year. As part of our efforts to minimise the impact of capital projects, we have produced new lists of preferred and excluded materials, and documentation for assessing potential impacts of new projects, which will help us to assess our performance and set realistic targets. A new policy for energy is being drafted and a new energy strategy has been adopted.

Direct and indirect impacts

The main direct impacts from SMG come through electricity and gas consumption. Energy efficiency measures have been implemented to review systems, replace inefficient equipment and to engage staff in energy use reduction. Specification of new projects has sustainability as a key criterion in assessing viability. Business travel emissions remain low overall, but the Group continues to improve upon joined-up and well managed plans for staff travelling on business. We encourage our visitors to visit our sites using public transport and the refreshed Science Museum website features journey planners and public transport status reports.

Waste

	Non-financial indicators (tonnes)		Financial indicators (£000)	
	2013	2012	2013	2012
Total waste	724.27	1,051.95	99.8	9
Hazardous (including WEEE)	2.5	2.85	9.5	8
Non-hazardous				
Landfill	93.56	229.53	8.3	22
Energy from waste	254.86	222.21	39.2	39
Mixed recycling	271.77	399.48	47.6	21
Wood recycling	30.58	32.32	3.2	4
Metal recycling	18.74	14.29	0.8	1
Glass recycling	31.52	151.52	0.6	-

Performance
We have succeeded in improving waste management during the year, but there is still scope to improve our practices. Changes to our cleaning and waste management contracts are allowing for greater knowledge of the waste stream and more separation, and working with our cafés is enabling the removal of food products from general waste. At MOSI waste production has dropped by 14 tonnes in this period – with 92.3% now being recycled or reused.

Direct and indirect impacts
The main direct impacts from the waste supply chain come from our catering and visitor activity, closely followed by office and exhibition rubbish. The new waste contract is minimising waste from these streams and managing it more efficiently. Visitor waste bins are being installed that allow visitors to separate waste into recycling streams.

We encourage all our suppliers and contractors to minimise the production of waste and to recycle where possible, and during refurbishment of galleries and exhibitions the waste produced is recorded, monitored and reduced.

Finite resources

			2013	2012
Non-financial indicators (see individual resource for metrics)	Water including locomotive operations	m^3	69,303	73,488
	Coal – locomotive operations	tonnes	85	177
	Non-fuel oils	litres	1095	965
Financial indicators (£000)	Water supply including locomotive operations		120	86
	Coal – locomotive operations		15	31
	Lubricating oil – locomotive operations		1.6	2

Performance
The majority of our finite resource use goes into the operation of locomotives and other heritage machinery. To reduce the amount of coal and oil consumed, the Museums would have to limit the operation of the locomotives, which would be detrimental to the visitor experience at these Museums. To combat this and to ensure we operate as sustainably as possible we have a training regime in place to maximise fuel conservation and embed good practice for loco management within our teams.

Direct and indirect impacts
Water consumption from these locomotive operations is considerable, and we currently use a potable water supply. A longer-term strategy to reduce this type of consumption is to evaluate the scope to use water provided via a borehole, or to harvest water from the large buildings at these sites.

Biodiversity enhancement

Our sites vary greatly in terms of location and type, from urban to rural, each with particular levels of biodiversity. The teams at SMG responsible for maintaining and managing the estates have a good understanding of biodiversity preservation and enhancement and we are aiming to achieve the Wildlife Trusts' Biodiversity Benchmark certification by 2013–14.

Performance
Some successes to date include a new farm tenant at the Wroughton site who is using sheep grazing to help enhance ground flora species through a site management plan in areas that have been poorly managed. The site is also a founding partner in the Marlborough Downs Nature Improvement Area – a project led by a consortium of farmers through Natural England aimed at wholesale biodiversity improvements on a regional scale.

Direct and indirect impacts
Our major impacts come through better grounds maintenance, incorporation of habitats within new buildings and refurbishment projects, and greater awareness of the requirements regarding biodiversity. We work closely with adjoining landowners to ensure that initiatives reaching beyond our boundaries are maintained and upheld. Where appropriate, global biodiversity issues are represented in our public spaces.

Sustainable procurement

Our evaluation criteria for procurement include sustainability and we publish a tender response document for suppliers to complete in which we outline our sustainability requirements for the contract.

Performance and impacts
A range of contracts were let in 2012-13. Within these, new sustainability, engagement and partnership working clauses have increased the ability of SMG to work with our suppliers to reduce our impacts.

New contracts have enabled new metering for provision of services. The ability for contractors to understand what their direct impact has been on energy use provides greater clarity and a robust rationale for changing the way we operate.

Strategy

It is our strategy to become more energy efficient in our operations and to reduce energy consumption overall. Key initiatives for the year ahead include:

- improvements to pumps and fans at the Science Museum to improve energy efficiency;
- installation of sub-meters and thermostats at our Wroughton site to enhance consumption information and energy efficiency; and
- improvements to the building management system at the National Railway Museum.

In addition to these specific actions, we will commission a number of energy studies to provide a solid baseline for future decision making. We will also approve our new energy policy, which will sit alongside our existing sustainable development policy; and we will work towards obtaining ISO 14001, the international standard for environmental performance.

6 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 SMG'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:

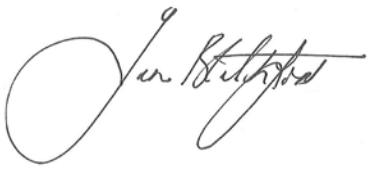
- Observe the Accounts Direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgments and estimates that are reasonably prudent
- State whether applicable accounting standards have 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 SMG will continue in operation.

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 he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Dr Douglas Gurr
Chairman of the Board of Trustees

27 June 2013



Mr Ian Blatchford
Accounting Officer and Director

27 June 2013

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

7 Governance Statement

The governance framework

The Board of Trustees of the Science Museum (BoT) is responsible for the whole of the Science Museum Group (SMG). The Trustees, who may number between 12 and 20, are appointed by and responsible to the Prime Minister through the Department for Culture Media and Sport (DCMS). The Director of SMG, as Chief Executive Officer, is responsible to the Board of Trustees and, as Accounting Officer, is accountable to 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 SMG'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 SMG's strategy and its practical implementation.

The recruitment of Trustees takes place in accordance with the procedures defined by DCMS and the Office of the Commissioner for Public Appointments. Descriptions of the roles required are advertised, interviews conducted and recommendations made to DCMS for appointment by the Prime Minister in accordance with the National Heritage Act 1983. No new appointments were made in 2012–13.

Officers of SMG work with new Trustees to provide both general briefing about the Museums, the role of the Board of Trustees of the Science Museum within a charity and non-departmental public body and specific information about particular areas of interest. In 2012–13 an SMG Trustee Handbook was begun and a first draft produced for internal comment. This covers a range of information and guidance useful to new Trustees and external advisers appointed to Board sub-committees. It will be finalised in 2013–14 and regularly updated thereafter. It will be the basis for future induction of new Trustees, supplemented by meetings with relevant staff and site/department visits.

	Term	Date of current appointment	Expiry of appointment	Attendance[1] BoT	Audit	Rem.
Chairman						
Dr Douglas Gurr (as chair)	1	01.07.10	30.06.14	4/4		2/2
Members						
Lady Chisholm	2	14.01.11	13.01.15	4/4	1/1	2/2
Mr Howard Covington	2	07.04.12	06.04.16	4/4		
Professor Dame Athene Donald DB	1	01.08.11	31.07.15	4/4		
Lord Faulkner of Worcester	1	05.01.11	04.01.15	4/4	4/4	
Mr Andreas Goss	1	01.08.11	31.07.15	2/4		
Lord Grade of Yarmouth CBE	1	01.08.11	31.07.15	3/4		
Professor Ludmilla Jordanova	1	01.08.11	31.07.15	4/4		
Mr Simon Linnett	1	05.01.11	04.01.15	4/4		
Professor Averil Macdonald	2	07.04.12	06.04.16	3/4		
Sir Howard Newby CBE	2	14.01.11	13.01.15	3/4		
Dr Gill Samuels CBE	2	07.04.12	06.04.16	4/4		2/2
Mr James Smith CBE	1	05.01.11	04.01.15	4/4		
Ms Janet Street-Porter	2	07.04.12	06.04.16	3/4		
Mr Chris Swinson OBE	2	07.04.12	06.04.16	3/4	4/4	2/2
Also attending						
Mr Peter Fell (Special Adviser)	1	08.03.12	31.01.14	4/4		

1 The Audit and Remuneration Committees are considered to be the principal sub-committees of the Board from a governance perspective. Attendance is therefore given for these sub-committees. Membership of all Trustee sub-committees and advisory boards is set out below.

Board committee report highlights

Significant issues considered by the Board of Trustees in 2012–13 included:

- Finances, in particular, improving SMG's resilience by increasing other income and reducing costs in light of decreasing Grant in Aid
- Integration of MOSI since it joined the Group in February 2012, including work on a new Masterplan for the site, exhibition and events programme, staff structure and operational processes
- Progress on the Science Museum Masterplan, especially how to raise the significant sums required to realise our aspirations as set out in Science Museum Strategic Ambitions 2012–20, published in November 2012
- Strategic direction and planning for the other Museum sites
- Development of pan-SMG strategic plans for digital content and operations, audience development and international working
- Restoration of *Flying Scotsman*

Board effectiveness

A review of the Board's effectiveness was conducted between December 2011 and February 2012, and the findings were reported to the Board meeting on 8 March. It is planned that such an exercise be conducted approximately (but no less frequently than) once every two years, and so the next one will take place in late 2013 or early 2014.

Of the specific actions from the last review, progress has been made on production of an SMG Trustee Handbook and clarification of the remit of certain sub-committees and their relationship to the main Board via a review of Terms of Reference (by the four Museum advisory boards and the Audit Committee, completed in 2012–13). A new twice-yearly meeting has been introduced for the Chairmen of Museum Advisory Boards and the Board Chairman.

The quality of information provided to the Board has been discussed in the course of Board business. Trustees are of the view that the papers they receive are of appropriate quality and detail; notwithstanding this Board papers are subject to continuing review and improvement.

Membership of Trustee sub-committees, advisory boards and subsidiary company boards

Full memberships of the Trustee sub-committees, advisory boards and subsidiary company boards are set out below.

SMG Audit Committee

Chair
Mr Chris Swinson OBE (Trustee)

Members
Lady Chisholm (Trustee), from 13.02.2013
Lord Faulkner of Worcester (Trustee)

SMG Remuneration Committee

Chair
Mr Chris Swinson OBE (Trustee)

Members
Lady Chisholm (Trustee)
Dr Douglas Gurr (Trustee)
Dr Gill Samuels CBE (Trustee)

SMG Finance and Strategy Committee
(meets concurrently with Board of Directors of SCMG Enterprises Ltd)

Chair
Mr Howard Covington (Trustee)

Members
Mr Andreas J Goss (Trustee)
Mr Nick Kirkbride
Mr Simon J Linnett (Trustee)
Dr Martin Scott
Mr James Smith CBE (Trustee)

Science Museum Advisory Board

Chair
Dr Gill Samuels CBE (Trustee)

Members
Ms Jane Atkinson, from 30.04.12
Dr Sarah Caddick
Professor Dame Athene Donald DBE (Trustee)
Dr Marcus du Sautoy
Mr Malcolm Garrett
Dr Lucie Green, from 30.04.12
Sir Tim Hunt
Professor Ludmilla Jordanova (Trustee)
Ms Clare Matterson
Professor Michael J Reiss
Professor Simon J Schaffer

Museum of Science & Industry, Manchester, Advisory Board

Chair
Lord Faulkner of Worcester (Trustee), until 31.03.13

Members
Professor Colin Bailey
Dr Maria Balshaw
Mr Michael Emmerich
Mr Peter Fell (Vice-Chair)
Mr Steve Johnson, from 10.08.12
Sir Richard Leese CBE
Mr Robert Owen MBE
Ms Sinead Rocks
Dr Gill Samuels CBE (Trustee)
Ms Susan Woodward OBE

National Railway Museum Advisory Board

Chair
Sir Howard Newby CBE (Trustee)

Members
Mrs Gillian Cruddas MBE
Lord Faulkner of Worcester (Trustee), until 31.03.13
Mr Christopher Garnett OBE
Mr Bryan Gray CBE
Mr Brian Greenwood
Mr Simon Linnett (Trustee)
Ms Sue Palmer OBE, until 07.02.13
Mr Frank Paterson MBE, until 07.02.13
Mr Adrian Shooter CBE
Mr Anton Valk, from 06.11.12
Mr Philip Verster
Mr William Woolley

National Media Museum Advisory Board

Chair
Lord Grade of Yarmouth CBE (Trustee)

Members
Mr Simon Beaufoy, until 31.01.13
Mr Pierre Brahm
Lady Chisholm, Trustee
Mr Philippe Garner
Mr Matt Locke
Ms Zahida Manzoor CBE
Mr Roger Mosey
Dr Annette Nabavi
Mr Simon Norfolk
Mr Tony Reeves
Ms Carolyn Reynolds
Ms Gillian Reynolds MBE

Collections and Research Trustee Sub-Committee

Chair
Professor Ludmilla Jordanova (Trustee)

Members
Mr Philippe Garner
Dr Jeff Hughes, from 11.12.12
Sir Howard Newby CBE (Trustee)

Railway Heritage Designation Advisory Board (Shadow)
Established in shadow form in 2012–13 and will be substantive from 01.04.13 when the Board of Trustees of SMG takes over the statutory powers of the Railway Heritage Committee

Chair
Lord Faulkner of Worcester (Trustee)

Members
Mrs Helen Ashby OBE
Mr Christopher Austin OBE
Dr David Brown
Mr Ian Brown CBE
Lady Chisholm (Trustee)
Mr Mark Hopwood
Ms Louise Innes
Dr David Jenkins
Sir Howard Newby CBE (Trustee)
Mr Peter Ovenstone
Mr Jonathan Pepler
Mr Andy Savage
Mr Jerry Swift

Company information

SCMG Enterprises Ltd

Directors
Mr Howard Covington (Chair)
Mr James Bilefield
Mr Ian Blatchford
Mr Andreas J Goss, from 25.03.13
Mr Jonathan Newby
Mr Christopher Weller

Secretary
Anne Caine, resigned 03.09.12
Jane Ellis, from 03.09.12

Bradford Film Ltd (a company limited by guarantee)

Directors
Heather Mayfield, from 27.04.12
Jonathan Newby, from 27.04.12
Colin Philpott, until 30.04.12

Secretary
Anne Caine, resigned 03.09.12
Jane Ellis, from 03.09.12

Greater Manchester Museum of Science & Industry Trust

Directors
Ian Blatchford (Chair)
Anne Caine, resigned 24.10.12
Jane Ellis, from 24.10.12
Jean Franczyk
Jonathan Newby

Secretary
Anne Caine, resigned 24.10.12
Jane Ellis, from 25.10.12

MOSI Enterprises Ltd

Directors
Jean Franczyk (Chair)
Jane Ellis, from 24.10.12
Janet Leigh, resigned 24.10.12
Jonathan Newby

Secretary
Janet Leigh, resigned 24.10.12
Jane Ellis, from 25.10.12

Group Executive

As Accounting Officer, the Director is personally responsible for safeguarding the public funds for which he has charge, for propriety and regularity in the handling of those public funds as guided by Managing Public Money and for the day-to-day operations and management of SMG. The Director of SMG is also Director of the Science Museum and is supported by the Deputy Director of the Science Museum. Each of the other Museums within SMG is headed by a Director or Head of Museum who is directly responsible for collections, the Museum's cultural programme and for coordinating the overall delivery of the Museum's goals.

The Group Executive is accountable to the Director of SMG, and is formed by the senior managers, most of whom report directly to the Director of SMG. The Group Executive is responsible for resource allocation, leading strategic management, developing the cultural content and programmes and sustaining SMG values.

Senior managers who served on the Group Executive during the year were:

Ian Blatchford
Alex Burch
Anne Caine
Steve Davies
Jane Ellis
Susan Fisher
Jean Franczyk
Roger Highfield
Paul Kirkman
Karen Livingstone
Heather Mayfield
Adele McAllister
Jonathan Newby
Colin Philpott
Jo Quinton-Tulloch

Roles and dates of appointment and resignation can be found in the remuneration report.

Risk management

The Board of Trustees of the Science Museum and the Board of Directors of SCMG Enterprises Ltd recognise that the effective management of risk and uncertainty is core to their ability to achieve their objectives. The Board of Trustees (advised by the Audit Committee) sets risk management standards and the degree of risk aversion for the Group, as well as reviewing the major risks.

The Accounting Officer is responsible for managing risk and ensuring an effective system of internal control is in place. The Accounting Officer places assurance on the work of the Corporate Risk Group, an executive committee which meets four times a year to actively review the risk environment, monitor changes in the corporate risk profile, identify emerging risks and report on these areas to the Director, the Group Executive and the Audit Committee.

The Board of Trustees places assurance on reports from the Chairs of the Audit Committee and the Finance and Strategy Committees and the Director concerning matters affecting internal control. The minutes of all subcommittees are distributed to Trustees.

The Audit Committee places assurance on the work of the internal auditor. Internal audit services in 2012–13 were provided by Moore Stephens, in accordance with Government Internal Audit Standards. 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, which is endorsed by the Audit Committee. The Head of Internal Audit (HIA) provides the Audit Committee with regular reports on internal audit activity, which include the HIA's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The HIA's opinion for 2012–13 is given below. Actions arising from all the audits are addressed by the executive and progress is monitored through the Audit Committee.

The Corporate Risk Group 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.

The system of internal control has been in place in SMG throughout the year ended 31 March 2013 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 Group Executive management team, as described above, which met regularly throughout the year to consider the plans and strategic direction of SMG, to review forward cultural activity development against the Corporate Plan and to consider the management of identified and emerging risks
- Regular reports from managers to the Audit Committee, Finance and Strategy Committee and Board of Directors of SCMG Enterprises 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 SMG's internal control standards
- Continual development of a range of robust system controls designed to ensure the integrity of SMG'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 forecasts
- A Funding Agreement between SMG and the Department for Culture, Media and Sport which includes performance measures
- The Corporate Risk Group, chaired by the Finance Director, reporting to the Audit Committee, which is responsible for
  - developing and monitoring the implementation of the Museum's risk strategy
  - maintenance of an organisation-wide risk register, progressing work to develop a consistent evaluation framework
  - encouraging the use of ongoing control and risk self-assessment procedures
  - monitoring changes in the corporate risk profile and, via its Chair
  - reporting significant changes to the Director, Audit Committee, Board of Trustees and Group Executive
- Maintenance of a register of interests for Trustees, Directors of SCMG Enterprises Ltd, subcommittee advisers and senior staff

The system of internal control serves to safeguard the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Managing Public Money and ensures compliance with the requirements of SMG's Management Statement and Financial Memorandum. The internal control system also supports the achievement of the objectives of SMG by incorporating risk management within the strategic business planning process.

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.

Risk profile

The key risk faced by SMG continues to be the continued pressure on public sector expenditure and the uncertainty over future levels of Grant in Aid. Action was taken to ensure the budgeting process was conducted to maintain a downward pressure on costs in response to this risk, and budgets have been further reduced following reductions in Grant in Aid announced in December 2012 and March 2013. Notwithstanding this, the risk of further reductions in funding is likely to have an adverse impact on SMG's current activities and ability to achieve its strategic aims. A comprehensive review of the Group structure and scale of activities is under way, with a view to identifying areas for change sufficiently radical to accommodate the likely level of future funding cuts.

Other areas of emerging risk identified during the year included risks around the successful completion of major projects in accordance with planned budgets and timetables. One particular instance was the project to complete the restoration of *Flying Scotsman*. The Board of Trustees approved the continuation of the restoration work at their meeting on 4 March 2013.

As a further response to the risks identified around project management above, the Audit Committee commissioned a review of project management processes. A number of weaknesses were identified as a result of this review and work is now under way to strengthen project governance across the Group to ensure consistent and rigorous oversight of the full range of Group-wide project activity.

Risk assessment

The Accounting Officer and Board of Trustees consider the framework of internal controls and risk management to be effective, although they acknowledge weaknesses were identified during the year relating to the consistency of project governance arrangements across the group. This view is supported by the Annual Report of the internal auditor, which gave reasonable assurance on the effectiveness of the Museum's risk management, control and governance processes. Corrective action is being taken to address the control weaknesses identified, and this is being monitored by the Audit Committee.

Information security

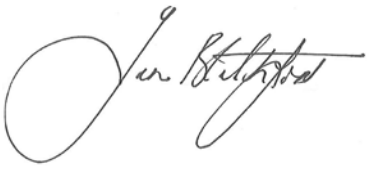
During the year there were no centrally recorded incidents related to protected personal data and a report to the Information Commissioner's Office has not been required.

Assessment of compliance with the Corporate Governance Code

While the Board of Trustees has different responsibilities and is appointed in accordance with the relevant Acts, we confirm SMG's governance processes comply with the intentions of 'Corporate governance in central government departments: Code of good practice 2011'. The Board is well balanced in composition, and supports the Director in leading SMG through strategic direction, monitoring activity and achievement of objectives, and ensuring good governance is in place. The work of the Board is well supported by strong committee management. Regular evaluation by the Board of its effectiveness, including the views of senior staff, ensures that the Board is reviewing its activities and processes to continue to improve its performance. The Trustee register of interests is available for inspection on the SMG website or on application to the SMG Committee Manager at the Science Museum, Exhibition Road, London SW7 2DD.

Dr Douglas Gurr
Chairman of the Board of Trustees

27 June 2013



Mr Ian Blatchford
Accounting Officer and Director

27 June 2013

8 Certificate and report of the Comptroller and the Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Board of Trustees of the Science Museum for the year ended 31 March 2013 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow 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, Director and auditor
As explained more fully in the Statement of Board of Trustees' and Director's responsibilities, the Trustees and the Director as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Board of Trustees of the Science Museum and the group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Trustees of the Science Museum; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in About the Science Museum Group, Review of 2012-13 and plans for the future, Financial review, Remuneration Report, Sustainability report, Statement of Board of Trustees' and Director's responsibilities, and Governance Statement to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the incoming resources and resources expended recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity
In my opinion, in all material respects the incoming resources and resources expended recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements
In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Board of Trustees of the Science Museum's affairs as at 31 March 2013 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder with HM Treasury's consent.

Opinion on other matters
In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made with HM Treasury's consent under the Museums and Galleries Act 1992; and
- the information given in the Staff engagement, Sickness absence, Equality and diversity, Financial Review (excluding Immunity from seizure), Sustainability Report, The Governance Framework, Membership of Trustees Sub-Committees, Advisory Boards and subsidiary company boards, and Group Executive sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report
I have no observations to make on these financial statements.

Amyas C E Morse, Comptroller and Auditor General
National Audit Office,157-197 Buckingham Palace Road
Victoria, London SW1W 9SP

Date 2 July 2013

9 Annual accounts 2012–13

Science Museum Group
Consolidated Statement of Financial Activities for year ended 31 March 2013

	Notes	2013 unrestricted funds £000	2013 restricted funds £000	2013 endowment fund £000	2013 total £000	2012 total (restated) £000
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Grant in Aid for SMG	2	40,878	125	-	41,003	38,254
Grant in Aid for NCMME		-	2,657		2,657	-
Grants, legacies and donations	3	1,887	6,426	-	8,313	5,303
Other grants – transfer of GMOSI Trust net assets		-	-	-	-	42,256
Lottery income		-	739	-	739	310
Activities for generating funds						
Income from commercial activities	7	15,236	750	-	15,986	13,991
Sponsorship		1,216	5	-	1,221	1,655
Rental income from operating leases		595	50	-	645	502
Investment income	5	173	-	-	173	162
Incoming resources from charitable activities						
Other income	4	2,031	-	-	2,031	1,977
Total incoming resources		**62,016**	**10,752**	**-**	**72,768**	**104,410**
Resources expended						
Costs of generating funds						
Costs of generating voluntary income		2,205	221	-	2,426	2,031
Commercial costs (fundraising trading: costs of goods sold and other)		13,393	151	-	13,544	12,169
Charitable activities						
Care for and research into collections		12,570	6,809	-	19,379	15,544
Science education and communication		20,609	8,857	-	29,466	26,629
Visitor services		9,939	2,275	-	12,214	12,212
Capital Grant		11,460	-	-	11,460	-
Governance costs		459	-	-	459	481
Total resources expended	6.1	**70,635**	**18,313**	**-**	**88,948**	**69,066**
Net incoming/(outgoing) resources other recognised gains and losses		**(8,619)**	**(7,561)**	**-**	**(16,180)**	**35,344**
Transfer between reserves	17	**84**	**(84)**	**-**	**-**	**-**
Other recognised gains/ losses						
Revaluation Reserve surplus		-	-	-	-	47,005
Actuarial loss on defined benefit pension scheme	6.2.7	(703)	-	-	(703)	(610)
Net movement in funds		**(9,238)**	**(7,645)**	**-**	**(16,883)**	**81,739**
RECONCILIATION OF FUNDS						
Fund balances brought forward at 01.04.2012		**41,187**	**319,330**	**76**	**360,593**	**278,854**
Fund balances carried forward at 01.04.2013		**31,949**	**311,685**	**76**	**343,710**	**360,593**

The notes on pages 49 to 70 form part of these accounts.

Science Museum Group
Balance Sheets as at 31 March 2013

	Notes	Consolidated Balance Sheet 2013 £000	Consolidated Balance Sheet 2012 £000	Museum Balance Sheet 2013 £000	Museum Balance Sheet 2012 £000
Fixed assets					
Tangible assets	8	324,058	333,138	319,100	327,978
Heritage assets	9	18,672	15,446	18,672	15,446
Investments	7.1	-	-	552	552
		342,730	**348,584**	**338,324**	**343,976**
Current assets					
Stock		951	919	-	-
Debtors	10	4,943	4,465	7,940	10,147
Short-term deposits		13,000	11,560	13,000	11,560
Cash		5,549	8,017	670	2,510
		24,443	**24,961**	**21,610**	**24,217**
Creditors: amounts falling due within one year	11.1	**(18,913)**	**(9,326)**	**(14,083)**	**(6,608)**
Net current assets		**5,530**	**15,635**	**7,527**	**17,609**
Total assets less current liabilities		**348,260**	**364,219**	**345,851**	**361,585**
Creditors: amounts falling due after one year	11.2	**(413)**	**(553)**	**(233)**	**(283)**
Provisions for liabilities and charges	15	**(861)**	**(500)**	**(861)**	**(500)**
Net assets excluding pension liability		**346,986**	**363,166**	**344,757**	**360,802**
Pensions liability	6.2.7	**(3,276)**	**(2,573)**	**(3,276)**	**(2,573)**
		343,710	**360,593**	**341,481**	**358,229**
Represented by:					
Restricted funds					
Sponsorship, Grants and Donations Reserve		1,530	2,465	1,530	2,465
Capital Reserves		178,132	178,336	177,120	177,173
Revaluation Reserve		132,023	138,529	132,023	138,529
	17.1	**311,685**	**319,330**	**310,673**	**318,167**
Unrestricted funds					
Designated funds					
Museum Improvement Fund		3,727	10,312	3,727	10,312
Collection Purchases Fund		173	344	173	344
Capital Reserves		24,095	22,863	24,095	22,863
Revaluation Reserve		5,748	5,993	4,193	4,438
Major Projects Contingency Fund		-	2,750	-	2,750
Post Office Building Purchase Reserve		-	1,000	-	1,000
		33,743	**43,262**	**32,188**	**41,707**
Deficit on MOSI defined benefit pension scheme	6.2.7	**(3,276)**	**(2,573)**	**(3,276)**	**(2,573)**
General funds		**1,482**	**498**	**1,820**	**852**
Total income funds	18.2	**31,949**	**41,187**	**30,732**	**39,986**
Endowment funds		**76**	**76**	**76**	**76**
Total funds		**343,710**	**360,593**	**341,481**	**358,229**

Approved by the Board of Trustees and authorised for issue.

Dr Douglas Gurr
Chairman of the Board of Trustees

27 June 2013

Mr Ian Blatchford
Accounting Officer and Director

27 June 2013

The notes on pages 49 to 70 form part of these accounts.

Science Museum Group
Consolidated Cash Flow for the year to 31 March 2013

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	18.1	4,576	6,187
Returns on investments and servicing of finance	18.2	179	81
Capital expenditure	18.2	(5,701)	(5,738)
Acquisition of MOSI cash balances		-	591
Management of liquid resources	18.2	(1,440)	1,440
Financing	18.2	(82)	(74)
(Decrease) / increase in cash		**(2,468)**	**2,487**
Reconciliation of net cash flow to movement in net funds			
(Decrease) / increase in cash in the period		(2,468)	2,487
Increase / (decrease) in liquid resources		1,440	(1,440)
Decrease in debt and lease financing	18.3	82	74
Change in net fund resulting from cash flow	18.3	**(946)**	**1,121**
Net funds as at 1 April		**19,225**	**18,104**
Net funds at 31 March	18.3	**18,279**	**19,225**

The notes on pages 49 to 70 form part of these accounts.

Notes to the consolidated account for the year ended 31 March 2013

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 Financial Reporting Manual (FReM) for 2012-13 as issued by HM Treasury. The accounting policies contained in the FReM 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, SCMG Enterprises Ltd and MOSI Enterprises Limited. The consolidation is on a line-by-line basis with the recharges between the Museum and the trading subsidiaries eliminated from the Statement of Financial Activities. Amounts owed and owing between the entities have been eliminated from the consolidated balance sheet.

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 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).

The Museum recognises the costs and income of a charged exhibition in the year(s) in which the exhibition takes place. Income received for an exhibition taking place in a future period is treated as deferred exhibition income and costs treated as deferred exhibition costs and included in deferred income and prepayments respectively on the Balance Sheet. This deferred income and any deferred expenses, relating to the exhibition, are recognised in the SOFA in the year(s) in which the exhibition takes place.

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 costs incurred in raising sponsorship and in seeking voluntary contributions to 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. The costs of publicising the Museum are included in the cost category Science education and communication and 2011-12 comparative figures have been restated within notes 2 and 6.1.1 and on the Consolidated Statement of Financial activities for the purposes of consistency.

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

Fixed assets are defined as assets costing £5,000 or more with a useful life of greater than one year.

All property assets are subject to quinquennial valuations in accordance with the RICS Appraisal and Valuation Manual, supplemented by interim professional valuations. As part of the revaluation process asset lives are evaluated and re-estimated, the restated expected useful life is then applied to the original historic cost, and to any previous revaluation movements for the purposes of calculating depreciation.

The difference between current cost and historic cost depreciation is taken to the Revaluation Reserve.

Galleries and exhibitions are not revalued but the lives of these assets are reviewed annually to reflect their true value. For other asset categories, where the assets have short useful lives or low values, SMG adopts a depreciated historical cost basis as a proxy for fair value. A fixed asset impairment review is undertaken annually.

Land, investment property and assets under construction are not depreciated. For other categories depreciation is provided 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.

Asset category	Expected useful life
Freehold, leasehold and residential buildings*	10–50 years
Plant and machinery	5–25 years
Galleries and exhibitions	5–15 years
Information technology and audiovisual equipment	3–10 years
Fixtures and fittings**	3–10 years

* 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.

** A small number of racking installations with an expected useful life of 20 years are included within this category.

1.5 Investment property

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

1.6 Heritage assets

Heritage assets acquired since April 2001 are reported in the balance sheet at cost. Donated assets with an estimated value greater than £5,000 are reported at an internally generated valuation for which reliance is placed on the professional knowledge and expertise of the Museum's in-house curatorial staff.

For the Collections that existed at March 2001, the Board of Trustees is of the opinion that valuation information cannot be obtained at a cost commensurate with the benefits to users of the financial statements so a valuation approach is not practicable and SMG has adopted a non-recognition approach.

Expenditure which is required to preserve or prevent further deterioration of individual collection items is recognised in the Statement of Financial Activities when it is incurred. 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.

An overview of the scope of the SMG collections is set out at note 9.5.

Heritage assets are not subject to depreciation or revaluation.

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 SMG 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.

On its acquisition of Greater Manchester Museum of Science and Industry Trust on 1 February 2012 SMG became an admitted body of the Greater Manchester Pension Fund which is a defined benefit scheme. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Statement of Financial Activities so as to spread the cost over the service lives of the employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

The pension costs are assessed on the advice of a professional qualified actuary using the projected unit method. The scheme is funded in advance by contributions from its members, including the company and its employees at rates assessed by the scheme actuary in regular funding reviews.

Pension scheme assets are valued at market value at the balance sheet date. The pension scheme deficit is recognised in full on the Balance Sheet.

SCMG Enterprises 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 15).

1.11 Taxation

SMG is exempt from corporation tax on its charitable activities under the available provisions of the Corporation Tax Act 2010.

For SCMG Enterprises 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.

SCMG Enterprises Ltd and MOSI Enterprises Limited undertake to Gift Aid profits, to the extent that the Directors of the subsidiary judge that they do 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 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.

1.16 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

	2013 £000	2012 £000 restated
Incoming resources		
Grant in Aid for SMG	41,003 [2]	38,254 [1]
Grant in Aid for National Coalmining Museum for England	2,657	-
Voluntary income (grants, legacies and donations)	8,313	5,260
Other grants - transfer of MOSI net assets	-	42,256
Lottery income	739	310
Activities for generating funds		
Rental income from operating leases	454	341
Investment income, including Gift Aid from subsidiary	4,083	3,924
Sponsorship	87	70
Income resources from charitable activities		
Other operating income	2,031	1,985
Total incoming resources	**59,367**	**92,400**
Resources expended		
Cost of generating funds		
Costs of generating voluntary income	2,426	2,031
Charitable activities		
Care for and research into collections	19,379 [3]	15,544
Science education and communication	29,474	26,669
Visitor services	12,214	12,212
Capital grant payment	11,460	-
Governance costs	459	481
Total resource expended	**75,412**	**56,937**
Net (outgoing) / incoming resources before other recognised gains and losses	(16,045)	35,463
Other recognised gains / losses		
Revaluation of assets	-	47,005
Actuarial loss on defined benefit pension liability	(703)	(610)
Net movement in funds	**(16,748)**	**81,858**
Reconciliation of funds		
Reserves brought forward	358,229	276,371
Reserves carried forward	341,481	358,229

[1] 2011-12 comparative includes only two months of the 2011-12 Grant in Aid initially allocated to MOSI
[2] for 2012-13 the capital element of the Grant in aid was £2,385k (2011-12: £2,076k)
The capital element was used for exhibitions, refurbishment and ICT infrastructure. The remaining resource element part-funds the running of the organisation, the balance of funding needs, including most capital improvements being delivered from resources that are self-generated
[3] includes a grant of £2,657k to National Coal Mining Museum for England [NCMME]

3 Voluntary income

	2013 £000	2012 £000
Grant income [excluding Lottery grants and European Union grants]	2,227	3,130
European Union grants	2	18
Corporate donations	354	407
Value of donated goods and services	523	272
Individual donations	2,206	1,402
Patrons' scheme	102	57
Legacies	64	1
	5,478	5,287
Value of donated capital assets and heritage assets	2,835	16
	8,313	5,303

4 Other income

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

5 Investment income

£173k (2011–12 £162k) arose through interest earned from investing surplus funds.

6 Total resources expended

6.1.1 Analysis by functional purpose

	Direct costs £000	Capital Grant £000	Support costs £000	Depreciation and loss on disposal £000	2013 total £000	2012 total (restated) £000	
Cost of generating funds							
Costs of generating voluntary income	1,741	-	560	125	2,426	2,031	[1]
Fundraising trading: cost of goods sold and other costs	13,343	-	-	201	13,544	12,169	
Charitable activities							
Care for and research into the collections	11,574	-	3,830	3,975	19,379	15,544	
Science education and communication	17,825	-	4,558	7,083	29,466	26,629	[2]
Visitor services	6,385	-	2,862	2,967	12,214	12,212	
Capital Grant payment	-	11,460	-	-	11,460	-	
Governance costs	153	-	306	-	459	481	
	51,021	11,460	12,116	14,351	88,948	69,066	

[1] Prior year total, £4,203k restated to eliminate costs now included in the cost category Science education and communication
[2] Prior year total increased by £2,172k of expenditure on marketing and other costs of publicising the Museum.

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	106	101	109	244	-	560
Care for and research into the Collections	296	280	244	497	2,513	3,830
Science education and communication	394	373	483	794	2,514	4,558
Visitor services	163	(146)	177	154	2,514	2,862
Governance costs	157	144	5	-	-	306
	1,116	752	1,018	1,689	7,541	12,116

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

(1) Management – in proportion to the expenditure
(2) Finance – in proportion to expenditure with adjustment for internal recharges
(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

6.1.3 Governance costs

Governance costs comprise support for Trustee Committee activity and related governance work internal and external audit and resources required to produce statutory accounts.

6.1.4 Trustees

The Chairman and Trustees (listed in the Annual Report) received no remuneration for their services, but travel expenses totalling £6,709 were paid to eleven Trustees. (2011-12 £6,584 paid to nine Trustees).

6.2 Staff

6.2.1 Staff costs

	Note	2013 £000	2012 £000
Salaries and wages		22,525	19,688
Social Security costs		1,796	1,620
Other pension costs (Museum only)		2,083	1,868
Pension contributions (SCMG Enterprises Ltd)		216	214
Contribution of Greater Manchester Pension Scheme deficit		85	-
Revaluation of Early Retirement provision	15	3	8
Revaluation of Added-years pension provision	15	3	-
Agency staff		723	770
Settlements and compensation payments		46	45
Redundancy payments	6.2.2	565	510
Net staff costs movement on restructuring costs provision	15.2	607	(173)
		28,652	24,550

Included is £334k (2011-12 £419k) in respect of staff costs which have been capitalised.

6.2.2 Redundancy payments

Total cost of compensation and redundancy payments	Note	2013 £000	2012 £000
Utilisation of Restructuring Provision	15.2	245	325
Costs charged to the SOFA	[1]	611	510
		856	835

[1] includes late adjustments to 2011-12 exit packages

6.2.3 Analysis of compensation and redundancy packages 2012-13

Exit package cost band	2013 Number of compulsory redundancies	2013 Number of other departures agreed	2013 Total exit packages by band cost	2012 Number of compulsory redundancies	2012 Number of other departures agreed	2012 Total exit packages by band cost
Up to £10,000	11	26	37	3	19	22
£10,001 – £25,000	4	8	12	1	7	8
£25,001 – £50,000	2	4	6	-	12	12
£50,001 – £75,000	-	3	4	-	3	3
£75,001 – £100,000	-	2	1	-	1	1
	17	43	60	4	42	46
Cost £000	188	699	887	33	807	840

6.2.4 Employees receiving remuneration over £60,000

£	2013	2012 [1] re-stated
60,001 – 65,000	9	7
65,001 – 70,000	2	–
70,001 – 75,000	2	3
75,001 – 80,000	3	2[1]
80,001 – 85,000	–	1
85,001 – 90,000	2	2
90,001 – 95,000	–	1[1]
95,001 – 100,000	1	1
100,001 – 105,000	–	1
105,001 – 110,000	–	–
110,001 – 115,000	1	–
115,001 – 120,000	1	–
120,001 – 125,000	–	1
125,001 – 130,000	1	–
145,001 – 150,000	1	1
	23	20

For nine of these employees total remuneration includes BUPA contributions.

Contributions were paid to a defined contribution scheme on behalf of six employees.

For thirteen of the staff included in this table retirement benefits accrued under a defined benefit scheme.

6.2.5 Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost benefits met my monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).
Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Increases to employee contributions applied from 1 April 2012. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. From premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

For 2012-13 employers' contributions of £1,819,848 were payable to PCSPS (2011-12 £1,850,279) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands.

Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). Cost to SMG in 2012-13 £635 (2011-12 £649).

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

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.

6.2.6 The SCMG Enterprises Ltd Pension Scheme

This is a contracted-in group money-purchase scheme with optional contracted-out pensions to which SCMG Enterprises Ltd contributes 7% and the employee 5%. SCMG Enterprises Ltd pension contributions of £215,977 were paid in the year (2011-12 £214,067).

6.2.7 Greater Manchester Pension Fund

As a result of the acquisition of GMOSI Trust SMG is now an admitted body of the Greater Manchester Pension Fund ("the fund") which is part of the Local Government Pension Scheme ("the LGPS"); a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations it is contracted out of the State Second Pension. The last formal triennial valuation of the fund was carried out at 31 March 2010. The results of this valuation have been projected forward to 31 March 2013 using approximate methods. Results Schedules were prepared by qualified independent actuaries Hymans Robertson LLP 31 for March 2013. The actuarial calculations are based on individual membership data submitted at 31 March 2010 for the purposes of the formal funding valuation at that date.

The major assumptions used by the actuary were:

	31 March 13	31 March 12
Rate of increase in salaries	4.60%	4.30%
Rate of increase in pension	2.80%	2.50%
Expected return on assets	5.10%	5.60%
Discount rate	4.50%	4.80%

Salary increases are assumed to be 1% per annum until 31 March 2015 reverting to the long term assumption thereafter.

The employer's share of the scheme assets

	Fair value at 31 March 2013 £000	% of total plan assets	Expected return on assets at 31 March 2013	Fair value at 31 March 2012 £000	% of total plan assets
Equities	7,110	72%	5.7%	5,941	70%
Bonds	1,679	17%	3.5%	1,528	18%
Property	494	5%	3.9%	424	5%
Cash	593	6%	3.0%	594	7%
Fair value of assets	9,876	100%		8,487	100%

The SMG share of the net pension liability at:

	31 March 13 £000	31 March 12 £000
Fair value of employer's assets	9,876	8,487
Present value of scheme liabilities	(13,152)	(11,060)
Net pension liability recognised in the balance sheet	**(3,276)**	**(2,573)**

	Year to 31 March 2013 £000	2 months to 31 March 2012 £000
Amount charged to net incoming/(outgoing) resources		
Current service costs	245	40
Past service cost	–	-
Total operating charge	245	40
Amount credited to net finance income under FRS 17		
Expected return on scheme assets	479	92
Interest on pension scheme liabilities	(532)	(88)
	(53)	4
Total charge to net incoming resources in the Statement of Financial Activities	298	36
Recognised loss in the Statement of Financial Activities		
Difference between expected and actual return on scheme assets	797	94
Experience gain / (loss) on scheme liabilities	22	(167)
Changes to actuarial assumptions	(1,522)	(798)
Actuarial gains / (losses)	**(703)**	**(871)**

Movement in scheme obligation during the year to 31 March 2013

	£000	during 2 months to 31.03.2012 £000
Opening defined benefit obligation	11,060	10,259
Current service costs	245	40
Interest on scheme liabilities	532	88
Contributions by scheme participants	95	18
Past service costs	–	–
Benefits paid	(280)	(49)
Actuarial losses	1,500	704
Closing defined benefit obligation	13,152	11,060

Changes in the fair value of scheme assets during the year ended 31 March 2013

	£000	during 2 months to 31.03.2012 £000
Opening fair value of the employer's assets	8,487	8,296
Expected return on assets	479	92
Contributions by members	95	18
Contributions by the employer	298	36
Actuarial gain / (loss)	797	94
Benefits paid	(280)	(49)
Fair value of the employer's assets at close of period	9,876	8,487

Projected pension expense for the year to 31 March 2014

	£000	% of pay
Projected current service cost	286	21.8%
Interest on obligation	594	45.3%
Expected return on plan assets	(507)	(38.7%)
Past service cost	-	–
Losses / (gains) in curtailment and settlements	-	–
Total	373	

The estimate of the Employer's contributions in the year to 31 March 2014 will be approximately £322k

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

	Approximate % increase to the Employer liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	11.0%	1,404
1 year increase in member life expectancy	3.0%	395
0.5% increase in the Salary Increase Rate	2.0%	308
0.5% increase in the Pension Increase Rate	8.0%	1,087

6.3.1 Other direct costs

	2013 SMG £000	2013 SCMG Enterprises & Bradford Film Ltd £000	2013 total £000	2012 total £000
Auditors' remuneration – audit fees	59	33	92	88
Auditors' remuneration – MOSI acquisition	-	-	-	4
Auditors' remuneration – other services	-	-	-	4
Lease rental payments on land and buildings	81	-	81	96
Lease rental payments on equipment	52	5	57	128
Lease rental payments on vehicles	50	-	50	34

7 Trading subsidiaries

7.1 Subsidiary companies

The Science Museum Group has SCMG Enterprises Ltd as subsidiary. SCMG Enterprises Ltd has National Science Centre Ltd, Wide Eye Management Company Ltd, Lift Off Interactives Ltd, Science Shops Ltd, Curricula Ltd and Curriculum Ltd as dormant subsidiaries. Bradford Film Ltd, a company limited by guarantee, inactive for 2012-13, is a subsidiary of SCMG Enterprises Ltd.

Carrying value of investments in active trading subsidiaries	2013 £000	2012 £000
Investment in SCMG Enterprises Ltd	411	411
Investment in MOSI Enterprises Ltd	141	141
	552	552

7.2 SCMG Enterprises Ltd

The Board of Trustees of the Science Museum owns the single share which is the entire issued share capital of SCMG Enterprises 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. SCMG Enterprises Ltd transfers profits, the amount determined by the Directors, by Gift Aid to SMG. SCMG Enterprises was gifted shares in Science Exhibitions Ltd as part of the outsourcing of exhibition development to Science and Media LLP.

7.2.1 SCMG Enterprises Ltd Consolidated Profit and Loss Account for the year ended 31 March 2013

		2013 £000	2012 £000
Turnover	[1]	15,994	13,866
Cost of sales		(5,255)	(4,778)
Gross profit		10,739	9,088
Administrative expenses		(17,547)	(17,163)
Rental income		191	161
Other operating income	[2]	10,572	12,739
Operating profit		3,955	4,825
Interest receivable		8	6
Interest payable		(51)	(58)
Profit on ordinary activities		**3,912**	**4,773**
Tax on profit on ordinary activities		-	-
Profit for the financial year		3,912	4,773
Gift Aid		(3,899)	(4,580)
Retained (loss) / profit for the financial year		13	193
Reserves brought forward		1,615	1,580
Reserves carried forward		1,628	1,773

[1] £8k of turnover is eliminated on consolidation
[2] Other operating income includes Sponsorship income of £1,134k.
£9,438k of other operating income is eliminated on consolidation

7.2.2 SCMG Enterprises Limited Consolidated Balance Sheet

	2013 £000	2012 £000
Tangible fixed assets	4,958	5,160
Stock	951	919
Debtors	2,932	1,748
Bank and cash	4,879	5,506
Creditors due within one year	(8,754)	(8,142)
Creditors due after one year	(3,338)	(3,579)
Provisions	-	-
Net assets	1,628	1,612
Capital and reserves		
Called up share capital	-	-
Revaluation reserve	1,555	1,555
Profit and loss account	73	57
Shareholder's funds	1,628	1,612

7.3 MOSI Enterprises Ltd

Operational control of the undertaking was transferred to SCMG Enterprises on 31.03.2012

MOSI Enterprises Limited Balance Sheet	2013 £000	2012 £000
Debtors (inter-company with SMG)	141	141
Called up share account	109	109
Profit and loss account	32	32
	141	141

8 Tangible fixed assets

8.1 Consolidated assets

	Land and buildings £000	Plant & Machinery £000	Galleries and exhibitions £000	Fixtures and fittings £000	Information technology and audio visual equipment £000	Assets under construction £000	Total £000
Cost or revalued amount as at 31.03.2012	300,914	84,552	26,192	3,907	1,300	1,920	418,785
Transfers from assets under construction	690	-	-	-	-	(690)	-
Additions	1,089	407	29	359	98	3,289	5,271
Revaluation	-	-	-	-	-	-	-
Disposals	-	(6)	(2,775)	(244)	(78)	(63)	(3,166)
Cost or revalued amount as at 31.03.2013	**302,693**	**84,953**	**23,446**	**4,022**	**1,320**	**4,456**	**420,890**
Depreciation as at 31.03.2012	42,757	27,231	12,432	2,513	714	-	85,647
Disposals	(1)	(6)	(2,763)	(243)	(78)	-	(3,091)
Charge for year	5,656	5,116	2,932	303	269	-	14,276
Depreciation as at 31.03.2013	**48,412**	**32,341**	**12,601**	**2,573**	**905**	**-**	**96,832**
Net book value at 31.03.2013	**254,281**	**52,612**	**10,845**	**1,449**	**415**	**4,456**	**324,058**
Net book value at 31.03.2012	258,157	57,321	13,760	1,394	586	1,920	333,138

The net book value at 31 March 2013 represents fixed assets for:

	Land and buildings £000	Plant & Machinery £000	Galleries and exhibitions £000	Fixtures and fittings £000	Information technology and audio visual equipment £000	Assets under construction £000	Total £000
Charitable activities	250,430	51,621	10,845	1,333	415	4,456	319,100
Other activities	3,851	991	-	116	-	-	4,958
	254,281	**52,612**	**10,845**	**1,449**	**415**	**4,456**	**324,058**

8.2 Museum assets

	Land and buildings £000	Plant & Machinery £000	Galleries and exhibitions £000	Fixtures and fittings £000	Information technology and audio visual equipment £000	Assets under construction £000	Total £000
Cost or revalued amount as at 31.03.2012	297,063	81,253	26,004	2,058	1,300	1,920	409,598
Transfers from assets under construction	690	-	-	-	-	(690)	-
Additions during year	1,089	407	29	359	98	3,289	5,271
Revaluation	-	-	-	-	-	-	-
Disposals	-	(6)	(2,775)	(232)	(78)	(63)	(3,154)
Cost or revalued amount as at 31.03.2013	**298,842**	**81,654**	**23,258**	**2,185**	**1,320**	**4,456**	**411,715**
Depreciation as at 31.03.2012	42,757	25,081	12,244	824	714	-	81,620
Disposals	(1)	(6)	(2,763)	(232)	(78)	-	(3,080)
Charge for year	5,656	4,958	2,932	260	269	-	14,075
Depreciation at 31.03.2013	**48,412**	**30,033**	**12,413**	**852**	**905**	**-**	**92,615**
Net book value at 31.03.2013	**250,430**	**51,621**	**10,845**	**1,333**	**415**	**4,456**	**319,100**
Net book value at 31.03.2012	254,306	56,172	13,760	1,234	586	1,920	327,978

8.3 Land and buildings

	Net book value as at 31.03.2013			Net book value as a 31.03.2012
	Museum assets £000	SCMG Enterprises assets £000	Total £000	Total £000
Freehold land & buildings	229,628	-	229,628	233,858
Investment property	-	2,846	2,846	2,846
Freehold residential properties	538	-	538	524
Long leaseholds	-	-	-	-
Short leasehold*	20,264	1,005	21,269	20,929
	250,430	3,851	254,281	258,157

* Defined as leases with less than 50 years to run at Balance Sheet date.

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 SMG shows a one-third share of the value, as established by Drivers Jonas Deloitte at March 2012, on its balance sheet. The fair value of the specialist buildings at MOSI in Manchester has been determined by a valuation on the basis of depreciated replacement cost.

8.4 Revaluation of assets

The interim valuation by Chartered Surveyors Drivers Jonas Deloitte as at 31 March 2012 was 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. The Concrete Works, an undeveloped site adjacent to the National Railway Museum is owned by SCMG Enterprises Ltd and is held as an investment property at a value of £2.8m. It was valued by Drivers Jonas Deloitte, Chartered Surveyors, as at 31 March 2012.

9 Heritage assets

9.1 On-balance-Sheet heritage assets

	Acquisitions at historic cost £000	Donated assets at valuation £000	Total £000	Number of on-balance-sheet assets		
2002-2009	7,568	6,990	14,558	21	28	49
2010	47	554	601	7	6	13
2011	145	36	181	4	2	6
2012	90	16	106	8	2	10
2013	391	2,835	3,226	5	26	31
Balance at 31.03.2013	8,241	10,431	18,672	45	64	109

9.2 Acquisitions policy

Acquisitions are made in accordance with the Collecting Policies agreed for each Museum by the Board of Trustees and may be by purchase or donation. Further details of policies can be found at www.sciencemuseumgroup.ac.uk.

9.3 Collections Management

SMG exists, under the terms of the National Heritage Act 1983 (NHA), to develop, manage and make this collection useful for the public. The Act requires it to preserve, care for and add to the objects in its collection, to exhibit them to the public and to make them available for study and research, and to promote the public's enjoyment and understanding of science and technology and of the development of those subjects.

SMG follows the principle that it will share its collection widely. This objective is mainly delivered through public programmes of displays, events, publications and websites. Objects from the collection are either displayed in its Museums, or made available via loans to third parties, or else they are in store for future use and research.

Storage and care
The collection is displayed and stored according to SMG standards for the prevention of material deterioration; these are based on international standards and current research. Library and archive storage facilities and exhibitions are based upon and informed by the requirements of BS 5454 and the National Archives Standard for Record Repositories.

Collections management and care are regularly reviewed by SMG to ensure adherence to these standards.

SMG will:

- keep all objects in conditions in which they do not deteriorate;
- undertake conservation so that objects may be made accessible to audiences;
- manage hazards in the collection with clear and effective systems to ensure public, staff and object safety.

Documentation
Objects in the collection are documented in accordance with Arts Council England requirements, SPECTRUM and PAS 197. Records proving title or relating to the history of objects in the collections are managed in accordance with the requirements of the Public Records Act and SMG's status as a designated Place of Deposit.

Information relating to the history and management of objects in the collection is held within the collections management system. This constitutes the primary record of the collection and is subject to regular review.

Information relating to the SMG's Library and Archive collections is held within local management systems. It is made accessible to the public subject to relevant legislation.

SMG will: have secure title to all objects in the collection, hold basic data on every object so that it can be uniquely identified and the collection audited regularly and ensure records relating to objects in the collection are enhanced and made available to audiences.

Further details of policies adopted by SMG in the management of its collections can be found at www.sciencemuseumgroup.ac.uk .

9.4 Disposal policy

The Museum occasionally disposes of objects from the collection where the Trustees determine this does not detract from the integrity of the collection.

There is a strong presumption against the disposal of any accessioned items in the Museum's collection except for sound curatorial and/or collections management reasons. The NHA makes provision that accessioned material may be disposed of from the collection provided that the Object:

- is a duplicate of another accessioned object in the collection;
- is unsuitable for the collection and can be disposed of without detriment to the interests of students or other members of the public;
- is transferred to another National Museum;
- has become useless on account of damage, physical deterioration or infestation by destructive organisms.

SMG complies with the NHA and works within the framework of the Museums Association's Code of Ethics for Museums and the requirements of the MLA's Accreditation Standard and therefore it is our policy that:

- disposals will not be made for primarily financial reasons – either to increase income or decrease expenditure;
- duplicate or unsuitable objects will be transferred to other National or Accredited museums and galleries;
- where homes in other National or Accredited museums and galleries cannot be found, these objects will be disposed of, by sale or exchange, to other appropriate bodies in the public domain; where homes within the public domain cannot be found, these objects will be offered for sale on the open market, either by public auction or private treaty sale through advertisements in appropriate specialist publications (both hard copy and online).

Any monies accrued by virtue of disposal shall be applied by the Board in the acquisition of objects to be added to the collections in accordance with the NHA.

All material that is in such poor condition as to render it unusable will be destroyed to remove risk of contamination or infestation to the permanent collection.

9.5 An overview of the collections

Science Museum
The Science Museum holds the nation's pre-eminent collections in the fields of science, technology, engineering and medicine. The collections have their roots in those of the South Kensington Museum, founded in 1857, augmented by those of the Patent Office Museum, the Special Loan Collection of Scientific Instruments and the Wellcome Trust.

The diverse collections comprise scientific demonstration instruments from leading makers of the 19th century and other historical artefacts often acquired from major collectors, examples of contemporary instrumentation and laboratory science, non-Western astronomy and elementary mathematics. The Industrial Revolution and post-industrial eras are represented by examples of the work of central figures such as James Watt, Henry Maudslay, Richard Arkwright, Marc and Isambard Brunel. The development of mechanical, electrical and electronic communications technologies from the mid 19th century to the present is also fully represented and the Museum holds the Merrion Monotype Collection of hot metal typesetting and the only surviving Fleet Street rotary newspaper press. The development of computing is charted from the Babbage machine, via electromechanical equipment, to early business and home computers and contemporary technologies. Space technologies from the 1960s onward are well represented. The Museum also holds the collection of the Farnborough Museum of the Royal Aircraft Establishment.

Additionally, there are significant holdings of prints, drawings, paintings, printed ephemera, technical drawings, maps, photographs, postal items, sculpture and contemporary art and the Library and Archive collections, comprising important collections of rare books and documents, which span the full history and development of science and technology.

Museum of Science and Industry, Manchester
The Museum was founded in the mid-1960s when Manchester's traditional industries, particularly engineering and textile production, were undergoing major changes. The concept of 'The Museum of the Industrial City' has been the unifying theme for collections development. The collections thus reflect the special industrial, scientific and social character of the Manchester area, primarily from the late eighteenth century to the present day.

The Museum of Science and Industry, Manchester curates its collection in five main areas: energy, industry, science, transport and community history.

National Railway Museum
These collections have evolved over the last 150 years, from the amalgamation of the railway collections of the Science Museum with those of the former railway museum at York and railway items from the British Transport Commission (BTC) Museum of British Transport, Clapham. They have expanded since the opening of the National Railway Museum in 1975, through collecting from the modern railway industry and private individuals.

The National Railway Museum curates its collection in five main subject areas: The origins of railways; the impact of railways on our lives; the impact of railways on our world; the impact of railways on our culture; the science and technology of railways.

National Media Museum
Founded in 1983 as the National Museum of Photography, Film & Television, the National Media Museum inherited collections from its parent institution, the Science Museum.

The collection currently numbers in the region of 3.25 million individual objects. These range from one-off individual donations of ephemeral material such as instruction manuals; to family photographic portraits; to Atari computer game consoles; to the most significant collection of American television receivers in the UK; to the Royal Photographic Society collection, comprising photographs, letters, journals, books and equipment dating back to the very beginnings of photography.

The National Media Museum curates its collection in four main areas: photography (encompassing photographic technology and photographs); cinematography; television (incorporating radio broadcast) and new media (including gaming).

9.6 Collection sub categories

	Estimated number of items as at 31.03.2013	Number capitalised as at 31.03.2013
Science Museum		
Scientific instruments	25,712	12
Commerce and Industry	42,975	16
Medical	18,787	3
Archive and printed books	6,919	3
Art	7,283	3
Coins and medals	902	1
Library and archive collections	700,000	-
National Railway Museum	-	-
Railway origins	5,112	1
Locomotives and rolling stock	20,106	17
Railway life and work	18,023	-
Railway image and sound collections	4,246	-
Railways and culture	2,962,136	1
Library and archive collections	2,810	3
Handling collections	226	-
National Media Museum	-	-
Photographic collections	6,053	23
Printed materials & ephemera	313	-
Cinematography	2,915	2
Photographic technology	11,246	-
Television and New Media	2,253	22
Library and archive collections	3,485,000	-
		-
Museum of Science and Industry, Manchester		
Science	2,851	2
Industry	5,301	-
Transport	1,331	-
Communications	2,840	-
Energy	5,001	-
Community history	7,052	-
	7,347,393	**109**

9.7 Non-inclusion of heritage assets in the Balance Sheet

In the opinion of the Trustees, reliable information on cost or value is not available for the Museum's collections. This is owing to the lack of information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held.

In the Trustees' opinion, conventional valuation approaches lack sufficient reliability and any valuation is likely to incur significant cost that is likely to be onerous. Even if valuations could be obtained this would not be at a cost commensurate with any benefits to the Museum management, curatorial staff, the public, or users of the financial statements.

For this reason the collections assembled up to the end of the 20th century, large proportions of which were gifted to the Museum at nil cost, and are incomparable in nature, are not recognised as assets in the Museum's balance sheet.

Prior to 1 April 2011 The Museum of Science and Industry, Manchester did not recognise Heritage assets in the balance sheet. The small number of objects acquired between 2002 and 2011 are of low value and it is not considered to be a sensible use of resources to attempt to determine their appropriate capital value.

10 Debtors

10.1 Debtors

	Consolidated 2013 £000	Consolidated 2012 £000	Museum 2013 £000	Museum 2012 £000
Trade debtors	3,131	1,575	604	629
Provision for bad debts	(4)	(9)	(1)	-
Other debtors	129	121	80	59
Prepayments and accrued income	1,389	1,810	1,029	1,061
Taxation recoverable (VAT)	298	968	298	968
Museum loans to SCMG Enterprises Ltd	-	-	2,298	2,298
Intercompany current account	-	-	3,632	5,132
	4,943	**4,465**	**7,940**	**10,147**

10.2 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 2013	3,127	1,549	1,187	391
As at March 2012	1,566	982	258	326

10.3 Credit risk

The Museum's principal 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.

10.4 Movement in the provision for bad and doubtful debts relating to the trade debtors

	2013 £000	2012 £000
Provision at 1 April 2012	9	11
Charges to the SOFA	(11)	(23)
Provision released	6	21
Balance as at 31 March 2013	4	9

10.5 Loans to trading subsidiary

Purpose of loan	£000	Interest payable
Future purchase of leasehold interest in the Old Meteorological Building, Exhibition Road	1,005	-
Purchase of land at Leeman Road York	1,293	1% above Bank of England Base rate
	2,298	

Both 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 2014, then subject to the ability of the subsidiary to make repayments.

11. Creditors

11.1 Amounts falling due within one year

	Consolidated 2013 £000	Consolidated 2012 £000	Museum 2013 £000	Museum 2012 £000
Trade creditors	2,445	3,596	2,068	3,074
Other creditors	8,461	4	8,460	-
Accruals and deferred income	7,386	5,021	3,255	3,268
Taxation and Social Security costs	531	623	300	266
Bank loan	90	82	-	-
	18,913	**9,326**	**14,083**	**6,608**

The increase in other creditors relates to grant payable to the Science Museum Foundation at 31 March 2013.

11.2 Amounts falling due after one year

	Consolidated 2013 £000	Consolidated 2013 £000	Museum 2012 £000	Museum 2012 £000
Bank loan	180	270	-	-
Deferred income – advance rent	233	283	233	283
	413	**553**	**233**	**283**

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

11.3 Bank loan

The amount due in relation to financial liabilities, SCMG Enterprises Ltd borrowing, was:

	2013 £000	2012 £000
Analysis of maturity of debt:		
Within on year of demand	90	82
Between one and two years	99	189
Between two and five years	81	81
	270	352

The leasehold interest in the Old Meteorological Building at Exhibition Road, London [net book value at 31.03.10 £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.

12 Commitments under operating leases

	Land and buildings £000 2013	Vehicles £000 2013	Equipment £000 2013	Total £000 2013	Land and buildings £000 2012	Vehicles £000 2012	Equipment £000 2012	Total £000 2012
Operating lease which expire:								
Within one year	14	17	1	32	25	7	123	155
in the second to fifth year	116	11	51	178	68	27	5	100
After more than five years	11	-	-	11	11	-	-	11
	141	28	52	221	104	34	128	266

13 Capital commitments

At the balance sheet date outstanding contracted commitments for new galleries and for a new lift at the Science Museum amounted to £2.8m.

14 Intra-Government balances

	Debtor balance £000	Creditor balance £000
Balances with central Government bodies	390	220
Balances with local authorities	9	61
Balances with corporations and trading funds	6	-
Balances with NHS bodies	3	-

15 Provisions

15.1 Movements on provisions

	Restructuring costs £000	Early retirement £000	Added years pension costs £000	Total £000
Opening balance at 01.04.2012	282	131	87	500
Utilisation of provision – staff costs	(245)	(91)	(8)	(344)
Utilisation of provision – legal costs	(37)	-	-	(37)
Additional provision made in the year – staff costs	607	-	-	607
Additional provision made in the year- legal costs	129	-	-	129
Revaluation of Early Retirement provisions	-	3	-	3
Revaluation of Added Years Pension costs	-	-	3	3
Closing balance at 31.03.2013	736	43	82	861
Liability due within one year	736	37	7	780
Liability due after one year	-	6	75	81

15.2 Restructuring costs provision

The balance at 31 March 2013 reflects the best estimate of costs arising from nine change programmes being undertaken by the group at the year end as well as costs relating to two tribunal cases in progress at that date.

15.3 Early retirement provision

The final charge against the provision will be in the year to March 2015.The amount of the provision anticipates increases of 4.85% 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 2.35%.

15.4 Added years pension costs provision

In accordance with FRS12 the sum provided is equivalent to the present value of expenditures expected to be required to settle the obligation to pay for the added-years benefits gifted to two ex MOSI employees. The amount of the provision anticipates increases annually by 4.85%. In accordance with Treasury guidance the discount factor applied is 2.35%.

16 Financial instruments

16.1 Liquidity risk

Approximately 60% of SMG's income is provided by Grant in Aid from the Department for Culture, Media and Sport and 22% of SMG'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 than 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.

16.2 Financial assets by category

	Note	2013 £000	2012 £000
Trade debtors	10.1	3,127	1,566
Other debtors	10.1	129	121
Short term deposits	per balance sheet	13,000	11,560
Cash	per balance sheet	5,549	8,017

The above figures exclude statutory debtors which relate to VAT due from HM Revenue & Customs. None of the financial assets have been subject to impairment other than trade debtors in respect of provision for bad debts.

16.3 Financial liabilities by category

	Note	2013 £000	2012 £000
Trade creditors	11.1	2,445	3,596
Other creditors	11.1	8,461	4
Accruals	11.1	7,386	5,021
Bank loan	11.3	270	352

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 Statement of funds

17.1 Statement of restricted funds

	Sponsorship, Grants and Donations Reserve £000	Collections Purchase Fund £000	Capital Reserves £000	Revaluation Reserve £000	Total restricted funds £000
Opening balances at 01.04.2012	2,465	-	178,336	138,529	319,330
Income	7,729	2,973	50	-	10,752
Expenditure	(6,048)	-	(5,759)	(6,506)	(18,313)
Transfers:					-
Capitalised project expenditure	(2,522)	-	2,522	-	-
Capitalisation of donated fixed assets	(10)	(138)	148	-	-
Capitalisation of donated heritage assets	-	(2,835)	2,835	-	-
Transfer from/(to) unrestricted funds	(84)	-	-	-	(84)[1]
Closing balances at 31.03.2013	1,530	-	178,132	132,023	311,685

[1] Transfers out of restricted funds related to income incorrectly classified as restricted in prior years.

17.2 Statement of unrestricted funds

	Museum Improvement Reserve	Collections Purchase Fund £000	Capital Reserves £000	Revaluation Reserves £000	Contingency Fund £000	Post Office Building Purchase Reserve £000	Total designated funds before pension liability £000	MOSI pension scheme liability £000	General funds £000	Total unrestricted funds £000
Opening balances at 01.04.2012	10,312	344	22,863	5,993	2,750	1,000	43,262	(2,573)	498	41,187
Income	5,664	12	-	-	-	-	5,676	-	56,340	62,016
Expenditure	(5,875)	(48)	(1,697)	(245)	-	-	(7,865)	-	(62,770)	(70,635)
Loss on defined benefit scheme	-	-	-	-	-	-	-	(703)	-	(703)
Transfers:	-	-	-	-	-	-	-	-	-	-
Capitalised project expenditure	(2,692)	-	2,692	-	-	-	-	-	-	-
Write off assets under construction	-	-	(63)	-	-	-	(63)	-	63	-
Capitalisation of fixed assets purchases	-	-	57	-	-	-	57	-	(57)	-
Capitalisation of heritage assets purchases	-	(243)	243	-	-	-	-	-	-	-
Increase Collections Purchase Fund	-	100	-	-	-	-	100	-	(100)	-
Fund transfers	(3,682)	8	-	-	(2,750)	(1,000)	(7,424)	-	7,508	84 [2]
Closing balance at 31.03.2013	3,727	173	24,095	5,748	-	-	33,743	(3,276)	1,482	31,949

[2] Transfers out of designated funds represented the release of existing designations to meet the changing operational needs of the group.

17.3 Analysis of group net assets between funds

Fund balances at 31 March 2013 are represented by:	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total £000
Tangible assets	32,643	291,415	-	324,058
Heritage assets	711	17,961	-	18,672
Current assets	21,304	3,063	76	24,443
Current liabilities	(18,392)	(521)	-	(18,913)
Long term creditors	(180)	(233)	-	(413)
Provisions	(861)	-	-	(861)
Pension liability	(3,276)	-	-	(3,276)
Total of net assets	31,949	311,685	76	343,710

17.4 Funds

17.4.1 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 Reserves
The restricted Capital Reserves represent the net book value of the Charity's fixed assets financed by restricted income; the reserves fund future historic cost depreciation.

Revaluation Reserve
Where assets have been financed by restricted income then any revaluation movements arising from the quinquennial professional revaluations and the interim revaluations are recognised within this reserve; the associated current cost depreciation is charged to this reserve.

Collections Purchase Fund
Income received for the purchase of specific items and the value attributed to donated heritage assets is shown as restricted income and credited to the Collections Purchase Fund.

17.4.2 Endowment fund

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

17.4.3 Unrestricted designated funds

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.

Capital Reserves
The restricted Capital Reserves represent the net book value of the Charity's fixed assets financed by unrestricted income; the reserves fund future historic cost depreciation.

Revaluation Reserve
Where assets have been financed by unrestricted income then any revaluation movements arising from the quinquennial professional revaluations are recognised within this reserve; the associated current cost depreciation is charged to this reserve.

Collections Purchase Fund
Proceeds from any sales of any heritage asset and Museum funds committed specifically to the purchase of objects for the collections are credited to the Collections Purchase Fund and released in the year in which expenditure takes place.

18 Cash-flow information

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

		Note	2013 £000	2012 £000
Net (outgoing) / incoming resources			(16,180)	35,344
Investment income		5	(173)	(161)
Interest payable			31	39
MOSI acquisition			-	(42,482)
Donated fixed asset and heritage assets		9.1	(2,835)	(16)
Release from deferred income			(50)	(160)
Depreciation charge for year		8.1	14,276	12,999
Loss on fixed asset disposal		8.1	12	-
Write off of assets under construction		8.1	63	-
(Increase) in stocks			(32)	(100)
(Increase/ in debtors	[1]	10	(511)	(951)
Write off bad debts	[2]	10.4	8	-
Increase bad debt provision		10.4	(6)	(2)
Increase in creditors	[3]	11.1	9,612	2,210
Net movement on restructuring costs provision		15	454	(461)
Increase in early retirement pension provision		15	3	8
In year payments to early retirees		15	(91)	(109)
Increase in added years pension provision		15	3	87
In year payments to added-years pensioners		15	(8)	-
Movement on IMAX provision in SCMG Enterprises		15	-	(58)
Net cash inflow from operating activities			4,576	6,187

[1] adjusted for accrual of investment income
[2] includes £3k relating to Bradford Film Ltd
[3] excluding bank loans and capital accruals

18.2 Gross cash flows

	Note	2013 £000	2012 £000
Returns on investments and servicing of finance			
Interest received		210	120
Interest paid		(31)	(39)
		179	81
Capital expenditure			
Receipts from sale of tangible fixed assets		-	-
Payments to acquire tangible fixed assets		(5,701)	(5,738)
		(5,701)	(5,738)
Management of liquid resources			
Cash (invested in) / withdrawn from short term investments		(1,440)	1,440
Financing			
Loan repayments		(82)	(74)

18.3 Analysis of changes in net funds

		At 01.04.12 £000	Cash flows £000	At 31.03.2013 £000
Cash at bank and in hand		8,017	(2,468)	5,549
Current asset investments		11,560	1,440	13,000
Debt due within one year	11.3	(82)	(8)	(90)
Debt due after one year		(270)	90	(180)
		19,225	(946)	18,279

19 Related-party transactions

The Science Museum Group is an executive non-departmental public body whose parent body is the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party. During the year, the Science Museum Group had a number of material transactions in the normal course of business with DCMS and with other entities for which DCMS is regarded as the parent department. This includes the Heritage Lottery Fund, which provided grant funding to the Science Museum Group during the course of the year.

The Director of the Science Museum Group acts as Accounting Officer for the National Coal Mining Museum for England, and the Science Museum Group provided grant funding to that museum during the year.

The Science Museum Group also entered into other material related party transactions during the course of the year with bodies connected to trustees, as follows:

Related party	Nature of relationship	Value of income received during the year (£'000s)	Value of expenditure during the year (£'000s)	Outstanding balances due from / (due to) at year end (£'000s)	Nature of transaction
Science Museum Foundation	Mr Howard Covington and Mr Andreas Goss served as trustees of the related party during the year.		11,460	8,460	Grant funding
British Film Institute	Sir Howard Newby served as Governor of the related party during the year	23	4		Grant funding and screening fees
The Carbon Trust	Mr James Smith is Chairman of the related party	8			Venue hire
University of Cambridge	Dame Athene Donald is a member of the University of Cambridge Council	3			Venue hire
Institute of Physics	Professor Averil Macdonald served as a council member of the related party during the year	7			Venue hire
University College, London	Dr Gillian Samuels served as a council member of the related party during the year		5		Academic fees

20 Post balance sheet events

The Annual Report and Accounts 2012-13 were authorised for issue by the Trustees and Accounting Officer on the date they were certified by the Comptroller and Auditor General.

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