

Annual Report and Accounts For the year ended 31 March 2024

Charity Number: SC011130

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TRUSTEES' ANNUAL REPORT

1. Our objectives and activities

National Museums Scotland is one of the leading museum groups in Europe. Our activities in 2023/24 focused on working towards the strategic aims set out in our Strategic Plan 2022-27 – Inspiring People: Addressing the challenges of our age.

Our audiences will be more diverse, and more people will connect with our collections and their stories.

- We welcomed over 3.1 million visitors to our museums, with the National Museum of Scotland once again the most visited tourist attraction in Scotland and the most visited museum in the UK outside London
- Our website had its highest ever usage, attracting over 3.69 million sessions
- Our Schools' programme reached pupils in all 32 Local Authorities in Scotland
- Our outreach programme encouraged diverse communities to engage with the National Collection

We will be recognised as the world leader and preferred national partner for the interpretation of and engagement with Scotland's material heritage.

- We continued to enhance our collections, acquiring significant objects that help us to tell Scotland's stories
- We collaborated with 50 organisations on loans of objects from our collection in 23 different local authorities in Scotland
- Our touring exhibitions reached new national audiences with Audubon Birds of America showing in Warwickshire

We will be well advanced on the path to a carbon neutral footprint and a respected resource for understanding climate and biodiversity challenges.

- We published our Organisational Strategy for Sustainability 2023-30,
- Our public programmes included content focused on sustainability, including exhibitions Rising Tide: Art and Environment in Oceania and Wildlife Photographer of the Year
- We continued to learn to calculate our organisational carbon emissions, and our carbon emissions data for 2022-23 was independently verified

The unique potential of our collections, expertise and programmes will be shared and valued internationally.

- Our touring exhibitions reached new international audiences with Monkeys! A Primate Story moving to Denmark
- The House of Ni'isjoohl Memorial Pole was returned to its place of origin in what is now British Columbia, Canada
- Every curatorial department was involved in international collaborative work with other museums or museum professionals

We will be financially secure, supported by diverse income streams and confident in continuing to invest in our people, places and collection.

- Our commercial income grew and will continue to support our activities in 2024/25
- A group of major donors helped fund our acquisition of the Ilay-Glynne Dial
- We invested in new air source heat pumps to make the National Museum of Flight fully heated and powered by renewable energy sources

While we are proud of these successes, the financial climate in which we are operating remains one of the toughest the culture and heritage sector has faced, leading to significant concerns for the future. We are operating under greater financial uncertainty than previous years and, as we look towards 2024/25, we see further uncertainty over our ability to meet cost rises which are outwith our control. Our Grant-in-Aid has been cut by £220k in cash terms but this results in a £1.4m real terms cut when Scottish Government-agreed pay awards are taken into account and has to be managed against a backdrop of increased utility costs and general inflation which add to our cost base. As a result, the services we offer are being reviewed and in May 2024 we launched a Voluntary Exit scheme to all National Museums Scotland employees. In order to provide the level of services our visitors and

stakeholders expect we will continue to seek a level of funding from Scottish Government adequate for the needs of a National Institution.

Once again, the Trustees would like to record their thanks to our staff, volunteers and supporters, without whom we could not achieve all that we do.

Public Benefit

National Museums Scotland is a unique combination of world-class collections, programmes, places and people. Our multi-disciplinary collection is an important resource, historically, culturally and scientifically, which we seek to share as widely as possible through our mission to preserve, interpret and make accessible for all, the past and present of Scotland, other nations and cultures, and the natural world.

We care for internationally significant collections of natural sciences, decorative arts, design and fashion, world cultures, science and technology, and Scottish history and archaeology. These collections span thousands of years and we use them to engage the public in exploring and celebrating the world through our displays and exhibitions, our online presence, national and international engagement programmes, schools' programmes and resources.

We make the collections available and promote public awareness through our four museums: the National Museum of Scotland in Edinburgh, the National War Museum within Edinburgh Castle, the National Museum of Flight in East Lothian and the National Museum of Rural Life near East Kilbride.

The National Museum of Scotland's galleries are available online via Google Arts and Culture's Museum View experience with users able to move through the permanent galleries at the click of a button, viewing around 20,000 objects on display. We make some of the most significant objects in our collections available digitally via our website, with over 816,000 objects accessible at 31 March 2024.

We reach out across Scotland, the rest of the UK and internationally in many ways. Loans and touring exhibitions help ensure our collections reach as many people as possible. We work closely with other Scottish museums on partnership projects that can raise their profile and enable wider public access to the collections, and offer advice and support to museums across Scotland, enhancing and developing collections expertise through training, targeted projects and partnerships. Our work has an impact across the world. Our international programme and partnerships aim to widen engagement and knowledge of the national collection.

The National Museums Collection Centre in Granton, north Edinburgh is our international hub for collections research, access and storage. It is the home of our conservation studios and a centre of expertise, providing a platform for cutting-edge research and innovation, interdisciplinary study, specialist training and advanced teaching. It provides vital support for our national and international activities.

As one of the leading museum groups in Europe, the cultural, social, educational and economic impact of our work is wide-reaching. We are proud of our contribution to the creation and promotion of world-class culture in Scotland which makes it a more attractive place to live and work and brings pleasure to residents and visitors.

Status

We are a Scottish Charity and a Non-Departmental Public Body (NDPB) sponsored and supported through Grant-in-Aid by the Scottish Government, governed by an independent Board of Trustees. The principal functions of the organisation are set out in Section 2(1) of the National Heritage (Scotland) Act 1985, being to:

- a) Care for, preserve and add to the objects in our collections
- b) Secure that the objects are exhibited to and interpreted for the public
- c) Secure that the objects are available to persons seeking to inspect them in connection with study or research
- d) Generally promote the public's awareness, appreciation and understanding of matters agricultural, archaeological, architectural, artistic, cultural, environmental, historical, industrial, military, scientific and social, both by means of the collections and by such other means, including collaboration with other institutions, as we consider appropriate

- e) Provide education, instruction and advice, and carry out research.

National Museums Scotland wholly owns a limited company, NMS Enterprises Limited, the aims of which are to:

- Manage commercial facility hire and catering activities
- Operate the shops in our museums
- Publish books
- Develop commercially our intellectual property.

All profits are distributed to National Museums Scotland. The activities of National Museums Scotland and NMS Enterprises are consolidated in the accounting statements and together are referred to as the Group.

2. Achievement and performance

The National Museum of Scotland retained its title as the most visited museum in the UK outside of London and the most popular visitor attraction in Scotland. It is 23rd in the Art Newspaper listing of the 100 most popular museums and galleries in the world. We continued to connect with our audiences through digital engagement, maintaining an enhanced digital offer, including web content, events, and virtual tours, and reached our highest ever online audience, surpassing the total for 2022-23. Our collections continued to grow and we acquired objects that will enhance our programmes long into the future. We benefited from the continued support of the Scottish Government, and from our Members, Patrons and other funding partners. Our commercial income grew strongly and will continue to support our activities in 2024/25.

Performance and Exhibitions

In total in the year to 31 March 2024, we welcomed 3,127,600 visitors (prior year: 3,023,013) across our sites, 1% above forecast and 3% up on the prior year.

We held a number of programmed exhibitions during the year. At the National Museum of Scotland:

- *Japanese Contemporary Design* continued until 30 July 2023 and considered how Japanese contemporary makers have combined innovative and traditional art, craft and design elements over the past five decades.
- *Bernat Klein: Design on Colour* ran until 23 April 2023 and looked at the life and career of Bernat Klein, one of the 20th century's leading forces in modernist design.
- *Doctor Who Worlds of Wonder* closed on 1 May 2023 and provided a thrilling exploration of the science behind the BBC TV series, Doctor Who.
- *The Declaration of Arbroath* (3 June – 2 July 2023) afforded a rare opportunity to see one of the most important documents in Scottish history.
- *Beyond the Little Black Dress* (1 July – 29 October 2023) explored design classics to cutting-edge catwalk creations, deconstructing the iconic garment and examining the radical power of the colour black in fashion.
- *Rising Tide: Art and Environment in Oceania* (12 August 2023 – 14 April 2024) explored the impact of rising sea levels and plastic waste in Australia and the Pacific Islands.
- *Wildlife Photographer of the Year* (20 January – 6 May 2024), a world-renowned exhibition on loan from the Natural History Museum in London, showed exceptional images which capture fascinating animal behaviour, spectacular species and the breathtaking diversity of the natural world.

At the National War Museum:

- *Legacies of Empire* continued until 21 January 2024. This exhibition examined the histories of objects brought back from colonial conflict by the military forces of the British Empire.
- *Maps: Memories from the Second World War* (9 March 2024 – 25 January 2026) charts the creation and use of maps during the Second World War through personal stories, photography and memorabilia.

Our exhibition touring programme continued throughout the year. *Audubon Birds of America* toured to Compton Verney, Warwickshire between 1 July and 1 October 2023. Visitors to The Natural History Museum of Denmark, Copenhagen were able to enjoy *Monkeys! A Primate Story*.

Digital Performance

During this period we focused on three core strands of digital media activity: promoting museum visits, online booking and ways to support in person visits; engaging existing and attracting new online audiences through creating content that reflects the breadth and depth of the organisation's activities across collections, public programmes and research; and communicating key messages to online audiences and supporting the work of teams across the organisation. This was achieved through a variety of channels:

- Our websites which attracted 3.69 million sessions, our highest ever level and a 15% increase year on year.
- Our main site, nms.ac.uk, received over 7 million page-views across the year, with the landing page for National Museum of Scotland ranking as the most visited site section, garnering 688,172 page views.
- Social media continued to be an important communication tool for the organisation, with a content calendar sharing our collections, public programme, research and partnerships, delivered through social campaigns proving increasingly popular with our audiences during 2023/4.
- Our social media audiences grew by a 5% year-on-year. reaching a combined follower count of 260,344 across the main platforms (Facebook, Twitter / X, and Instagram) and achieving 4,835,061 impressions over the course of 2023/24.
- A major project to redevelop National Museum Scotland's website (nms.ac.uk) began this year. Running over the course of three financial years (2023 – 2026), the project will see the website re-platformed into a new Content Management System, while revising and refactoring the website architecture, design conventions, and approach to content production. Additionally, this project will assess and re-engineer how nms.ac.uk integrates with collections databases, the shop website and Tessitura CRM, in order to improve user experience and join up, and thus identify and draw additional value from, our maturing digital estate.

Nationally

In 2023/2024, our National Programme activity, extending to all 32 local authority areas in Scotland, included the following:

- 2,561 objects from the national collection were on loan to 50 organisations in 23 local authority areas across Scotland.
- 19 events in our National Training Programme delivered 234 learning experiences to staff and volunteers from 73 museums in Scotland.
- The reopening of Kilmartin Museum in Argyll on 4 September 2023 included one third of the material on display on long-term loan from National Museums Scotland.
- 80,084 pupils from 345 schools representing every local authority in Scotland were involved in *Maths Week Scotland* 2023 and 13 projects were supported with grants worth a total of £54,000.
- 52 grants worth £209,330 from the National Fund for Acquisitions supported acquisitions worth £530,488, helping to develop and enhance the collections of 29 organisations in 18 local authorities across Scotland.

Significant Acquisitions and Disposals

We continued to enhance our collections throughout the year. A number of significant acquisitions were made, supported by Scottish Government, Art Fund, National Museums Scotland Charitable Trust and private donors. Highlights include:

- The *Ilay-Glynne Dial*, a spectacular timepiece and a material representation of the focus on improvement, science and arts that forged the Scottish Enlightenment. Made c.1715-1720 by Richard Glynne, the Dial is a stunning precision instrument of exceptional quality which models the solar system and presented one of the most accurate forms of timekeeping in its day.
- A Scottish herald's tabard and associated insignia (collar, badge and baton) made for the coronation of George IV in 1821, which have particular resonance with Scotland's evolving relationship with the monarchy during the nineteenth century.
- Stirling Archery Prize silver box dated 1698 – a rare example of such a prize and evidence of a continuing tradition of archery in Scotland despite its replacement by firearms in warfare.
- *Twin Form* (black, dark interior) and *Ceramic Platter with Feet #4*, ceramics, by Donald Locke, Edinburgh, Scotland, 1969. Locke (1930–2010), was an internationally important artist who trained and studied ceramics in Edinburgh, which looked to investigate the cultural interchange between European and American modernism and Guyanese, African, and Amerindian practices, and belonged to a generation that grappled with the legacy of colonialism and the dawn of independence in the Caribbean.

In addition, through HMRC's Cultural Gifts Scheme we received:

- The Panmure rosewater ewer and basin: intricate silver-gilt table settings for ceremonially washing hands at meals. Made in London in 1586-87, they are of particular interest for their Mannerist-style decoration, which includes scaly dolphins and flying fish. They were acquired by William Ramsay Maule (1771-1852), the second son of the 8th Earl of Dalhousie, who was a major Whig politician in parliamentary committees at Westminster and in Scotland.

The House of Ni'isjoohl Memorial Pole was returned to its place of origin in what is now British Columbia, Canada. The Pole was carved from red cedar in 1855 by artist Oyea Tait and his assistant carver, Gwanes, in memorial of Ts'aawit, a Nisga'a chief of British Columbia, Canada. It shows a series of interlocking figures relating to Ts'aawit's family history through his ancestors, family crests, and his clan. Following a decision by Trustees in line with our *Procedure for Considering Requests for the Permanent Transfer of Collections Objects to Non-UK Claimants*, the 11-metre pole was removed from the National Museum of Scotland in September 2023 and transported to the Nisga'a Museum in the Nass Valley, where it is now on permanent display.

Learning and Programmes

Learning and Engagement activity over the year ranged from in person and online engagement programmes, across sites and in communities, each connecting to our strategic aims and diversifying our reach.

Partnership development and relationship building were key strengths this year and included, among many collaborations *Edinburgh Science*, with the National Museum of Scotland a key host for Edinburgh Science Festival and Careers Hive. Daytime visitors to the Museum during the Science Festival totalled 153,379.

We continued to grow engagement with the Scottish Government funded schools' partnership project, *Maths Week Scotland*, reaching over 80,000 pupils directly and more through online platforms.

Demand for in-person visits from schools gradually increased across our sites. Support from both Hyundai's *The Great British School Trip*, which offered subsidised travel for schools to visit, and Edinburgh Fine Art Society for *Discover the Museum* which brought primary age children from schools in areas of multiple deprivation to the Museum, contributed to the success of our schools' programme.

Alongside these, free digital schools' programming, introduced during the pandemic, was maintained enabling our reach across 31 of 32 local authority areas.

Programming at the National Museum of Rural Life aligned with our strategic objective to increase public understanding and awareness of climate and biodiversity challenges, while at the National Museum of Flight it concentrated on creating a spirit of place focused on the wartime themes of the site through contemporary engagement approaches.

Nature and biodiversity themed activities such as half term's *Spring and Autumn Explorers*, *Woolly Weekend*, *Nature Track Packs*, new adult workshops in *Natural Dyeing* and *Willow Crafting* returned by popular demand and a new programme called *Tractor Tots* engaged a range of age groups with these important topics.

At the National Museum of Flight, visitors were able to participate in wartime and vintage activities, such as *Make Do and Mend*, *Dig for Victory*, and *Survival at Sea*, as well as the ever-popular *Awesome Bricks* LEGO-themed weekend, and *Operation Sabotage*, a new 'escape room' style programme co-designed with young people.

We provided a programme of regular sessions designed to increase access and help people with additional support needs to maximise their enjoyment of a visit to one of our museums. We also created activities tailored to support the needs and interests of a range of community groups and offer wider access to our objects and resources. Groups worked with in 2023/24 include LGBT Health and Wellbeing's Rainbow Families, LGBT Youth Scotland, Pilton Young People and Children's Project, Granton Youth, Networking Key Services and ScoreScotland.

Fundraising and income generation

During the year to 31 March 2024, we continued to engage with individuals who support our work through our membership and patron programmes as well as those supporters who manage grants for charitable foundations or businesses. Significant support in the year included:

- The Art Fund, the National Heritage Memorial Fund, the National Museums Scotland Charitable Trust, the American Foundation for National Museums Scotland and many individual donors who donated funds to help us acquire the *Ilay-Glynnie Dial* for the national collection.
- Baillie Gifford's support of the exhibition *Beyond the Little Black Dress* in the National Museum of Scotland.

Thanks to the Players of the People's Postcode Lottery, National Museums Scotland received a grant of £600,000 in 2023. This grant supported family activities at the National Museum of Scotland, the National Museum of Flight and the National Museum of Rural Life, research and conservation work at the National Museums Collection Centre, activities to support visitors with Additional Support Needs, and the popular *Wildlife Photographer of the Year* exhibition.

Our Team

Voluntary Exit

After the year end, and solely due to our Grant-in-Aid being cut, we took the decision to launch a Voluntary Exit Scheme ("VES" or "the scheme") to reduce our staffing costs. The scheme was not designed to achieve any specific departmental restructuring but was implemented in order to achieve future year staff costs savings. The VES opened to all employees of National Museums Scotland on 23 May 2024 inviting applicants to leave their employment on a voluntary basis and with a monetary package to support them to make this change. The scheme closed on 20 June 2024. In total 32 employees applied and 9 of these will exit NMS on 31 October 2024. The payroll saving resulting from the VES in 2025/26 will be £220k.

Health and Safety

We recorded 87 Health and Safety incidents in the year, up from 82 in the previous year with the total number remaining considerably below pre-Covid levels. Of the 87 incidents, 84 (77 in 2022-23) were classed as minor, 2 (2 in 2022-23) were classed as major not requiring notification and 1 (3 in 2022-23) was notified to the Health & Safety Executive.

Volunteers

We have strong relationships across our organisation with volunteers who support us in a variety of different ways, including leading guided tours, assisting staff with curatorial and conservation tasks, enabling events, and undertaking research activities. Volunteer programme activity continued at all our sites. In total we gained continuing support from 167 volunteers (167 in 2022-23), representing over 10,000 volunteer hours per annum (10,000 in 2022-23), which is equivalent to approximately 5.5 full-time staff (5.5 in 2022-23).

Our many audiences are being served in line with our strategic approach. In March 2024 we undertook a review of our volunteering programme with the aim of ensuring that participants are benefiting appropriately and we have the resource to manage the programme sustainably and effectively. The results of the review will shape our volunteering programme in future years.

Sustainability

As a public body, National Museums Scotland has a legal duty under the Climate Change Act (Scotland) 2009 to reach targets and act in the most sustainable way. Meeting the requirements of this Act requires a broad and complex response. We continued to focus our attention on activities organised by the five Strategic Actions in the Strategic Plan 2022-2027. Our progress has been shared quarterly with the Trustees' Estates Committee, discussing progress and challenges.

We have made good progress in our actions, including:

- We continued to enhance and improve our calculation of our organisational carbon emissions. Our carbon emissions data for 2023-24 has been verified by external consultants who noted that our Carbon Management Plan continues to be highly comprehensive and extremely well developed.
- We issued our *Biodiversity Report 2020-2023* to Scottish Government in December 2023. Work continued on a Biodiversity Action Plan for the National Museum of Rural Life.
- Our Public Programmes included content focused on sustainability with events such as: the Edinburgh Science Festival; *Spring and Autumn Explorers*, *Woolly Weekend* and new adult workshops in *Natural Dyeing* and *Willow Crafting* and exhibitions including *Rising Tide: Art and Environment in Oceania* and *Wildlife Photographer of the Year*.
- An all-colleague sustainability training programme, comprising both introductory and bespoke elements, to suit all roles across the organisation commenced in May 2023; it is aligned to our Performance and Development Review process.

KPIs

Our Key Performance Indicators are reported at each Trustee meeting and to the Scottish Government on a quarterly basis.

	2022/23 Results	2023/24 Target	2023/24 Results
Key Performance Indicators			
Total onsite physical visits	3.02m	3.10m	3.13m
Online Audiences	3.21m	2.87m	3.69m
Learning and engagement participations	206k	250k	270k
Visitor satisfaction	85%	86%	85%
Accumulated total number of collections records online	795k	810k	816k
% Collections storage meeting appropriate standards	N/A	65%	74%
Organisational carbon emissions (tCO ₂)	1,545	N/A	1,736
Total value of revenue income	£4.70m	£3.48m	£4.08m
Total value of capital income	£nil	N/A	£295k

Visits across all four sites totalled 3,127,600, 1% up against a target of 3,104,000, and 3% up on the previous year. Visitor numbers were up at each site.

Our total online audience was up 28% against target. The KPI for 2023/24 was projected downwards due to anticipated disruption caused by the project to redevelop the website – a project which was delayed to financial year 2024/25.

Participation in learning and engagement activity was 7.5% ahead of target and 24% ahead of 2022/23. This year marked the point of not only returning to pre-Covid engagement figures (250,000) but also exceeding them by 20,000.

Across our four museums, visitor satisfaction (the number of visitors rating their visit 8-10 out of 10) was 85%, slightly behind the target of 86%. At the National Museum of Rural Life, satisfaction dropped to 88% (from 94% in the previous year), visitor survey data indicates this change was due to the visitor experience being impacted by the closure of the café for a period while the fire suppression works took place. Our External Relations and Visitor Experience teams review scores and verbatim feedback quarterly to monitor for, and respond to, concerns.

The annual target for accumulated total number of collections records available online was surpassed through the addition of a large number of new Axiell Collections records associated with our aviation collection, and records produced as part of the Scottish History & Archaeology department's work on assemblages.

The relatively low target for percentage of collection storage area meeting appropriate standards was set at 65% based on an assumption that there would be movement of collections in preparation for capital developments at the National Museums Collection Centre. This movement did not happen. The last recorded figure was from 2019/20 when 75% of storage met appropriate standards - the 1% reduction from this in 2023/24 was due to minor changes at our museums.

Carbon emissions for 2022/23 had been understated due to a fault meter at one of our sites. This was corrected in 2024-25. Going forward Carbon Emissions will be monitored on Scope 1 activities with a targeted reduction of 5%.

Our revenue income for 2023/24 was less than 2022/23 but was ahead of the annual target due to the increased commercial income arising from higher visits at National Museum of Flight, National Museum of Rural Life and to our Special Exhibitions. Philanthropic income was also ahead of target due to additional grants, primarily from People's Postcode Lottery.

No annual target was set for Capital Income, however capital grants were received to support the refurbishment of blast and air raid shelters at the National Museum of Flight and to purchase imaging equipment at the National Museums Collection Centre.

3. Financial review

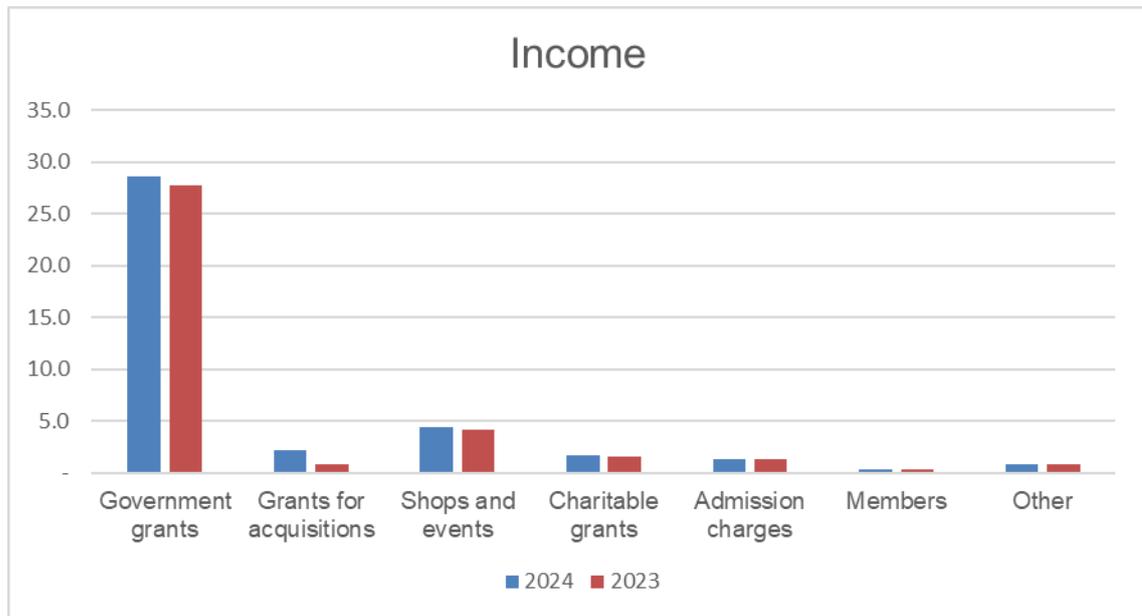
National Museums Scotland is required to operate within the financial limits prescribed in the Framework Document laid down by the Scottish Government and to follow the Scottish Public Finance Manual unless it conflicts with the Charity SORP. We are not permitted to borrow funds and our ability to retain unrestricted reserves is heavily curtailed. Our operational financial strategy is to break even as we continue through a period of major investment in our displays, facilities and estate.

We continue to face challenges meeting the cost of Scottish Government Pay Policy and general cost inflation impacting on our cost base.

Income

Our total income for the year was £39.6m (£37.0m in 2022-23) of which £28.6m was Grant-in-Aid from the Scottish Government (£27.8m in 2022-23), £1.2m was the value of heritage assets donated under HMRC's Cultural Gifts Scheme (£0.4m in 2022-23), £1.0m was grants specifically to fund acquisitions (£0.5m in 2022-23), shops and events income totalled £4.4m (£4.2m in 2022-23), £1.7m (£1.6m in 2022-23) related to restricted grants to support specific projects, admissions charges totalled £1.4m

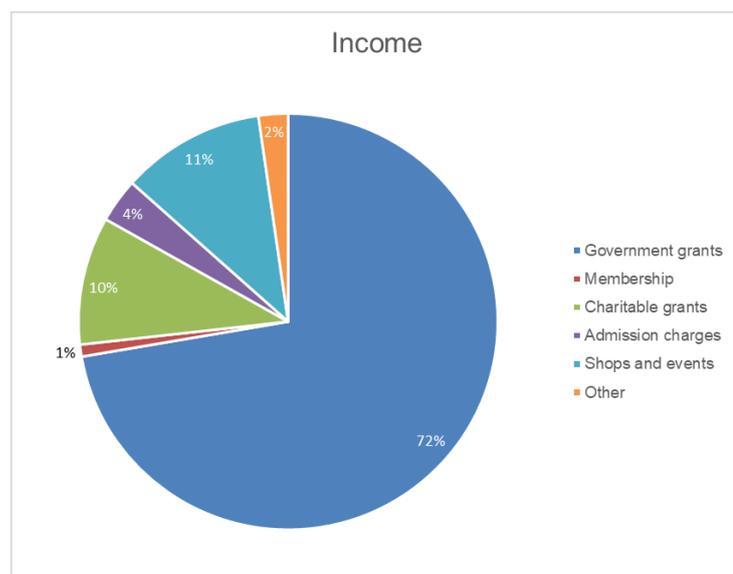
(£1.4m in 2022-23), £0.4 m (£0.4m in 2022-23) was donations, and £0.9m (£0.7m in 2022-23) from other activities.



We charge for admission at the National Museums of Flight and Rural Life. We do not charge for admission at the National War Museum, although visitors cannot access the Museum unless they pay Historic Environment Scotland for admission to Edinburgh Castle. Admission to the National Museum of Scotland is free apart from the main Special Exhibition Gallery, where three charged exhibitions were held during the year. Our admissions income decreased slightly by £54k to £1,356k, due to changes in our Special Exhibition programming and remained broadly in-line with our pre-Covid admissions income.

Donations received were in-line with the previous year on a group basis. Significantly the donation from our trading subsidiary NMS Enterprises Limited increased from £nil to £588k as it recovered from the impact of Covid. It is anticipated that this will further increase in 2024/25.

Our Shop and Event income comes from NMS Enterprises which manages retail and venue hires. In the year to 31 March 2024 NMS Enterprises income was £4.4m compared to £4.2m in the previous year and £3.8m in 2019-20.

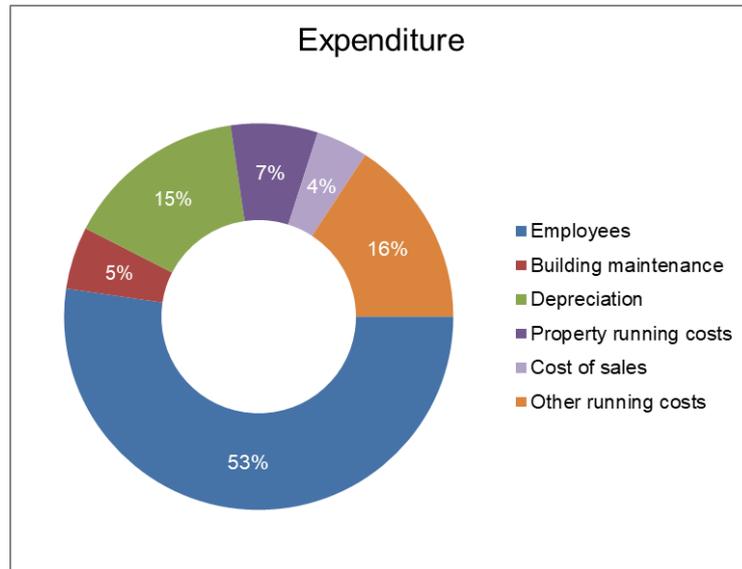


We received £7.6m in unrestricted income, excluding government grants, during the year compared to £7.2m in 2022-23. We increasingly rely on this income to invest in our museum displays and facilities, and bringing events and experiences to visitors who would otherwise miss out. It is vital in enabling us to

build our reputation, reach and revenue in the short, medium and long-term. This income is susceptible to cost of living pressures faced by visitors and donors and, with rising costs, we face an increasing challenge for funding these areas in the future.

Expenditure

The most significant category of expenditure is employee costs which accounted for 53% of our total costs (53% in 2022-23) but increased by £1.7m (8.4%) compared to the prior year. The primary driver of this increase was the implementation of the Scottish Government Pay Policy.

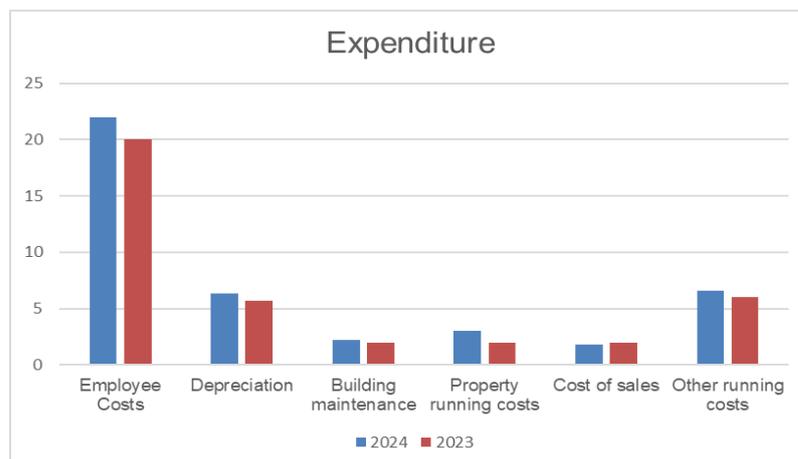


Depreciation is the cost of using our capital assets gradually over many years. We continually invest to maintain and renew our capital base of buildings, facilities and displays. These costs were slightly higher (£6.4m in 2023-24 and £6.1m in 2022-23) than the previous year due to the effect of revaluations and accounted for 15% of total expenditure compared to 16% in the previous year.

Operating our buildings (maintenance, heat and light) requires another large part of our budget. Investment to reduce energy consumption and our carbon footprint has been successful but has been offset by price increases. Our building maintenance costs reduced from 6% to 5% of our total expenditure.

Cost of sales is principally the value of stock sold in our shops and the cost of commercial events, and moved in line with our commercial income.

Other running costs include a wide range of collections care and conservation costs, exhibition and display costs and the administrative costs of running the organisation. Other running costs increased slightly compared with the previous year and accounted for 16% of total expenditure in both 2023-24 and 2022-23.



Directly incurred expenditure, when depreciation costs are excluded, totalled £35.6m (2022-23: £32.2m) of which 62% (2022-23: 63%) was employee costs and a further 14% (2022-23: 12%) property maintenance / running costs.

Major Investment Projects

In the period, the Group acquired tangible assets at a cost of £1.9m (2022-23 £4.3m), including £1.0m (2022-23: £2.3m) on buildings, £0.6m on leasehold improvements (2022-23: £1.1m), £4k on galleries (2022-23: £40k) and £0.4m (2022-23: £0.8m) on equipment purchases.

During this financial year our capital spend focused on replacing operational assets which are essential to our activities. This included £294k on heating/building management systems and £189k on upgrading air raid and blast shelters at the National Museum of Flight. We were also able to address some of the backlog of property improvement works although more needs to be done in this area. The level of backlog maintenance has been flagged as a continuing significant risk by our Audit and Risk Committee. The level of budget available for planned maintenance and periodic renewal remains insufficient given the size and complexity of the Estate.

With capital funding from the Natural History Museum in London we were able to complete the purchase of curatorial equipment costing £148k. Curatorial equipment of this nature needs to be replaced otherwise it would have a detrimental impact on our ability to research and conserve items in our collection.

Reserves

Reserves are reviewed regularly by the Board of Trustees and appropriate levels agreed based on current requirements and forward plans. As our most significant funder, the Scottish Government requires us to spend all the Grant-in-Aid received and not to hold material unrestricted reserves.

Restricted reserves principally represent the capital value of our assets, which will be written down in future years as that value is consumed. These resources are restricted to this purpose and cannot be used in any other way.

The Board Reserve held in both the charity and its subsidiary (NMS Enterprises) is available for use and is held at not less than £250,000. During the year our unrestricted reserves increased by £6k to £2.3m. Most of this reserve is the Board Capital Reserve (£1.5m) which will be spent in depreciation. The remaining unrestricted Board Reserve (£0.8m) is higher than the minimum level and is held as a financial cushion during this period of financial uncertainty.

Full details of our reserves can be found in Note 17 of the Accounts.

Planning ahead

The Board of Trustees approved the final budget for 2024-25 on 27 March 2024. The 2024-25 budget takes account of a cut to our Grant in Aid, together with an agreed pay award and also includes a number of efficiency savings, some of which are considered to be one-off in nature, to achieve a breakeven position in 2024-25.

The cash budget and updated forecast for the charity is shown in the table below:

	2023/24	2024/25	2025/26	2026/27
	Actual	Budget	Plan	Plan
	£000	£000	£000	£000
Income				
Grant-in-Aid	28,600	28,125	28,180	28,180
Other income	7,319	4,423	3,662	3,712
Total Income	35,919	32,548	31,842	31,892
Operational Expenditure				
Salaries	20,526	21,235	21,961	22,400
Operational Costs	11,613	10,307	10,545	10,545
Total	32,139	31,542	32,506	32,945
Major Projects Expenditure	4,145	1,000	1,000	1,000
Surplus/(Deficit)	(365)	6	(1,664)	(2,053)

The plan for 2025-26 in the table above assumes that our Grant-in-Aid will be held at the 2024-25 cash amount, that our operating costs in respect of utilities and business rates will increase, and that salary costs will increase due to continued implementation of Scottish Government Pay Policy. We forecast that we will require £1.7m additional Scottish Government funding to meet the increased costs and achieve a balanced budget.

Our Trading company has returned a significant profit in 2023-24 and is forecast to increase profitability in 2024-25. However, we remain cautious over how the generally high cost of living will impact consumer spending at our venues.

The financial challenge for future years remains significant and we operate within considerable constraints. We are required to implement Scottish Government Pay Policy and did so for 2023-24 and 2024-25. It is vital that future year Grant-in-aid allocations consider the pressures on our financial position from Scottish Government priorities, given that there is no policy position to reduce our scale of operations.

Our operational budgets remain under strain from a cut to our Grant in Aid in 2024-25 and additional funding received in 2023-24 was not sufficient to address the full effect of the real terms reductions in funding for over a decade. We have continued to address maintenance work during 2023-24 but the current position regarding estate maintenance and renewal is that our level of backlog maintenance is increasing, and looks set to continue to rise, as a growing proportion of the estates budget is required to cover utilities costs.

There are continuing significant challenges because we operate with a very large proportion of fixed costs for maintaining our estate, collections care and paying our staff, alongside unavoidable operational costs which are being heavily impacted by continuing high market prices. Without adequate future funding we will have to make material changes to our operations and the impact we are able to create through our stewardship of the National Collection.

Risk and uncertainty

Our biggest risk remains the uncertainty around our funding and the medium to long-term effects of high inflation and constrained resources throughout the organisation.

In support of delivering our operations and plans for the future we carry out a regular review of the Strategic Risk Register of major risks. At the year end the register identifies the following as the key risks:

Risk	Risk Detail
Real terms decrease in Grant-In-Aid	Scottish Government resources or priorities change leading to a greater cut in Grant-in-Aid than anticipated. 2024/25 is of significant concern given the additional pressure on Government as a result of commitments to enhancing the benefits system and funding rates increases. Potential consequences on staff numbers, sites and opening times as a result.
Buildings not fit for purpose	Buildings not meeting appropriate legislative standard, or uneconomic to repair, or not fit to be occupied by staff or collections. Risk/impact: Health & Safety; ability to achieve strategic objectives; reputational impact.
Recruitment/Retention in business critical posts	Failure to recruit or retain staff in business critical posts. Low attractiveness in the market for staff and contractors, leading to a reduction in expertise; higher staff turnover; poor quality outputs; and incomplete project teams. Effects of external factors resulting in a scarcity of particular skills in the marketplace and high competition for them that renders us unable to compete on salary. Insufficient People team resource to support recruitment into business critical posts.
Failure of plant, equipment and systems impacting on health and safety, care of collections and security	Disaster resulting from failure of plant, equipment or systems due to age and obsolescence. Risk/impact: downtime; reputational impact; damage to our buildings and collections

Each Strategic Risk is assigned an owner from the Executive Team who puts in place plans or control mechanisms to reduce the risk. Even with controls in place these risks remain high as they are associated with our constrained financial position.

The risks which are deemed high are in relation to our funding, particularly with regards to the impact of rising inflation, other macro-economic factors and increased costs in both maintenance and pay. Our existing level of funding is insufficient to enable us to maintain our estate effectively. Government Grant-in-Aid has been cut for 2024-25 and had been at a standstill for over 10 years during which time visitor numbers increased significantly and inflation has exceeded 30%. In practical terms this means that in many cases we are reactive to priority maintenance issues instead of proactively dealing with potential issues before problems arise. This year we received a capital grant of £1m to assist with our backlog maintenance (2022-23 £750k) which enabled us to address some of the estates issues. The Scottish Government Pay Policy which we are required to implement, and additional Employers' Pension costs are further strains on our financial resources. Without full funding for future Pay Policy changes, some of our activities and the services we offer would require to be curtailed.

4. Plans for the future

Our plans are dependent on sufficient grant-in-aid being made available to fund our work and programmes.

Our work will continue to be guided by the five interconnected Strategic Aims included in our Strategic Plan 2022-27: our audiences will be more diverse, and more people will connect with our collections and their stories; we will be recognised as the world leader and preferred national partner for the interpretation of and engagement with Scotland's material heritage; we will be well advanced on the path to a carbon neutral footprint and a respected resource for understanding climate and biodiversity challenges; the unique potential of our collections, expertise and programmes will be shared and valued internationally; and we will be financially secure, supported by diverse income streams and confident in continuing to invest in our people, places and collection.

We will continue to develop a wide-ranging programme of exhibitions and events in the coming years. A full exhibition programme running until 2025 is now planned. Highlights include: *Game On*, the largest interactive exhibition of the history and culture of video games; *Injecting Hope: The Race for the COVID-19 Vaccine* developed with the Science Museum Group, will tell the story of the global effort to find new ways to develop vaccines at pandemic speed; and *Cold War Scotland* explores Scotland's critical position on the frontline of the Cold War, all at the National Museum of Scotland. *Awesome Bricks*, an interactive LEGO display, will feature at the National Museum of Flight. *Maps: Memories from the Second World War* will continue at the National War Museum.

Touring exhibitions will continue with *Audubon's Birds of America* going on tour to the Museum of Fine Arts in Florida and *The Galloway Hoard: Viking-age Treasure* undertaking an international tour starting in December 2024.

We will continue to invest in our buildings and estate with work to reduce our carbon emissions and make our buildings more cost efficient.

5. Structure, governance and management

Our Trustees are appointed by Scottish Ministers for a single four-year term, with the possibility of reappointment for a second term. An induction programme is provided to new Trustees, with ongoing support and formal training as required. All Board members are appraised annually by the Chairman, in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland.

The Board of Trustees delegates some authority to various sub-committees. The following were members of the Board who served during the year and up to the date of approval of these financial statements:

- Ann Allen MBE
- Professor Mary Bownes OBE (resigned 30 September 24)
- Mimi Brophy
- Adam Bruce (resigned 30 September 24)
- Professor Monojit Chatterji (appointed 1 April 23)(resigned 6 June 24)
- Dr Hermione Cockburn OBE (appointed 1 October 2024)
- Judith Cruickshank (appointed 1 October 2024)
- Professor Manuel Fernández-Götz (appointed 1 October 23)
- Stephen Gordon-Dando
- Graeme Gibson
- Sally Mackay (appointed 1 October 2024)
- Dr Bridget McConnell CBE (appointed 1 April 23)
- Elizabeth McKillop
- Professor Richard Oram (appointed 1 October 23)
- Ian Russell CBE (Chairman)
- Janet Stevenson
- Professor Ian Wall
- Dr Laura Young MBE

The Board meets 5 times a year and the committees meet on a regular basis reporting to the Board of Trustees. Terms of Reference clearly define the remit and responsibilities of each committee:

- **Audit & Risk** – ensures there is an effective framework of audit, risk management and internal control.
- **Acquisitions** – reviews collections development activity and makes decisions regarding the purchase of significant acquisitions.
- **Estates** – approves and oversees the implementation of the National Museums Scotland Estate Strategy and also approves the acquisition and disposal of land and property (with consent of the Scottish Government).

- **Finance** – provides an oversight of, and assurance on, financial matters across the organisation and significant projects.
- **Nominations and Governance** – reviews the effectiveness and efficiency of the Board of Trustees and its Committees.
- **People & Remuneration** – reviews the pay remit for National Museums Scotland staff, approves the implementation of the National Museums Scotland People Strategy and ensures the general well-being of staff and maintenance of human resources and performance.

National Museums Scotland maintains a Board Members' Register of Interests, which complies with the requirements of the Ethical Standards in Public Life (Scotland) Act 2002. Trustees are required to update the Register within 28 days of a change to their registered interests and they review their details annually. This information is available on our website (www.nms.ac.uk) and for inspection at the National Museum of Scotland on application to the Head of Corporate Policy and Performance.

Trustees are responsible for setting National Museums Scotland's overall strategic direction and for monitoring progress towards this. A range of decisions are reserved for the Board, such as approval of major projects (£1 million and over). The Director (Chief Executive and Accountable Officer) and the Executive Team are responsible for advising on the development of strategy and its implementation through operational management.

The National Museums of Scotland Charitable Trust is wholly independent of National Museums Scotland, with its own Board of Trustees. Its purpose is to aid any Objects deemed legally charitable, giving preference to those which are directly or indirectly of benefit or assistance to National Museums Scotland. The Trust manages income received from donations, grants and bequests. Most of these funds are restricted and may only be applied to the purposes for which they were established. There is also a General Fund from which the Trustees may make discretionary grants.

National Museums Scotland works closely with the Scottish Government as a principal funder and collaborates on government initiatives with the other National Collections Institutions.

6. Reference and administrative details

The organisation's operational name is National Museums Scotland. Our statutory name, 'Board of Trustees of the National Museums of Scotland', is retained for use on legal and contractual documents. Our registered address and principal place of business is Chambers Street, Edinburgh EH1 1JF.

National Museums Scotland has been granted charitable status: the charity number is SC011130.

The organisation's banker is The Royal Bank of Scotland, 30 Nicolson Street, Edinburgh EH8 9DL.

Legal advice is provided primarily by CMS, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN.

The external auditor as appointed by the Auditor General for Scotland for the period of five years from 2022-23 is Audit Scotland, 4th Floor, South Suite, The Athenaeum Building, 8 Nelson Mandela Place, Glasgow G2 1BT.

So far as the Board of Trustees of the National Museums of Scotland is aware, there is no relevant audit information of which the auditors are unaware. The Board of Trustees has taken all the steps that it ought to have taken to make itself aware of any relevant audit information and to establish that auditors are aware of that information.

Ian Russell

CHAIRMAN
Ian Russell CBE

DATE 02 October 2024

REMUNERATION AND STAFF REPORT

The sections on trustee remuneration; remuneration of key management personnel; staff costs and employee benefits on pages 16 – 20 have been subject to audit. The other sections in the Remuneration and Staff Report are reviewed by the External Auditor to ensure they are consistent with the accounts.

Remuneration Policy (unaudited)

The People and Remuneration Committee reviews the pay remit for National Museums Scotland employees including senior management, approves the implementation of the National Museums Scotland People Strategy and ensures the general well-being of staff and maintenance of human resources and performance.

The remuneration of the Director is set by the Board of Trustees but requires the agreement of the Scottish Government.

A formal annual performance review process is in place for all employees, including senior management.

Trustee remuneration (audited)

No remuneration or benefit in kind was paid to members of the Board of Trustees during 2023-24 (2022-23: nil).

During 2023-24 National Museums Scotland paid a total of £2,093 reimbursement of travel expenses to 6 Trustees, while in 2022-23 a total of £2,041 was reimbursed to 6 Trustees.

Remuneration of key management personnel (audited)

The Government Financial Reporting Manual requires disclosure of information about directors' remuneration, where 'directors' is interpreted to mean those who influence the decisions of National Museums Scotland as a whole. In National Museums Scotland's opinion this means the Board of Trustees and the Director, Dr Chris Beward. Total remuneration paid to the key management personnel was as follows:

Group	Pension			Pension		
	Salary	Benefits	Total	Salary	Benefits	Total
	2024 £000	2024 £000	2024 £000	2023 £000	2023 £000	2023 £000
Christopher Beward	115 - 120	46	160-165	115-120	45	160-165

The total cost of remuneration (excluding pensions) to key management personnel in the year was £119k (2022-23: £116k), which is included in the table above.

Pension benefits for the Director were provided through Civil Service pension arrangements. The pension entitlements earned by the Director for 2023-24 were:

Group	Real increase in pension and related lump sum at pension age £000	Accrued pension at 31 March 2024 and related lump sum £000	Cash Equivalent Transfer Value (CETV) at 31 March 2024 £000	CETV at 31 March 2023 £000	Real increase in CETV £000						
						Christopher Beward	2.5 - 5	15 - 20	282	212	35

Fair pay disclosures are included in the following table:

	2024	2023	Change
Range of employee remuneration	£95,774	£94,700	1.1%
Employee average	£36,876	£34,196	7.8%
Highest earning employee's total remuneration mid point	£117,500	£117,500	0.0%
<i>Explanation of change</i>	The highest paid employee's total remuneration increased by 1% year on year due to the 2023-24 pay award and pay grade progression with the pay award element capped at £1,500.		
Median salary	£28,920	£26,627	8.6%
Ratio between highest earning employee's total remuneration mid-point and the median	4.06	4.41	
<i>Explanation of Change</i>	The median salary increased by 8.6% whereas the salary of the highest paid employee increased by 1.0% in the year due to the structure of the pay award, with higher % awards made to those on lower grades.		
25th Percentile salary	£23,473	£21,537	9.0%
Ratio between highest earning employee's total remuneration mid-point and the 25th percentile	5.01	5.46	
<i>Explanation of change</i>	The salary of the employee on the 25th percentile increased by 9.0% whereas the salary of the highest paid employee increased by 1.0% in the year due to the structure of the pay award, with higher % awards made to those on lower grades.		
75th Percentile salary	£38,954	£36,006	8.2%
Ratio between highest earning employee's total remuneration mid-point and the 75th percentile	3.02	3.26	
<i>Explanation of change</i>	The salary of the employee on the 75th percentile increased by 8.2% whereas the salary of the highest paid employee increased by 1.0% in the year due to the structure of the pay award, with higher % awards made to those on lower grades.		

Staff costs and employee benefits

Further detail on staff costs and employee benefits can be found at note 5 to the accounts.

Numbers of employees (audited)

In the year the average staff headcount was 499 employees (2022-23: 481), which includes many part-time employees. The full-time equivalent employee numbers are shown below analysed by the activity categories shown in note 6 to the accounts, gender and type of employment contract.

	Permanent		Other Contract		Total
	Female	Male	Female	Male	FTE
Charity 2024					
Curatorial	46	27	6	5	84
Conservation & Collections Management	28	11	5	1	45
Public displays & events	92	59	8	4	163
Security and Support Services	41	65	-	1	107
Marketing	8	3	1	-	12
Estates and Buildings	2	5	-	-	7
Governance	3	2	-	-	5
Development	8	1	1	1	11
	228	173	21	12	434
Group 2024					
NMSE	33	18	-	-	51
Total	261	191	21	12	485

Number of FTE Staff at 31st March

FTE staff numbers by grade and gender are included below (unaudited).

Group 2024	Executive Team	Heads of Departments	Other Employees	Total
Female	2	9	271	282
Male	4	8	191	203
Total	6	17	462	485
Group 2023				
Female	3	10	260	273
Male	4	10	189	203
Total	7	20	449	476

Staff turnover in the year was 18% of headcount (2022-23: 9%; 2021-22: 16.36%). Turnover was comparatively low in the prior year and has returned to a more typical level.

Staff Costs during the Year (audited)

Total staff costs in the year to 31 March 2024 were as follows:

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Salaries				
- Permanent staff	14,868	13,844	13,661	12,798
- Other staff	1,346	1,152	1,346	1,152
	16,214	14,996	15,007	13,950
National Insurance Costs	1,526	1,472	1,419	1,383
Pension Costs	4,062	3,785	3,938	3,675
Early Retirement	162	12	162	12
Total	21,964	20,265	20,526	19,020

In the year 19 employees were paid more than £60,000 (2022-23: 16), as shown in the table below:

Group	Number of staff	
	2024	2023
£60,000 to £69,999	11	7
£70,000 to £79,999	2	2
£80,000 to £89,999	1	6
£90,000 to £99,999	4	-
£100,000 to £109,999	-	-
£110,000 to £119,999	1	1
Total	19	16

Pension Costs (audited)

National Museums Scotland operates a range of pension provision for our employees, including both defined benefit and defined contribution schemes.

Defined Benefit (audited)

Most staff are members of the Principal Civil Service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme run by the UK Government. Our share of the underlying assets and liabilities has not been identified, which means we have to account for this scheme as if it is a defined contribution scheme. You can find further information in the resource accounts of the Cabinet Office (<http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>).

Retirement benefits accrued under the defined benefit schemes to 481 staff in the year (2022-23: 481 staff). For 2023-24, employers' contributions of £3,917k were payable to the PCSPS (2022-23: £3,643k) at one of four rates in the range of 26.6% to 30.3% per cent of pensionable pay, based on salary bands (the rates in 2022-23 were between 26.6% and 30.3%). The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. The rates are periodically reviewed by the UK Government and we are liable to pay whatever contribution rate is set. Due to demographic factors, we are therefore exposed to the risk of regular cost increases that we cannot reduce other than by employing fewer staff. There is no liability for any other employer's obligations arising from this scheme.

Defined Contribution (audited)

Charity employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £21k (2022-23: £32k) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8 to 14.75 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

Defined contribution scheme pension contributions were not paid in respect of staff earning more than £50,000. Benefits accrued under defined contribution schemes to 5 staff during 2023-24 (2022-23: 8 staff).

NMS Enterprises operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are self-administered in funds independent from those of the Company. The total employer's contribution to this scheme during the year was £119k (2022-23: £105k).

Compensation for loss of office (audited)

There were no voluntary exit scheme or compulsory redundancy departures at NMS in the year to 31 March 2024. Exit costs are accounted for in full in the year of departure. No ex-gratia payments were made to Key Management Personnel. 2 employees left NMS and received an ex-gratia payment.

Exit package cost band	Number of compulsory redundancies	Number of other agreed departures	Number of exit packages by cost band	Total cost of exit packages by cost band
£0 - £25,000	0 (0)	2 (0)	2 (0)	£10,600
£25,000 - £50,000	0 (0)	0 (1)	0 (1)	0
Total number of exit packages	0 (0)	2 (1)	2 (1)	£10,600

Figures in brackets represent 2022/23 comparison

Expenditure on consultancy and off-payroll engagements (audited)

National Museums Scotland did not enter into any off-payroll engagements or consultancy contracts in the years to 31 March 2023 or 31 March 2024.

Equality, Diversity and Inclusion (unaudited)

National Museums Scotland strongly believes in equality of opportunity. We fully recognise our legal responsibilities, particularly in respect of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. We have a range of policies, procedures and guidance in place to promote and ensure continuous improvement to support our employees. We continue to foster new flexible ways of working; a variety of flexible options are on offer to support our diverse workforce in ensuring a good work and home life balance. As required, we adhere to Scottish Government's Pay Policy.

Trade Unions (unaudited)

National Museums Scotland acknowledges its obligations in respect of the Trade Union (Facility Time Publication Requirements) Regulations 2017.

NMS recognises three trade unions as follows: FDA, Prospect, Public & Commercial Services Union (PCS).

There were 15 employees (FTE 14.27) who were relevant union officials during the period. The % of time spent on union activities can be split as follows:

Percentage of time	Number of employees
0 - 1% *	8
1 - 50%	7
51 - 99%	-
100%	-

The total cost of Facility Time was £10,444 from a total pay bill of £20.3m = 0.05%.

Out of the total paid Facility Time, 100% was spent by employees who were relevant union officials on paid trade union activities.

Sickness Absence (unaudited)

The absence rate for 2023-24 is 3.8% (2022-23: 4.2%) which is slightly higher than the Scottish Government workforce total of 3.6% (2022-23: 3.5%). The calculation is based on actual FTE and takes into account all working time and sickness absence for employees who left during the financial year. It also accounts for working time for employees who joined during the year.

Health, Safety and Wellbeing (unaudited)

National Museums Scotland remains committed to continually improving our performance in relation to health, safety, and wellbeing. The health and safety management policy was reviewed and updated during the year following consultation with colleagues including Trade Union representatives. Through an extensive programme of ongoing safety briefings and training, awareness of health and safety continues to be supported and embedded among employees and is reported to the Board of Trustees on a regular basis.

GOVERNANCE

STATEMENT OF THE ACCOUNTABLE OFFICER'S RESPONSIBILITIES

ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under the National Heritage (Scotland) Act 1985, paragraph 9(3) schedule 7, Scottish Ministers have directed National Museums Scotland to prepare for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Direction appended to these accounts.

Section 2 of the Direction requires that we must account in accordance with the Government Financial Reporting Manual (FReM). The FReM is updated each year and section 4.4.14 of the 2023/24 FReM requires that as a charity we "*should follow the requirements of the Charities' SORP and regulations made under charities legislation*".

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of both National Museums Scotland ('the Charity') and National Museums Scotland consolidated with NMS Enterprises Limited ('the Group') and of our financial activities, balance sheet and cash flows for the financial year.

In preparing the Accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- a) Observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b) Make judgements and estimates on a reasonable basis;
- c) State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- d) Prepare the accounts on a going concern basis; and
- e) Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable.

The Principal Accountable Officer for the Scottish Government has appointed the Director of National Museums Scotland as Accountable Officer. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding National Museums Scotland's and the Group's assets, are set out in the Accountable Officer's Memorandum published by the Scottish Ministers.

As the Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that National Museums Scotland's and the Group's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Dr Christopher Breward

DIRECTOR
Dr Christopher Breward

Date 02 October 2024

GOVERNANCE

GOVERNANCE STATEMENT

Introduction

National Museums Scotland is committed to best practice in all aspects of corporate governance and this statement describes the principal governance provisions which presently apply. The Board of Trustees keeps these provisions under review to take into account developing practice.

Legislation / Governing Body

The legislation that governs the Board of Trustees of the National Museums of Scotland is the National Museums (Scotland) Act 1985 as amended by the Museums and Galleries Act 1992: <http://www.legislation.gov.uk/ukpga/1985/16>. The Board is statutorily responsible for the care of the collections, and for the overall performance of National Museums Scotland. So far as practicable and subject to the provisions of the Act, the Board's general functions are to:

- Care for, preserve and add to the objects in their collections;
- Secure that the objects are exhibited to and interpreted for the public;
- Secure that the objects are available to persons seeking to inspect them in connection with study or research;
- Generally promote the public's awareness, appreciation and understanding of matters agricultural, archaeological, architectural, artistic, cultural, environmental, historical, industrial, military, scientific and social both by means of the Board's collections and by such other means, including collaboration with other institutions, as they consider appropriate; and
- Provide education, instruction and advice and carry out research.

The responsibilities of the Board cover the following main areas:

- Strategy, Planning and Performance Review;
- Commitment and Deployment of financial, human and other resources;
- Acquisitions for and Disposals from the Collections;
- Ensuring operation within the limits of statutory authority, complying with delegated authority agreed with the Scottish Government and set out in the Management Statement and Financial Memorandum, and adherence to conditions relating to the use of public funds;
- Representing the interests of stakeholders and furthering relationships with them;
- Ensuring that appropriate standards of corporate governance and personal conduct on the part of Trustees and staff are maintained; and
- Preparation of the Annual Report and Accounts.

These responsibilities are detailed in the *Board of Trustees of National Museums Scotland: Roles and Responsibilities* guidance document which is provided to all Trustees on appointment.

To discharge these responsibilities:

- The Board meets formally five times per annum. At each meeting, the Board of Trustees receives a written report on: key operational matters from the Director; a financial report; minutes of sub-committees of the Board; an update of relevant issues relating to National Museums Scotland Enterprises; and reports on specific topics as necessary. Risk-related issues are highlighted as necessary within these agenda items. The Board may also meet outside the normal Board meeting cycle to consider specific matters such as the development of strategy.
- The Board maintains six sub-committees, whose terms of reference and members are agreed by the Board.
- The Audit & Risk Committee meets at least four times per annum. It considers and approves the Internal Audit plan for each year. At each meeting, it receives: an update on key business issues; a report on progress on the key risks in the organisation's risk register and any significant issues affecting the other risks identified in the risk register; and reports from Internal and External Auditors. It also reviews the draft Annual Accounts on behalf of the Board.

Further details of the structure of the Board and its work are included in section 5 of the Trustees Annual Report.

Risk Management and Internal Controls

Scope of Responsibility

The Accountable Officer and Trustees have joint responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's strategies and intended outcomes, whilst safeguarding the public funds and assets for which the Accountable Officer is personally responsible, in accordance with the responsibilities assigned to the organisation.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety and secure effective accountability and sound systems of internal control.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk rather than eliminate the risk of failure to achieve the organisation'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 on-going process designed to identify the risks to the achievement of the organisation's strategies and intended outcomes; evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

The system within the organisation accords with the SPFM and has been in place for the year ended 31 March 2024 and up to the date of approval of the financial statements and accords with guidance from the Scottish Ministers.

Risk and Control Framework

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The National Museums Scotland Executive Team reviews the Risk Register formally every six months by reassessing risk through a process of probability and impact assessment. The key risks are reported upon at each Audit & Risk Committee meeting in detail as to current status, with any significant changes in these risks reported to the Board of Trustees. Control mechanisms to minimise or mitigate risks are identified and reviewed for effectiveness, and "ownership" of the risks is assigned to the relevant Executive Team member. Any training required is identified and taken forward as relevant.

More generally, the organisation is committed to a process of continuous development and improvement, developing systems in response to any relevant reviews and developments in best practice in this area.

Review of Effectiveness

The Accountable Officer and Trustees have responsibility for reviewing the effectiveness of the system of internal control. Their review is informed by:

- The Executive Team, who have responsibility for the development and maintenance of the internal control framework
- The work of the Internal Auditors, who submit regular reports to the Audit & Risk Committee which include the Internal Auditors' independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement
- Comments made by the External Auditors in their management letters and other reports.

As noted above, the Executive Team formally reviews the Risk Register twice a year, with any significant issues being reported on and discussed at its fortnightly meetings as required. Quarterly updates on progress towards the achievement of Performance Indicators and the Strategic Actions in our Operational Plan are also both reviewed at these meetings to ensure they are in line with targets prior to communication to the Board and the Scottish Government. Any matters of significance affecting the business, such as Human Resources (recruitment, attendance, training), project assurance (key projects meeting targets),

monthly management accounts (budget/actual review and revised forecasts), Operational Plan progress, are reviewed and discussed, with appropriate action taken forward.

In the year 2023-24 the Internal Auditors examined: Payroll, Budgetary Control and Financial Reporting, Development / Fundraising, and Business Continuity. The Internal Auditor reported no issues identifying major internal control weaknesses and that procedures were operating well in the areas reviewed. The Internal Auditor expressed an opinion that National Museums Scotland has adequate and effective arrangements for risk management, control and governance and that proper arrangements are in place to promote and secure Value for Money.

National Museums Scotland maintains a record of data breaches as required by Article 33(5) of the UK General Data Protection Regulation ('GDPR'). All data breaches must be reported to the ICO unless a breach or incident is unlikely to result in a risk to the rights and freedoms of individuals. Such reporting is undertaken in accordance with Data Protection Legislation, in particular Article 33 of the UK GDPR and following our Personal Data Breach procedure. No reportable breaches or incidents occurred in the year.

As outlined in section 3 of the Trustees Annual Report, the organisation continues to manage significant levels of risk, particularly in the following areas:

- A real-terms or cash reduction in Grant-in-Aid income from the Scottish Government;
- Buildings not meeting appropriate legislative standards; not fit to be occupied by the public, staff or collections; or uneconomic to refurbish and requiring replacement;
- Difficulties in recruiting and retaining staff in vital posts; and
- Failure of plant, equipment and systems impacting on health and safety, care of collections and security.

The Accountable Officer and Trustees consider that these risks have increased over the last year. If such growth continues, this may compromise our ability to fulfil our statutory and charitable obligations, and our ability to sustain an effective system of internal control.

Ian Russell

**CHAIRMAN
IAN RUSSELL CBE**

Date 02 October 2024

Dr Christopher Breward

**DIRECTOR
DR CHRISTOPHER BREWARD**

Date 02 October 2024

Independent auditor's report to the members of National Museums Scotland, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the Annual Report and Accounts of National Museums Scotland and its group for the year ended 31 March 2024 under the National Heritage (Scotland) Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the consolidated Statement of Financial Activities, NMS Charity Statement of Financial Activities, Consolidated & Charity Balance Sheets, Consolidated & Charity Cash Flow Statements and notes to the accounts, including material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the body and its group as at 31 March 2024 and of the incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the body and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the body and its group. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer and trustees for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer and trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer and trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer and trustees are responsible for assessing the ability of the body and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer and trustees are responsible for the other information in the Annual Report and Accounts. The other information comprises the Trustees' Annual Report and the Governance Statement.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Trustees' Annual Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Heritage (Scotland) Act 1985 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the Annual Report and Accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Andrew Kerr

Andrew Kerr
Audit Scotland
4th Floor, South Suite, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow
G2 1BT
02 October 2024

Andrew Kerr is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

NATIONAL MUSEUMS SCOTLAND

ACCOUNTING STATEMENTS

Consolidated Statement of Financial Activities for the Year Ended 31 March 2024

Group	Notes	2024	2024	2024	2023
		Unrestricted Funds £000	Restricted Funds £000	Total £000	Total £000
Income from:					
Government grants	3/4	28,600	-	28,600	27,762
Other donations and legacies	4	916	3,385	4,301	2,838
Total donations and legacies		29,516	3,385	32,901	30,600
Charitable activities	4	2,092	-	2,092	2,129
Other trading activities	4	4,475	-	4,475	4,262
Investments	4	86	-	86	35
Other	4	-	-	-	-
Total		36,169	3,385	39,554	37,026
Expenditure on:					
Charitable activities	6	30,545	7,015	37,560	34,321
Raising funds (including Cost of Sales)	6	4,415	-	4,415	3,897
Other	6	-	-	-	2
Total		34,960	7,015	41,975	38,220
Net income/(expenditure)		1,209	(3,630)	(2,421)	(1,194)
Tax reclaimable	20	251	-	251	142
Net Income (Expenditure) After Tax		1,460	(3,630)	(2,170)	(1,052)
Transfers between funds	17	(1,466)	1,466	-	-
Gains/(losses) on revaluation of fixed assets	17	-	(2,883)	(2,883)	13,711
Net movement in funds		(6)	(5,047)	(5,053)	12,659
Reconciliation of funds:					
Total funds brought forward	17	2,286	199,448	201,734	189,075
Total funds carried forward	17	2,280	194,401	196,681	201,734

The notes on Pages 32 to 47 form part of these accounts.

NATIONAL MUSEUMS SCOTLAND

ACCOUNTING STATEMENTS

NMS Charity Statement of Financial Activities for the Year Ended 31 March 2024

National Museums Scotland	Notes	2024	2024	2024	2023
		Unrestricted Funds £000	Restricted Funds £000	Total £000	Total £000
Income from:					
Government grants	3/4	28,600	-	28,600	27,762
Other donations and legacies	4	1,504	3,385	4,889	2,838
Total donations and legacies		30,104	3,385	33,489	30,600
Charitable activities	4	2,275	-	2,275	2,260
Other trading activities	4	80	-	80	80
Investments	4	75	-	75	43
Other	4	-	-	-	-
Total		32,534	3,385	35,919	32,983
Expenditure on:					
Charitable activities	6	30,545	7,015	37,560	34,321
Raising funds	6	916	-	916	641
Other	6	-	-	-	2
Total		31,461	7,015	38,476	34,964
Net income/(expenditure)		1,073	(3,630)	(2,557)	(1,981)
Tax reclaimable	20	251	-	251	142
Net Income (Expenditure) After Tax		1,324	(3,630)	(2,306)	(1,839)
Transfers between funds	17	(1,466)	1,466	-	-
Gains/(losses) on revaluation of fixed assets	17	-	(2,883)	(2,883)	13,711
Net movement in funds		(142)	(5,047)	(5,189)	11,872
Reconciliation of funds:					
Total funds brought forward	17	1,658	199,448	201,106	189,234
Total funds carried forward	17	1,516	194,401	195,917	201,106

The notes on Pages 32 to 47 form part of these accounts.

NATIONAL MUSEUMS SCOTLAND

ACCOUNTING STATEMENTS

Consolidated & Charity Balance Sheets as at 31 March 2024

	Notes	Group		Charity	
		2024 £000	2023 £000	2024 £000	2023 £000
Fixed Assets					
Tangible assets	7	175,648	182,955	175,598	182,913
Heritage assets	9	18,382	16,143	18,382	16,143
Investments	12	1	1	200	200
Total Fixed Assets		194,031	199,099	194,180	199,256
Current Assets					
Stocks	13	890	773	-	-
Debtors	14	1,637	1,574	1,571	1,577
Cash at bank and in hand		4,381	5,030	3,895	4,683
Total Current Assets		6,908	7,377	5,466	6,260
Current Liabilities					
Creditors: amounts falling due within one year	15	(4,078)	(4,701)	(3,549)	(4,369)
Net current assets		2,830	2,676	1,917	1,891
Total assets less current liabilities		196,861	201,775	196,097	201,147
Provisions	16	(180)	(41)	(180)	(41)
Net assets		196,681	201,734	195,917	201,106
Financed by:					
Restricted funds:	17	194,401	199,448	194,401	199,448
Unrestricted Funds:	17	2,280	2,286	1,516	1,658
Total Funds		196,681	201,734	195,917	201,106

The Board approved the Annual Report and Accounts on 2 October 2024 and the Accountable Officer authorised them for issue on the same date.

Ian Russell

**CHAIRMAN
IAN RUSSELL CBE**

Date 02 October 2024

Dr Christopher Breward

**DIRECTOR
DR CHRISTOPHER BREWARD**

Date 02 October 2024

The notes on Pages 32 to 47 form part of these accounts.

NATIONAL MUSEUMS SCOTLAND

ACCOUNTING STATEMENTS

Consolidated & Charity Cash Flow Statements for the Year Ended 31 March 2024

	<i>Notes</i>	Group		Charity	
		2024	2023	2024	2023
		£000	£000	£000	£000
Cash flows from operating activities					
Net cash generated by operating activities		3,435	6,374	3,282	6,131
Cash flows from investing activities					
Purchase of property, plant & equipment	7	(1,931)	(4,280)	(1,906)	(4,254)
Proceeds from the sale of property, plant & equipment		-	-	-	-
Purchase of heritage assets	9	(2,239)	(554)	(2,239)	(554)
Interest Received		86	35	75	43
Net cash used in investing activities		(4,084)	(4,799)	(4,070)	(4,765)
Cash flows from financing activities					
		-	-	-	-
Change in cash in the year		(649)	1,575	(788)	1,366
Cash at the beginning of the year		5,030	3,455	4,683	3,317
Cash at the end of the year		4,381	5,030	3,895	4,683
Reconciliation of net income/(expenditure) to net cash flow from operating activities					
	<i>Notes</i>	2024	2023	2024	2023
		£000	£000	£000	£000
Net income/(expenditure) for the reporting period (as per the Statements of Financial Activities)		(2,170)	(1,052)	(2,306)	(1,839)
Adjustments for:					
Depreciation charges	7	6,355	6,050	6,338	6,032
Interest received		(86)	(35)	(75)	(43)
Loss/(profit) on the sale of property, plant & equipment		-	2	-	2
(Increase)/decrease in stocks	13	(117)	(34)	-	-
(Increase)/decrease in debtors	14	(63)	9	6	633
(Decrease)/(increase) in creditors	15	(623)	1,454	(820)	1,366
Increase/(decrease) in provisions	16	139	(20)	139	(20)
Net cash provided by (used in) operating activities		3,435	6,374	3,282	6,131

National Museums Scotland has no current asset investment and no net borrowing or finance lease obligations, and accordingly no cash flows from financing activities.

The notes on Pages 32 to 47 form part of these accounts.

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

1. Accounting Policies

a) Basis of Accounting

The accounts have been prepared under the historical cost convention modified by the revaluation of fixed assets and by the inclusion of notional costs and are in accordance with directions given by Scottish Ministers in accordance with the National Heritage (Scotland) Act 1985. The Accounts Direction is reproduced as an appendix to the accounts.

Without limiting the information given, the accounts meet the requirements of the Charities Accounts (Scotland) Regulations 2006, the Charities and Trustee Investment (Scotland) Act 2005 and accounting standards issued or adopted by the Accounting Standards Board so far as they are appropriate. They also comply with SORP 2019, the Statement of Recommended Practice on the preparation of accounts of charitable organisations based upon FRS102, and with the accounting principles and disclosure requirements of the government Financial Reporting Manual (FReM).

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom and accounting policies have been consistently applied from year to year.

b) Basis of Consolidation

The accounts consolidate those of National Museums Scotland and its subsidiary company, NMS Enterprises Limited. The accounts are consolidated on a line by line basis for assets and liabilities. Uniform accounting policies are used across the group, and intra-group transactions are eliminated upon consolidation.

The National Museums Scotland Charitable Trust ("The Charitable Trust") exists to assist National Museums Scotland and other bodies or persons in the furtherance of museum-related activities. National Museums Scotland cannot exercise control over the Charitable Trust, and the accounts of the Charitable Trust are not consolidated with those of National Museums Scotland.

c) Statement of Financial Activities

Within the Statement of Financial Activities the development activity and the work of NMS Enterprises have been separated from the other categories as they are deemed to be activities intended to raise funds. The other categories of expenditure are deemed to be activities in the furtherance of our objectives.

Support costs are allocated between activities on the basis of gross expenditure in each category.

Costs of raising funds are defined as the salaries, operating costs and overheads of the Development department and of NMS Enterprises Limited.

d) Income

Income is recognised on an accruals basis.

Donations are recognised in the financial statements only when received. Donations received for the general purposes of the charity are credited to Unrestricted Funds. Donations for purposes restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding, except that any amounts required to be retained as capital in accordance with the donor's wishes would be accounted for instead as endowments.

Income may be received associated with an activity or event in a future financial year. This will be carried forward as part of creditors.

Annual membership income is accounted for over the period of membership.

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

1. Accounting Policies *continued*

e) Government Grants

Government Grant-in-aid is unrestricted and accounted for in the year that it is received. Grant-in-aid relating to the acquisition of tangible fixed assets, intangible fixed assets or investments is ultimately credited to the Government Capital Reserve, which funds depreciation over the expected useful lives of the assets acquired. Grant-in-aid received for collections purchases is ultimately credited to the Heritage Assets Fund.

There is no indication that government funding is likely to be withdrawn and the Scottish Government has confirmed that it will continue to work with National Museums Scotland to explore all means of achieving a balanced budget therefore the accounts are prepared on a going concern basis.

f) Pension Contributions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme. National Museums Scotland recognises the expected cost of providing pensions on a systematic and rational basis over the period during which the organisation benefits from employees' services by payment to the PCSPS of amounts calculated on an accruals basis. Liability for payment of future benefits is a charge on the PCSPS. Further information about the pension schemes is disclosed in Note 5.

g) Grants to Outside Bodies

National Museums Scotland may make grants available to outside bodies whose objectives coincide with ours, or if the work will result in additions to our collections. These would be recognised on payment.

h) Non-Recoverable VAT

Non-recoverable VAT is recorded as an expense as it is incurred and is attributed to the activity on which it was incurred.

i) Tangible Fixed Assets and Depreciation

Land and buildings are valued every five years by a professional valuer. Unless a formal evaluation has taken place buildings are re-valued annually using indices supplied by the Building Cost Information Service (BCIS) of Royal Institution of Chartered Surveyors (RICS) to estimate their value. The last formal valuation was in 2024. The method of valuation for specialised properties, that is land and buildings for which there is effectively no market, is depreciated replacement cost. Other properties are valued at fair value for existing use. Equipment is valued at cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs of bringing the asset to its working condition for its intended use.

Depreciation is not provided on land or on buildings under construction, while depreciation is provided in equal annual instalments on the current cost of all other tangible fixed assets over their estimated useful lives, or the expected remaining useful lives of revalued assets. These are principally:

Land & Buildings	up to 60 years
Permanent Galleries	15 years
Leasehold improvements	up to 50 years
Plant & Equipment	3 to 7 years

Items costing less than £5,000 are written off in the year of purchase. Where assets are sold or written off they are shown as disposals in the accounts. Impairment reviews are undertaken when necessary to ensure that the service potential of assets remains undiminished.

Further information about capitalisation and valuation is included in Note 7.

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

1. Accounting Policies *continued*

j) Heritage Assets

A Heritage Asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Artefacts forming part of the National Museums Scotland collections as at 1 April 2001 are not included in the balance sheet due to valuation data not being available.

Objects purchased since 1 April 2001 are included in the balance sheet at cost. Depreciation is not charged and the objects are not revalued. Objects donated since 1 April 2001 are included at valuation where it is practicable to obtain this. Where obtaining a value is not practicable, donated heritage assets are not recognised in the accounts.

The Trustees believe that the collection of National Museums Scotland is unusual as an asset in many ways. It is inalienable, unique, irreplaceable, ancient, fragile and very valuable. It is truly "priceless" in that it cannot be valued meaningfully. This view has been reached due to the number of items, lack of comparative market values and the diverse nature of the collection, so that reliable cost or valuation information cannot be obtained.

Our policies for the acquisition, preservation, management and disposal of heritage assets are available on our website www.nms.ac.uk.

Our collections are on display in public museums or can be accessed by request.

Access to the stores is facilitated by the relevant member of staff, so that visitors are accompanied, to maintain security, ensure health and safety rules are met, and to provide wider context and knowledge about the collection.

k) Investments

Investments in subsidiary companies represent the value at cost of assets transferred to the company.

l) Subsidiary companies

The Board of Trustees of the National Museums Scotland owns the share capital of one subsidiary company, NMS Enterprises Limited.

m) Finance Leases and Operating Leases

Operating leases are charged directly to the Income and Expenditure Account as incurred and are payable on a straight line basis over the lease term.

Where material, finance leases are capitalised in the Balance Sheet along with the corresponding liability for future lease payments.

n) Stocks

Stocks are stated at the lower of cost or net realisable value, based on the first-in-first-out (FIFO) method of valuation, after making due allowance for obsolete or slow moving stock.

o) Financial Instruments

Cash is made up by balances held with the Royal Bank of Scotland which are available on demand and petty cash and float balances at our sites. Trade debtors are made up by balances due from customers at the year end, less any specific doubtful debt provided for. Trade Creditors are disclosed in line with the Liabilities and Provisions policy.

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

1. Accounting Policies *continued*

p) Foreign Exchange Gains and Losses

Any funds held in foreign currency would be translated to the Sterling equivalent at the Balance Sheet date. Gains and losses on translation would be taken to the Income and Expenditure Account.

q) Liabilities and Provisions

Liabilities and provisions are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure.

r) Board Reserve Fund

The net proceeds derived from revenue-earning activities, donations and other sources, excluding Grant-in-Aid, are taken to the Board Reserve Fund. The Board Reserve includes the accumulated profits retained by NMS Enterprises Limited. These funds are available for use at the Board's discretion.

s) Revaluation Capital Reserve

The revaluation reserve records changes in the value of the land and buildings occupied. A full revaluation is undertaken every five years, most recently as at 31 March 2024, with indexation applied each intervening year. These funds are not supported by cash and are not available for use.

t) Designated Funds

The operation of the accounting policies for tangible assets necessitates the creation of designated capital reserves, which are not supported by cash and are not available for use.

u) Agency Arrangements

National Museums Scotland administers on behalf of Scottish Ministers the National Fund for Acquisitions (NFA). Funds, income and expenditure associated with the NFA are excluded from the consolidated accounts.

2. Critical accounting judgements and key sources of estimates

In the application of the above accounting policies, the Board and Accountable Officer are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimation in the valuation of land and buildings and donated assets
In the years between formal valuations, NMS's buildings are revalued using the BCIS All-in Tender Price Index information obtain from a Royal Institution of Chartered Surveyors. Donated Heritage Assets are valued on receipt by staff who have relevant skills knowledge and experience, or by a similarly qualified external valuation expert.

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

3. Government Grant-In-Aid (See Notes 1.e & 3)

Our largest source of funding is government Grant-In-Aid. In Charity Accounting this is accounted for as part of donations and legacies income.

Group and Charity	2024	2023
	£000	£000
Grant-in-aid received:		
Revenue	27,600	24,087
Capital	1,000	3,175
	28,600	27,262
Purchase Grant	-	500
Total received during year	28,600	27,762

The table below shows the outturn for the year against our Grant-In-Aid offer letter.

Current year	Outturn	Offer Letter	Sub Note
	£000	£000	
Cash Items			
Running Costs	27,600	27,605	A
Purchase Grant	-	-	
Capital Grant	1,000	1,000	
	28,600	28,605	
National Fund for Acquisitions (Note 22)	150	150	
	28,750	28,755	
Non-cash Items (Notional)			
Depreciation incl. permanent diminution in value	3,980	3,958	B
	32,730	32,713	

A: Fiscal resource budget included on the offer letter includes £165k for Maths Week Scotland of which £160k was spent in year and £5k has been deferred until 2024/25.

B: For the purposes of the above comparison to the Grant-In-Aid Offer letter the Depreciation figure is shown adjusted for those assets not funded by the Scottish Government (i.e. excluding depreciation funded from the Board Capital Reserve).

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

4. Income (See Note 1.d)

Our main sources of income are grants from government and other bodies which support charitable activity. Entry to the National Museum of Scotland in Chambers Street is free, which is made possible by Grant-in-Aid provided by the Scottish Government. Entry to the National War Museum is also free, although an entrance fee is charged by Historic Environment Scotland for entry to Edinburgh Castle. Entrance charges are retained at other museums.

Significant trading income is generated by our subsidiary NMS Enterprises Limited.

Group	2024				2023	
	Unrestricted £000	Restricted £000	Group Total £000	NMS Total £000	Total Group £000	NMS Total £000
Donations and legacies						
Government grants	28,600	-	28,600	28,600	27,762	27,762
Charitable grants	551	3,385	3,936	3,936	2,474	2,474
Donations	365	-	365	953	364	364
Total	29,516	3,385	32,901	33,489	30,600	30,600
Charitable activities						
Admission charges	1,356	-	1,356	1,356	1,410	1,410
Memberships	367	-	367	367	341	341
Provision of services	141	-	141	141	118	118
Other	228	-	228	411	260	391
Total	2,092	-	2,092	2,275	2,129	2,260
Other trading activities						
Shops and events	4,395	-	4,395	-	4,182	-
Sponsorship	80	-	80	80	80	80
Total	4,475	-	4,475	80	4,262	80
Investments	86	-	86	75	35	43
Other	-	-	-	-	-	-
Total Income	36,169	3,385	39,554	35,919	37,026	32,983

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

5. Staff costs (See Note 1.f)

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Salaries	16,214	14,996	15,007	13,950
National Insurance Costs	1,526	1,472	1,419	1,383
Pension Costs	4,062	3,785	3,938	3,675
Early Retirement	162	12	162	12
Total	21,964	20,265	20,526	19,020

Additional details of staff costs are provided in the Remuneration Report.

6. Expenditure

Group - Unrestricted	2024				2023	
	Direct Cost £000	Support Cost £000	Group Total £000	NMS Total £000	Total Group £000	NMS Total £000
Charitable activities						
Curatorial	5,139	580	5,719	5,719	5,021	5,021
Conservation & Collections Management	2,955	334	3,289	3,289	2,492	2,492
Public displays & events	8,882	1,002	9,884	9,884	9,325	9,325
Security and Support Services	3,119	352	3,471	3,471	3,218	3,218
Marketing	1,417	160	1,577	1,577	1,478	1,478
Estates and Buildings	5,637	636	6,273	6,273	4,773	4,773
Governance costs	298	34	332	332	875	875
Total	27,447	3,098	30,545	30,545	27,182	27,182
Raising funds (including Cost of Sales)						
Development	823	93	916	916	641	641
Trading: cost of goods sold and other costs	3,499	-	3,499	-	3,256	-
Total	4,322	93	4,415	916	3,897	641
Total Expenditure	31,769	3,191	34,960	31,461	31,079	27,823
Group - Restricted						
	Direct Cost £000	Support Cost £000	Group Total £000	NMS Total £000	Total Group £000	NMS Total £000
Charitable activities						
Curatorial	806	-	806	806	996	996
Conservation & Collections Management	14	-	14	14	18	18
Public displays & events	1,695	-	1,695	1,695	1,817	1,817
Estates and Buildings	4,500	-	4,500	4,500	4,308	4,308
Total	7,015	-	7,015	7,015	7,139	7,139
Other	-	-	-	-	2	2
Total Expenditure	7,015	-	7,015	7,015	7,141	7,141

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

7. Tangible Assets (See Note 1.i)

National Museums Scotland holds title to the National Museum of Scotland main building on Chambers Street with the exception of the extension, which is still held in the name of the Scottish Ministers. It also holds title to the National Museums Collection Centre at Granton in north Edinburgh and the National Museum of Flight in East Lothian. Buildings at the National Museum of Rural Life are owned by the National Trust for Scotland, and the premises of the National War Museum at Edinburgh Castle are in the care of Historic Environment Scotland. National Museums Scotland owns the museum displays and other fittings and facilities at each site. We have full operational use of these assets and are responsible for their upkeep and maintenance.

To comply with the requirements of the Government Financial Reporting Manual (FRoM) National Museums Scotland includes its fixed assets at their value to the business by reference to current costs, indexed to the Royal Institution of Chartered Surveyors (RICS) BICS indexation. Every 5 years properties are valued by External Valuers. All the properties were valued by District Valuer Services (DVS) of the Valuation Office Agency in the capacity of External Valuers as at 31 March 2024.

The valuations have been undertaken on the undernoted bases in accordance with the RICS and RICS UK National Supplement. Properties regarded by National Museums Scotland as operational are valued on the basis of Existing Use Value or, where this could not be assessed because there was no market for the asset, on the basis of the Depreciated Replacement Cost subject to the prospect and viability of the occupation and use.

	Group				
Cost or valuation £000	Land & Buildings	Leasehold Imprvmnts	Permanent Galleries	Plant & Equipment	Total
1 April	262,479	5,969	42,546	5,735	316,729
Additions	965	596	4	366	1,931
Transfers	-	-	-	-	-
Disposals	-	-	-	(70)	(70)
Revaluations	(266)	172	-	-	(94)
31 March	263,178	6,737	42,550	6,031	318,496
Accumulated Depreciation					
1 April	94,614	1,853	33,041	4,266	133,774
Charge for year	4,377	123	1,545	310	6,355
Disposals	-	-	-	(70)	(70)
Revaluations	2,735	54	-	-	2,789
31 March	101,726	2,030	34,586	4,506	142,848
Net Book Value					
31 March	161,452	4,707	7,964	1,525	175,648
1 April	167,865	4,116	9,505	1,469	182,955

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

7. Tangible Assets *continued* (See Note 1.i)

Charity					
Cost or valuation £000	Land & Buildings	Leasehold Imprvmnts	Permanent Galleries	Plant & Equipment	Total -
1 April	262,479	5,969	42,546	5,227	316,221
Additions	965	596	4	341	1,906
Transfers	-	-	-	-	-
Disposals	-	-	-	(48)	(48)
Revaluations	(266)	172	-	-	(94)
31 March	263,178	6,737	42,550	5,520	317,985
Accumulated Depreciation					
1 April	94,614	1,853	33,041	3,800	133,308
Charge for year	4,377	123	1,545	293	6,338
Disposals	-	-	-	(48)	(48)
Revaluations	2,735	54	-	-	2,789
31 March	101,726	2,030	34,586	4,045	142,387
Net Book Value					
31 March	161,452	4,707	7,964	1,475	175,598
1 April	167,865	4,116	9,505	1,427	182,913

The charge for depreciation and diminution in value comprises:

Group and Charity	2024	2023
	£000	£000
Tangible assets depreciation	6,338	6,032
NMS Enterprises tangible assets depreciation	17	18
	6,355	6,050

8. Commitments

Committed but not provided for in the Accounts	Group	
	2024	2023
	£000	£000
Capital expenditure:		
Other capital projects	143	427
Total Commitments	143	427

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

9. Heritage Assets (See Note 1.j)

National Museums Scotland and its predecessor bodies have acquired objects for the collections over the previous two centuries. The collections cover geological, archaeological, scientific, engineering, artistic, historic and cultural subjects and are used for the purposes outlined in the Trustees' Annual Report.

National Museums Scotland has been required to capitalise the cost of artefacts acquired since 1 April 2001. Artefacts acquired in the centuries prior to 1 April 2001 are excluded because reliable cost information is not available. As the collection is held and cared for in perpetuity depreciation and impairment does not arise.

National Museums Scotland considers that valuation of the 12 million objects in the collections would be impracticable and would have no beneficial purpose commensurate with the cost of valuation.

The cost of acquisitions and the source of funding over the last five years are summarised below. No assets have been disposed of, depreciated or impaired. Included within 'Others' are assets valued at £1,256k donated under HMRC's Cultural Gifts Scheme.

Group and Charity	2024	2023	2022	2021	2020
	£000	£000	£000	£000	£000
Opening balance	16,143	15,589	11,198	11,071	10,951
Government Grant	331	112	247	87	85
NMS Charitable Trust	260	45	345	24	14
Art Fund	250	23	324	16	18
National Heritage Memorial Fund	135	-	810	-	3
Others	1,263	374	2,665	-	-
Closing balance	18,382	16,143	15,589	11,198	11,071

10. Intangible Assets

No intangible assets are held by National Museums Scotland.

11. Leases (See Note 1.m)

National Museums Scotland has one finance lease. The Exhibition Building at National Museum of Rural Life is leased from the National Trust for £1 per annum on a 99 year lease. The present value of future lease payments is less than £100 and has not been recognised in these accounts.

The farm buildings and land at National Museum of Rural Life are held under an operating lease. Payments under this are shown as rent of £26k in the accounts (2022-23: £26k). Future rental commitments at 31 March were as follows:

Land & Buildings	Group and NMS	
	2024	2023
	£000	£000
Not later than one year	26	26
Later than one year and not later than five years	105	105
Later than five years	1,869	1,895

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

12. Investments (See Notes 1.k & 1.l)

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Opening & Closing Balance	1	1	200	200

NMS Enterprises Limited, a wholly-owned subsidiary of National Museums Scotland, holds 600 ordinary shares of £1 each in the Scottish Book Source Ltd. The trustees believe that the carrying value of the investments is supported by their underlying assets.

The Board of Trustees of the National Museums Scotland owns 200,000 £1 shares in NMS Enterprises Limited.

13. Stocks (See Note 1.n)

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Stocks Held for Resale	890	773	-	-

The current cost value of stocks is not materially different from historical cost and, accordingly, no adjustment has been made to reflect current cost.

14. Debtors (See Note 1.o)

Receivable Within 1 Year:	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade Debtors	389	450	91	139
Less: Provision for Amounts not recoverable	-	(4)	-	-
Charitable grant debtors	443	266	443	266
Subsidiary Company	-	-	212	248
VAT Recoverable	431	573	530	688
Prepayments	374	289	295	236
	1,637	1,574	1,571	1,577

In August 2020, the Board of National Museums Scotland agreed a £1 million loan facility, on commercial terms, in favour of NMS Enterprises Ltd. As at the 31 March 2024, the balance on the loan due to National Museums Scotland from NMS Enterprises Ltd was £nil (2023: £100,000).

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

15. Creditors: amounts falling due within one year (See Note 1.q)

	Group		Charity	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade creditors	(1,194)	(1,415)	(1,178)	(1,379)
Accrued expenditure	(1,493)	(2,103)	(1,333)	(2,003)
Taxation and social security	(362)	(324)	(337)	(302)
Income received in advance	(1,029)	(859)	(701)	(685)
	(4,078)	(4,701)	(3,549)	(4,369)

	Membership income received in advance		Other income received in advance	
	Group	Charity	Group	Charity
	£000	£000	£000	£000
Balance at 1 April 2023		(218)	(218)	(641)
Income received and deferred in year		(175)	(175)	(855)
Released in year		218	218	642
		(175)	(175)	(854)

16. Provisions (See Note 1.q)

These costs have been incurred before the balance sheet date but the precise value and timing of payment is not known at that date. The provision relates to injury benefit costs due to one individual for life. The provision is based on the current rates payable and average life expectancy data available from the Office for National Statistics.

Group and Charity	Injury Benefit	2024 Total	2023 Total
	£000	£000	£000
Opening balance 1 April	(41)	(41)	(61)
Add: Provisions During Year	(162)	(162)	(12)
Less: Released During Year	-	-	-
Less: Paid During Year	23	23	32
Closing Balance 31 March	(180)	(180)	(41)

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

17. Reserves – Restricted and Unrestricted (See Notes 1.r, 1.s & 1.t)

	Fund brought forward £000	Income £000	Expenditure £000	Transfers between funds £000	Gains and losses (Note 6) £000	Fund carried forward £000
Restricted						
Board Capital Reserve	34,795	296	(2,065)	569	-	33,595
Government Capital Reserve	67,092	-	(3,980)	1,000	-	64,112
Revaluation Capital Reserve	80,211	-	-	-	(2,883)	77,328
Heritage Assets Fund	16,757	1,908	-	-	-	18,665
Other Restricted Funds	593	1,181	(970)	(103)	-	701
Total	199,448	3,385	(7,015)	1,466	(2,883)	194,401
Unrestricted						
<i>Designated</i>						
Board Capital Reserve	1,427	-	(293)	341	-	1,475
Board Reserve - NMS	231	31,011	(30,396)	(807)	-	39
General Fund	-	1,000	-	(1,000)	-	-
Total - Charity	1,658	32,011	(30,689)	(1,466)	-	1,514
Board Reserve - NMSE	628	4,409	(4,271)	-	-	766
Total - Group	2,286	36,420	(34,960)	(1,466)	-	2,280
Total Reserves	201,734	39,805	(41,975)	-	(2,883)	196,681

There are three types of restricted fund:

a) *Capital Reserves*

These funds represent funding for expenditure which has been capitalised as Tangible Assets in the balance sheet where either the funds received were subject to restrictions (e.g. Heritage Lottery Fund receipts held in the Board Capital Reserve) or the funds were used to create assets the uses of which are themselves subject to restrictions (e.g. capital Grant-in-Aid held in the Government Capital Reserve). These will fund the future depreciation costs arising from those assets.

The Revaluation Capital Reserve represents the difference between the current and historic value of the Tangible Assets subject to disposal restrictions. Current valuations are subject to annual indexation with a full independent review every five years. The fund will be used to offset part of future depreciation costs or future reductions in valuation arising from reviews.

b) *Heritage Asset Fund*

The Heritage Assets Fund represents funding for capitalised expenditure on the items added to the Collection since 2001, the disposal of which is subject to legal restriction. These funds come from various sources (e.g. Heritage Lottery Fund, Art Fund) and may be subject to further restrictions tied to the funding received.

c) *Other Restricted Funds*

Other restricted funds are maintained when funding is being held for a donor specified future purpose. These funds have not yet been used and are available to meet future restricted expenditure.

There are three types of unrestricted fund:

a) *Designated Funds*

The Board Reserve is partly used to fund Tangible Assets that are not subject to restrictions and which are therefore unrestricted. The designated Board Capital Reserve represents expenditure which has been capitalised as Tangible Assets in the balance sheet where there are no funding or disposal restrictions. It will fund future depreciation costs arising from those assets.

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

17. Reserves – Restricted and Unrestricted *continued* (See Notes 1.r, 1.s & 1.t)

b) Available Funds

The only reserves which are directly available to support the future delivery of charitable activities are the General Fund, which is now held at zero, and the Board Reserve - NMS, which holds the accumulated surplus or deficit through the non-government revenue raising activities of the charity. These are maintained at a low level as part of operating within the government financial framework.

c) NMS Enterprises Limited

This represents the accumulated profits of the subsidiary company which either support the ongoing operations of the company or will be distributed to NMS as the parent organisation. In effect these are part of the Board Reserve and should be considered as available funds alongside the Board Reserve – NMS.

18. Net Assets held in Reserves

Group and NMS	Restricted Funds	Designated Capital Reserves	Board Reserve	Total	NMS Enterprises Limited	Group Total
	£000	£000	£000	£000	£000	£000
Tangible assets	174,123	1,475	-	175,598	50	175,648
Heritage assets	18,382	-	-	18,382	-	18,382
Investments	-	-	200	200	(199)	1
Current Assets	1,896	-	3,570	5,466	1,442	6,908
Current Liabilities	-	-	(3,549)	(3,549)	(529)	(4,078)
Long-term liabilities	-	-	(180)	(180)	-	(180)
Balance at 31 March 24	194,401	1,475	41	195,917	764	196,681

The Board Reserve held in both the charity and its subsidiary (NMS Enterprises) is available for use and is held at not less than £250,000 in totality. Profits from NMS Enterprises are gifted to NMS one year in arrears.

19. Related Party Transactions

National Museums Scotland is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Government (Culture and Historic Environment division). During the year National Museums Scotland received material levels of income from the Scottish Government as disclosed in Note 2.

The National Museums of Scotland Charitable Trust (“NMSCT”) exists to advance education in matters agricultural, archaeological, architectural, cultural, environmental, historical, industrial, military, scientific and social. During the year Ian Russell and Laura Young, Trustees of National Museums Scotland, were also Trustees of NMSCT. National Museums Scotland received £426k in grants from NMSCT during the year (2022-23: £45k). No amounts (2022-23: £470k) were transferred to NMSCT as funding to be drawn down for future use. Prior year transfers were made with the approval of the Scottish Government and related to donations which were not able to be spent in the year in which they were received.

The following Trustees were also members of the NMS Enterprises Limited Board of Directors during 2023-24 and remain on the NMS Enterprises Board: Adam Bruce, Janet Stevenson, Mimi Brophy and Bridget McConnell.

During the year NMS purchased the *Ilay-Glynnie Dial* for the collection from a close family relation of Laura Young for £750k. The transaction was undertaken on an arms-length basis and Laura Young was not involved in any discussions or decisions taken around the acquisition.

No other Trustees, members of key management personnel or related parties entered into any material transaction with National Museums Scotland during the year.

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

20. Taxation

National Museums Scotland has been granted charitable status by the Scottish Charity Regulator (OSCR) and is entitled to tax exemptions on income and profits from investments and surpluses on any trading activities carried out in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

In the year National Museums Scotland has made an Exhibition Tax Relief claim of £251k (2022-23 £142k).

National Museums Scotland receives a distribution of profits from NMS Enterprises one year in arrears. For 2023-24 NMS Enterprises Limited will distribute profits of £726k (2022-23: £588k) via Gift Aid. Payment of gift aid eliminates any liability of the subsidiary to Corporation Tax in that year.

21. Subsidiary Company (Note 1.1)

NMS Enterprises Limited, a company registered in Scotland (Company number SC171820), is a wholly owned subsidiary of National Museums Scotland set up to promote and develop our commercial activities by:

- Managing commercial facility hire and catering activities,
- Operating the shops in our museums,
- Publishing books, and
- Developing our intellectual property.

The results for the year to 31 March 2024 are summarised in the following table:

	2024	2023
	£000	£000
Turnover	4,395	4,182
Cost of goods sold	(1,814)	(1,743)
Administrative costs	(1,869)	(1,662)
Trading profits/(losses) from continuing operations	712	777
Interest Income/(Cost)	14	10
Corporation Tax on Profits	-	-
Profit reported in Consolidated I&E Account	726	787
Reserves at 1 April	628	(159)
Profit for the year	726	787
Profit distributed in year	(588)	-
Reserves at 31 March	766	628

NMS Enterprises Limited has retained profits of £766k and total shareholders' funds of £966k as at 31 March 2024.

22. Contingent Liabilities

There are no contingent liabilities as at the 31 March 2024.

**NATIONAL MUSEUMS SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

23. National Fund for Acquisitions (See Note 1.u)

	2024	2023
	£000	£000
Balance at 1 April	154	208
Grant Received	150	150
Disbursements	(209)	(204)
Balance at 31 March	95	154

As agents of Scottish Ministers, National Museums Scotland administers the National Fund for Acquisitions (NFA). As an agency arrangement, the Fund and its income and expenditure are not included in the consolidated accounts.

The allocation from Ministers for the financial year 2023-24 was £150k (2023-23: £150k). During the year 54 (2022-23: 50) payments totalling £209k (2022-23: £204k) were made to 29 (2022-23: 31) organisations, supporting acquisitions worth £530k (2022-23: £700k).

Further information on the Fund is available on our website at <http://www.nms.ac.uk/about-us/services-and-expertise/national-fund-for-acquisitions/>.

24. External Audit

Audit Scotland was appointed by the Auditor General Scotland as our External Auditors, for which external audit fees were incurred in 2023-24 of £35k (2022-23: £33k). No other services were bought from this organisation.

25. Date of Issue of Accounts

The accounts are authorised for issue on the date they are signed by the Accountable Officer and Trustees and must be laid before Parliament before being released.

26. Post Balance Sheet or Significant Events

There are no material post balance sheet events prior to the date of issue of the financial statements.

There were no significant events or material uncertainties beyond the risks which have been identified in the Trustees Annual Report and Governance Statement.

FINANCIAL MEMORANDUM: APPENDIX 2



NATIONAL MUSEUMS OF SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 9(3) of Schedule 1 to the National Heritage (Scotland) Act 1985, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 21 November 2002 is hereby revoked.

A handwritten signature in black ink, appearing to read 'David Stewart', written over a horizontal line.

Signed by the authority of the Scottish Ministers

Dated 31 March 2006