

Presented pursuant to c.44, para 9(7), Museums and Galleries Act 1992

National Museum of Science & Industry Account 2003-2004

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 1 NOVEMBER 2004

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Foreword and Annual Report

1 History

The Science Museum has its origins in the South Kensington Museum set up soon after the Great Exhibition of 1851. The National Railway Museum (NRM), which opened in 1975, was established as a result of the transfer of the British Transport Commission's railway collection to the Board of Trustees of the Science Museum. The National Museum of Photography, Film and Television (NMPFT) was established in 1983 with the support of Bradford City Council as part of the Council's economic redevelopment. Wroughton, a former World War II airfield, was made available to the Museum by the Ministry of Defence in 1979.

2 NMSI now

The National Museum of Science & Industry (NMSI) is the world's pre-eminent museum devoted to the history and contemporary practice of science, medicine, technology and industry. It exists to engage people in a dialogue to create meanings from the past, present and future of human ingenuity. Its collections, in the fields of science, technology, medicine, industry, transport and media, are the largest, most comprehensive and most significant in their field anywhere in the world. NMSI incorporates the Science Museum, the Science Museum Library and the Wellcome Museum of the History of Medicine at South Kensington; the National Railway Museum at York; the National Museum of Photography, Film and Television at Bradford; Wroughton near Swindon; and Concorde 002 with its associated exhibition at Yeovilton. Collections stores are at Wroughton; Blythe House in West Kensington; Foundry Lane in York and Black Dyke Mills in Bradford.

3 Legal status

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

4 Framework for operation

The Department for Culture, Media and Sport (DCMS) agreed a Management Statement and Financial Memorandum with the Museum in 2002-2003; continuing receipt of the Grant is dependent upon the Museum's compliance. This sets out DCMS policy and financial requirements which include the relevant provisions of Government Accounting and such other guidance as the Treasury, Cabinet Office or DCMS have issued. It also describes the delegated powers and limits. A Funding Agreement between DCMS and NMSI is now in place. This defines the commitments by each party for future years.

5 NMSI mission, values and objectives

NMSI has set out a bold strategic vision for the role that its Museums should play in the twenty-first century: **We engage people in a dialogue, to create meanings about the past, present and future of human ingenuity.** NMSI activities are characterised by six fundamental values

- we create social capital;
- we champion sustainable development;
- we offer the real thing;
- we maintain integrity and quality;
- we create enjoyment; and
- we encourage boldness and innovation.

To deliver this vision, NMSI plans to exploit its unique selling points - first-rate expertise, unequalled venues, pre-eminent collections and real experiences - to the full. It will provide a unique forum for debate about society's relationship with science and technology, medicine, transport, sustainable development, the media, photography, film and television. It will use technological advances and the proliferation of electronic and broadcasting channels to address new audiences. It will develop seamless suites of major exhibition, publication, traditional broadcast, interactive broadcast, Web, broadband, wireless and new-media projects to maximise outreach.

NMSI will continue to take full heed of governmental objectives. These include DCMS strategy that emphasises cultural activity for young people, offering cultural opportunities to new audiences, increasing the productivity of tourism and the creative and leisure industries and delivering value for money through modernising services. New legislation and requirements in areas such as disability, pension provision, national insurance, freedom of information, electronic records management, and new Treasury source accounting procedures will all be respected. NMSI will favour agendas that encourage geographical and social inclusion and the democratic processes of public participation.

6 Management

The Board of Trustees of the Science Museum is responsible for the whole of NMSI. The Trustees, who may number between 12 and 20, are appointed by the Prime Minister and are responsible to him or her through DCMS. The Director of NMSI, as Chief Executive Officer, is responsible to the Board of Trustees and is accountable to the DCMS for compliance with the Management Statement and Financial Memorandum.

The main decision-making body within NMSI is the Executive Committee made up of the Director of NMSI, the Head of each Museum, the Chief Executive of NMSI Trading Ltd and the Heads of NMSI-wide functions: Human Resources and Change Support, Planning & Development, Sustainable Development, Finance, Information Technology and Corporate Communications. NMSI Executive Committee is accountable to the Board of Trustees and DCMS. It is responsible for resource allocation, leading strategic management, developing the cultural agenda and sustaining NMSI values.

The names of the Trustees and the members of the Executive Committee are set out in Appendix 1. Addresses are set out in Appendix 6. The structure of Trustee sub-committees was reviewed in 2002-2003 and a new structure has been introduced in 2003-2004. New Sub-Committees of Trustees have been set up for Creative Planet, NMPFT, NRM, the Science Museum and the Wellcome Wolfson Building. Details of the memberships of the Sub-Committees are set out in Appendix 1.

7 NMSI modernisation programme

The new vision for NMSI included a three-year programme of modernising and reform measures which was set in train in 2002. This programme, now more than half way through, will ensure, when completed, that NMSI is fully audience-focused, efficient and effective in the delivery of services. It is also an important contribution to the wider government initiative. The modernisation programme has already resulted in efficiency savings in staff costs, in procurement and other areas of delivery.

The NMSI modernisation programme has, over the last two years, incorporated reform of management and staff structures, resulting in a 'flatter' structure and putting more staff in audience-focused jobs; it has also simplified pay structures and abolished old-fashioned working processes to ensure that operational needs are met in the most flexible and cost effective way. Having made a commitment to modernising pay and moving towards being a median-rate payer in comparable public sector areas, NMSI has started to implement this and has reached a position where, in the majority of grades, staff are receiving median pay compared with the nearest public sector equivalent.

In parallel with these reforms NMSI has integrated its business planning, risk management and performance management processes, while maintaining care for the national collections. Staff have noted improvements in museum management.

To ensure that the potential of managers is maximised for the benefit of NMSI and the individuals concerned, investment is being made in improved executive and management development. By July 2004, all managers currently in post will have participated in competency-based training, and an induction course specifically for new managers has been introduced.

The move to electronic records management is seen as an important efficiency and modernising measure for NMSI as well as meeting government modernising requirements. NMSI has investigated, through a full feasibility study, how this might be implemented and the cost of a system to achieve full compliance for NMSI is estimated at £830,000. Owing to the geographical spread of the NMSI museums, a further £150,000 would be required to network the system. Without additional funding, however, this work cannot be taken further so a bid has been submitted to government within the Spending Review 2004.

In the field of Health and Safety, NMSI has made considerable progress in policy, organising, planning and implementing, measuring performance, reviewing performance and constant auditing, and an independent review was commissioned to take place over March/April 2004 to inform the direction of future improvements.

8 Staff communications

Good staff communications are a high priority across NMSI. Regular staff briefings by the Director, NMSI and the Heads of Museums on strategic issues such as the modernisation programme have been introduced, while operational matters are circulated to all staff by email and put on the intranet.

The formal means for staff to raise matters of concern remains through meetings of the elected trades unions officials with management. NMSI has maintained effective relations with the trades unions during the modernisation programme through regular consultation meetings and as a result of agreement of a set of protocols to support the programme.

As a cornerstone of staff communication and involvement, the NMSI Performance Management Process has been revised to create a system which helps managers and the people they manage to communicate better. This process follows an annual cycle linked to the strategic planning process; it incorporates objective setting that is consistent with the vision and values of the NMSI (as well as the aims and objectives of each museum or department) and is precise, specific and challenging but attainable. It also identifies training needs and ensures that these are addressed.

An annual staff survey, first carried out as part of the 2000 Strategic Review, has been made a permanent part of performance management. It enables staff to voice their opinions and contribute to planning changes and strategies. Whilst responses are anonymous so that individual confidentiality is assured, analysis is done on an aggregated basis and a summary of the results is put on the intranet for all staff to see. The 2003 Staff Survey showed that ratings by staff (the outcome used to measure improvement in how NMSI is perceived as an employer) on nearly all aspects have shown some improvement compared with a year ago.

In 2003-2004 improvements have been made to the intranet, including a complete redesign, new content and better links. A page on the intranet for staff questions, comments and suggestions gives all staff the opportunity to put these to the NMSI Executive Committee about any area of NMSI business at any time. Questions, comments and suggestions are posted onto the intranet whether or not they need an answer. Constructive criticism is welcomed and staff can remain anonymous if they choose. Management has given a commitment to give honest responses and, when appropriate, to explain the reason if they are not able to answer a question.

9 Information technology

In addition to the improvements to the intranet, a newly integrated email/diary system and PDA mail systems have resulted in more productive use of staff time. Video conferencing has been introduced and has saved travel costs and staff time.

Phased hardware replacement and investment in information systems have also been implemented, giving savings in downtime of approximately 33,000 person hours per year and new and more stringent IT security systems have resulted in a further saving of staff time through (mainly) un-interrupted services and elimination of most spam.

Centralised IT management systems have resulted in faster system availability for Finance and HR NMSI-wide functions. The introduction of a new finance system with online purchase ordering has also saved staff time and paperwork (as no orders or invoices need to be circulated for authorisation). NMSI has introduced direct access to financial management information online for managers which reduces duplication of records, enables earlier access to data and enables improved control and decision-making. To support these improvements the IT Unit has taken on an in-house IT Trainer rather than buy in the necessary IT training; this has had added value, estimated at £250,000, in enabling additional courses and has greatly improved NMSI staff IT skills resulting in less support overheads.

10 Sustainable development

NMSI as an organisation has made a commitment to champion sustainable development and has made this commitment one of NMSI's core values. This commitment to learn and change will be met by

- being an example of sustainable development - economic, environmental and social performance;
- directly and creatively engaging visitors, peers, business and government in science, technology and innovation issues; and
- becoming an expert by building organisational knowledge and becoming an information hub for sustainable development.

The last year has seen a wide range of actions and activities that take NMSI towards goals in the field of sustainable development. Energy use and carbon dioxide emissions have been successfully reduced and recycling of waste has been increased. For the first time, quantitative measures have been introduced to facilitate assessment of the organisation's environmental performance. Whilst measuring and reporting environmental performance will not deliver improvement, it focuses attention on important issues and helps to define a baseline against which future improvement targets can be set.

'Green Teams' have been established at all NMSI sites. These are small groups of staff members from a variety of disciplines who now dedicate one day a month to environmental issues. These teams have been working to influence and engage other members of staff. The Green Teams and the special efforts of exhibition project teams are building internal expertise and contributing to a strategic change in the way NMSI works and the materials used throughout the organization.

11 NMSI-wide projects and planning and development

The NMSI Planning and Development Unit works across the organisation to drive NMSI's vision through strategic planning, projects and policy work.

In 2003-2004 the Unit focused on supporting the Museums and national functions in developing their Business Plans and managing the development and use of the Balanced Scorecard. This highlighted the strategic priorities for the coming year and reports were made quarterly to the Trustees. Projects supported by the unit as NMSI-wide priorities during the year included reviews of Trading functions, developing and trialling an Intellectual Property Rights policy, facilitating planning events at Wroughton and York and carrying out options appraisals relating to the review of the Science Museum Library and Blythe House store. In addition, it undertook collaborations with media partners, began the development of an improved project management process, and carried out an ideas-generation and development exercise to support the 'blockbuster' programme. In parallel, the development of cultural projects has been carried forward by defining and co-ordinating a programme of

public exhibitions, programmes, virtual products and other activities. The initial stages of major projects have been facilitated by work on the Creative Planet project together with a feasibility study on the Rapid City project.

NMSI-wide projects with the exception of *Icon.net*, *Ingenious* and *SIN* are described within each Museum.

Icon.net

Icon.net is a framework for joining up the content and experience of the electronic NMSI, using the integration of toolkits to create a learning environment that is packaged to reinforce the NMSI brand. It will use the best contemporary and emergent new media channels to provide a flexible, audience led and decentralised learning network through an invisible set of toolkits based on best of breed standards that will change and grow with the organisation.

The principal outputs will be a range of traditional broadcast, interactive broadcast, Web, broadband, wireless and other new-media programmes linked to museum displays and outreach.

The media strategy research group, Human Capital, have now completed their report on developing a broadcast strategy that will provide the framework for the next stage of *Icon.net* to help NMSI ensure that it deals with specifically broadcast media in a consistent and coherent way.

Ingenious and *SIN*

2003-2004 saw the successful completion of two NMSI-wide digitisation projects, *Ingenious* and *SIN*, both funded by the New Opportunities Fund. These projects set out to record and make electronically available to a wider audience some of NMSI's vast cultural resources. Digitisation will give direct access to information for users of the Internet at locations and times of their choosing, so increasing access.

The *Ingenious* project will be a world-leading, provocative and engaging source of stimulus and learning for adults. The website has, so far, involved digitisation of 30,000 of NMSI's images, 20,000 library records and the writing of 34 topics, made available to the public via the NOF site www.enrichuk.org.uk while *SIN* (Science, Invention and Nature) is a gateway (also co-funded by the New Opportunities Fund) that has been linked to partner sites to provide access to *Ingenious* and to three other NOF-supported sites.

Ingenious promotes material from across all of the NMSI family of museums; the quality is high and the product innovative, with no match in the world. The project has generated a substantial digital asset and a digitisation infrastructure throughout NMSI. A project review is being conducted to see what can be learnt for future NMSI electronic projects and audience evaluation will also be undertaken.

12 Review of activity throughout NMSI in 2003-2004

Science Museum

The Science Museum welcomed record numbers of visitors in 2003-2004, largely in response to the successful policy of free admission for all to the Museum and exciting temporary exhibitions. *Titanic: The Artefact Exhibition*, which included objects recovered from the sea-bed, was very popular and received excellent press coverage, with the additional attraction of the screening of James Cameron's IMAX film *Ghosts of the Abyss*.

This was followed by unprecedented visitor and press interest in *The Lord of the Rings Motion Picture Trilogy - The Exhibition*, the Science Museum being the only European venue on its worldwide tour. *The Lord of the Rings* has proved to be the most popular special exhibition ever held at the Science Museum, with over 257,000 tickets being sold. In February the Museum's own hugely successful interactive exhibition, *Science of Sport*, returned alongside the new IMAX film *Top Speed* for what promises to be a sporting year.

The Museum's website has had its most popular year ever, receiving over 4 million visits. The Science Museum also continued to hold the top spot on the Google internet search engine in the face of strong international competition, with all top three search results for 'science museum' listing the Science Museum or NMSI.

The Science Museum's new Dana Centre in the Wellcome Wolfson Building was formally opened in November by Professor Sir Robert May, President of the Royal Society. The building was funded by the Wellcome Trust, the

Wolfson Foundation, the Garfield Weston Foundation and the Dana Foundation. The Museum welcomed the BA (British Association) and EDAB (European Dana Alliance for the Brain) as partners in the new centre, which comprises a suite of events and performance spaces, digital broadcast facilities and a café. The Centre's programme of events has involved partnership not only with the BA and EDAB, but also with a wide range of organisations including the BBC and Channel 4. Since opening, it has hosted a wide range of innovative and experimental adult debates, talks, demonstrations, stand-up comedy and interactive quizzes on a range of topical and controversial science issues. The Centre has attracted wide media recognition as a successful and leading-edge venue for its largely young-adult target audience.

Partnership has been a recurrent theme for the Museum this year. As well as Dana Centre events, many exhibitions have been collaborative ventures including a series of exhibitions on a medical theme in partnership with the Wellcome Trust: *Treat Yourself*, concerning the history and current practice of self-treatment, and *Pain: Passion, Compassion, Sensibility*, examining the cultural place of pain and the role of science in shaping our beliefs, understanding and ability to control it.

The temporary exhibition *Exclusive! Tales from the Tabloid Frontline* gave the project team the opportunity to work closely with the Daily Mirror to present to visitors how one British newspaper has brought the news to the public for 100 years. The Museum has also hosted two outstanding photographic exhibitions - *the Novartis* and *Daily Telegraph 'Visions of Science'* photographic awards, in partnership with NESTA - and *Geographical* magazine's Photographer of the Year awards. Both exhibitions were visually stunning as well as featuring strong science content.

Family and schools events continued to be very popular. The number of high-profile science anniversaries - 50 years since the discovery of the structure of DNA, 200 years since Dalton's atomic theory, 100 years since the first piloted flight - saw a number of visitor events linked to these celebrations. The number of children attending charged schools events has increased from 10,000 to over 13,000 this year, with events in the form of storytelling and lecture theatre shows continuing to prove attractive. The Museum has also introduced art tours in the Wellcome Wing, interpreting the 13 pieces of contemporary art. The Museum also hosted the official public launch of the Faulkes Telescope Project, which provides two professional quality astronomical telescopes for use by UK schools. This event was fully booked by schools and had extensive coverage in the press and media.

Outreach projects have featured highly in Science Museum activities with projects focusing on both schools and community groups. *Creative Canal*, an ambitious project funded by DCMS in partnership with the London Canal Museum, the Ragged School Museum and Beauchamp Lodge - a charity that runs a floating classroom on the Regents Canal - was started in the year. The project links the partners through innovative science education and will benefit 3,000 children from disadvantaged areas. Black History Month was a great success in 2003-2004, with 100% of offers being taken up, pushing attendance up to 1,000, helping the Museum to gauge progress in developing relationships with specific communities.

The Deutchesbank-funded project has continued this year, reaching 8,000 school children. The project focuses on London schools that perform poorly in science tests, reaching out to the schools and hosting visits back at the Museum. NMSI has also provided teacher training to sustain the relationship. NMSI has also entered a partnership with a school in Stockwell that has been under OFSTED's 'special measures' (a school regarded as providing an unacceptable level of education, which is given support to rectify the situation). The project is training teachers, running science sessions at the school, hosting visits and seeking to improve the science provision at this primary school.

The Science Museum, with the Institute of Education, University College London and Birkbeck College, has been awarded the contract to set up and run the DfES-funded London Regional Centre for Science Learning. Through this forum the Science Museum will play a key role in the training of science teachers from across London. The first trial courses for teachers at the Science Learning Centre, to develop teachers' skills in using museum objects and contemporary art to teach science, ran in February and March.

In the sphere of collections, the Science Museum contributed scientific instruments and expertise to the *Enlightenment Gallery*, housed in the room of the former King's Library at the British Museum, recently restored to its original glory as one of London's finest and most beautiful neo-Classical interiors. Significant acquisitions include the UK's first mobile magnetic resonance imager (MRI) which occupies a bus! The MRI was developed by Professor Donald Longmore and associated with the Brompton Chest Hospital.

The Science Museum press office won a prestigious award for its *Grossology* campaign at the annual Institute of Public Relations Excellence Awards. The award was given for best campaign across arts, sports, leisure and tourism, beating entries from commercial organisations and other museums.

Future developments at the Science Museum include a new highly interactive exhibition, *Energy*, aimed at a family audience and due to open in July 2004. The exhibition will include an exhibition space; an interactive art work occupying the East Hall atrium; 'Find Out More Stations' linked to the website and an outreach programme; hands-on interactive exhibits encompassing innovative digital and mechanical interfaces; three works of art; a web-site and a programme of events for formal and informal learning audiences.

The *Energy* project is being carried out in conjunction with the first stage of the Science Museum's East Hall Roof programme, a major roof replacement and refurbishment scheme incorporating four separate, but adjacent roofs. The first stage of the programme, is the removal and replacement of the existing roof above the East Hall. The new roof has been specifically designed to include photo-voltaic panels within its south facing structure. These pv cells will generate electricity which will power one of the exhibits within the new Energy exhibition.

NMPFT

Against the backdrop of a challenging year NMPFT has welcomed 723,000 visitors, almost 1,500,000 web-visitors and won a White Rose tourism award for 'Conference Venue of the Year 2003'. The year saw the departure of Amanda Nevill, and subsequent recruitment of a new Head of Museum, Colin Philpott. There was continuing pressure on visitor numbers due to the difficult socio-economic and political circumstances in Bradford and financial pressure to reverse the previously disappointing commercial performance.

Following the arrival of the new Head of Museum in April 2004, an assessment is underway of the remit, brand and target audiences of the museum with a view to developing a masterplan for its development over the coming years incorporating the pre-existing projects of Lightwave and the new TV galleries.

In 2003-2004 NMPFT officially opened the former Royal Photographic Society's collection to the public, a new special exhibition gallery, *Gallery 2*, and a live tri-media broadcast studio; it has launched *Archive*, a cultural magazine, held four major film festivals and refurbished the *Pictureville* cinema's evening bar area as well as sustaining regular core activities including exhibitions, learning and media events and commercial activity. Notable acquisitions include a collection belonging to the founder of the Pye television empire; an original letter from John Logie Baird (bearing his signature) to one of his colleagues and original film scripts from the Hollywood epics, *Ben Hur* (1956) and *Quo Vadis* (1951).

In October 2003, NMPFT moved the last of the newly acquired objects from the Royal Photography Society Collection from Bath to Bradford. This prestigious acquisition, combined with the Museum's existing photography collections, means that the NMPFT collections are probably the most important collection of photographic objects in the world. To accommodate this 10% increase in the Museum's holdings, its state-of-the-art collections and research facility, *Insight*, was substantially reconfigured to facilitate the best possible care and access. *Insight* reopened in November 2003 to critical acclaim. Independent evaluation has indicated high levels of visitor satisfaction, borne out by often over-subscribed public tours and a flourishing programme of collections-based public activities.

In December 2003, NMPFT launched a new exhibition gallery, *Gallery 2*, created to satisfy an overwhelming demand for more photography in the exhibition programme.

The tri-media broadcast studio is an operational studio used for local radio and television broadcast as well as being the hub for the local BBCi website content. Its glass walls also enable it to act as a 'live exhibit' within the Museum.

In the Bite the Mango film festival, NMPFT hosted British premieres of *Bollywood Queen* and *Triads, Yardies and Onion Bhajis* with cast and crew together with the first British retrospective of the prolific Indian film director VJ Shantaram. The Bradford Animation Festival was the most successful to date with 600 delegates filling events to 88% capacity and showing over 200 films over 4 days. It also featured the launch of the 'Animator in Residence' programme at NMPFT, with the first film animator working on site to produce a short film to be shown on Channel 4. In October, NMPFT hosted the annual, two-day festival of screenings, seminars and workshops making up the Co-op Young Film-makers Film Festival. This is the UK's largest film & video festival celebrating the talents of

young people and this year it was attended by 1,587 young people whose films had been selected for screening. In March, the Bradford Film Festival 2004 included 16 days of films, lectures, guest interviews and awards.

Other notable film and animation events during the last year included the launch of the 3D IMAX *Ghosts of the Abyss* (still showing after 12 months); a celebration of the 60th anniversary of *The Dambusters* with a showing of the film attended by Richard Todd, its star, and some of the original 'Dambusters' RAF crew, and a Fantastic Films Weekend with a special lecture from Bob Keen on animatronics and his work on *Dog Soldiers*.

In July, NMPFT ran the *Widescreen Conference* on the impact of widescreen cinema from 1952 with academics from North America, Britain and Italy in partnership with Sheffield Hallam University. In November the BFI/NMPFT 16+ Media Studies Conference, was attended by 80 lecturers in Media Studies who came to update their subject knowledge.

In August, *Matrix Reloaded* was launched in the IMAX cinema, proving to be the most successful evening large format film at NMPFT. In September Bradford City Football Club celebrated the Club's 100th anniversary at NMPFT with a screening of newly restored archive film dating from 1903. In January 2004, *Eurovisions: Hungary* presented a celebration of Hungarian cinema in conjunction with the Hungarian Embassy. February saw the launch of *The Big Read*, a partnership between NMPFT and Bradford Central Library highlighting the relationship between films and books. The public were also able to vote for their favourite 'film of the book' to be screened the following month. The *Anim8ed* project undertaken by NMPFT with Cartwright Hall Art Gallery, Bradford, and the Castle Museum in York, produced eight animation projects by six local schools and two community groups. Each animation was based upon relevant objects, collections, or exhibitions from the three venues and contributed to enhanced permanent gallery displays at the three venues. A learning-based *Animation!* website is now being created. *Anim8ed* was a DCMS Strategic Partnerships funded project.

In the People's War project, NMPFT and the BBC worked in partnership to create six very successful workshops based on the Daily Herald Archive of World War II images and using interpretation to re-create a picture editor's experiences and role during the war. Web skills were developed through writing stories onto the People's War Website and oral history was captured from personal experiences; this was facilitated by skilled historians from the Second World War Experience Centre at Horsforth, Leeds and the Open University. NMPFT and the BBC also worked in partnership to develop the Digital Storytelling project at the Museum, working with people from the local community, creating short stories about a memory or moment from their life they considered important. The stories are displayed on the BBC website and on a plasma screen in the TV Gallery at NMPFT.

Sixty 8-12 year olds attended the autumn 2003 children's Saturday Movie Club, primarily aimed at schools within the inner city area, many of which are located in the poorest quartile of wards in the country. Each week the Movie Club included workshops on the theme of moving image production, lunch and a film. This was a very successful venture and although the sponsor, Bradford Trident, can no longer fund these activities, it is hoped that other funds will be found to continue this project in 2004.

NMPFT's educational outreach has included digital video and web-based outreach work in schools, funded by Setpoint (the Science, Engineering, Technology and Mathematics Network). Setpoint is a government initiative set up to ensure that children of all ages are given an enhanced opportunity to experience science, engineering, technology and mathematics during their education.

NMPFT's TV Gallery is being completely redeveloped to create a new showpiece gallery reinforcing the Museum's position as the world leader in interpreting and presenting the history, trends, programmes, people, craft and technology of television. The new Gallery will explore how television, more than any other 20th century technological invention, informs the way we think and shapes our lives. It will examine the past, present and future of the medium, its defining moments, programmes and people, tensions between the 'high' and 'low brow' and the links between technology, culture and history. Plans are for it to be presented as a working television station, allowing users to get involved in live studio production; the gallery will recreate the pace and excitement of television: production processes and technologies from scripting, set design, costume, sound, lighting and camerawork to post-production will all be covered. Interactive elements may let users make and take away a memento such as a recording of their own sports commentary. A programme of workshops, activities and educational games is being created in conjunction with broadcasters and experts. The Gallery is due to open in Autumn 2005.

New commercial activities during the year included the launch of a venture to manufacture and distribute '3D glasses' to other IMAX cinemas worldwide, provision of a commercial IMAX maintenance service to other UK venues and licensing ventures related to the newly acquired collections from the Royal Photographic Society.

Future developments at NMPFT include Lightwave, a new and innovative centre for creative industries and learning, created by a partnership consisting of NMPFT, University of Bradford, Bradford Metropolitan District Council and the Learning and Skills Council (West Yorkshire). It will create a new 'cultural hothouse' complex in the heart of Bradford, bringing together research, learning, social and economic activity, benefiting both Bradford and the Region. It will be at the heart of a re-envisioned City centre and will enable the NMPFT to continue to grow and to strengthen its brand, its visitor base, its contemporary relevance and its commercial performance. Phase 1, scoping and business case studies, is now complete. Phase 2 will involve detailed feasibility studies, the setting up of key partnerships and a cultural productions programme.

NRM

The *Flying Scotsman* was successfully acquired in April 2004 after an intensive month of fundraising which ensured the legendary locomotive became part of the national collection.

The focus of much of the work at NRM during 2003-2004 has been on future developments with an emphasis on sustainability, access and outreach. The NRM has undergone an extensive restructuring programme throughout the year, bringing staff together in new ways so teams work more effectively on projects and the day-to-day running of the Museum.

NRM has been working in partnership with Sedgefield Borough Council and the Timothy Hackworth Victorian & Railway Museum in Shildon, County Durham, to develop a new visitor attraction, *Locomotion: The National Railway Museum at Shildon*, as an extension to the existing Timothy Hackworth museum. The development will house, in an exciting and environmentally satisfactory way, objects which NRM was previously unable to house. The local council see the project as crucial to its policies of stimulating economic development in a de-industrialised community and bolstering a programme of developing tourism and civic pride in the area.

Visitors to *Locomotion: The National Railway Museum at Shildon*, which opens in autumn 2004, will enjoy an experience centred on the new 6,000m² Collections Centre. This will be an 'iconic' building embodying many principles of sustainability, that is expected to become a showcase for the latest sustainability techniques. Created using local stone in a Gabion wall wire basket construction, the building will feature a rainwater harvesting system from the roof into an underground storage tank. Wind power using a 6kw turbine will lift water to an overhead tank used to supply operational steam locomotives, while surplus power from the turbine will be used to feed the building. The remainder of the side and gable walls will be of doubled glazed construction and the fixtures and fittings will be supplied from sustainable sources.

Photovoltaic panels in the roof will help to generate the Museum's own power, which will drive the visitor displays in public areas; provide power for the audio-visual displays in the business conferencing areas and lighting for the educational centre. An electric powered vehicle charged by the photovoltaic system will provide a passenger carrying service for the 1,000-metre long village site. Heating and lighting systems will be digitally controlled by a building management system linked to the NRM in York. This will help to reduce energy costs and provide 24 hour monitoring of the environmental conditions to protect the collection from damage.

NRM remains committed to making positive improvements to sustainable development, taking as a base the four DCMS objectives and the NMSI Sustainable Development Review. One of NRM's values is to "champion sustainability by ensuring that all our own activities are as sustainable as possible, and through those activities we encourage our public to lead sustainable lives". The objective is to secure a BREEAM (Building Research Establishment Environmental Assessment Method) rating of good or excellent and it is hoped that the planned measures outlined above will help achieve this target allowing a strong message to be communicated to the visiting public. A bio-diesel fuelled bus will also be used to move visitors around the site of the newly expanded Museum. An environmental impact study has been carried out and as a result staff will protect a rare species of butterfly affected by the new building by carefully removing the existing flora/fauna that supports the species and recreating the habitat elsewhere on site.

The NRM received an award from the European Regional Development Fund for demonstrating innovative use of European funding for the construction and use of sustainable materials in *Locomotion*. This award opens the door

for future European funding bids and recognises all the sustainability and energy saving features built into this project.

This year has seen the beginnings of a new project, *Search Engine*, taking shape. The outline cost plan and the architectural sketches together with the initial space planning have been brought together as the Stage One HLF Lottery bid, which was submitted in December 2003. Search Engine is a development project that aims to create an international centre for railway and transport knowledge and research at NRM. The development will enable the NRM to become the Place of Deposit for the records of the railway industry past, present and future and to facilitate greater access to the information and knowledge collections held by the museum. The centre will be based on the NRM's existing knowledge collections but will develop into the corporate archive and memory of the railway industry and its workers, representing all aspects of the railway and its interaction with wider society, including dissenting voices.

It will offer hands-on, unmediated, direct access to authentic archive and library documents ranging from parchment deeds to digital files. The project will transform the existing under-used archive and library collections into a learning centre and archive repository which will be a visible part of the visitor facilities on the main NRM campus. The new centre, based on a refurbishment and extension of the existing library and archives accommodation, will be designed to encourage use by both pre-booked researchers as well as casual and spontaneous access by Museum visitors. It is planned to open towards the end of 2006.

Rapid City is a project to develop the NMSI estate around the existing NRM such that in ten years time, *Rapid City* will be the international focus for people's stories and questions about the past, present and future of travel and transport. It will form an important part of the York Central development that will transform a large area of 'brownfield' land close to the centre of York. Feasibility studies have been completed on the project and discussions are underway with a wide range of stakeholders.

This work has been informed by NRM's space planning exercise undertaken as the first stage of its long-term development project, NRM+, which will see the phased re-development of NRM's displays and facilities on the current site over the next five years. It has also taken into account the wider aspirations for the larger teardrop shaped 'York Central' development area, of which *Rapid City* forms a key part. The project will be taken forward as a part of the overall York Central development by a group of landowners working with York City Council.

A key achievement on site, in a busy and exciting year, was the conservation of Queen Victoria's railway saloon. The £100,000 conservation and interpretation programme enabled the fragile interior to be conserved by external specialists and a new computer interactive display developed to chart the story of the vehicle from its construction in 1869 to the present display. A new education pack was also developed and the interpretation was further enhanced by a 'Big Book' with a foreword by HRH Prince Charles and by guides in French and German.

The Institute of Railway Studies is the NRM's principal link with the University of York and the higher educational community. During 2003-2004 the Museum reached agreement with the University to continue the partnership for a further five years. As part of this agreement, the Institute will be renamed the Institute of Railway Studies & Transport History (IRSTH) to reflect the growing reach of its intellectual activities. The Institute played an important role in the formation of the International Association for the History of Transport, Traffic and Mobility in Eindhoven in November. In 2003-2004 student recruitment in IRSTH held up well and the number of PhD students was the highest ever. Completions during the year mean that the number of students graduating at the end of the 2003-2004 academic session will also be at an all-time high.

Work continued throughout the year on completing summaries and transcripts of the 500 interviews collected in the first phase of the NAROH (National Archive of Railway Oral History) project. A grant of £45,000 from the Friends of NRM has enabled work to progress on this project and enhance the archive. NRM staff have also digitised approximately 8,000 images and produced narratives on railway themes for *Ingenious*, the new NMSI-wide website (funded by the New Opportunities Fund).

NRM staff have continued to play a leading role in the co-ordination of nationwide railway heritage policy in partnership with the Heritage Railway Association, the Railway Heritage Committee and others. Staff from NRM have also continued to play an international role in conferences and symposia, such as the symposium on *Collections Management and Conservation at the National Railway Museum* at the National Research Institute for Cultural Properties in Tokyo, and *Key Metadata Initiatives in NMSI* at the CIDOC Annual Conference in St Petersburg.

Creative Planet

Creative Planet is the working title for the long term development of the Wroughton site culminating in a fusion of museum, research, science, industrial incubation, visitor attraction and living and conference accommodation, all set within a revitalised landscape. Creative Planet will demonstrate how sustainable development principles can be applied and made a reality; it will offer a unique opportunity for learning, reflection, inspiration and creativity, helping people to learn from the past and plan for a better future, focussing on delivering a sustainable future. The project includes

Five 'knowledge farms'

- **The National Collections Centre:** bringing together former 'reserve' collections from Wroughton and Blythe House and providing an interactive visitor attraction and a centre for the sustainable approach to heritage management;
- **The Cradle:** a national centre for sustainable development - the entry and heart of Creative Planet - this will include 'The Chalk Face' - a place for study, teaching and sharing knowledge, a place for philosophical and ethical debate. The initial, 'Preview Phase', will provide a Visitor Centre within an existing hangar;
- **The Farm:** a viable demonstration of sustainable farming and venue for debate around the future of sustainable food production, biodiversity and the countryside;
- **The Garden:** a variety of garden landscapes and guide to sustainable development techniques related to habitats, rainwater and composting - the 'Chalk Circle' will be a place for reflection and contemplation; and
- **Living Space:** a practical demonstration of sustainable living - providing permanent and transient accommodation for employees, families, conference attendees, researchers, teachers and students.

A restored and revitalised landscape setting.

Site infrastructure providing for renewable energy (with a surplus to export); energy efficient buildings; water management to match the natural supply and demand across the site; and a sustainable waste management system.

Transport and access provision to reduce the need to travel by car; a reduction in dependence on fossil fuels; provision of attractive walk and cycle options; flexibility to accommodate new technologies; and the promotion of options that assist social and economic development of neighbouring communities.

Stage 1 of the project includes the masterplan (which will provide a planning framework for the whole site), undertaking public consultation on-site and planning the National Collections Centre (NCC) that will safeguard and make accessible in new and exciting ways the Science Museum's world-class collections formerly held in reserve and only accessible by appointment.

Discussions are continuing with stakeholders including the South West Regional Development Agency, Government Office of South West, the Heritage Lottery Fund (HLF), Countryside Agency, English Nature and Environment Agency and Swindon Borough Council (SBC) whose draft Local Plan now includes a specific policy referring to the proposals for Creative Planet. Work is also continuing towards an outline planning application to SBC and a bid to the HLF for the National Collections Centre. Fundraising is being undertaken to raise funds for the next phase of project, including landscape planning and implementation, the Stage 1 design of the NCC and work to facilitate public access.

As well as planning the development of the site, the existing core activities have continued. The following events took place:

Food and Farming, 21 and 22 June 2003: in collaboration with the Wiltshire Agricultural Preservation Group (WAPG), the event focussed on the agricultural collections with demonstrations by the WAPG of steam powered ploughs operating on the site. Total attendance for the weekend was 857 people including 202 children.

Catching the Wind, 26 and 27 July 2003: In association with the Whitehorse Kite Flyers, over 100 kites were flown on the airfield. The aviation collections were open for viewing and workshops on flight and alternative fuels were run by Science Museum Wroughton staff. Attendance for the event was 1063 people.

Diversity Festival, 18 and 19 October 2003: A special cultural event featuring Asian dance, Rajistani Puppets and Islamic art. Some 357 people attended the event in the aircraft and road transport collection. The event was sponsored by The Arts Council of England, the Heritage Lottery Fund and the South West Museums, Libraries and Archives Council. The event was followed by three days of workshops attended by 133 school children.

Spring into Science, 13 and 14 March 2004: As part of National Science Week, 1941 people attended the Science Museum Wroughton open weekend. The event focus was flight and use of alternative fuels including people power i.e. bicycles and was held in the aviation and road transport collections with guided tours put on by museum staff. The successful weekend was followed by a week of schools workshops on flight and alternative fuels which attracted 317 students from 7 different schools.

NMSI Trading Co Ltd

NMSI Trading Ltd (NMSIT) has continued to support the activities of the NMSI family of Museums. Over the year, a far-reaching review of the products, structure and markets of the commercial activities has taken place to ensure that the most effective use of assets and supply of services to visitors is attained in future years.

In retailing, further initiatives have taken place, both in developing off-site 'shops within shops' and merchandising Science Museum branded products through a major retailer. Work on developing the next major exhibition in conjunction with broadcast initiatives is well underway. A replica of the *Science of Sport* exhibition has been successfully installed in Greece in readiness for the Olympic Games in 2004-2005. Continuing support was given to the BNFL visitor centre, *Sparking Reaction* and a consultancy contract carried out for Port Huron, USA.

The achievements and exhibitions of individual Museums are included within the Museum sections.

Conservation

Introduction

The NMSI modernising and restructuring programme has resulted in considerable changes within departments with responsibility for the care and conservation of the NMSI collections. Accordingly, in 2003, the NMSI-wide committee of collections managers set up a programme to re-define the policies for all collections management activities, including conservation and collections care. Core conservation activities have also continued throughout the year.

Science Museum

Conservators undertook an extensive programme of cleaning, conservation and repairs to the objects on display in *flight* to prepare for the celebration of the 100th anniversary of the first sustained powered flight by the Wright Brothers. The work included a research project on the S6B Supermarine plane by a conservation student from the Technical University in Berlin. In addition, conservation staff conserved objects and provided advice for a number of exhibitions, for example, *Pain: Passion, Compassion, Sensibility; Treat Yourself* and *Tales from the Tabloid Frontline*. They also prepared objects for loan to other museums and institutions, including the British Museum (for the *Enlightenment* gallery), Tate Liverpool, National Maritime Museum and the Sainsbury Centre for Visual Arts at the University of East Anglia. The Wellcome Trust funded two temporary conservators to assist with the treatment of around 500 objects from the Wellcome Collections being displayed in the *Medicine Man* exhibition at the British Museum.

A survey of the storage of the collections at Blythe House by specialist conservation consultants was undertaken with a view to providing detailed information on the present storage conditions to assist planning future work programmes and any collection moves between museum and stores.

Science Museum Wroughton

Conservation work at Wroughton has been affected by the lack of a Conservation Manager, but the two conservators conserved and prepared objects for loans out, including exhibitions at the National Museum of Horse Racing in Kentucky, Virginia, Heathrow Airport and Australia. Conservation work was also carried out on temporary displays within individual hangars and objects were prepared for re-display. Conservation staff also participated in Museums Week, giving presentations to visitors and mounting a display in one of the hangars.

National Railway Museum

Much of the conservation work at NRM in 2003-2004 was undertaken in preparation for the opening of *Locomotion*, the NRM's new exhibition at Shildon. Conservation is a major component of this project, which will house the NRM's former 'reserve' vehicle collections. There were also major projects focused on the restoration of NRM locomotives and rolling stock to working order for operation on the main line and on preserved railways, the latter undertaken as part of the loan agreement between NRM and the five railways concerned. NRM Conservation staff also carried out remedial conservation work on the NRM's silver collection and stained glass panels.

National Museum of Photography, Film and Television

The Royal Photographic Society Collection of 150,000 photographs and related material was transferred to NMPFT and is now accommodated within Insight, the Museum's environmentally controlled collections and research centre. In the absence of in-house, trained conservation staff, NMPFT has continued to focus on a preventive approach to looking after the collections. Practical treatment of photographs or objects is usually commissioned as part of project or outreach activity, employing accredited, external specialists to carry out the work. A continuing programme of innovative conservation research has been undertaken with the Universities of Bradford and Durham. This is based on the long-term storage and conservation of plastics and cosmetics within the Hammer Collection using pioneering non-destructive analytical and ultrasonic examination techniques.

13 Policy and measures for staff with disabilities

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

This policy pursues and builds on the statutory position. The intention is to comply as much with the spirit as with the letter of the legislation and to establish and pursue an effective policy of promoting equal opportunity. It aims to reduce job segregation (that is where people of one sex are concentrated in particular areas of work) and to make best use of the potential of all employees, men and women of whatever race and whether or not they have any physical disability.

NMSI began to develop a plan to respond to equality issues in personnel procedures, pay and conditions, actively seeking to identify any discriminatory practice and, if found, to draw up an action plan to address it over the next two to three years.

14 Admissions policy

General public admission to The Science Museum, National Railway Museum and National Museum of Photography Film & TV remained free during the period 2003-2004. Free admission to NMSI Museums supports DCMS and the broader Government policy of widening public access.

Science Museum

At the Science Museum general Museum admission is free but charges are levied for IMAX Cinema, Simulator Rides and selected temporary exhibitions. The Science Museum Library is free to the public for reference.

NRM

At the NRM general Museum admission is free but charges are levied for selected temporary exhibitions and events.

NMPFT

At the NMPFT general Museum admission is free but charges are levied for the IMAX, Pictureville and Cubby Broccoli cinemas and selected temporary exhibitions.

15 Attendance

Annual admissions were Science Museum: 2,801,896; NMPFT: 723,273; NRM 740,217 and Wroughton: 15,048 giving a total of 4,280,434.

16 Performance indicators

The following tables set out the progress against the core targets agreed by DCMS and NMSI for financial year 2003-2004 and set out in the NMSI-DCMS Funding Agreement 2003-2006.

Science Museum

	Target 2003-2004	Actual 2003-2004
SM Core Targets		
1 Total number of visitors	2,400,000	2,802,000
2 Numbers of child visitors	984,000	981,000
3 No of venues to which objects from the collections are loaned		
In England	95	117
Rest of UK	10	7
Overseas	5	16
4 No of C2DE visitors to achieve an 8% increase by 2005-2006 on the 2002-2003 baseline	408,000	389,000
5 Number of website hits (unique users)	2,800,000	4,077,000
6 Number of children in organised learning programmes, both on-site and outreach	156,000	231,000

NMPFT

	Target 2003-2004	Actual 2003-2004
NMPFT Core Targets		
1 Total number of visitors	720,000	723,300
2 Numbers of child visitors	252,000	253,100
3 No of venues to which objects from the collections are loaned		
In England	7	26
Rest of UK	3	1
Overseas	3	15
4 Number of C2DE visitors to achieve an 8% increase by 2005-2006 on the 2002-2003 baseline	180,000	209,700
5 Number of website hits (unique users)	700,000	1,475,200
6 Number of children in organised learning programmes both on-site and outreach	62,000	63,500

NRM

	Target 2003-2004	Actual 2003-2004
NRM Core Targets		
1 Total number of visitors	670,000	740,200
2 Numbers of child visitors	234,000	292,300
3 No of venues to which objects from the collections are loaned		
In England	50	74
Rest of UK	10	3
Overseas	0	2
4 No of C2DE visitors to achieve an 8% increase by 2005-2006 on the 2002-2003 baseline	234,000	266,500
5 Number of website hits (unique users)	650,000	726,100
6 Number of children in organised learning programmes, both on-site and outreach	50,000	56,000

Wroughton

	Target 2003-2004	Actual 2003-2004
Wroughton Core Targets		
1 Total number of visitors	63,000	15,000
2 Numbers of child visitors	18,900	5,000
3 No of venues to which objects from the collections are loaned in England, rest of UK and overseas	0	0
4 No of C2DE visitors to achieve an 8% increase by 2005-2006 on the 2002-2003 baseline	22,000	N/A
5 Number of website hits (unique users)	0	0
6 Number of children in organised learning programmes, both on-site and outreach	3,500	1,000

Visits to Wroughton were restricted during 2003-2004 as health and safety issues were addressed and future plans for visitors developed.

17 Strategic priorities

Progress reports are set out below on strategic priorities agreed by DCMS and NMSI for 2003-2004 and contained in the NMSI-DCMS Funding Agreement for 2003-2006.

Strategic Priority 1 - Enhancing access to a fuller cultural and sporting life for children and young people and giving them the opportunity to develop their talents to the full

NMSI will develop a series of events and activities for children and young people over the next three years to develop their understanding of aspects of human ingenuity and their creative skills. Each year one project will be highlighted that delivers this priority. In 2003-2004 the project will be

NMPFT Movie Club*Activity*

This will be a ten week long Movie Club for sixty 8-12 year olds from the Bradford Trident area (an Urban Regeneration district) running at NMPFT on Saturdays (from 11.00-15.15) during 2003-2004 and 2004-2005.

Outcome

Children will learn more out about film production by taking part in related workshops (i.e. acting and drama, film posters, silent-movie making, puppetry, storyboarding) on a weekly basis and then, after lunch, watch a children's film in the cinema.

Measure of success

- this will be judged to be a success if at least 50 children attend each week.

Progress report for 2003-2004

Sixty 8-12 year olds attended the autumn 2003 children's Saturday Movie Club, primarily aimed at schools within the inner city area, many of which are located in the poorest quartile of wards in the country. Each week the Movie Club included workshops on the theme of moving image production, lunch and a film. This was a very successful venture and although the sponsor, Bradford Trident, can no longer fund these activities, it is hoped that other funds will be found to continue this project in 2004.

Strategic Priority 2 - Opening up our institutions to the wider community, to promote lifelong learning and social cohesion

NMSI will aim to broaden its audience, through finding new ways to reach existing audiences and new audiences through innovative approaches as resources permit. Each year one project will be highlighted that delivers this priority. In 2003-2004 this will be

The Dana Centre*Activity*

The Dana Centre will run experimental events aimed primarily at a target audience of young adults (aged 18-40). These events will try new ways of presenting to an atypical Science Museum audience, science and technology events ranging from panel debates, performance, re-enactment, digital-art and comedy to poetry, all of which will encompass dialogue. Some events will be run exclusively online, while others will combine live events with online discussion boards and/or audio and visual web casts. Events will run in seasons, each having a broad theme, to accommodate rapidly changing programmes.

Outcomes

To facilitate real-time and online dialogue about science, medicine, and technology, by providing a space, both physical and virtual, for interaction with current issues in science and technology. There will be an exchange of ideas, opinions, beliefs and feelings between speakers and audience which will enable the participants to express their own views with confidence. There will be a series of audience-led events and visitors will feel that events are aimed at them and that content was relevant. The events will give first hand access to objects from the Science Museum's collections.

Measures of success

- completed feedback forms that include a good satisfaction rating;
- new audience profile (age, gender, ethnicity, socio-economic group, % non-science background);
- regular web survey including profile of virtual visitors, motivations for visiting website;
- use of log-data to assess access to on-line debates and on-line events; and
- evaluation of events to assess audience reaction and success in engendering dialogue between participants.

Progress report for 2003-2004

The new Dana Centre in the Wellcome Wolfson Building was formally opened, on time, on 18 November by Sir Robert May, President of the Royal Society. The project was funded by the Wellcome Trust, the Wolfson Foundation, the Garfield Weston Foundation and the Dana Foundation. The Museum welcomed the BA (British Association) and EDAB (European Dana Alliance for the Brain) as partners.

The new centre comprises a suite of events and performance spaces, digital broadcast facilities and a café. The Centre's events programme has involved partnership not only with the BA and EDAB, but also with a wide range of organisations including the BBC, Channel 4 and Black Women Mean Business network, led by Diane Abbott MP.

Since opening, the Dana centre has hosted a wide range of innovative and experimental adult dialogue debates, talks, demonstrations, stand-up comedy and interactive quizzes on a range of topical and controversial science issues, and has attracted favourable media attention in being recognised as a leading-edge venue for its largely young adult target audience. A full programme of public events has been drawn up in conjunction with the BA and EDAB.

Recent events have included a public discussion on face transplants with five eminent guests from the fields of psychology, surgery and medical ethics; the London premiere of the first Bollywood film to tackle HIV/AIDS followed by a discussion about the global epidemic; an exploration of conspiracy theories and the Internet; a discussion on the sexual selection of babies; a participatory theatre performance about climate change and its impact upon the developing world, and a heart bypass operation broadcast live from the USA with the chance to quiz the surgical team involved. Although this programming currently takes place at the Dana Centre, it is Web-streamed for online visitors.

In the past six months the Dana Centre has hosted three events per week, consistently attracting audiences of over 60 people per evening. The Dana Centre has hosted events specifically for the Black community and the Bangladeshi community and all have been well attended. During the events there are opportunities for the audience to lead the dialogue, challenge the key players face to face and have their own opinions challenged and changed.

Strategic Priority 3 - Maximising the contribution which the leisure and creative industries make to the economy

NMSI will, as a family of museums located throughout England, aim to maximize its contribution to local economies and support urban regeneration. Each year one project will be highlighted that delivers this priority. In 2003-2004 this will be

Locomotion: the National Railway Museum at Shildon

Activity

The NRM is working with Sedgefield Borough Council to develop a new £11,100,000 reserve collections centre as an extension to the Borough's Timothy Hackworth Railway Museum at Shildon in County Durham. The project is now fully funded and is scheduled to open in September 2004.

Outcomes

Sedgefield Council regards the project as crucial to its policies of stimulating economic development in a de-industrialised community and bolstering a programme of developing tourism and civic pride in the area. Thickley Ward, in which the project is situated, scores highly in a number of deprivation indices, and the project has been welcomed for the boost it will provide to the area. It is intended to set up a skills training workshop under the auspices of South West Durham Training Ltd to provide training opportunities for young people linked to the Museum's conservation programme.

Measures of success

- achieving the project on time and to budget;
- attracting estimated visitor numbers and consequent delivery of benefits to the local economy;
- number of registered museum volunteers - as a register of engagement of the local community; and
- setting up a skills training workshop (in partnership with South West Durham Training Ltd) to provide training opportunities for young people in an area of high unemployment.

Progress report for 2003-2004

The construction element of the project was divided into two separate phases. The first phase to provide a new visitor car park, improved disabled access to existing buildings, refurbishment of the Sunday school building to use as an entrance/introductory facility while a new community centre was completed in August 2003. The second phase involved the main £5,000,000 construction contract to build the new 6,000sqm collections centre, and work on the new build was completed and handed over to the Museum on 28 May 2004.

We have been successful with Network Rail and Jarvis to reduce their costs for providing a main line connection. An order has been raised and work will be completed in August 2004. BP Solar have been appointed to supply and install the photovoltaic (PV) roof on the south elevation of the new building. Their four-week contract starts on 2 June 2004 and they will also be assisting with an interpretative display showing the energy generated by solar power. Camtec were appointed to install a CCTV system and work is currently underway. This will cover the whole one-kilometre long site and be linked to the Community Force HQ for monitoring.

We have placed an order for a coach from Irisbus and provided them with the new Locomotion artwork for the logo. By June 2005 the bus will run on 100% bio-diesel fuel, with a full purchase guarantee. The bus will be built to PSV standard to allow public highway operation, if required. It will have a capacity of 25-30 passengers and have access for wheelchair users. The next stage is to construct a fuelling bay to store the bio-diesel mix.

We have secured support from the European Regional Development Fund, towards both the main line connection costs and an events area in front of the new building. The additional funding helps bridge the funding gap between Network Rail/Jarvis costs and our budget allocation and provides opportunities to cater for a wider range of events.

A full programme of vehicle movements is now in place and an order has been placed with Moveright International to undertake transport of all the railway vehicles to Shildon. The first vehicles will move on 7 June 2004. Anthony Coulls, Collections Care Manager, has been trained in railway safety and is putting together a shunting plan to ensure the safe installation of the vehicles inside the building.

Separate tenders for fit out and AV/multimedia were issued in March and April 2004 and for AV/multimedia/hardware. Contracts have now been awarded to Scenic Route for the set works, Spiral for the interactives and New Angle for the audiovisual elements. Lipa Pearce have been awarded the graphics contract and Roy Twitchin the scriptwriting.

The Children's Playground Company were appointed by tender in February 2004 to produce a play area for children aged 4-10 on a railway theme. A selection of low level activity elements produced by Playdale, selected from these examples - log walk, swing steps, tram tracks, ladder walk, mini suspension bridge, balance beam, chain walk, balance walk, balance beam or rocking log, will feature along the site.

Peter Freeman's proposed artwork 'Between the Lines' was submitted to Sedgefield Borough Council's planning department One Stop Shop on Wednesday 3 March 2004. Planning consent was received on 11 May 2004 and the contract has now been signed. Completion is scheduled for 31 August 2004.

The attraction is scheduled to open on Saturday 25 September 2004, on time and on budget.

Strategic Priority 4 - Modernising delivery by ensuring our sponsored bodies set and meet targets which put the customer first

Modernising NMSI

Activity

A three-year programme of restructuring and modernising measures to help NMSI to become more audience-focused and to improve efficiency and effectiveness in the delivery of services.

Outcomes

Desired outcomes include increased emphasis on the audience and on building social capital through delivering access and social inclusion agendas. Outcomes felt within NMSI include restructured management with clear levels of autonomy and responsibility across NMSI along with a restructured staff organisation and modernised pay structures. We aim to make progress towards being a median-rate payer in relevant labour markets so that we can achieve savings in recruitment costs and improved staff retention. We plan to make efficiency savings based on a review of working practices, focusing on, for example, activities that have been treated as 'out of hours' working and we aim to re-invest savings in the organisation. We also aim to complete executive development and management capability programmes; this is also part of the risk management policy.

Measures of success

- an overall measure of success will be managing the process efficiently to a successful conclusion;
- in the medium to longer term, recurrent savings that can be re-invested in the organisation;
- modernised management and staff structures;
- recognition as a median-rate paying employee in specific labour markets;
- ability to recruit easily and retain staff in fields where NMSI is in direct competition with non public-sector organisations;
- abolition of outdated working practices to meet operational requirements in a more flexible and cost effective way; and
- a grading system that we can demonstrate meets the legal requirements of equal pay for work of equal value.

Progress report for 2003-2004

The NMSI modernisation programme has already resulted in efficiency savings for future years; actions taken since 2002-2003 will give rise to savings totalling £1.35 million on staff costs, £230,000 on efficiencies in procurement and £317,000 on efficiencies in other areas of delivery in future years.

Modernisation has meant a refocusing of NMSI resources on visitors, increasing access to the collections and a widening of the educational remit while maintaining care for the national collections for which the NMSI is responsible. The programme has also tackled areas of less focused activity to make the best possible use of staff and funds. Some savings can be quantified and shown as cost savings; further efficiencies have resulted in achieving more for the same cost.

The most notable example of achieving more is in welcoming a hugely increased number of visitors on Grant-in-aid that, despite increases since 1997-1998, when looked at over a longer period, has not kept pace with inflation.

The modernisation programme has incorporated reform of management and staff structures and improved training and development. In parallel with these reforms NMSI has integrated the NMSI business planning, risk management and performance management processes, tackled the very real issue of ensuring we comply with equal pay for equal work legislation, simplified pay structures and abolished old-fashioned working processes.

Restructuring at the Science Museum and NRM is now substantially complete and the new pay and grading system is in place, although some appeals remain to be resolved. The projected savings have been made.

Staff have noted improvements in how the Museums have been managed. The 2003 Staff Survey showed that ratings (the outcome we use to measure improvement in how we are perceived as an employer) by staff on nearly all aspects have shown some improvement compared with a year ago.

18 Policies

Creditor policy

The Museum creditor policy follows the Government-wide standard of meeting agreed payment terms (or by 30 days where no payment terms have been specifically agreed). With the introduction of a new Accounting system, a more systematic way of measuring the timing of payments is being tested. This states that 43% of payments were made within this policy for 2003-2004 compared to 71% in 2002-2003 under the previous measurement policy. We shall be looking at both the causes of late payments and substantiating the new measurement process in 2004-2005.

Investment policy

The Trustees are empowered to invest by the Trustees Act 2000. NMSI makes the best use of limited cash investment opportunities by ensuring that all funds identified as surplus to working capital are reviewed daily and invested on short to medium term facilities in a secure manner to maintain their value over time. Until longer-term surplus cash can be identified, investment of a more permanent nature is not planned but the position is reviewed on a periodic basis.

Reserves policy

Funds have been allocated to a Contingency Reserve to provide a reserve for use when significant unforeseen costs arise. The Reserve has been kept at a level between £1,000,000 and £2,000,000 depending on the recent calls on the Fund and the size of the current capital programme. The level of the Fund is reassessed annually as part of the budget activity and also when any major change in the level of activity is planned. Unrestricted general funds usually arise from the previous year's surplus and are allocated for expenditure or to a designated reserve in the following year.

19 Review of financial position and salient features of the accounts

Most grants, donations and sponsorship received in the year were directed at the two major capital projects, the completion of the Wellcome Wolfson building (WWB) containing the Dana Centre and the construction of *Locomotion*, the new Museum at Shildon. Blythe House has been recognised on the Balance Sheet, though owned by the Office of the Deputy Prime Minister, as the Science Museum is a beneficial user of the property. Commercial income was similar to 2002-2003 with a strong performance from exhibitions on site at the Science Museum and strong trading at the National Railway Museum.

Expenditure shows the result of the higher depreciation arising from the new revalued assets being £14,200,000, compared to £8,500,000 in 2002-2003. Staff costs showed an increase as the posts held vacant pending the restructuring were filled and as the new pay and grading system was implemented. Other costs were held at 2002-2003 levels.

Capital investments in 2003-2004 amounted to £10,900,000. Major items were: £5,000,000 the building construction at Shildon; £2,200,000 fit-out costs of the Wellcome Wolfson building; £400,000 Energy project; £600,000 Yorkshire Rail Academy; £300,000 Aliens project. In addition, Blythe House has been brought on to the balance sheet at a value of £7,200,000.

Revaluation gave rise to an increase of £27,800,000, the major movements being £22,600,000 increase at the Science Museum, comprising £5,900,000 for the Wellcome Wolfson building with £16,700,000 relating to the main site and building, £2,900,000 increase at NRM, £300,000 at Shildon in relation to the leases, £2,700,000 at Wroughton, (£900,000) reduction at NMPFT.

Debtors increased from £8,800,000 to £9,800,000, mainly as a consequence of outstanding project grants and accrued income relating to the European Dana Alliance for the Brain tenancy at WWB with the initial payment relating to 15 years occupancy. Total creditors decreased from £9,400,000 to £8,900,000, the result of a reduction in NMSI Trading Ltd reflecting the repayment of the bank loan for Concrete Works, £150,000, and reduced activity within NMSI Trading Ltd offsite contracts. Museum creditors increased marginally as a consequence of capital projects. Cash balances, including short term deposits, remained stable at £5,700,000 (2002-2003: £5,600,000). In the main, this represents the balances held within Reserves either from funders or allocated by the Museum to designated projects.

Rt Hon Lord Waldegrave of North Hill
20 September 2004

Dr Anne Grocock
20 September 2004

Dr Lindsay Sharp
20 September 2004

Statement of Trustees' and Director's responsibilities

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

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

- observe the accounts direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonably prudent;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

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

Rt Hon Lord Waldegrave of North Hill
Chairman of the Board of Trustees
20 September 2004

Dr Anne Grocock
Chairman of the Audit Committee
20 September 2004

Dr Lindsay Sharp
Director and Accounting Officer
20 September 2004

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

Appendix 1

The Board of Trustees of the Science Museum

(Numbers in brackets refer to membership of the Trustee sub-committees and subsidiary company boards listed below)

	Date of current appointment	Expiry of appointment
Chairman		
The Rt Hon Lord Waldegrave of North Hill (7)	1 July 2002	30 June 2006
Members		
Sir Ron U Cooke PhD DSc FRGS AcSS (2) (4) (6)	6 June 2002	5 June 2006
Professor Ann Dowling CBE FEng FIMechE FRAeS FRS (3) (7)	25 August 1999	24 August 2004
Mr Greg Dyke	3 October 2000	2 October 2005
Baroness Susan Greenfield CBE - until 21 July 2003	22 July 1998	21 July 2003
Dr Anne Grocock MA (1) (3)	8 March 2001	7 March 2006
Dr Douglas Gurr (6) (9)	6 June 2003	5 June 2007
Mr Richard Haythornthwaite (9)	6 June 2002	5 June 2006
Dr Nathan Myhrvold - until 21 July 2003	22 July 1998	21 July 2003
Lord Puttnam of Queensgate CBE LLD DLitt (5) - resigned 31 October 2003	12 September 2001	11 September 2006
Mr David Rayner CBE (1) (4)	28 January 2002	27 January 2006
Professor Sir Martin Rees FRS (7)	6 June 2003	5 June 2007
Professor Michael A Richards MA MD FRCP - until 4 August 2003	5 August 1998	4 August 2003
Dr Maggie Semple OBE (8)	10 October 2003	9 October 2007
Dr Simon Singh MBE PhD (7) (8)	12 July 2002	11 July 2006
Professor Rod A Smith MA PhD ScD FCGI FEng C Eng FIMechE FIM (1) (4)	23 April 2002	22 April 2006
Mr Martin G Smith MA MBA MA (Econ) (2) (6)	25 August 1999	24 August 2004
Professor Kathy Sykes (7) (8)	10 October 2003	9 October 2007
Sir William Wells (9)	6 June 2003	5 June 2007
Mr Michael G Wilson (5)	13 February 2004	12 February 2008

Trustee sub-committees, subsidiary company boards and their chairs are listed below

- (1) Audit Committee (Chair - Dr Anne Grocock)
- (2) Finance and General Purposes Committee (Chair - Mr Martin Smith)
- (3) Remuneration Committee (Chair - Mr Martin Smith)
- (4) NRM Trustee Sub-Committee (Chair - Mr David Rayner)
- (5) NMPFT Trustee Sub-Committee (Chair - Mr Michael G Wilson)
- (6) Board of Directors of NMSI Trading Limited (Chair - Mr Martin Smith)
- (7) Science Museum Trustee Sub-Committee (Chair - The Rt Hon Lord Waldegrave of North Hill)
- (8) Wellcome Wolfson Building Trustee Sub-Committee (Chair - Dr Maggie Semple)
- (9) Creative Planet Trustee Sub-Committee (Chair - Sir William Wells)

Full membership of Trustee sub-committees of the four museums is set out below

Creative Planet Trustee sub-committee

Chairman	Sir William Wells (Trustee)
Members	Dr Douglas Gurr (Trustee) Mr Richard Haythornthwaite (Trustee) (further members to be appointed)

NMPFT Trustee sub-committee

Chairman	Mr Michael G Wilson (Trustee)
Members	To be appointed

NRM Trustee sub-committee

Chairman	Mr David Rayner CBE (Trustee)
Members	Mr David Atkinson Sir Ron U Cooke DSc (Trustee) Mr Brian Greenwood MCMl Mr Simon Linnett Mr Frank Paterson Professor Rod Smith (Trustee)

Science Museum Trustee sub-committee

Chairman	The Rt Hon Lord Waldegrave of North Hill (Chairman of Trustees)
Members	Dr Nicolas Barker Dr Jim Bennett Professor Ann Dowling CBE FRS (Trustee) Ashley Highfield Professor Sir Martin Rees FRS (Trustee) Dr Christine MacLeod Dr Gill Samuels CBE Dr Simon Singh MBE (Trustee) Professor Kathy Sykes (Trustee) Dr Robyn Williams

Wellcome Wolfson building Trustee sub-committee

Chairman Dr Maggie Semple OBE (Trustee)

Members Professor Elizabeth N Anionwu CBE
Professor Colin Blakemore
Dr Graham Farmelo
Dr Victoria Harrison
Sir Roland Jackson Bt
Dr Clare Matterson
Mr E F Rover
Simon Singh MBE PhD (Trustee)
Professor Kathy Sykes (Trustee)
Professor Richard Wiseman

Executive Committee

Dr Lindsay Sharp (6)	Director
Ms Mel Burns	NMSI Head of IT
Ms Anne Caine	NMSI Head of Finance
Ms Janet Carding	NMSI Head of Planning & Development Unit
Mr Robin Cole-Hamilton (6)	Chief Executive NMSI Trading Ltd
Mr Clive Gordon	NMSI Head of Masterplanning and Sustainable Development
Mrs Ann Mather	NMSI Head of HR & Change Support
Ms Dawn Rotheram	NMSI Head of Development
Mrs Amanda Nevill (to 16 April 2003)	Head of National Museum of Photography, Film & Television
Mr Tony Sweeney (from 17 May 2003-19 April 2004)	Acting Head of NMPFT
Mr Matthew Pudney	NMSI Head of Corporate Communications
Mr Andrew Scott	Head of National Railway Museum
Mr Jon Tucker	Head of Science Museum

Appendix 2 - Corporate Partners

Science Museum

Patron

GlaxoSmithKline
TAG McLaren Holdings Ltd
BNFL

Benefactor

ExxonMobil Gas Marketing
Kyocera
UK Steel Industry
ASW Holdings
AvestaPolarit
Bridon Ltd
Caparo Group Ltd
CORUS
Tinsley Wire Ltd
UK Steel Association

Member

Akzo Nobel
AMEX
BT
Cable & Wireless
N M Rothschild & Sons
Smiths Group plc

Associate

CMS Cameron McKenna
DS Print & Redesign
Farrer & Co
Ove Arup
Tranter Lowe
Walfords

National Railway Museum

Patron

BT
Central Japan Railway Company
Eurostar
English Welsh & Scottish Railway
Network Rail
The Readers of Steam Railway Magazine
West Japan Railway Company

Benefactor

Wabtec Rail Ltd
Atkins Rail
Corus Rail Consultancy
Hornby
RailNews

Member

Arriva Trains Northern
GNER
Saville Audio Visual
Serco Rail
William Cook

Associate

Simons Construction Ltd
BBC Radio York
Dulay Seymour Creative Communications
Honeywell Control Systems Ltd
Restaurant Associates (Milburns Restaurants)
Nick Derbyshire Architects

Appendix 3 - Sponsorship, Grants and Donations

Aagrah Group of Restaurants
Arts Council Artworks Young Artist of the Year Award at-Bristol Limited
Bachmann Industries Europe Ltd
BASF
Beamish Open Air Museum
J Belton USA
G Biddle
BP International Limited
Bradford & Bingley
Bradford College
Bradford Trident
Bradford Vision
British Printing Industries Federation
British Psychological Society
Channel Four Television
City of Bradford Metropolitan District Council
Daily Telegraph
Department for Culture, Media & Sport
Department for Education & Science
Department for International Development
Deutsche Bank
Durham County Council
Europa Cinemas
European Regional Development Fund
European Space Agency
Friends of the National Railway Museum
Great Northern Railway Society
Hallmark
Heritage Lottery Fund
Imperial College
James Robinson Limited
Kodak
KW Linfoot plc
Last Cawthra Feather
Lloyds TSB Foundation for England and Wales
Locomotive Club of Great Britain
MNG Limited
National Endowment for Science, Technology and the Arts Enterprises Limited
New Opportunities Fund
Porterbrook Leasing Company Limited
Provident Financial
RAC plc (Lex Services plc)
Rex Proctor and Partners
Royal Mail
Screen Yorkshire
Sedgefield Borough Council
Skipton Building Society
Strategic Rail Authority
The Vodafone Group Foundation
The Wellcome Trust
The Wolfson Foundation
University of Bradford
Walker Morris
West Yorkshire Grants
York College
Yorkshire Forward

Appendix 4 - Exhibitions

Science Museum

Commercial exhibitions

Titanic: The Artefact Exhibition, 16 May to 2 November 2003

The Lord of the Rings Motion Picture Trilogy: The Exhibition, 16 September 2003 to 11 January 2004

Science of Sport, opened 13 February 2004

Temporary exhibitions

Exclusive! Tales from the tabloid frontline, opened 9 October 2003. Principal sponsor the Daily Mirror, with additional support from the British Printing Industries Federation

Treat Yourself, in collaboration with the Wellcome Trust, 23 May to 9 November 2003

Pain: Passion, Compassion, Sensibility, in collaboration with the Wellcome Trust, opened 12 February 2004

Geographical magazine's *Photographer of the Year Awards* photographic exhibition, July to November 2003

The *Novartis and Daily Telegraph Visions of Science* photographic awards exhibition, 13 October to 29 November 2003

Talking Point exhibitions

Future Product: *Interfaces*, winner of the Royal College of Art 2002 Future Product Award, August 2003 - May 2004

What's in Your Blood, MacRobert Award 2003, display opened 9 December 2003

Antenna exhibitions

Antenna Feature: *The MMR Files*, opened October 2002

Antenna Rapids (physical): Joint metal test, 13 March to 10 April 2003

DNA 50th anniversary, 10 April to 12 June 2003

Bear bones, 20 March to 6 May 2003

Penguin egg, 3 April to 29 May 2003

Agent Orange, in collaboration with *Nature*, 17 April to 6 June 2003

SARS, 6 May to 18 July 2003

Everest, 29 May to 21 August 2003

Beagle 2 launch, 6 June to 8 August 2003

Telepathy, 12 June to 31 July 2003

Speed-limited cars, 18 July to 18 September 2003

GM crops report, 31 July to 23 October 2003

Concorde final flight, 21 August 2003 to 29 January 2004

Bioprospecting, 8 September to 16 October 2003

Cradle to Cradle, 7 November to 4 December 2003

Monkeys, in collaboration with *Nature*, 18 September to 12 November 2003

Asthma, in collaboration with *Nature*, 16 October to 11 December 2003

Yellow submarine, 23 October to 7 November 2003

Solar storms, 12 November 2003 to 29 January 2004

Beagle 2 landing, opened 4 December 2003

Christmas trees, 11 December 2003 to 6 January 2004

Nanoguitars, opened 6 January 2004

Superhuman, opened 4 March 2004

Mars Rocks, opened 15 January 2004

Antenna Rapids (virtual): Stem cells and liver treatments, April 2003

Wimbledon, June 2003

Conjoined twins, July 2003

Rubber ducks, July 2003

Ebola vaccine, August 2003

SMART-1, August 2003
Biscuit breaking, October 2003
Nobel Prizes 2003, October 2003
China manned space launch, October 2003
Ghost ships, November 2003
Coats, November 2003

NMPFT

Fabula (11 April - 15 June) This provocative and original exhibition presented a new generation of international contemporary artists who are turning the world of the documentary image on its head. The exhibition was accompanied by a book with essays by Patrick Henry and Russell Roberts.

Julia Margaret Cameron: 19th Century Photographer of Genius (27 June - 14 September) Organised by the National Portrait Gallery in collaboration with NMPFT. An international conference '*On a Portrait: The Aesthetic and Social Worlds of Julia Margaret Cameron* (1815-1879) was held on 27-29 June 2003 to coincide with the exhibition opening.

Dalziel+Scullion: GENUS (26 September to 18 January). GENUS was a new installation created by internationally renowned artists Dalziel+Scullion during their time as the 2002-2003 Bradford Fellows. The installation consisted of over a thousand images from the museum's archives collated into a bold new video work.

Luc Delahaye: Photographs (6 February to 3 May) The UK premiere of two powerful and moving bodies of work by Luc Delahaye: 'History' is an on-going series of monumental panoramic photographs that give a historical perspective on current world events; 'Winterreise' is a record of a melancholy road story from contemporary Russia, exposing the human face of a nation in crisis.

NRM

Along Artistic Lines (January 2003 - April 2004) in collaboration with the Guild of Railway Artists. The exhibition and accompanying book by Beverley Cole is a celebration of Richard Trevithick's invention of the first steam locomotive in 1804, 200 years ago. To mark the importance of this event the Guild of Railway Artists put together an exhibition of rail art to show that contemporary artists are still inspired by railways, both modern and historic.

The Day out with Thomas event was held from 14 to 29 February 2004, and was attended by a total of 43,445 visitors.

Appendix 5 - Publications

Science Museum

Tim Boon

'Treat Yourself: Health Consumers in a Medical Age', introductory essay and editor (with Ian Jones), *Treat Yourself: Health Consumers in a Medical Age* (London: Wellcome Trust, 2003)

Review of Burke, P, *Eyewitnessing: The Uses of Images as Historical Evidence*, *Social History of Medicine*, 16

Neil Brown

'RW Paul and the unipivot galvanometer', in Bowers, B (ed.), paper presented at the *Summer Event on History of Electrical Engineering* (Stevenage: 2003)

Robert Bud

'Monturiol's dream: the extraordinary story of the submarine inventor who wanted to save the world', *Times Literary Supplement*, 5248 (31 October 2003), p31

John Liffen

'Richard Henry Bleasdale 1837-1897', in Gray, A (ed.), *The Spooner Album*, Seymour Memorial Edition (Garndolbenmaen: RCL Publications, 2003)

'The Patent Office Museum and the beginnings of railway locomotive preservation', in Lewis, M J T (ed.), *Early Railways 2, Papers from the Second International Early Railways Conference* (London: The Newcomen Society, 2003)

Peter Morris

'A reaction which changed organic chemistry' (with Alan Dronsfield and Trevor Brown), *Education in Chemistry*, 40 (2003), pp129-31, 134

'Charles Hatchett FRS (1765-1847), chemist and discoverer of niobium' (with W P Griffith), *Notes and Records of the Royal Society*, 57 (2003), pp299-316

Entries on 'The chemical industry: an introduction', 'Chemical industry before 1850' and 'Synthetic rubber' in Moky, J (ed.), *Oxford Encyclopedia of Economic History* (Oxford: Oxford University Press, 2003)

Review of Aftalion, F, *A History of the International Chemical Industry: From the 'Early Days' to 2000*, *British Journal for the History of Science*, 36 (2003), pp253-4

Review of Lesch, JE (ed.), *The German Chemical Industry in the Twentieth Century*, *Ambix*, 50 (2003), pp335-6

Reviews of Slack, C, *Noble Obsession: Charles Goodyear, Thomas Hancock and the Race to Unlock the Greatest Industrial Secret of the Nineteenth Century* and Korman, R, *The Goodyear Story: An Inventor's Obsession and the Struggle for a Rubber Monopoly*, *Chemical Heritage*, 21/4 (winter 2003-2004), pp39-40

Review of Watson, JD, *Genes, Girls and Gamow: After the Double Helix*, *Chemical Heritage*, 21/1 (spring 2003), pp47-8

Review of Marco, B, *Imaging a Career in Science: The Iconography of Antoine Laurent Lavoisier*, *Hyle*, 9/1 (2003), pp119-20

Susan Mossman

'Metallurgy', in Heilbron, JL (ed.), *The Oxford Companion to the History of Modern Science* (Oxford: Oxford University Press, 2003), pp514-15

Andrew Nahum

Frank Whittle: Invention of the Jet (Cambridge: Icon Books, 2004)

Review of *The Wright Brothers and the Invention of the Aerial Age*, *Nature* (18 December 2003), pp765-6

'The Germans who built Concorde', *BBC History Magazine* (December 2003)

'I believe the Americans have not yet taken them all!': the exploitation of German aeronautical science in post-war Britain', in Trischler, H and Zeilinger, S (eds), *Tackling Transport* (London: Science Museum, 2003), pp99-138

'Drive for identity - design at Fiat', *Blueprint* magazine (March 2004), pp44-7

'The invention of flight' (with Hugh Pearman), *Domus* (December 2003), pp 50-3

'Will Concorde have a successor?', *The Guardian* (25 October 2003)

Anthony Richards

'Crowd pullers - notes on hiring and managing the ideal Explainer', *ASTC Dimensions* (spring 2003)

'Identity crisis - history through science, strange bedfellows or obvious partners?', *Primary History* (autumn 2003)

Jane Wess

'Between antiquarianism and experiment: Hans Sloane, George III and collecting science' (with Silke Ackermann), in Sloan, K (ed.), *Enlightenment; Discovering the World in the 18th Century* (London: British Museum Press, 2003)

NMPFT

In December 2003 NMPFT launched a magazine-style publication called *Archive*. Providing extended interpretation for the exhibition programme and related collection activity, the first issue of the publication included contributions from Marina Warner, Carol Mavor, Mark Durden, Jane Fletcher, Patrick Henry and Russell Roberts. *Archive* replaces NMPFT's exhibition-related book publishing output.

NRM

Suburbanizing the Masses: Public Transport and Urban Development in Historical Perspective, ed. Colin Divall with Winstan Bond of The National Tramway Museum (Ashgate, 2003)

Along Artistic Lines - Two Centuries of Railway Art, Beverley Cole and the Guild of Railway Artists (Atlantic Publishers in association with the National Railway Museum, 2003)

Appendix 6 - Addresses

The Science Museum

Exhibition Road
London
SW7 2DD

The National Railway Museum

Leeman Road
York
Yorkshire
YO2 4XJ

The National Museum of Photography, Film and Television

Pictureville
Bradford
West Yorkshire
BD1 1NQ

Science Museum Wroughton

Hackpen Lane
Wroughton
Wiltshire
SN4 9NS

Blythe House

23 Blythe Road
London
W14 0QF

Locomotion

The National Railway Museum at Shildon
Shildon
County Durham
DL4 1PQ

Appendix 7 - NMSI Advisers and Company Information

Auditors

NMSI
Comptroller and Auditor general
National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

NMSI Trading Limited and Bradford Film Limited
Moore Stephens
Chartered Accountants
1 Snow Hill
London EC1A 2EN

Bankers

NMSI
Barclays Bank plc
50 Pall Mall
PO Box No 15162
London SW1A 1QB

NMSI Trading Limited and Bradford Film Limited
Barclays Bank plc
155 Brompton Road
London SW7 1XD

Solicitors

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

NMSI Trading Limited and Bradford Film Limited
Farrer & Co
66 Lincoln's Inn Fields
London WC2A 3LH

Cameron McKenna
Mitre House
160 Aldersgate Street
London EC1A 4DD

Company information

NMSI Trading Limited

Directors

Mr Robin Cole-Hamilton
Sir Ronald Cooke
Mr Richard Haythornthwaite
(resigned 4 February 2004)
Mr Martin Smith
Dr Lindsay Sharp

Secretary

Ms Anne Caine

Registered office

Exhibition Road
South Kensington
London SW7 2DD

Registered number

2196149

Bradford Film Limited (a company limited by guarantee)

Directors

Lord Puttnam of Queensgate (resigned 21 October 2003)
Mrs Amanda Nevill (resigned 16 April 2003)
Mr Robin Cole-Hamilton

Secretary

Ms Anne Caine

Registered office

Exhibition Road
South Kensington
London SW7 2DD

Registered number

3309258

Statement on the System of Internal Control

As Chairman of the Trustee Audit Committee and representative of the Board of Trustees and as Accounting Officer, we have responsibility for maintaining a sound system of internal control that

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Museum's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Trustee sub-committee structure has been reviewed and redesigned. Separate sub-committees have been created to give stronger, direct support to each Museum in addition to the existing Finance and General Purposes sub-committee, the Audit sub-committee and the Remuneration sub-committee. A Management Statement outlining key responsibilities and Financial Memorandum is in place between DCMS and NMSI.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

During 2003-2004 NMSI continued to plan the implementation of its objectives through the business plans. These plans included an assessment of the major risks to achieving these objectives. A number of the major risks; the lack of gallery renewal, limitations on key innovative new projects, impairment of visitor experience, an inability to deliver DCMS agendas, a backlog of property refurbishment (with attendant risk of a major property failure), restricted IT investment, and pay constraint (with resultant risk of industrial action); all stem from continued cumulative pressure on the funding of core activities. Other major risks include the threat of terrorism, loss of reputation, impact of regional decline, concerns about potential impact of flooding on Blythe House storage, planning uncertainty and failure to develop the full potential of trading income or to secure other non Grant-in Aid revenue.

Risk evaluation informs our actions in managing these risks efficiently, effectively and economically as we implement our plans to achieve the objectives over the coming years. Risk management has been incorporated into the corporate planning and decision-making processes of the Museum following the Strategic Review process. During 2003-2004 we have used the Balanced Scorecard as a way of monitoring our progress towards the achievement of the objectives.

The Board received reports from the Chairs of the Audit and Finance and General Purposes Committees and the Director concerning matters affecting internal control. During 2003-2004, the Museum has built on the improved standards of Health and Safety from the training programme and commissioned an external Health and Safety review to form the basis of the forward plan for the next few years. A review of the security arrangements across NMSI has been undertaken for completion in 2004-2005.

The system of internal control has been in place in NMSI for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts, in accordance with Treasury Guidance. The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- a management team comprising the Heads of Museums and of major national functions which meets monthly to consider the plans and strategic direction of the Museums;

- regular reports from managers to the Audit Committee, Finance and General Purposes Committee or management team (as appropriate) on the steps they are taking to manage risks in their areas of responsibility including progress on key projects;
- annual completion of internal control schedules by senior managers to confirm their compliance with NMSI's internal control standards;
- continual development of a range of robust system controls designed to ensure the integrity of NMSI's IT networks and external communications links;
- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Trustees;
- balanced scorecard approach to monitoring achievement against budget;
- regular reviews by the Board of Trustees of progress against the Balanced Score card indicating attainment against objectives and of periodic and annual financial reports which indicate financial performance against the forecasts;
- a Funding Agreement between NMSI and Department for Culture, Media and Sport which includes performance measures for future years;
- clearly defined capital investment control guidelines;
- as appropriate, formal project management disciplines paying particular attention to risk and contingency levels;
- the establishment of the Corporate Risk Group in 2004-2005, chaired by the Head of Finance, reporting to the Audit Committee, which will be responsible for
 - i developing and monitoring the implementation of the Museum's risk strategy;
 - ii monitoring changes in the corporate risk profile and, via its Chairman;
 - iii reporting significant changes to the Director, The Audit Committee and the Board of Trustees
- the Corporate Risk group will also be responsible for maintenance of an organisation-wide risk register, progressing work to develop a consistent evaluation framework and encouraging the use of ongoing Control and Risk Self Assessment procedures.

The National Museum of Science & Industry used the internal audit services of the South Kensington Museum Audit Consortium, based at the Natural History Museum, which operates to the Government Internal Audit Standards up to March 2004. The work of the internal audit unit is informed by an analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Trustee's Audit Committee and approved by us. The Head of Internal Audit (HIA) provides us with regular reports on internal audit activity in the body. The reports include the HIA's independent opinion on the adequacy and effectiveness of the body's system of internal control, together with recommendations for improvement. In the Internal Audit annual report for 2003-2004 the HIA gave the opinion that the Museum had a sound framework of internal control to manage the major risks to the achievement of the Museum's objectives and to help ensure the proper conduct of business.

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

Dr Anne Grocock MA
Chairman of the Audit Committee and Trustee

Dr Lindsay Sharp
Director and Accounting Officer.

The Certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 40 to 63 under the Museums and Galleries Act 1992. These financial statements have been prepared in the form directed by the Secretary of State for Culture, Media and Sport and approved by the Treasury; they have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 45 to 48.

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

As described on page 23, the Board of Trustees and the Director of the National Museum of Science and Industry as the Accounting Officer, are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions funded via Parliament. The Board of Trustees and the Director are also responsible for the preparation of the Foreword and Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Museums and Galleries Act 1992 and directions made by the Secretary of State for Culture, Media and Sport thereunder, and whether in all material respects the expenditure and income and resources funded via Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the other contents of the Foreword and Annual Report are not consistent with the financial statements, if the National Museum of Science and Industry has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Foreword and Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 36 and 37 reflects the National Museum of Science and Industry's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the National Museum of Science corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Museum and the group circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the National Museum of Science and Industry and the group at 31 March 2004 and of the incoming resources, application of resources and cash flows of the group for the year then ended and have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure, income and resources funded via Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

Sir John Bourn
Comptroller and Auditor General

22 October 2004

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Consolidated Summary Income and Expenditure Account for the year ended 31 March 2004

	2004 £000	2003 £000
Total income (excluding capital income)	54,826	51,769
Total expenditure	(67,014)	(58,010)
Total surplus/(deficit) for the year	(12,188)	(6,241)
Less movements on other funds	15,949	676
Operating surplus/(deficit) for the year	3,761	(5,565)

Income excludes contributions of £17,333,000 (2003: £10,614,000) received by NMSI for capital purposes including Blythe House's recent addition to the Balance Sheet. Other funds movements represent in year allocation by Trustees net of release of non capital expenditure to the current year. The prior year figures have been restated to reflect the correct position on capital expenditure (previous income shown as £62,715,000 and previous movement on funds £316,000)

The notes on pages 45 to 63 form part of these accounts

Consolidated Statement of Financial Activities for year ended 31 March 2004

	Notes	Unrestricted funds £000	Restricted funds £000	Total 2004 £000	Total 2003 £000
Donations, legacies and grants					
Grant in Aid from DCMS	2	33,662	350	34,012	31,248
Transfer of Blythe House (as beneficial user)		0	7,228	7,228	0
Grants, legacies and donations		60	7,925	7,985	8,074
Activities in furtherance of NMSI's objectives					
Lottery income		0	3,170	3,170	3,482
Sponsorship		0	1,313	1,313	821
Other operating income	3	1,009	0	1,009	889
Activities for generating funds					
Income from commercial activities	6	16,949	0	16,949	17,386
Rental income from operating leases		228	0	228	239
Investment income	4	266	0	266	244
Total incoming resources		<u>52,174</u>	<u>19,986</u>	<u>72,160</u>	<u>62,383</u>
Resources expended					
Charitable expenditure					
<i>Costs in furtherance of NMSI's objectives</i>					
Collections purchases		9	0	9	25
Care for and research into collections		5,259	1,690	6,949	5,294
Science education and communication		8,162	7,693	15,855	13,674
Visitor services		6,195	86	6,281	6,283
Support costs		11,844	5,187	17,031	11,719
Management and administration of the Charity		1,735	27	1,762	1,914
Cost of generating funds					
Publicity and fundraising		2,527	35	2,562	2,375
Commercial costs		16,363	202	16,565	16,726
Total resource expended	5	<u>52,094</u>	<u>14,920</u>	<u>67,014</u>	<u>58,010</u>
Notional cost of capital	7	349	4,617	4,966	7,910
Net incoming/(outgoing) resources before transfers		(269)	449	180	(3,537)
Reversal of notional costs		349	4,617	4,966	7,910
Net incoming/(outgoing) resources for the year		80	5,066	5,146	4,373
Transfer between funds		(34)	34	0	0
Gain/(loss) on revaluation of assets		4,928	22,893	27,821	11,948
Net movement in funds		4,974	27,993	32,967	16,321
Fund balances brought forward at 1 April 2003		22,318	194,266	216,584	200,263
Fund balances carried forward at 31 March 2004		<u>27,292</u>	<u>222,259</u>	<u>249,551</u>	<u>216,584</u>

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

The notes on pages 45 to 63 form part of these accounts

Consolidated Balance Sheet as at 31 March 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Tangible assets	8	245,145	213,448
Current assets			
Stock		804	825
Debtors	11	9,829	8,760
Short term deposits		0	5,000
Cash in hand and at bank	21	5,760	629
		<u>16,393</u>	<u>15,214</u>
Creditors: amounts falling due within one year	12.1	(8,151)	(8,491)
Net current assets		8,242	6,723
Creditors: amounts falling due after one year	12.2	(736)	(946)
Provision for liability and charges			
Early retirement provision	13	(47)	(121)
Deferred income	14	(3,053)	(2,520)
Net assets		<u>249,551</u>	<u>216,584</u>
Represented by			
<i>Restricted funds</i>			
Sponsorship, grants and donations reserve	18	4,443	3,543
Revaluation reserve	15.1	40,200	17,309
Capital projects fund	17	177,616	173,451
		<u>222,259</u>	<u>194,303</u>
Unrestricted funds			
<i>Designated funds</i>			
Museum improvement reserve	19	5,592	4,353
Collections purchase fund	16	108	75
Revaluation reserve	15.1	6,753	1,821
Capital projects fund	17	13,528	13,872
Contingency fund	15.1	788	1,322
General funds		523	838
Total funds		<u>249,551</u>	<u>216,584</u>

Rt Hon Lord Waldegrave of North Hill
20 September 2004

Dr Anne Grocock
20 September 2004

Dr Lindsay Sharp
20 September 2004

The notes on pages 45 to 63 form part of these accounts

Museum Balance Sheet as at 31 March 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Tangible assets	8	238,194	206,838
Investments	6	411	411
		238,605	207,249
Current assets			
Stock		0	0
Debtors	11	11,266	8,796
Short term deposits	21	0	5,000
Cash in hand and at bank	21	5,434	449
		16,700	14,245
Creditors: amounts falling due within one year	12.1	(5,733)	(5,016)
Net current assets		10,967	9,229
Creditors: amounts falling due after one year			
Early retirement provision	13	(47)	(121)
Deferred income	14	(683)	0
Net assets		248,842	216,357
Represented by			
<i>Restricted funds</i>			
Sponsorship, grants and donations reserve	18	4,443	3,543
Revaluation reserve	15.1	40,200	17,309
Capital projects fund	17	177,616	173,451
		222,259	194,303
Unrestricted funds			
<i>Designated funds</i>			
Museum improvement reserve	19	5,592	4,353
Collections purchase fund	16	109	75
Revaluation reserve	15.1	5,843	1,384
Capital projects fund	17	13,529	13,872
Contingency fund	15.1	788	1,322
General funds		722	1,048
Total funds		248,842	216,357

Rt Hon Lord Waldegrave of North Hill
20 September 2004

Dr Anne Grocock
20 September 2004

Dr Lindsay Sharp
20 September 2004

The notes on pages 45 to 63 form part of these accounts

Consolidated Cash Flow for the year to 31 March 2004

	Notes	2004 £000	2003 £000
Net cash flow from operating activities	21.1	10,558	10,763
Returns on investments and servicing of finance	21.2	187	164
Capital expenditure	21.2	(10,236)	(10,765)
Management of liquid resources	21.2	5,000	500
Financing	21.2	(378)	(384)
Increase/(decrease) in cash	21.2	5,131	278
Increase/(decrease) in cash in the period	21.3	5,131	278
Cash (inflow)/outflow from (decrease)/increase in liquid resources	21.2	(5,000)	(500)
Decrease/(increase) in debt and lease financing	21.2	377	356
Change in net fund resulting from cash flow		508	134
New finance leases		0	0
Movement in net fund during the period		508	134
Net funds as at 1 April 2003		4,331	4,197
Net funds at 31 March 2004		4,839	4,331

The notes on pages 45 to 63 form part of these accounts

Notes to the Consolidated Account for the year ended 31 March 2004

1 Statement of accounting policy

1.1 Accounting convention

The accounts have been prepared under a historical cost convention as modified by the revaluation of certain fixed assets. Without limiting the information given, the accounts meet the accountancy and disclosure requirements of the Companies Act 1985 and of the Accounting Standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate. It also meets the Statement of Recommended Practice, 'Accounts and Reports by Charities', issued by the Charity Commissioners in October 2000.

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

1.2 Incoming resources

All income is accounted for on a receivable basis. Grant in Aid from the Department for Culture, Media and Sport allocated to general purposes is taken to Statement of Financial Activities in the year in which it is received. Sponsorship and donation income including Lottery income is recognised as income when the conditions for its receipt have been met. (Notes 2, 3, 4)

1.3 Expenditure

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of financial statements.

Charitable expenditure comprises direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources. Management and administration costs are those incurred in connection with the management of the Charity's assets, organisational administration and compliance with constitutional and statutory requirements. Support costs comprise Estates, Personnel, Finance and Information Services. Costs of generating funds include fund-raising and publicity costs incurred in seeking voluntary contributions to the Museum, and in publicising the Museum. (Note 5).

1.4 Fixed assets valuation and depreciation

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows

Land	Not depreciated
Freehold and leasehold buildings	10 to 100 years
Plant and machinery	5 to 25 years
Galleries and exhibitions	5 to 15 years
Fixtures and fittings	3 to 10 years

Fixed assets are defined as assets costing £5,000 or more with a useful life of greater than one year. Freehold and leasehold buildings includes both the building structure with a life of between 20-100 years and building fit-out (including such items as liftshafts, raised floors, ventilator ducts) with a life of 10-30 years.

Assets are now revalued to current cost using a range of appropriate price indices. Galleries and exhibitions have not been revalued as the current cost is equal to their actual cost but the life of these assets are reviewed annually to reflect their true value. The difference between current cost and historic cost depreciation is taken to the Revaluation Reserve.

1.5 Collection objects

As the collection is considered to be inalienable, no past valuation is attempted whether for purchased or donated objects and no amount is included for collections acquired on or before 31 March 2001 in the Balance Sheet. Additions to the collections acquired since 1 April 2001 with a purchase price greater than £5,000 or objects donated with an estimated value greater than £50,000 are capitalised and recognised in the Balance Sheet, where such a cost or valuation is reasonably obtainable and reliable. Such items are not depreciated or revalued as a matter of routine.

Purchases of items at a price less than £5,000 for the collection are charged to the Statement of Financial Activities in the year of acquisition. (Note 16)

1.6 Stock

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

1.7 Leases

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

1.8 Restricted funds

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

Sponsorship, grants and donations reserve

Sponsorship income, grants and donations received for specific projects or events are shown as restricted income and credited to a Sponsorship, Grants and Donations Reserve. (Note 18)

Capital projects fund

Funds representing the net book value of fixed assets funded from the restricted funds and used to fund depreciation on these assets. (Note 17)

Collections purchase fund

Income received for the purchase of specific items or from the sale of objects is shown as restricted income and then credited to the Collections Purchase Fund. (Note 16)

1.9 Designated funds

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

Museum improvement reserve

Museum funds committed to specific future project activity are credited to the Museum Improvement Reserve and released in the year in which the related expenditure takes place. (Note 19)

Capital projects fund

Funds representing the net book value of fixed assets funded from the unrestricted funds are used to fund depreciation on these assets. (Note 17)

Collections purchase fund

Museum funds committed specifically to the purchase of objects for the collections are credited to the Collections Purchase Fund and released in the year in which expenditure takes place. (Note 16)

Contingency reserve

Funds have been allocated to a Contingency Reserve to provide a reserve for use when significant unforeseen costs arise. The Reserve is kept at a level between £1,000,000 and £2,000,000 depending on the recent calls on the funds and the size of the current capital programme. The necessary level is reassessed annually as part of the budget activity and also when any major change in the level of activity is planned.

1.10 General funds

General Funds are available for use in furtherance of the general objectives of the Museum and are usually allocated for expenditure in the year after they arise. Specific general reserves are detailed under designated funds (Note 1.9).

1.11 NMSI Trading Limited

NMSI Trading Limited is a wholly owned subsidiary of NMSI. All shareholders of the NMSI Trading Limited must be Trustees of the Board of NMSI. 500,000 shares in NMSI Trading Limited have been authorised of which 411,000 shares have been issued. These are held by the Board of Trustees of the Science Museum. Under a Deed of Covenant, all taxable profits from NMSI Trading Limited are paid to NMSI. Bradford Film Limited is a company limited by guarantee for which NMSI Trading Limited is the sole member. A summary of the consolidated accounts is given in Note 6.

1.12 Pensions

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

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

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

1.13 Early retirement scheme

The Museum operates an Early Retirement and Severance Scheme, which gives retirement benefits on redundancy terms to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme. Under the Early Retirement Scheme the Museum bears the costs of these benefits until the normal retiring age. The Museum pays a one-off compensation payment to those employees retired under the early severance scheme.

The total pensions liability up to normal retiring age in respect of each employee is charged to the Statement of Financial Activities in the year in which the employee takes early retirement and an increase in the provision for future pension payments is made. Funds are released from the provision annually to fund pensions and related benefits payments to the retired employee until normal retiring age. (Notes 5.2, 13)

1.14 Taxation

There are no sources of income received by NMSI liable to Corporation Tax and no provision has therefore been made.

For NMSI Trading Limited and Bradford Film Limited, provision is made at current rates of taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the Directors, there is reasonable probability that the liability will not arise in the foreseeable future. Under a deed of covenant with NMSI, all taxable profits are paid to the Museum and there is no liability to taxation.

1.15 Investments

Funds identified as surplus to working capital in the short or longer term are invested to maintain their value over time.

1.16 Foreign currencies

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

1.17 Notional costs

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

1.18 Accounts direction

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

2 Museum account

	2004 £	2003 £
Department for Culture, Media and Sport grant	34,012,000	31,248,003
<i>Income</i>		
Grant in Aid	34,012,000	31,248,003
Transfer of Blythe House	7,227,676	0
Grants, legacies and donations	10,978,385	11,387,691
Sponsorship	1,287,098	542,600
Other operating income	1,086,047	961,771
Covenanted profit from NMSI Trading Limited	701,466	1,246,706
	<u>55,292,672</u>	<u>45,386,771</u>
Expenditure		
Staff costs	21,265,384	18,704,987
Other operating costs	15,562,258	14,600,980
Depreciation	13,612,109	7,953,309
Collections purchases	9,122	24,948
	<u>50,448,873</u>	<u>41,284,224</u>
Operating surplus on Museum activities	4,843,799	4,102,547
Interest received	290,446	292,757
	<u>5,134,245</u>	<u>4,395,304</u>
Revaluation of assets	27,349,898	11,947,769
Surplus for the year on Museum activities	<u>32,484,143</u>	<u>16,343,073</u>

Income for the year includes £18,456,526 of restricted income received partly for expenditure on deferred activity, mainly of a capital nature and also representing the transfer of the value of Blythe House. NMSI Trading Limited and Bradford Film surplus/(deficit) of £1,999,461 (2002-2003: £1,767,735) is taken to the Statement of Financial Activities of which £1,313,223 (2002-2003: £821,246) is consolidated into Sponsorship income, £215,463 (2002-2003 £208,140) into Grants, Legacies and Donations income and £1,984,409 (as opposed to NMSI Trading Limited covenanted profit, £1,988,564) is consolidated fully into the Statement of Financial Activities. The difference, £467,365 comprises the total surplus of £2,455,929 including revaluation of £471,520 less covenanted profit of £1,988,564. Interest charged by NMSI to NMSI Trading Limited of £47,480 had been netted from recharged costs and was eliminated in consolidation. Invest to Save income of £613,000 is included in Grants Legacies and Donations.

The costs of NMSI Trading Limited staff recharged to the Museum are included in 'Staff costs,' instead of 'Other operating costs'. Comparative staff and other operating costs have been restated for 2003 to include agency staff within staff costs. (Staff costs were previously shown as £18,554,292, now £19,309,382 and other operating costs were £14,751,675, now £13,996,585).

The Museum subsidised the activities of Bradford Film Limited to the sum of £40,000 in 2003-2004 (2002-2003: £40,000) matching the property and services costs charged from the Museum to Bradford Film Limited.

In accordance with the Management Statement and Associated Memorandum between NMSI, NCMME and DCMS, the Museum received a grant totalling £2,408,000 from DCMS on behalf of the National Coal Mining Museum for England during 2003-2004 and passed this money over to it on receipt each month. The Museum received a grant of £125,000 on behalf of the Type Museum and passed this money over to it in two payments. NMSI had no assets or liabilities in respect of this funding arrangement at the date of the balance sheet.

3 Other income

	Unrestricted 2004 £	Restricted 2004 £	2004 £	2003 £
Other income	1,009,164	0	1,009,164	889,015

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

4 Investment income

Investment income of £265,962 (2002-2003: £244,335) arose through interest earned from investing surplus funds.

5 Total resources expended*5.1 Analysis by functional purpose*

	Staff costs £000	Other direct costs £000	Depreciation and loss on disposal £000	2004 Total £000	2003 Total £000
Charitable expenditure					
Collections purchases	0	9	0	9	25
Collections	2,837	3,450	662	6,949	5,294
Science communication	6,348	3,118	6,389	15,855	13,674
Visitor services	4,607	1,560	114	6,281	6,283
Support costs	5,418	5,221	6,392	17,031	11,719
Management and administration	1,192	515	55	1,762	1,914
	<u>20,402</u>	<u>13,873</u>	<u>13,612</u>	<u>47,887</u>	<u>38,909</u>
Cost of generating funds					
Publicity and fundraising	862	1,700	0	2,562	2,375
Commercial costs	4,286	11,657	622	16,565	16,726
	<u>25,550</u>	<u>27,230</u>	<u>14,234</u>	<u>67,014</u>	<u>58,010</u>

Within the salary costs above, the Museum includes staff and agency costs recharged to the Museum as part of the Trading Company services. Museum staff and other direct costs recharged to the Trading Company are shown by the Trading Company within staff and other direct costs respectively.

5.2 Staff costs

	2004 £	2003 £
Net salaries and wages	19,870,367	18,594,828
National insurance	1,634,491	1,318,861
Superannuation (Museum only)	1,698,611	1,542,002
Pension contributions (NMSI Trading Limited and Bradford Film Limited)	205,743	165,957
Early retirement costs	79,423	0
Early retirement provision - Note 13	416	5,054
Agency staff	505,862	370,664
Exceptional cost - compensation and redundancy payments	1,555,379	589,716
	<u>25,550,292</u>	<u>22,587,082</u>

Comparative staff have been restated for 2003 to include agency staff costs of £370,664 within staff costs (no agency staff costs shown previously for 2002-2003). The purpose of the change is to improve the clarity of the information.

Capitalised staff costs to the value of £155,361 were excluded from the staff costs above. Superannuation benefits are provided through the Principal Civil Service Pension Fund, a statutory scheme that provides benefits accumulated at a rate of 1/80th per year of pensionable salary on a 'final salary' basis with a normal retirement age of 60. Pension contributions of £1,698,395 were paid for 2003-2004 for which the rate varied from 12%-18.5% (2002-2003: 12%-18.5%) for the Museum.

The NMSI Trading Limited Pension Scheme is a Contracted In Group Money Purchase Scheme with optional Contracted Out Personal Pensions to which NMSI Trading Limited contributes 7% and the employee 5%. NMSI Trading Limited pension contributions of £205,743 were paid, (2002-2003: £165,957).

In relation to the Early Retirement provision, £416 (2002-2003: £5,054) was charged to the Statement of Financial Activities and credited to the Early Retirement provision. £74,178 (2002-2003: £107,209) was charged against the provision to fund pensions and related benefits payments. (Note 13)

Exceptional payments arose from redundancy and early retirement costs and the introduction of new rotas as a result of the restructuring taking place.

The Chairman and Trustees (listed in Appendix 1 to the Foreword) received no remuneration for their services but expenses were paid for travel to and from meetings to eight Board members.

The Director, Dr Lindsay Sharp, was appointed for a period of five years from 1 July 2000. His wife had use of a space made available by the Museum to operate a small kiln, (value of benefit in kind £1,500 pa) from March 2001. The Cash Equivalent Transfer Value of Dr Lindsay Sharp's pension scheme at 31 March 2004 was £150,241 (2003: £114,271).

	2004	2003
	£	£
Remuneration	123,750	109,000
Employer's pension contribution	28,051	20,165
Accommodation allowance	5,834	17,500
Accrued pension at year end	8,463	3,531
Real increase in pension	4,841	1,409

Employees analysed by activity are as follows

	Total	Total
	2004	2003
Care for and research into collection	106	106
Science education and communication	255	266
Visitor services	146	190
Support services	126	96
Publicity and fundraising	39	40
Commercial activity	311	315
Management and administration	13	11
Total	996	1,024

Where staff costs have been recharged between NMSI and NMSI Trading Limited, the numbers employed have been retained by the employing body.

Employees receiving remuneration over £50,000

£	2004	2003
50,001-60,000	8	13
60,001-70,000	9	5
70,001-80,000	4	3
80,001-90,000	2	1
90,001-100,000	1	0
100,001-110,000	1	1
120,001-130,000	1	0
130,001-140,000	1	0

5.3 Other direct costs

Other direct costs included

	2004 NMSI	2004 NMSI Tr/ Bradford Film	2004 Total	2003 Total
	£	£	£	£
Auditors remuneration	36,700	22,000	58,700	58,215
Lease rental payments on land and buildings	68,876	0	68,876	68,876
Lease rental payments on vehicles	32,397	0	32,397	26,404
Travel, subsistence and entertainment	496,790	110,144	606,934	577,160

6 NMSI Trading Limited

The Board of Trustees of the Science Museum owns the whole of the issued share capital of 411,000 shares of NMSI Trading Limited, a company registered in England and Wales. The company's principal activities are retailing, catering, corporate hire, corporate partnership, temporary exhibitions and interactive production and providing services to the Museum for admissions, public relations, sponsorship and fundraising. Bradford Film Limited is a company limited by guarantee for which NMSI Trading Limited is the sole member.

6.1 Income and expenditure account

	2004 £	2003 £
Turnover	17,100,084	17,552,465
Cost of sales*	(8,748,239)	(9,113,861)
Gross profit	8,351,845	8,438,604
Administrative expenses*	(7,777,256)	(7,569,773)
Sponsorship income (NMSI Trading Limited)	1,313,223	821,246
Grants and donations (Bradford Film Limited)	215,463	208,140
Trading profit	2,103,275	1,898,217
Other interest received	22,996	8,169
Other interest paid*	(126,810)	(138,651)
Net contribution	1,999,461	1,767,735
Amount covenanted to Museum	(1,988,564)	(1,789,286)
Tax re Bradford Film activities	117	0
Revaluation	471,520	0
Retained in subsidiary	482,534	(21,551)

Turnover includes £151,000 (2002-2003, £166,062) of rental income through letting part of the Post Office building to Royal Mail and £464,033 arising from Bradford Film Limited turnover (2002-2003: £442,547).

There are no sales to the Museum included in the turnover. Donations of £215,463 include £40,000 of donations from the Museum to Bradford Film Limited, which are eliminated on consolidation giving £175,463 as external donation income. The interest includes £47,480 of interest charged by NMSI to NMSI Trading Limited, which is eliminated on consolidation and excluded from expenditure on 'Commercial costs' of £16,652,305 ('Commercial costs' comprise items marked *).

Other income and costs have been shown as 'Income from commercial activities', 'Investment income' and 'Commercial costs' respectively on the Statement of Financial Activities.

6.2 Balance sheet

	2004	2003
	£	£
Tangible fixed assets	6,951,040	6,610,397
Current assets	3,229,882	3,510,174
Creditors due within one year	(5,937,566)	(5,977,877)
Creditors due after one year	(752,834)	(983,844)
Provision for liabilities and charges (Deferred income)	(2,369,643)	(2,520,505)
Net assets	<u>1,120,879</u>	<u>638,345</u>

6.3 Subsidiary companies

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

7 Notional cost of capital

Notional cost of capital is calculated as 3.5% (2002-2003, 6%) of the average capital employed by the Museum excluding externally funded assets in the year and amounts to £4,966,000 (2002-2003: £7,910,000).

8 Tangible fixed assets

8.1 Consolidated assets

	Land and buildings £000	Plant and machinery £000	Galleries and exhibitions £000	Fixtures and fittings £000	Collection objects £000	Assets under construction £000	Total £000
Value as at 1 April 2003	172,633	21,060	35,778	3,770	2,131	14,320	249,692
Transfers from assets under construction	6,941	3,669	10	0	3,375	(13,995)	0
Additions during year	14,927	1,657	72	636	274	544	18,110
Disposals	0	0	(108)	0	0	0	(108)
Revaluation	8,691	0	0	(1)	0	0	8,690
Movement of assets as part of the revaluation process	(34,746)	34,746	0	0	0	0	0
Value as at 31 March 2004	168,446	61,132	35,752	4,405	5,780	869	276,384
Depreciation as at 1 April 2003	2,948	10,545	20,065	2,686	0	0	36,244
Disposals	0	0	(50)	0	0	0	(50)
Depreciation during year	4,205	5,966	3,542	463	0	0	14,176
Revaluation	(7,153)	(11,978)	0	0	0	0	(19,131)
Depreciation as at 31 March 2004	0	4,533	23,557	3,149	0	0	31,239
Net book value at 31 March 2004	168,446	56,599	12,195	1,256	5,780	869	245,145
Net book value at 31 March 2003	169,685	10,515	15,713	1,084	2,131	14,320	213,448

The net book value at 31 March 2004 represents fixed assets for

	Land and buildings	Plant and machinery	Galleries and exhibitions	Fixtures and fittings	Collection objects	Assets under construction	Total
Charitable activities	165,240	54,114	11,903	288	5,780	869	238,194
Other activities	3,206	2,485	292	968	0	0	6,951
Total	168,446	56,599	12,195	1,256	5,780	869	245,145

The only leasehold asset within Land and Buildings is the 99 year lease on the property known as 'the Post Office', Exhibition Road, South Kensington amounting to £1,004,697.

These land and buildings have been valued by Drivers Jonas, Chartered Surveyors as at 31 March 2004 in accordance with the RICS Appraisal and Valuation Manual. The main site was valued on the basis of depreciated replacement cost and the remaining property at open market value on the basis of existing use. The valuations were carried out in accordance with guidelines laid down by the Royal Institution of Chartered Surveyors. Under the impact of FRS15 which requires the different building components to be split out, the plant and machinery elements of buildings have been included under plant and machinery while building fit-out elements (lift shafts, ventilation ducts, raised floors etc) are included with buildings.

The Science Museum was transferred from the Secretary of State for the Environment on 10 August 2001. Wroughton Airfield was transferred from the Secretary of State for Defence to the Science Museum on 27 July 1997. The buildings and land relating to the National Railway Museum were transferred from the Secretary of State for the Environment on 1 August 1997. The Royal Naval Air Yard was purchased from the Ministry of Defence on 31 March 2000. All are valued in accordance with valuations carried out, as above, at 31 March 2004.

Blythe House is currently occupied by the British Museum, Science Museum and the Victoria and Albert Museum. The Freehold title is held by the Office of the Deputy Prime Minister although ministerial responsibility for all museum estate issues has subsequently transferred to the Secretary of State for Culture, Media and Sport. As a longstanding tenant of Blythe House, NMSI has brought the value of Blythe House on to the Balance Sheet of NMSI as beneficial user.

Property depreciation for 2003-2004 has been based on the revised valuations supplied by Drivers Jonas for 31 March 2004.

8.2 Museum assets

	Land and buildings £000	Plant and machinery £000	Galleries and exhibitions £000	Fixtures and fittings £000	Collection objects £000	Assets under construction £000	Total £000
Value as at 1 April 2003	169,898	17,843	33,799	763	2,131	14,320	238,754
Transfers from assets under construction	6,941	3,669	10	0	3,375	(13,995)	0
Additions during year	14,927	1,641	72	160	274	544	17,618
Disposals	0	0	(108)	0	0	0	(108)
Revaluation	8,220	0	0	(1)	0	0	8,219
Movement of assets as part of the revaluation process	(34,746)	34,746	0	0	0	0	0
Value as at 31 March 2004	165,240	57,899	33,773	922	5,780	869	264,483
Depreciation as at 1 April 2003	2,948	9,968	18,485	515	0	0	31,916
Disposals	0	0	(50)	0	0	0	(50)
Depreciation during year	4,205	5,794	3,435	119	0	0	13,553
Revaluation	(7,153)	(11,977)	0	0	0	0	(19,130)
Depreciation as at 31 March 2004	0	3,785	21,870	634	0	0	26,289
Net book value at 31 March 2004	165,240	54,114	11,903	288	5,780	869	238,194
Net book value at 31 March 2003	166,950	7,875	15,314	248	2,131	14,320	206,838

9 Commitments under operating leases

As at 31 March 2004, NMSI had annual commitments under non-cancellable operating leases as set out below

	2004 Land and buildings	2004 Vehicles	2003 Land and buildings	2003 Vehicles
Operating leases which expire				
Within one year	747	32,351	747	0
In the second to fifth year	0	5,946	0	32,351
Over five years	61,626	0	61,626	0

There were no NMSI Trading Limited lease commitments.

10 Capital commitments

10.1 Projects

The major projects underway at present are as follows

Locomotion Shildon Railway Village - National Railway Museum

NRM has been working in partnership with Sedgefield Borough Council to develop a new reserve collections centre, as an extension to the Timothy Hackworth Victorian & Railway Museum at Shildon in County Durham. The development will address the problem of inadequate housing for part of NRM's railway vehicle collection. It will also significantly enhance access to part of the national collection through the partnership with the Hackworth Museum. The Museum will house over 60 vehicles currently held in unsatisfactory standards of storage. The Centre and the Timothy Hackworth Museum will be managed on behalf of NRM by Sedgefield Borough Council. Funding of £11.1m has been secured from HLF, ERDF and a range of other bodies including Sedgefield Borough Council. Locomotion will open in September 2004.

Energy - Fuelling the Future

This is a lively interactive gallery for children, age 7-14 years, as well as their families and teachers costing £2m. The gallery comprises of 350 metre exhibit space, with six hands on interactive multi user exhibits, one interactive art piece, a film and a showcase containing future Energy products. It also has eight Find Out More stations with four terminals, each with quiz at it's core; 40 stories and case studies, illustrated with photographs, videos, pop-up facts and glossary links; seven interactive games and 20 animated demos. All information in Find Out More has been replicated on the web and in the Teachers Resources packs to enable teachers to design pre and post visit activities with their class.

A spectacular visitor feedback ring fills the atrium of the East Hall alerting visitors entering the museum to the Energy gallery, as well as inviting visitors on gallery to join in the Energy debate.

In addition, a £300,000 Outreach fundraising programme is in place.

10.2 Outstanding capital commitments

At the Balance Sheet date, outstanding contracted commitments amounted to some £1,001,900 for Energy - Fuelling the Future and Shildon Railway Village relating only to NMSI. There were no outstanding capital commitments for NMSI Trading Limited.

11 Debtors

	2004 NMSI	2004 NMSI Tr/ Bradford Film	2004 Total	2003 Total
	£	£	£	£
Trade debtors	838,142	1,461,967	2,300,109	3,513,007
Provision for bad debts	(2,204)	(26,413)	(28,617)	(70,032)
Other debtors	333,144	23,309	356,453	324,570
Prepayments and accrued income	5,807,166	623,799	6,430,965	3,919,150
Taxation recoverable (VAT)	770,262	0	770,262	510,069
Amounts recoverable on long term contracts	0	0	0	563,340
	<u>7,746,510</u>	<u>2,082,662</u>	<u>9,829,172</u>	<u>8,760,104</u>

Total debtors include the Heritage Lottery Fund, £1,958,392, Wellcome Trust, £1,768,057, BP, £629,245 and ERDF, £343,700. Museum debtors exclude £3,519,850 of intercompany debtor eliminated on consolidation. NMSI Trading Limited debtors exclude £16,562 of intercompany debtor eliminated on consolidation with Bradford Film Limited.

12 Creditors

12.1 Amounts falling due within one year

	2004 NMSI	2004 NMSI Tr/ Bradford Film	2004 Total	2003 Total
	£	£	£	£
Trade creditors	2,289,646	437,298	2,726,944	2,780,913
Other creditors	138,155	137,904	276,059	350,908
Accruals and deferred income	2,907,281	1,657,971	4,565,252	4,554,431
Taxation and social security costs	398,046	0	398,046	452,514
Bank loan	0	184,543	184,543	352,000
	<u>5,733,128</u>	<u>2,417,716</u>	<u>8,150,844</u>	<u>8,490,766</u>

NMSI Trading Limited creditors due within one year excludes £3,519,850 of intercompany creditor eliminated on consolidation. Bradford Film Limited creditors excludes £16,562 of intercompany creditor eliminated on consolidation with NMSI Trading Limited.

The bank loans of £920,814 from Barclays Bank plc include a loan of £135,043 secured against a purchase of land adjacent to the National Railway Museum.

12.2 Amounts falling due after one year (NMSI Trading Limited only)

	2004	2003
	£	£
Bank loans	736,271	946,183

12.3 Borrowings (NMSI Trading Limited only)

	2004	2003
	£	£
<i>Loans not wholly repayable within five years</i>		
Barclays Bank plc - Post Office	785,771	819,650
Barclays Bank plc - Concrete Works	135,043	478,532
	<u>920,814</u>	<u>1,298,182</u>
<i>Analysis of maturity of debt</i>		
Within one year of demand	184,543	352,000
Between one and two years	49,500	225,532
Between two and five years	148,500	148,500
After five years	538,271	572,150
	<u>920,814</u>	<u>1,298,182</u>
Amount repayable by instalments any of which fall for payment after five years	538,271	572,150

The first Barclays Bank loan of £785,771 is unsecured and is repayable in equal instalments of £49,500 over 20 years at a fixed interest rate of 9.77% per annum. The expiry date is 19 December 2015.

The second Barclays Bank loan of £135,043 is secured upon land adjacent to the National Railway Museum and is being repaid over a period of 4 years. Interest is charged at 1.5% per annum above base rate. Barclays Bank plc hold the first legal charge over the site. The expiry date is November 2004.

There are no obligations under finance leases and hire purchase contracts.

13 Provision for early retirement

	2004 £	2003 £
Balance at 1 April 2003	121,253	223,408
Transferred from/(to) the Statement of Financial Activities	416	5,054
	121,669	228,462
Less payments	(74,178)	(107,209)
Balance at 31 March 2004	47,491	121,253

14 Deferred income

	£	£
Deferred income as at 1 April 2003	2,520,505	2,671,367
Accrued income	700,000	0
	3,220,505	2,671,367
Released to statement of financial activities in year	(167,529)	(150,862)
At 31 March 2004	3,052,976	2,520,505

The deferred income in 2003-2004 has two components; (a) grants and donations received will be released to the profit and loss account over the next sixteen years and (b) an advance payment in respect of rent, which will be recognised as revenue over the next 15 years.

15 Statement of funds*15.1 Movement of funds*

	Note	At 1 April 2003 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2004 £000
Restricted income funds						
Sponsorship, grants and donations reserve	18	3,543	12,033	(3,154)	(7,978)	4,443
Collections purchase fund	16	0	250	0	(250)	0
Revaluation reserve	1.4	17,309	22,893	0	(3)	40,200
Capital projects fund	17	173,451	7,703	(11,766)	8,228	177,616
Total restricted income funds		<u>194,303</u>	<u>42,879</u>	<u>(14,920)</u>	<u>(3)</u>	<u>222,259</u>
Unrestricted funds						
<i>Designated funds</i>						
Museum improvement reserve	19	4,353	5,533	(3,736)	(558)	5,592
Collections purchase fund		75	50	(9)	(8)	108
Revaluation reserve	1.4	1,821	4,928	0	3	6,752
Capital projects fund	17	13,872	240	(1,709)	1,125	13,528
Contingency fund	1.9	1,322	0	25	(559)	788
Total designated funds		<u>21,443</u>	<u>10,751</u>	<u>(5,429)</u>	<u>3</u>	<u>26,768</u>
<i>General funds</i>		838	46,351	(46,665)	0	524
Total unrestricted funds		<u>22,281</u>	<u>57,102</u>	<u>(52,094)</u>	<u>3</u>	<u>27,292</u>
Total funds		<u>216,584</u>	<u>99,981</u>	<u>(67,014)</u>	<u>0</u>	<u>249,551</u>

For details of individual funds see the attached notes on accounting policy 1.4, 1.8, 1.9, 1.10, 1.11. A temporary loan of £600,000 has been made from the Contingency Fund to support the modernisation activity in 2003-2004, taking the Fund below its target level of £1 million - £2 million. The funding will be received in 2004-2005 thus releasing the funds back to the Contingency Fund.

15.2 Analysis of group net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total 2004 £000
Fund balances at 31 March 2004 are represented by			
Tangible fixed assets	27,329	217,816	245,145
Current assets	11,164	5,229	16,393
Current liabilities	(8,048)	(103)	(8,151)
Long term liability	(3,153)	(683)	(3,836)
Total net assets	<u>27,292</u>	<u>222,259</u>	<u>249,551</u>

16 Collections purchase fund

Purchases for the enhancement of the collection during the year amounted to £282,622 of which £16,622 was financed from the Collections Purchase Fund, and £266,000 from external funders. Movements on the Fund were as follows

	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Balance at 1 April 2003	75,052	0	75,052	0
<i>Cash receipts in year</i>				
Grant in aid (Note 2)	50,000	0	50,000	100,000
National Heritage Memorial fund	0	0	0	3,640,969
Other funding	0	250,000	250,000	69,974
Donated assets	0	0	0	200,000
Income	125,052	250,000	375,052	4,010,943
Transferred from sponsorship, grants and donations reserve (Note 18)	0	16,000	16,000	0
Transferred to capital projects fund (Note 17)	(7,500)	(266,000)	(273,500)	(3,910,943)
Expenditure	(9,122)	0	(9,122)	(24,948)
Balance at 31 March 2004	<u>108,430</u>	<u>0</u>	<u>108,430</u>	<u>75,052</u>

The major expenditure during 2003-2004 was £250,000 further expenditure on the Royal Photographic Collection, £16,000 for the Thomson Medals and £7,500 for the photographic collection, *The Last Resort*, by Martin Parr.

17 Capital projects fund

	Unrestricted funds 2004 £	Restricted funds 2004 £	Total 2004 £	Total 2003 £
Balance at 1 April 2003	13,872,373	173,451,209	187,323,582	185,691,632
Grant in aid	239,789	0	239,789	129,571
Donated assets	0	7,702,676	7,702,676	0
Transfers from collection purchase fund (Note 16)	7,500	266,000	273,500	3,910,943
Transfers from sponsorship grants and donations reserve (Note 18)	0	7,962,267	7,962,267	4,686,468
Transfers from Museum improvement reserve (Note 19)	1,117,620	0	1,117,620	1,740,254
Movements with revaluation fund	0	0	0	(1,002,234)
	<u>15,237,282</u>	<u>189,382,152</u>	<u>204,619,434</u>	<u>195,156,634</u>
<i>Less</i>				
Depreciation and disposals	(1,707,857)	(11,766,079)	(13,473,936)	(7,833,052)
Write off permanent fall in value	(995)	(253)	(1,248)	0
Balance at 31 March 2004	<u>13,528,430</u>	<u>177,615,820</u>	<u>191,144,250</u>	<u>187,323,582</u>

18 Sponsorship, grants and donations reserve

(All restricted funds)

	2004 £	2003 £
Balance at 1 April 2003	3,542,498	2,576,817
Income	12,032,536	8,177,890
<i>Less</i>		
Expenditure	(3,153,431)	(2,525,741)
Transferred to capital projects fund (Note 17)	(7,962,267)	(4,686,468)
Transferred to collections purchase fund (Note 16)	(16,000)	0
Balance at 31 March 2004	<u>4,443,336</u>	<u>3,542,498</u>

19 Museum improvement reserve

(All unrestricted funds)

	2004 £	2003 £
Balance at 1 April 2003	4,352,944	2,049,271
Allocated income	5,533,354	6,349,924
Expenditure	(3,735,626)	(2,305,997)
Transfer from contingency fund	558,541	0
Transferred to capital projects fund (Note 17)	(1,117,620)	(1,740,254)
Balance at 31 March 2004	<u>5,591,593</u>	<u>4,352,944</u>

20 Contingent liabilities

Contingent liabilities exist for those parts of the collection on long term loan to other institutions or where there is a commitment to acquire another collection under certain conditions. The potential cost of storage and care for these collections forms a contingent liability.

21 Cash flow information

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

	2004 £	2003 £
Net incoming resources	5,145,259	4,373,753
Investment income	(265,962)	(244,335)
Interest payable	79,330	82,060
Depreciation	14,175,524	8,518,396
Loss on disposal of asset	57,522	0
Write off permanent fall in asset value	1,259	0
(Increase)/decrease in stocks	20,242	(202,018)
(Increase)/decrease in debtors	(3,102,087)	(479,265)
Increase/(decrease) in creditors	2,223,448	(983,134)
Increase/(decrease) in pension provision	(73,762)	(102,155)
Donated assets	(7,702,676)	(200,000)
Net cash inflow from operating activities	<u>10,558,097</u>	<u>10,763,302</u>

21.2 Gross cash flows

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	265,962	245,878
Interest paid	(79,330)	(82,060)
Interest element of finance lease rental payment	0	0
	<u>186,632</u>	<u>163,818</u>
Capital expenditure		
Receipt from sale of tangible fixed assets	0	164,142
Payments to acquire tangible fixed assets	(10,236,201)	(10,929,557)
	<u>(10,236,201)</u>	<u>(10,765,415)</u>
Management of liquid resources		
Cash (placed)/withdrawn from short term investments	5,000,000	500,000
Financing		
Loan repayments	<u>(377,369)</u>	<u>(383,571)</u>

21.3 Analysis of changes in net funds

	At 1 April 2003 £	Cash flows £	Non cash changes £	At 31 March 2004 £
Cash at bank and in hand	628,904	5,131,159	0	5,760,063
Current asset investments	5,000,000	(5,000,000)	0	0
Debt due within one year	(352,000)	167,457	0	(184,543)
Debt due after one year	(946,183)	209,912	0	(736,271)
	<u>4,330,721</u>	<u>508,528</u>	<u>0</u>	<u>4,839,249</u>

22 Financial instruments

22.1 Liquidity risk

Approximately 52% of NMSI's income is provided by Grant in Aid from the Department for Culture, Media and Sport. 26% of the remaining income is from a wide range of commercial activities. As a result, NMSI is not exposed to significant liquidity risks.

22.2 Interest rate risk

100% of NMSI's financial assets and 99% of its financial liabilities carry nil or fixed rates of interest. NMSI is not therefore exposed to significant interest rate risk.

Financial liabilities

	Total £	Floating rate financial liabilities £	Fixed rate financial liabilities £	Non-interest bearing financial liabilities £
Sterling				
At 31 March 2004	4,021,281	135,043	785,771	3,100,467
At 31 March 2003	3,387,941	478,532	819,650	2,289,759

The floating rate loan of £135,043 is being repaid over a period of four years. Interest is charged at 1.5% per annum above base rate.

The fixed rate loan of £785,771 over 20 years is at a fixed interest rate of 9.77% per annum. The expiry date is 19 December 2015.

22.3 Foreign currency risk

NMSI's exposure to foreign currency is not significant.

23 Related party transactions

The National Museum of Science and Industry is an executive Non Departmental Public Body whose parent body is the Department for Culture, Media and Sport. The Department for Culture, Media and Sport is regarded as a related party. During 2003-2004, the National Museum of Science and Industry had a number of transactions in the normal course of business and at full arms length with the Department and with other entities for which the Department is regarded as the parent Department. Loans of objects were also made to other Museums within the DCMS NDPBs.

Nine Trustees have relationships with other bodies with whom NMSI had material transactions. In addition, NMSI provides advisory services to the Heritage Lottery Fund for which it receives payment.

Organisation

Yorkshire Forward
 BBC
 Imperial College
 1851 Commissioners
 NESTA
 Odgers Ray & Berndston
 Wellcome Trust
 Eon Productions Ltd
 Victoria & Albert Museum
 Natural History Museum

Nature of relationship of organisation with NMSI

Gave grant to assist design development at NRM
 Current science story development
 Lease for Science Museum Library
 Discussions relating to Science Museum estate
 Grant for exhibition
 Used by NMSI to recruit senior staff
 Gave grant to fund series of exhibitions
 Purchased Intellectual property for an exhibition
 Shared service provision
 Shared service provision

24 Financial performance indicators*24.1 Sponsorship*

E3 Museum Specific target: sponsorship cost as a percentage of income generated

Sponsorship continues to be of vital importance to the Museum - in its own right and to provide collateral funding for Lottery bids. The cost of the sponsorship function as a percentage of income generated is an important indicator of efficient management and accountability. On the basis of a three-year rolling average (in order to even out initial costs), we aim to spend no more than 15% of the money raised on direct administration.

Rolling three year average**Target 2003-2004****Actual to end of year**

NMSI wide average

15%

5.8%

24.2 Stewardship of assets

An important goal of the NMSI is the prudent stewardship of all assets, including land, buildings, fixtures and fittings. We recognise that to achieve short-term revenue cost savings in order to balance the management account, funds have over the past few years not been available to carry out anything other than essential asset maintenance, for example, building repairs.

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DG Ref: D53156 4367WC

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