

SCIENCE MUSEUM GROUP

Annual Report and Accounts 2017–2018

Science Museum, London

Museum of Science and Industry, Manchester

National Railway Museum, York

Locomotion, Shildon

National Science and Media Museum, Bradford

National Collections Centre, Wroughton

SCMG Enterprises Ltd

HC 1307

Science Museum Group

Annual Report and Accounts 2017–18

Presented to Parliament pursuant to Section 9 (8) of the Museums and Galleries Act 1992

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1. Science Museum Group

Purpose and objectives

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

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

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

The vision and mission for the Group, as agreed by the Board of Trustees of the Science Museum in December 2016 is set out in section 2 below. This takes due regard of the Charity Commission's general guidance on public benefit and informs all decision-making, future planning and strategic priorities.

History and organisation

The Science Museum has its origins in the South Kensington Museum set up soon after the Great Exhibition of 1851. The South Kensington Museum was reorganised as the Victoria and Albert Museum and the Science Museum in 1909. The Science Museum expanded outside London and the National Railway Museum, which opened in 1975, was established as a result of the transfer of the British Transport Commission's railway collection to the Board of Trustees of the Science Museum. The National Railway Museum at Shildon was opened in 2004 in partnership with Sedgefield Borough Council. On 1 December 2017 the operational responsibility for the

museum transferred fully to the Science Museum Group. The National Science and Media Museum was established in 1983 as the National Museum of Photography, Film & Television, with the support of Bradford City Council. The National Collections Centre at Wroughton, a former Second World War airfield, was made available to the Science Museum by the Ministry of Defence in 1979. The Museum of Science and Industry opened in 1969 as the North Western Museum of Science and was registered as a charity in 1987; it joined the Science Museum Group in 2012.

Legal status and Group structure

The Board of Trustees of the Science Museum is the corporate body of the Science Museum Group and was established under the National Heritage Act 1983. Until 1984, the Group was managed directly by Government when it ceased to operate as part of a Government department. It now has the status of a non-departmental public body (NDPB), operating within the public sector but at arm's length from its sponsor department, the Department for Digital, Culture, Media & Sport (DCMS). These accounts fulfil the requirements of the 1983 Act

and the Museums and Galleries Act 1992. The Science Museum Group is an exempt charity under Schedule 3 of the Charities Act 2011, with DCMS acting as its principal regulator for charity law purposes, and is recognised as charitable by HM Revenue & Customs.

The Group has a wholly owned subsidiary trading company, SCMG Enterprises Ltd (company registration no. 02196149), set up in 1988 and operating across all the Group's museums.

Museum addresses

Science Museum

Exhibition Road
London
SW7 2DD

National Railway Museum

Leeman Road
York
YO26 4XJ

National Science and Media Museum

Pictureville
Bradford
BD1 1NQ

Museum of Science and Industry

Liverpool Road
Castlefield
Manchester
M4 3FP

Locomotion

Shildon
County Durham
DL4 1PQ

Company addresses

Entity	Registered number	Charity registration	Registered office
SCMG Enterprises Ltd	02196149	–	Science Museum Exhibition Road London SW7 2DD

List of Science Museum Group advisers

	Science Museum Group	SCMG Enterprises Ltd
Auditors	Comptroller and Auditor General National Audit Office 157–197 Buckingham Palace Road London SW1W 9SP	PKF Littlejohn 1 Westferry Circus Canary Wharf London E14 4HD
Bankers	Barclays Bank plc Floor 27 1 Churchill Place London E14 5HP	Barclays Bank plc Floor 27 1 Churchill Place London E14 5HP
Solicitors	The Group draws advice from a range of solicitors by sector, which this year included: Bates Wells Braithwaite CMS Cameron McKenna LLP DWF Farrer & Co. Fladgate Hansel Henson Kuits Mills & Reeve LLP Veale Wasbrough Vizards The Group also has access to other legal firms on the London Universities Purchasing Consortium panel.	

2. Achievements and Performance

Science Museum Group strategic objectives

Each Science Museum Group museum has its own distinct identity and remit, but the Group also recognises the opportunities it has as a group and its capacity to be greater than the sum of its parts. The Science Museum Group has a Group-wide vision and mission, together with seven Group-wide strategic priorities, which provide the framework for activity across the Group up to 2030.

Group vision:

A society that celebrates science, technology and engineering and their impact on our lives, now and in the future.

Group mission:

We inspire futures by:

- **Creative exploration of science**, technical innovation and industry, and how they made and sustain modern society.
- **Building a scientifically literate society**, using the history, present and future of science, technology, medicine, transport and media to grow science capital.
- **Inspiring the next generations** of scientists, inventors and engineers.

Focus of each museum:

- The Science Museum explores the science, technology, engineering, mathematics and medicine that shape our lives.
- The Museum of Science and Industry explores how ideas can change the world, from the Industrial Revolution to today.
- The National Railway Museum explores the huge impact of railways on Britain and the wider world.
- The National Science and Media Museum explores the transformative impact of image and sound technologies on our lives.

Strategic priorities

Seven key priorities drive Science Museum Group activity:

Core priorities

1. Grow **'science capital'** in individuals and society.
2. Grow our **audiences** and exceed their expectations.
3. Sustain and grow our **world-class collection**.

Supporting priorities

4. Extend our **international reach**.
5. Transform our **estate**.
6. Harness the potential of **digital**.
7. Increase **income**.

The first three – science capital, audiences and collections – are designated as core priorities, fundamental to our statutory responsibilities and all we do. The other four – international, estate, digital and income – may be considered as supporting priorities. These are the areas in which a need for significant growth or change has been identified, even where the activity might otherwise be seen as 'business as usual'.

These priorities underpin all of the Group's work. A number of actions were identified towards the achievement of these priorities and the annually updated plan is structured around these. Our achievements and performance are set out against these seven priorities and their associated actions.

Grow ‘science capital’ in individuals and society

The Science Museum Group’s offer and reputation for lifelong, informal STEM learning and engagement will be the best in the world.

The Science Museum Group plays a central and irreplaceable role in deepening and expanding science literacy in the UK. The breadth of resource in the Group, the diversity of the audiences and communities we serve, and the expertise embedded in our teams, collections and exhibitions are world-class resources for public engagement in STEM (science, technology, engineering and mathematics). Our organising principle is to build ‘science capital’ to enrich people’s lives and enhance their contributions to society. Policy-makers, industrial leaders and educators agree that future generations must be informed, enthusiastic and skilled in STEM if the UK is to retain its role as a global leader. The Group has a distinctive role in addressing this priority as a national and international leader in STEM education.

We will use the principle of science capital to describe and shape our learning content and programmes across all sites.

Enterprising Science: Research shows that the more science capital (science-related qualifications, interest, literacy and social contacts) young people have, the more likely they are to study science post-16 and to see science as ‘for me’. Yet national survey data shows that 27% of all 11- to 17-year-olds have low science capital, particularly those from disadvantaged backgrounds. This year we completed the final year of the five-year Enterprising Science project. Enterprising Science was a partnership across the Science Museum Group, University College London and King’s College London, supported by BP. This research and development project used the concept of science capital to understand how young people from all backgrounds engage with science and how their engagement might be supported. The Science Museum Group provided practitioner-based expertise about learning in museums and science centres, outside the formal classroom environment. We explored ways to develop and adapt a science capital approach for the informal science learning sector through developing new tools and approaches to engage all of our audiences with science. It involved collaboration between schools, young people and their families, and museums and science centres. As a result of this work we are developing new tools and workshops to integrate science capital principles into our everyday practice. All Science Museum Group learning staff will be trained in the principles and learning content reviewed. This will be followed by wider staff engagement and activity. We have received funding from BP to amplify the work and research from the project through an Academy of Science Engagement which will deliver training and resources to teachers and museum and STEM professionals, nationally and internationally, which will be launched in 2018.

Building Bridges: We completed the final year of this five-year project at the Science Museum. The project aimed to engage and inspire young people from diverse backgrounds in exploring and valuing the science that shapes their lives. Project activities included visits to participating schools, a visit to the museum, teacher CPD and an exclusive out-of-hours family event at the museum. Over the course of the project 2,500 students took part in the main project programme from 33 schools across our London partner boroughs and Reading. A further 18,000 students and 1,800 adults participated in an element of the project. The project worked with two academic partners over the past five years – Sheffield Hallam University (2012–15) and University College London (2015–17) – to conduct research into absent or infrequent visitors to the museum through understanding the project families’ cultural values, interests and aspirations. The project model and research is being used to shape our offer to enable us to reach out and connect with our underrepresented visitors more effectively.

Year of Engineering: In September the Science Museum hosted the launch of the government initiative Year of Engineering. Running throughout 2018, it will give thousands of young people aged 7–16 inspiring experiences of engineering, challenging traditional perceptions and tackling a lack of diversity in the profession. In response we are extending the life of our *Engineer Your Future* exhibition at the Science Museum and will stage special programming focusing on engineering throughout the year. In our northern museums we will showcase the many engineering links in our collections and ensure that our STEM Ambassadors are highlighting the opportunities to get involved. At the National Railway Museum we will further expand Future Engineers, which is aimed at inspiring futures in STEM careers. This year the two-week Future Engineers programme showcased engineering – past, present and future – in the collection and brought together the engineers of today to challenge our visitors’ perceptions and grow their existing science knowledge and confidence. The programme engaged 43,000 people and included the successful involvement of our STEM Ambassadors alongside industry volunteers and partners.

Develop world-leading digital learning resources that are a go-to destination for educators, students and families.

Last year we established a Learning Resources Strategy with the aim of developing a new online presence for museum learning resources alongside the development of a suite of new or refreshed core learning resources. This year we launched the new website for teachers and educators with 50 initial resources, enabling our users to make the most of our museums both on site and online with pre-visit, on-site/online and post-visit resources. The principles of science capital are being used to shape the learning content and ensure that the resources connect

our audiences to our unique collections, interactive galleries and contemporary science offer. A number of apps and films are next to be added.

Refocus the Outreach team to work on encouraging visits to our museums by underrepresented groups and achieving financial sustainability.

Outreach: The Science Museum-based Outreach team made over 200 visits across the country, including to schools, community venues and festivals. This included outreach activity as part of the Soyuz tour, offering selected schools new opportunities to learn about the science of space. At the Museum of Science and Industry there were 64,000 instances of participation in Manchester Science Festival activities outside the museum (see the 'Grow our audiences and exceed their expectations' section for more on the festival). In total there were 185,000 instances of participation in off-site learning activities delivered across the Group, by Learning teams and other teams such as Curatorial. This compares with 199,000 in 2016–17, the larger figure being due to the Punk Science team still being in operation and the Outreach team attending some particularly large festivals. We achieved our aim of cost neutrality for Outreach, in fact achieving a profit of £21,000 through a combination of a charged-for offer and externally funded programmes.

STEM Ambassadors: Last year the Group won the contract to expand our existing STEM Ambassador contract in Manchester, run from the Museum of Science and Industry, to include the National Railway Museum and National Science and Media Museum, and form the STEM Ambassador Hub Trans-Pennine Partnership. New teams in York and Bradford have worked quickly to embed their work internally at the museums and build valuable partnerships across their regions with new employers, schools and other STEM partners. The Hub manages around 3,000 registered STEM Ambassadors across Greater Manchester, West and North Yorkshire. The teams support these volunteers to engage with young people aged 5–19 in schools, community groups and at our northern museum sites. In the last 12 months over 90% of state-funded secondary schools in the region have engaged with a STEM Ambassador at least once. Our volunteers have supported 2,400 STEM activities reaching approximately 36,000 young people.

Deliver a successful *Wonderlab* offer at our museums in London, Bradford, Manchester and York

In October 2016 the Science Museum opened *Wonderlab: The Statoil Gallery*, our most ambitious interactive gallery and a key part of the museum's overall Masterplan. The model for *Wonderlab* is being extended across the Group, and at the end of March 2017 we opened the £1.8m *Wonderlab* gallery at the National Science and Media Museum, exploring the stunning science of light and sound. In this, its first year, 82% of general visitors visited the gallery, and nearly half (46%) of all visitors go on to name it as their favourite thing about their visit.

There were 23,000 visits to the gallery in education groups and feedback from teachers indicated *Wonderlab* was especially useful in helping students enjoy and engage with science more enthusiastically. The next iteration of *Wonderlab* is planned to open at the National Railway Museum and this is in early stages of development. The quality of these *Wonderlab* galleries has been recognised internationally, and the Group has provided consultancy services to the Queensland Museum in Brisbane for the redevelopment of its interactive gallery.

Deploy audience research to improve our offer, with particular emphasis on education groups and under-8s.

At the Science Museum we have nearly 20 years of continuous activity in a dedicated Audience Research department, which has led to a large body of evidence and expertise. The team ensure all our exhibitions, programmes and online resources are truly audience focused and that we deliver memorable and inspiring learning experiences. Audience research and advocacy underpins our Masterplan work and this year we have taken the first step towards a Group-wide approach with the appointment of a Group-wide audience research and advocacy post dedicated to Masterplan projects. We also implemented a qualitative survey for booked education groups at the Science Museum which will be rolled out across the Group in the coming year. Following audience research at the Museum of Science and Industry, a new programme for the under-8 age group was implemented this year and will inform a Group-wide framework to be developed over the coming year.

Increase sustainable programming for adults at non-peak times.

We recognise that adult visitors offer the greatest potential for growth away from peak times of half-term and other holidays. Alongside strategic exhibition programming, we also established a charged-for adult evening event programme of masterclasses at the Science Museum in 2017, including events such as a tea blending workshop as part of the *Illuminating India* season. This forms part of our strategy to make adult cultural events cost neutral. This pilot will be reviewed and considered for roll-out across the Group. We also continue to deliver the Lates programme of evening adult openings at the Science Museum, National Science and Media Museum and Museum of Science and Industry.

Booked education group visit numbers

No. of visits in booked education groups	Actual 2017-18	Target 2017-18	Actual 2016-17
Science Museum	429,000	460,000	460,000
Museum of Science and Industry	80,000	70,000	73,000
National Railway Museum	41,000	37,000	39,000
Locomotion	13,000	6,000	7,000
National Science and Media Museum	38,000	34,000	34,000
Science Museum Group total	601,000	607,000	613,000

We are the most visited group of museums in the UK by education groups* and have therefore sought to maintain rather than grow our education group visits – focusing on enhancing our offer informed by the principles of science capital. Where appropriate we have also sought to increase income generated from our learning activities (see the 'Increase income' section for more information). Our northern sites performed well this year, with a boost in numbers across all sites generated by the Soyuz capsule tour. Alongside the tour, National Science and Media Museum numbers were aided by its relaunch in March 2017 and the opening of *Wonderlab*. The drive to increase education group numbers at Locomotion was particularly successful, almost doubling the numbers compared with the previous year. As a Group we have however seen a reduction in numbers due to a decline in visits to the Science Museum. Museum visits were impacted by the London terror incidents in the earlier part of the year and it is believed this also deterred education group bookings, put off by a visit to central London. Overseas education groups also accounted for a significant part of this reduction. Looking forward we anticipate booked education group numbers at the Science Museum to begin to recover, aided by a refreshed schools programme and marketing activity.

**We benchmark ourselves using the DCMS performance indicator of the 'number of facilitated and self-directed visits by students under 18 (including Year 13) in formal education groups'. Comparable data is only available up to 2016-17, however the number of visits achieved this year indicate the Science Museum Group, and the Science Museum individually, will continue to remain the most visited by this group (see 'Performance against DCMS indicators' table).*

Grow our audiences and exceed their expectations

We will understand and consistently meet or exceed our visitors' expectations; we reach and reflect the communities we aim to serve.

Deliver the objectives and targets for visitor numbers, demographics and quality of experience set out in each museum's Audience Development Plan to 2020; review and refresh Audience Development Plans every three years.

Audience development: We want our visitor profile to reflect the communities we aim to serve, and each museum has in place an Audience Development Plan that segments visitors according to their needs and behaviours, identifies areas for growth and improvement, and outlines how this will be achieved. As these plans have been in place for three years now we are in the process of reviewing these and have agreed to adopt a Group-wide approach to audience segmentation. Across the Group we have sought to enhance the quality of experience for visitors and to remove barriers for underrepresented audiences. The make-up of our audiences is monitored through specific research projects and systematic exit surveys, which also invite feedback from visitors that is analysed alongside comments given on site or via social media. We aim to build deeper long-term relationships with our visitors, and in 2016 we implemented a new customer relationship system at the Science Museum and extended this across the Group in 2017. The system enables more targeted communications with our audiences, the benefits of which were seen in take-up of the interactive gaming event Power UP!, which achieved sales before opening 376% up on last year's event. We are currently in the process of implementing a unifying brand strategy that supports delivery of our shared goals and which we believe will support audience growth. Following implementation at the National Science and Media Museum, Science Museum and Locomotion, next year we will complete the roll-out at the National Railway Museum and Museum of Science and Industry.

Removing barriers: Our programming includes delivery of bespoke experiences for specific groups which help remove barriers to their visit. For example, our Early Birds openings at the Science Museum and National Science and Media Museum, and Night Owls at the Science Museum enable families with an autism spectrum condition, or other condition that would benefit from a quieter time, to come along and enjoy the museum outside standard opening hours. Our SIGNtific and VIscovery programmes at the Science Museum provide British Sign Language-led events and events for families with visually impaired members. At the National Science and Media Museum we offer autism-friendly and dementia-friendly film screenings. At the Museum of Science and Industry our popular Experitots sessions specifically cater for 1- to 4-year-olds and their families. New resources with a toddler focus have been introduced and we have worked

with our local Sure Start to welcome new audiences to our under-5s offer. We have also established new takeover days developed with young people from schools that do not normally engage with the museum offer, which is informing our programming more widely. At the National Railway Museum activities based around *Mallard* are aimed at those with severe learning disabilities and a fully accessible platform has been created, enabling visitors with limited mobility greater access to locomotives in steam. Our learning and events programmes seek to remove barriers to engagement by building on partnerships with external organisations and encouraging people to see our museums as places for them.

Visit numbers and quality of experience: This year we have seen a recovery in total visits to the Group, led (excepting Locomotion) by our northern sites, following a dip in 2016–17. In 2017–18 our visitor number targets and achievements were as follows:

Museum	Actual 2017–18	Target 2017–18	Actual 2016–17
Science Museum	3,178,000	3,240,000	3,219,000
Museum of Science and Industry	684,000	637,000	645,000
National Railway Museum	760,000	710,500	704,000
Locomotion	199,000	173,800	232,000
National Science and Media Museum	505,000	459,000	405,000
Science Museum Group total	5,326,000	5,220,300	5,205,000

Science Museum performance: The Science Museum ended the year just 2% behind target, and 1% behind the previous year and just below the average for the previous five years. This was a positive finish following a challenging start to the year, with a number of terrorist incidents seeing visits fall significantly in May and June. The museum is actively seeking to increase the volume of visits made by UK-based and overseas independent adults, and this year they increased by a further 9%. While 44% of all visits to the museum are made by families, the volume of visits by this group dropped (-8%), in part because of terrorist incidents in May and June. This builds on a fall in family visits experienced last year and reported across many of the London based national museums, indicating (as identified by Morris Hargreaves McIntyre) a tightening of the financial belt among families and a prioritisation of more local offers. Education groups make up 14% of all visits, though these declined by 7% compared to the previous year, also affected by terrorist incidents at the start of the year. Overseas visitors remain very important to the museum, accounting for 34% of all visits made. The vast majority of visitors (97%) are satisfied with their

visit and the proportion saying 'very satisfied' has stayed consistently high at 74%.

Museum of Science and Industry performance: Following a dip in visit numbers in the previous year, the Museum of Science and Industry ended the year 7% ahead of target and 6% ahead of the previous year, aided by the *Robots* exhibition, Manchester Science Festival events and the arrival of the Soyuz capsule at the end of the year. This was a strong recovery following a poor May caused by the Manchester Arena terror attack. Visits this year were slightly above the average of the previous five years. Growth compared with the previous year occurred in the majority of the museum's target audiences, led by an increase in independent adult visits (up 11%), followed by a 10% increase in education groups and 2% increase in families. However, the target audience of 'fun and learning families' has continued to decline significantly. Internally, the closure of some popular family-focused galleries (eg *Underground Manchester*) to make way for Masterplan activity is likely to be part of the reason that family numbers have fallen. In the longer term the museum Masterplan will address these challenges, and in the short term attractive programming and gallery refreshes are being implemented. Overall, 98% of visitors are satisfied with their visit and there has been a recovery in the proportion of visitors saying they were 'very satisfied' with their visit (now 72%).

National Railway Museum performance: Following a dip in visit numbers last year, 2017–18 performed 7% ahead of target and 8% ahead of the previous year. A particular boost to numbers came from the display of the Soyuz capsule towards the end of the year, attracting 31,000 more visits than the previous January and February. The volume of visits made by visitors in family groups is back to the norm, having dipped quite sharply in 2016–17 (up 30%). Visits by independent adults are down compared with the previous year (–11%), while education group visits are up 6%. Although the overwhelming majority of visitors are satisfied with their visit (99%), the proportion who are 'very satisfied' has recovered to 78% after a sharp dip in 2016–17. This year the quality of the offer at the museum was Highly Commended in the White Rose Awards for the Business Tourism category.

Locomotion performance: At Locomotion visit numbers exceeded targets by 14%. Following a slow start to the year, the arrival of the Soyuz capsule greatly boosted numbers, attracting 27,000 additional visits compared with the same months the previous year. Total numbers overall performed behind the previous year (–15%) owing to the hugely successful Shildon Shed Bash featuring *Flying Scotsman* in July 2016. The majority of visitors are satisfied with their visit (93%) and 68% are very satisfied.

National Science and Media Museum performance: Following a gradual decline in numbers at the National Science and Media Museum over the past few years, 2017–18 received the highest number of visitors since

2009–10, performing 10% ahead of target and 25% ahead of the previous year. In March 2017 the museum was relaunched with a new name and brand at the same time as the opening of the new *Wonderlab* interactive gallery. Programming such as the summer *Supersenses* exhibition and the arrival of the Soyuz capsule have also contributed to this turnaround in visit numbers. The museum has been very successful in achieving its aim to increase the numbers of families visiting, with 89,000 more visits made in family groups (a 52% increase on the previous year). Likewise, the aim to increase visits in education groups was also achieved with an increase of 12%. The overwhelming majority of visitors are satisfied with their visit (97%) and there has been a recovery in the proportion who are 'very satisfied' (72%) after a dip in 2016–17. This year these achievements were recognised when the museum was Highly Commended in the White Rose Awards for the Large Visitor Attraction category.

Consistently deliver exhibitions and programmes at all sites that are critically acclaimed and popular; share public programme content, skills and expertise across the Group's sites

Group-wide programming: This year we have delivered our first comprehensive Group-wide public programming with the national tour of Tim Peake's Soyuz spacecraft. Launching during the UK–Russia Year of Science and Education, the spacecraft's display celebrates the truly global effort behind space exploration today. After its opening display at the Science Museum until September 2017, it went on to tour the rest of the Group's museums, concluding with the Museum of Science and Industry in March. The display has attracted large visit numbers, including 27,000 more visits at Locomotion and 36,000 at the National Science and Media Museum when compared with the same months in the previous year. It will now go on to tour national museum venues in Scotland, Northern Ireland and Wales, as well as to competition winner Peterborough Cathedral. It is accompanied by a 360° 3D state-of-the-art virtual reality experience, using the Samsung Gear VR and the very latest in VR technology, and from March was displayed with Tim Peake's recently acquired spacesuit. As part of the tour, the Group's Learning and Outreach team, accompanied by the Samsung Bus, are visiting local schools and town centres. Approximately 2,000 school children per tour venue are benefiting. Building on this success, the iconic Stephenson's *Rocket* will be leaving its home at the Science Museum and going on display in Newcastle for the Great Exhibition of the North from June 2018, followed by display at the Museum of Science and Industry in the autumn.

Ticketed exhibitions: While we look to share public programming across the Group, each of our museums is distinct and the approach to programming varies across our sites. At the Science Museum and Museum of Science and Industry we aim to deliver at least one ticketed exhibition per year, which generates income and attracts

significant audience numbers. These have drawn critical acclaim and this year we received the UK Space Agency-sponsored Sir Arthur Clarke Centenary Award (which recognises outstanding achievements in space activity) for our 2016 exhibition *Cosmonauts*, in the education and outreach category. This year both the Science Museum and Museum of Science and Industry have displayed *Robots* – the exhibition reveals the astonishing 500-year quest to make machines human, and our fascination with re-creating ourselves in mechanical form. Running at the Science Museum from February to September 2017, it attracted 187,000 visits, exceeding targets. It has since gone on display at the Museum of Science and Industry from October 2017 to April 2018 before starting its national and international tour. This year an additional spring exhibition opened at the National Science and Media Museum in March; *Thresholds* is a virtual reality artwork by Mat Collishaw. This ticketed experience takes visitors back to the world's first major photography exhibition by William Henry Fox Talbot.

Other Science Museum exhibitions: In addition to ticketed exhibitions, the Science Museum aims to deliver at least two free exhibitions per year, including one contemporary science exhibition. This year the museum delivered *Illuminating India*, a season of exhibitions and events that celebrated India's contribution to science, technology and mathematics. Commemorating 70 years of Independence and part of the British Council's UK-India Year of Culture, the season included two free major exhibitions: *5000 Years of Science and Innovation* and *Photography 1857–2017*. By the end of March a total of 130,000 visits had been made to these exhibitions, exceeding targets and receiving complimentary reviews in *The Times*, *Nature* and *New Scientist*. Our new contemporary science exhibition was *Superbugs: The Fight for Our Lives*, which opened in November 2017 in the *Tomorrow's World* gallery. In addition regular contemporary science updates continued to be made here and in the *Who Am I?* gallery, which, along with rotating small-scale anniversary displays, ensures a varied exhibition programme.

Other Museum of Science and Industry exhibitions: At the Museum of Science and Industry, in addition to *Robots* and the Manchester Science Festival immersive experience referred to below, we continue to provide a number of small-scale exhibition/display updates including *Changing Places*, *Creating Spaces* – which reflects on the original condition of the Station Building, the transformations already made and future plans – and *Circuit City* – a family-friendly display telling the story of how the first electric power networks changed Manchester. Looking forward we are working towards a regular pattern for programming major exhibitions which will be aided by the opening of the Special Exhibition Gallery currently under development. Work has also taken place on future gallery refreshes, including the *Textile Gallery* and *Power Hall*.

National Science and Media Museum exhibitions: At the National Science and Media Museum the focus is

on holiday programming to bring in family audiences, targeting the summer holidays, February and October half terms, and establishing a pattern of two new exhibitions a year delivered through partnerships. Developing partnerships within Bradford and the local community is a key part of the museum's strategy and central to the delivery of its programme of events. The summer exhibition, targeted at family audiences, was *Supersenses*. It explored the many different ways the world can be perceived through our senses and featured brand-new artists' projects and installations, along with rarely seen inventions from our collection, and received 125,000 visits. The winter programme targeted at an adult audience, with an associated family learning programme, included the exhibitions *City Girls* (November 2017 – June 2018) – photographs by Nudrat Afza celebrating the passion, commitment and camaraderie of Bradford City's female fans – and *Fake News* (November 2017 – January 2018) – an exhibition developed with the Peace Studies Department at the University of Bradford, investigating how and why fake news stories are created and spread across the globe. Alongside the ticketed virtual reality artwork *Thresholds*, referred to above, is a free object-based exhibition, *Immersion*, that explores how scientists and artists have created immersive experiences using photography, cinema and sound. A number of other small-scale displays are delivered throughout the year to complete the changing programme as well as the three-screen daily cinema programme delivered through the Picturehouse Cinemas partnership.

National Railway Museum exhibitions: At the National Railway Museum we have aimed to deliver an annual 'season' of themed programming enabling us to create impact through the combined strength of cohesive exhibitions, events and learning activities. The programme creates opportunities to test new content and interpretive techniques that inform ambitious future plans. This year's *Mystery on the Rails* season (23 March – 3 September 2017) explored the way railways have inspired crime and detective fiction. The programme highlight was *The Missing Passenger*, a commission by artist and theatre-maker Geraldine Pilgrim inviting visitors to step into a murder mystery, investigate a series of installations and identify the culprit. In 2018 we will celebrate the Year of Engineering through a season of exhibitions and pop-up displays exploring the work of the modern rail industry. At Locomotion a programme of small-scale exhibitions is delivered in partnership with external organisations. Going forward we will continue to work with external organisations but we are committed to doing more to tell the unique stories of Shildon, to showcase the national collection and inspire visitors to get involved in science, technology and engineering. Our locomotives, including *Flying Scotsman*, have continued to tour heritage railways and other sites. This year 108,000 people came to see *Flying Scotsman* as it toured the country, visiting heritage railways and offering main-line services.

Festivals and events: A key part of our programmes are our regular festivals and events. Produced by the Museum of Science and Industry, the Manchester Science Festival (19–29 October 2017) is the largest science festival in England. In this, its 11th year, we welcomed 132,000 visitors to festival events across Manchester. The museum worked with 114 partners to deliver 112 unique experiences in 50 venues across Greater Manchester, involving around 1500 STEM professionals. Headline events at the museum were the *Robots* exhibition, the sell-out *Tape* (a spectacular immersive experience in the form of a giant sticky spider's web) and the *Tomorrow's World Live* show seen by an estimated 150,000 online – significantly extending the reach of the festival. Drawing on our experience from Manchester, this year we launched the first Bradford Science Festival. The weekend-long festival (15–16 July 2017) was curated across the city in the National Science and Media Museum, City Park and the Broadway shopping centre, attracting 35,000 visitors. The diversity of visitors reflected the diversity of the city, with 28% being non-white British. The feedback was excellent, with attendees saying the festival made them more interested in science, brought science to life and created a sense of community cohesion. We also delivered the second year of the Yorkshire Games Festival at our Bradford museum (8–12 November) with 8900 admissions – a 15% uplift on the previous year. The Widescreen Weekend (12–15 October) also achieved a 15% uplift on admissions.

Smaller-scale festivals, themed holiday activities, programming around exhibitions, live science and one-off events run throughout the year across our sites. Many of these feature key national and international voices in science, arts and the media, providing thought-provoking discussion.

Sustain and grow our world-class collection

The Science Museum Group's collection will be the best in the world for our fields; well understood, well housed and accessible (physically and digitally), and used effectively by the Group and others for research, display, learning and pleasure.

The Science Museum Group collection comprises about 7.3 million items, of which the vast majority are photographs and archives and about 425,000 are artefacts. In recent years we have made big strides in collections-based scholarship and research, creating a new Dana Research Centre and Library, establishing the online *Science Museum Group Journal* and building a strong network of partnerships with universities. In addition, we are aiming to improve services for our users by addressing three areas of historic underinvestment in collections: preservation, acquisition and digitisation.

Complete the One Collection project by 2023

In 2016 we embarked on the largest and most ambitious project the Group has undertaken in recent times. One Collection will transform how we care for and share the internationally significant Science Museum Group collection with the world. Our incredible objects, photographs and archive materials are now being treated as a single Group-wide collection. In line with world-leading museum practice we are now reviewing, rationalising, digitising, rehusing and increasing access to the Group's collection.

One Collection was precipitated by the Government agreeing to provide £150m at the Comprehensive Spending Review 2015 to enable the Science Museum Group, Victoria and Albert Museum and British Museum to build new facilities to house collections currently stored at Blythe House in London. As a result we will deliver a new purpose-built collection facility at the National Collections Centre in Wroughton, which will become home to over 80% of the Group's collection. The new facility will enable us to better care for and provide increased public access to our collection, including 320,000 items currently held at Blythe House.

Moving this vast number of objects has created opportunities to review our collection, improve our records and increase public engagement with the collection. We will also begin an unprecedented digitisation programme – digitising at least 75% of the objects we move – to create one of the most extensive online scientific collections in the world. Twenty full-time staff now work on One Collection with additional support from colleagues across the Group. Preparations for reviewing, digitising and moving the collection are well under way at Blythe House. Staff numbers and activity will increase further in 2018. This year detailed preparatory work has been completed for the construction of the new facility at the National Collections Centre, with the planning application submitted in December 2017. The site represents a fantastic

development opportunity and our long-term ambition is to develop the site into a sector-leading cultural resource.

Prioritise our holdings through a rigorous programme of collections review and ethical disposal.

We continued to undertake desktop reviews of the Science Museum Group collection. These reviews will improve our understanding of the collection, identifying significant material and priorities for future collecting. We will also be increasingly proactive in offering items that are not relevant or suitable for our collection to museums and public collections where they will be better accessed and used.

Transfers call on our own extensive subject expertise as well as museum sector knowledge. This year we progressed the legal transfer of the Royal Photographic Society collection to the Victoria and Albert Museum, prior to completion in May 2018. Later in 2018 we will launch our collection review programme.

Significantly increase the scope and pace of collections digitisation, using collections moves for gallery developments, exhibitions and research as prompts to populate the Collections Online service launched in 2016.

Collections digitisation provides the fundamental building blocks of digital access and interpretation. The Science Museum Group has not been sufficiently active in this area and in 2015 determined to step up the scope and rate of digitisation and enabling use of our assets. Collections Online was launched in December 2016, with more than 250,000 records from the object and archive collections and 150,000 images attached to 22,800 items. This will be dramatically enhanced through the One Collection project as well as delivery of the Medicine Galleries in 2019, enabling us to radically progress digitisation of the collection. We hold about 425,000 artefacts and by 2023 the majority of these, plus the most significant items from the photographic and archival collections, will be accessible online to at least a minimum consistent publication standard; this includes up to 320,000 object records arising from the Medicine Galleries and One Collection projects. This year we created an additional 4,400 online object records with an image since the baseline was established in July 2017. This is expected to accelerate dramatically in the coming year.

Seek out opportunities for significant acquisitions, with particular emphasis on contemporary science and technology.

Acquisitions: Through the Science Museum Group collection we commit to consistently provide the nation with the world's best material and visual record of science and technology and its impacts, including industry, medicine, transport and the media. This includes development of the collection, as set out in the Group's Collections Development Strategy and collecting policy. We

have resolved to be more ambitious in collecting, especially in contemporary science.

Our most high-profile acquisition this year was the spacesuit worn by British ESA astronaut Tim Peake, which from March has gone on display alongside the Soyuz capsule as it tours the country. Many acquisitions are targeted at specific gallery developments or exhibitions. For example, we purchased the Nagra SN (Series Noire) reel-to-reel tape recorder frequently used by the CIA, KGB and Stasi for the planned *Sound and Vision* galleries in Bradford. Many acquisitions have a significant impact on our research, such as the purchase of the *Manchester Railway Companion 1834*, which is a new and important source for understanding the history of our Manchester site. Other items acquired are simply of clear historical importance such as the George Cross, Carnegie Medal and British Railways bravery certificate posthumously awarded to driver Wallace Oakes in 1965. Continuing our successful contemporary collecting strategy of converting display loans to gifts, we have acquired the Facebook server displayed in *Big Data* and the Large Hadron Collider VELO module from *Collider's* international tour. With long-term collections engagement plans in mind, we secured the deposit of the records of the leading British chemical engineering film Laporte (1888–2000). This rich resource for the manufacture and distribution of bleaching and cleaning chemicals for the laundry trade offers significant potential for research and digitisation.

Research: We want our collections to be well understood. We therefore want to grow research capacity and skills across the organisation to enhance collections knowledge and underpin our acquisitions strategy. This year we have drafted a new Group-wide research strategy to be agreed shortly. In the meantime our research programme has continued focusing on research events, our doctoral programme, research project funding applications and the online *Science Museum Group Journal*.

The Dana Research Centre and Library, which formally opened in March 2016, aims to be one of the most stimulating national and international centres for the history of science and technology. A programme of conferences, workshops and seminars has continued this year, enabling the free exchange of insights. At the National Science and Media Museum in November we held our annual Group research conference, exploring the theme of sound and vision in science museums. In York the Institute of Railway Studies' seminar series has continued with a regular programme of talks by academics, museum staff and the National Railway Museum's collaborative students.

We are implementing Group-wide research funding applications in support of Science Museum Group public programming. The Group holds an Arts and Humanities Research Council-funded Collaborative Doctoral Partnership Award. In January our panel awarded the third tranche (of four) of six studentships. The consortium

includes the Science Museum Group museums, British Telecom Archives, the Royal Society and the Royal Geographical Society. Doctoral research is based on the Group's and our partners' collections; findings will inform gallery developments and public programmes. Also in 2017 we commenced two major research projects aligned with the museums' programmes: 'Metropolitan Science' will inform the *London: Science City* gallery. 'Bradford's National Museum' explores links between the communities of greater Bradford and our National Science and Media Museum. 'Energy in Store' enables us to conduct a review of the Group's energy collections review using lay expertise. The European Research Council project on the history of civilian nuclear energy continued, as did our partnership with the 'Material Cultures of Energy' project. We have also hosted the second tranche of two Wellcome Trust Secondment Fellows, this time focusing on enhancing access to objects within our One Collection project. Science Museum curators and research staff also taught the fourth cohort of University College London MSc students in curating science and technology, an option in the university's science and technology studies course.

Many research outputs are published in the *Science Museum Group Journal*, which has continued to produce spring and autumn editions. The journal presents the global research community with peer-reviewed papers relevant to the wide-ranging work of the Group, sharing the research of the Group and also publishing external contributions. Across the year, Group employees continued to publish articles and books with a variety of publishers; this year an outstanding example was *Refrigerator: The Story of Cool in the Kitchen* (Reaktion Books) by curator Helen Peavitt. All the while, staff continue to deliver conference and seminar presentations, reinforcing our contacts with leading universities (these are listed in the Group Research and Public History Annual Report).

Extend our international reach

The Science Museum Group will have a very strong international profile and reputation for excellence that enhances our offer, promotes the UK and generates income.

As well as being a group of national museums, in both name and action, the Science Museum Group aspires to be an international organisation. This is important for enhancing our museums' offer through international cooperation on research and lending, capacity-building and improving standards in the sector globally, growing and strengthening our spheres of influence at home and abroad, developing our own people and organisation, and generating income. Presenting ourselves as an international, inclusive organisation supports audience diversity and can be attractive to funders. Working internationally promotes not only the Group itself but also the cities and regions in which we operate and the UK as a whole. Since 2013 the Group has transitioned from an organisation that undertook pockets of international work to one with a global outlook and presence.

Undertake market analysis for designated regions and activities, and initiate new collaborations accordingly; China is the first priority.

We have adopted a strategic approach to working in and with China based on our touring exhibitions programme, professional development activities, working with partners to develop museum content, and through targeted stakeholder engagement. The Group's first China Coordinator was appointed in November to help drive these ambitions forward.

The Museum of Science and Industry-produced *Wonder Materials* exhibition opened at the Hong Kong Science Museum in December 2017 and we are actively discussing the tour of *Wonder Materials* to other venues in mainland China. Relationships are being developed with partners in China and in the UK to progress towards a Chinese science exhibition to be shown in the UK, and two short-term curatorial research fellows have been appointed to start scoping the exhibition content. Discussions have taken place this year on a three-partner exhibition on clocks from the 18th century; *Treasures of Time* will open in Hong Kong in December 2018 as a collaboration between Hong Kong Science Museum, the Science Museum and the Palace Museum in Beijing. A letter of intent has been signed by Guangdong Science Center in the city of Guangzhou to partner in a tour of a China-specific version of *Superbugs* that will be created in 2018/19 if funding is secured.

A Memorandum of Understanding with the Shanghai Science and Technology Museum was signed by the Science Museum Group in June as a signal of our mutual intention to collaborate and explore various opportunities.

In terms of professional development activity, we are developing a greater understanding of the STEM education and engagement sector in China with a view to extending the Science Museum Academy of Science Engagement internationally.

While China has been our first priority for new collaborations we have continued to build on existing work in our target regions of Russia, Brazil, India and Europe, and forged supporting links with government departments and agencies, both in the UK and in the countries where we are active. Highlights this year are outlined below.

Russia:

The Science Museum Group helped to celebrate 2017 as the UK–Russia Year of Science and Education with:

- Acquisition and display of the Soyuz spacecraft used by Tim Peake to return to Earth at the end of his mission to the International Space Station (see below), and other important artefacts.
- A small exhibition to mark the achievements of Valentina Tereshkova and the hosting a gala event on the occasion of her 80th birthday (March – October 2017).
- Planning an exhibition for the centenary in 2018 of the assassination of the Romanovs, to open at the Science Museum in September 2018.
- Signing of a Memorandum of Understanding for cooperation with the Tsiolkovsky Memorial Museum of the History of Cosmonautics in Kaluga.
- Acquisition of a bust of Yuri Gagarin, a gift from the International Charity Public Fund 'Dialogue of Cultures – United World' and the governor of the Kaluga region; on display in the Science Museum's *Exploring Space* gallery.
- Opening talks with the Russian Railways about the redevelopment of their museum in St Petersburg and the National Railway Museum in York.
- Curating a film festival for the Polytechnic Museum in Moscow.

Brazil:

- The Museum of Astronomy and Related Sciences in Rio de Janeiro opened its version of the Science Museum exhibition *3D: Printing the Future* in May.
- Under the auspices of the Newton Fund, several staff exchanges took place between the Science Museum Group and our partner the Museum of Tomorrow in Rio, based on each organisation's proposed exhibitions on food and agriculture.
- The Director of the Science Museum Group attended his first meeting of the Museum of Tomorrow Advisory Council in September.
- The Group and the Museum of Tomorrow undertook further staff exchanges funded by the British Council, and also with the biomedical research foundation Fiocruz.
- Looking ahead, we are planning activities to mark the UK–Brazil Year of Science, launching in April 2018.

India: The Science Museum's *Illuminating India* season was the focus of our work with India in 2017–18. The two exhibitions were extended to take in the period of the Commonwealth Heads of Government Meeting in London in April 2018.

Europe: The exhibition *Beyond the Lab*, a product of the EU-funded SPARKS consortium continued its tour to all 28 EU countries plus Switzerland and we participated in a workshop in Brussels. The EU also continued to fund the HoNEST research project on civil nuclear power, and a new project, Com'n'Play, researching making, gaming and coding activities in the science capital context.

Among many professional encounters and examples of cooperation, the Museum of Science and Industry collaborated with the Wellcome Collection in London and Teylers Museum in Haarlem to produce exhibitions for each site on electricity. In 2017 the exhibition moved from London to the Netherlands and will subsequently be shown in Manchester. We also liaised with various bodies in Greece and France to develop major new exhibitions for the future, and maintained particularly close links with a small network of peer organisations in Paris, Munich and Milan.

Grow our touring exhibitions programme according to a sustainable business model.

Touring exhibitions are the most visible manifestation of the Science Museum Group's international work. From a standing start we have developed a diverse repertoire. In 2017–18 there were over 650,000 visits to the Group's exhibitions overseas and the programme achieved a net profit. As well as income from touring exhibitions, this year we also generated income through consultancy, providing services to the Queensland Museum in Brisbane for the redevelopment of its interactive gallery.

This touring capability also enabled sharing of exhibitions within the Group and further afield in the UK. In particular this year, *Robots* transferred from the Science Museum to the Museum of Science and Industry and the recently acquired Soyuz capsule used by Tim Peake started its national tour. Having visited all five Science Museum Group sites in 2017–18 the capsule will go on to be displayed at venues in each home nation as well as the competition winner, Peterborough Cathedral. Exhibitions touring in 2017–18 were:

- *Beyond the Lab* – continued its tour of all EU countries plus Switzerland.
- Blueprint exhibitions – an Exhibition Blueprint Pack is a digital pack containing everything a venue needs to re-create one of our contemporary science feature exhibitions. The first blueprint exhibition, *3D: Printing the Future*, opened this year at the Museum of Astronomy and Related Sciences, Brazil; the Franklin Institute, USA; and Muzeul Casa Muresenilor, Romania.
- *Collider* – tour ended in May 2017 following display in Australia.
- *Wonder Materials* – toured to Hong Kong.

Strengthen networks for communication and advocacy of Science Museum Group international working.

Work closely with UK public sector agencies to add value to each other's work and help maintain the UK's soft power ranking.

Sustaining the UK's leading position in soft power through international working is one of the four key planks of the DCMS Culture White Paper (2016). The Science Museum Group was credited with adding the 'Science is GREAT' strand to the Government's GREAT campaign and we have continued our support for this initiative and other activities that promote the UK and our museums' localities. The GREAT campaign Festival of Innovation in Hong Kong in March featured *Wonder Materials* (sponsored by GREAT) and a panel discussion led by the Group's Director, Ian Blatchford.

Group personnel participated in several events in the UK–China People-to-People Dialogue programme in London in December 2017, and we continued to strengthen links with relevant people and organisations in both China and the UK, such as embassies and government departments. In March the Group Director and colleagues spent some time in China cementing relationships for research, exhibitions and knowledge transfer, supported by the Group's first grant from the Rutherford scheme run by BEIS.

Alongside the British Council, we contributed to a report by think-tank ResPublica, 'Britain's Global Future: Harnessing the Soft Power Capital of UK Institutions', and the Group's Director spoke at its launch in the Houses of Parliament in July.

Devise specific programmes to promote UK innovation and manufacturing.

The Science Museum Group acted as a content partner in the UK Pavilion at the World Expo 2017 – helping to shape the narrative about the UK's innovations in energy technologies, specifically graphene. The Museum of Science and Industry-produced *Wonder Materials* on display at the Hong Kong Science Museum was a highlight of the GREAT Festival of Innovation in March 2018. We are increasingly being invited to participate in UK Government events such as showing the Tim Peake Space Descent VR experience at embassy functions and Commonwealth Heads of Government meeting venues. The Group has a unique opportunity to support delivery of the UK industrial strategy that was published in November 2017; we will actively highlight these links in future activity and communications.

Transform our estate

Our buildings, public spaces and facilities will be welcoming and inspiring places to visit, effective and accessible housing for the collection, and great places to work.

At every Science Museum Group site a long-term framework for capital development is in place, described in an overarching Masterplan. These plans encompass some back-of-house functions and essential services as well as galleries, public facilities (eg lifts, lavatories and circulation spaces) and exterior spaces. Masterplans place emphasis on significantly improving visitors' experience, as well as providing better and more meaningful access to our world-class collection and heritage sites. This is being delivered through coherent and well-considered design interventions, as well as appropriate investment in infrastructure and services to ensure that considerations of sustainability and efficiency are built into all that we do.

Deliver agreed Masterplan projects, and develop future phases, using best practice in procurement standards, and focusing on value for money and customer service; work with a wide range of partners and stakeholders to ensure that Science Museum Group museums deliver optimum benefits for the places where they are located as well as for museum users; use Masterplan projects to drive programmes for academic research, collection digitisation and acquisitions, and online content, and for increased efficiency, sustainability and social inclusion.

Science Museum Masterplan: At the Science Museum the Masterplan is a 10- to 15-year programme, the first phase of which is now being delivered. Media Space opened in September 2013, followed by the *Information Age* gallery in 2014 (shortlisted for the 2016 Structural Steel Design Awards and Regional Finalist in the 2017 Civic Trust Awards) and the Dana Research Centre and Library in 2015. In 2016 two major elements of the plan were completed: our most ambitious interactive gallery yet, *Wonderlab: The Statoil Gallery*, and the beautiful new gallery designed by Zaha Hadid Architects, *Mathematics: The Winton Gallery*. Masterplan projects continue to gather critical acclaim, with both the Dana Centre Research Centre and Library and *Mathematics: The Winton Gallery* winning prestigious RIBA London Awards. The latter also won the 2017 Lux Award for its 'breathtaking and unforgettable lighting display that takes visitors on a journey into mathematics' and was shortlisted for the *Architects' Journal* Architecture Awards. The *Guardian* named *Wonderlab: The Statoil Gallery* as 'the best place to take kids in London'. In 2017 we refurbished the museum's lecture theatre, creating a functional and beautiful space in which to deliver our public programme, and the groups entrance. This first phase of the Masterplan will be completed in 2019 when levels 4 and 5 of the museum will form a bold, high-profile dedicated events space; a new Supporters' Centre will be established; the *London: Science City* gallery will open to explore the rich heritage of

London as a city of science; and the Medicine Galleries will showcase the world's largest and most significant collection of medical artefacts. Looking forward we will be developing the outline for the second phase of the Masterplan.

Museum of Science and Industry Masterplan: The Special Exhibition Gallery is the first major Masterplan project at the Museum of Science and Industry. Originally planned to open December 2018, the project was put on hold this year because of building structural issues, requiring an alternative location. This has now been agreed and the new gallery is planned to open in October 2020. The gallery will enable us to bring international exhibitions to the museum as well as create our own. The longer-term development of the public realm continues with negotiations around the relationship between the museum and the neighbouring St John's development (including the impact of The Factory, a major new cultural venue immediately adjacent to the museum) and wider opportunities to create a more permeable and accessible museum site. Liaison with local stakeholders to secure the optimum outcome for the Group and its public are a vital component of planning. We are also reviewing the use of the site to maximise commercial opportunities, resilience and sustainability. We also carried out surveys to provide a comprehensive picture of the work needed to maintain and preserve the site's listed buildings, informing a planned £2.3m programme of conservation priority work.

National Railway Museum Masterplan: At the National Railway Museum, planning continues to be dominated by the Masterplan to transform the museum alongside the city development plan, York Central. The museum has been engaged in discussion with City of York Council, Homes England and Network Rail about this development of land around the museum as a major new business and residential quarter. The museum's interests are both as a landowner and as a major cultural attraction at the heart of the development. The project is large and complex, and planning permission is still to be agreed. However, it has been agreed the recommended plan will include the closure of Leeman Road, thereby unifying the museum site. This opens the way to effect a once-in-a-generation transformation of the museum, enabling us to work up proposals for a central gallery joining its two halves. In the meantime the museum has been pressing on with its £23m plans for the redisplay of the Great Hall (including an engineering-themed *Wonderlab*) to tell the story of how railways changed the world. At Locomotion we established a Conservation and Asset Management Plan for the site, focusing on the conservation of the heritage buildings, and have started a development planning exercise to inform the future Masterplan for the site, including storage and future curation.

National Science and Media Museum Masterplan: The National Science and Media Museum's strategy of refocusing on the science and technology of image and

sound has been played out in learning programmes and events, and in renewed engagement with local communities and stakeholders. This commitment was demonstrated in a permanent and tangible way with the opening of *Wonderlab* in March 2017, along with the launch of a new name and brand. In its first year 82% of general visitors to the museum visited the gallery and over 23,000 visits were made in education groups. The next phase of the Masterplan will be the development of the object-rich *Sound and Vision* galleries, a showcase for the museum's collection scheduled to open in October 2022.

Develop skills in project and programme management across the organisation.

With such an extensive portfolio of Masterplan projects this year we commissioned a review of Masterplan programme management to provide recommendations to streamline processes. Findings will be used to develop a more integrated approach to the Masterplan and Estate programme and portfolio management.

Deliver efficient and fit-for-purpose back-of-house facilities and integrated estate management.

In the last 12 months the Science Museum Group has redefined the estate function and established an almost wholly new team to support the corporate strategies and to deliver robust and integrated estate management. The Group places high demands on its estate and many behind-the-scenes projects are delivered without impacting on its visitors or collections. For example, the complex separation of the Post Office Building from the Science Museum to become the new Dyson School of Design and Engineering at Imperial College continued this year and will be complete in spring 2018. Extensive preparatory work was completed for two major conservation projects at the Museum of Science and Industry and Locomotion respectively. Both projects will see significant investment made to protect the heritage assets on those sites and prepare the ground for future development through masterplanning. Design and specification work will commence fully in 2018. At the Science Museum we have undertaken significant repair and improvement works to our Infill Lifts and have commenced a major upgrade programme for the Scenic Lifts, all improving visitor movement and access throughout the museum.

Harness the potential of digital

The Science Museum Group's digital offer will be acknowledged as one of the best in the world and its websites will be a global destination for their subjects.

We recognise that there is vast dormant potential for the Science Museum Group digitally. Digital is an urgent priority and there is appetite for change throughout the organisation. The first phase of the Group's Digital Strategy is almost complete. The focus of this first phase was to improve audiences' digital experiences in the museums and online, embed digital activity across the organisation and build organisation-wide digital capability, provide improved digital access to the collection, tell the stories of how the modern world was shaped by the areas covered by the collection through narrative-based content, and build sustainable and scalable technical infrastructure to deliver these objectives and lay the foundations for ambitious future initiatives.

Digital experience

Website	2017–18 visits	2016–17 visits
Science Museum	7,127,000	7,805,000
Museum of Science and Industry	844,000	665,000
National Railway Museum	1,882,000	2,040,000
National Science and Media Museum	655,000	530,000
Science Museum Group site	1,076,000	616,000
Science Museum Group total	11,584,000	11,656,000

Website visit numbers: In total online visits were very slightly down on last year (–0.6%). This reflects strong performance at the National Science and Media Museum with the website relaunch in March 2017, increased numbers to the Museum of Science and Industry's refreshed site in July 2017, and greatly increased visitation to the updated Science Museum Group site which includes the new Collections Online. The Science Museum site was relaunched in September 2017, however visits were 8% down on last year owing to decommissioning and reorganisation of huge volumes of legacy content. The National Railway Museum is still to relaunch its website, so has not yet seen the benefit of increased numbers, in addition visits are down year on year because of the interest in *Flying Scotsman* in spring 2017. Locomotion had been part of the National Railway Museum website but in November 2017 launched its own site. Locomotion figures are combined in the National Railway Museum figures above this year but will be reported separately in future years.

Digital content beyond our sites: We also aim to make content available beyond our own websites, producing content for sites where audiences are most active. As part of their relaunch we have moved our websites to an open-source content management system to reduce ongoing support and maintenance costs and increase the number of potential partners we can work with. A key collaboration this has enabled is the Tomorrow's World partnership with the BBC. This major public engagement project with the BBC, Royal Society, Wellcome Trust and Open University was launched at the Science Museum on 2 May 2017 and provides access to content from leading science institutions. The Tomorrow's World digital hub in bbc.co.uk carries Science Museum Group content and links to the Group's websites. The *Antenna* gallery was rebranded the *Tomorrow's World* gallery to coincide with a major new programme on the BBC from the Science Museum. *Britain's Greatest Invention* was a 90-minute BBC Two live broadcast from the National Collections Centre on 15 June 2017, featuring several of our objects and curators alongside seven celebrities who each championed a different invention. Over 7 million people watched as antibiotics won the public vote.

As part of this partnership we also launched the first Tomorrow's World Live at the Science Museum Lates in August. This digital broadcast increased the reach of the event tenfold with over 50,000 watching online that night and 150,000 including on-demand. This success was replicated in October with another live online broadcast, themed around robots, from the Museum of Science and Industry as part of the Manchester Science Festival, attracting final online audience figures of 150,000. Our final broadcast in January this year was at the Science Museum, with Professor Brain Cox and former Google CEO Eric Schmidt in conversation on the future of artificial intelligence.

The Science Museum joined the Google Arts and Culture website (part of the Google Cultural Institute) in July 2017, which now features 100 objects from the collection, panoramic photography of the museum and an online exhibit based on the *Cosmonauts* exhibition. Finally, a 'Twitter war' between the Science Museum and Natural History Museum, which took place when the two institutions were challenged to 'duel' using only their collections, demonstrates the reach these digital platforms can have, with the string of tweets seen over 2 million times.

Enhance the audience experience

Refreshed web estate: The project to relaunch the museums' websites is now almost complete, with only the National Railway Museum still to relaunch. The refreshed sites reflect the new Group brand and are rich with newly commissioned video and photography, and have simplified structures and better support for mobile devices and touch screens. The enhanced web estate uses a modern, scalable and flexible architecture, informed by approaches that were tested in 2016–17. As part of our strategy we want to engage people more deeply with our content online. We are developing a multimedia collections narrative format to which all future Masterplan projects and exhibitions will contribute content. This format will allow users to delve more deeply into the stories around our collections as featured in our exhibitions and new galleries, and include multimedia as well as text-based content. A prototype was developed as part of the *Mathematics* gallery and extended alongside the launch of the new Science Museum website relaunch project and will continue to be developed in 2018.

Learning resources website: A new learning resources website for teachers was launched in autumn 2017 to provide a portal for teachers and educators to access downloadable classroom resources. It includes new resources developed through the Enterprising Science project, embedding the principles of science capital into the Group's digital offer. The collection's online delivery infrastructure has also been completely reworked with a focus on scalability, performance and simplicity, facilitating future plans for large-scale digitisation. See the 'Sustain and grow our world-class collection' section for information on collections digitisation. This year several thousand new objects and images were added to the site as part of its refresh.

On gallery digital experiences: As well as improvements online, we want to enhance the audience experience in our museums using digital technology. To coincide with the opening of *Mathematics: The Winton Gallery* we launched the Digital Lab in December 2016, with Samsung as the founding partner. The Digital Lab undertakes initiatives with short lifetimes, explores new technologies through collaborations, and publishes findings and outputs of research. In 2016 we started exploring use of VR technology in gallery spaces to bring objects to life and this year won a prize at the Media & Technology MUSE Awards at the American Alliance of Museums Conference for the Handley Page biplane VR experience in the *Mathematics* gallery, which conveys the physics of flight. This year we worked with Samsung again to utilise its Gear VR headsets to create the Space Descent VR with Tim Peake experience. This provided visitors with the chance to get a 360-degree look inside the Soyuz capsule, and experience the thrill of Tim's 400km journey back to Earth. It was presented alongside the Soyuz capsule display at the Science Museum before forming part of the national tour. It was shortlisted in the 'AR/VR' category at the 2017

Design Week Awards and for the 'Best VR Experience' at the 2017 *Broadcast Digital Awards*. Most recently, at the end of the year we launched *Treasure Hunters*, the result of a partnership with Aardman Digital to develop a new free smartphone app. The game is designed to encourage users to explore our spaces, discover things that they may not have otherwise noticed and talk with their group about what they find.

Enable audience participation

The Science Museum Group is committed to open content. Since 2016–17, where possible, images of objects in the collection are now published using a Creative Commons licence allowing non-commercial reuse by the public. The online collection catalogue data set is available under the public domain Creative Commons Zero (CC0) licence, and the new Collections Online website's code is publicly available under an open-source licence. We are actively exploring the potential to establish an online crowdsourcing platform to enable audiences to contribute to digitised collections.

Increase income

Sustainable unrestricted income from a variety of sources will be significantly greater than in 2015–16 (the baseline) and used efficiently to realise the Science Museum Group’s vision.

The biggest part of the Group’s income is direct Grant in Aid from the UK Government via our sponsor department, DCMS. Following the 2015 spending announcement, funding for national museums, including the Science Museum Group, has remained flat in cash terms. We have therefore continued to bear down on the cost of operations, but there are diminishing returns. In order to fulfil our goals on behalf of our visitors we are prioritising income generation to an even greater degree.

We are very successful at generating income through corporate sponsorship and philanthropy. We have continued to pursue these sources, which are vital to realise our ambitious vision for major exhibitions, acquisitions and capital projects across the Group (see the ‘Supporters of the Science Museum Group’ section for achievements this year). But in order to invest in our people, our collections and our buildings for the benefit of our millions of users, we are seeking to significantly increase unrestricted income by achieving sustainable growth in the amount of income from other sources. These include revenue from commercial activity, visitor giving and exhibition ticket sales.

Overall this year we achieved unrestricted income (excluding Grant in Aid and sponsorship) of £26.9m compared with £24.9m last year. New income-generating initiatives pursued in 2017–18 were:

Wonderlab: The Statoil Gallery

We made an ambitious choice to obtain a substantial DCMS loan and secured significant backing from funders such as Statoil and URENCO, allowing us to invest in a world-beating interactive gallery at the Science Museum. The modest entry charge contributes to the cost of maintaining the high-quality visitor experience and operating the gallery, while allowing school groups to visit free of charge. This year was the first full year of *Wonderlab* and income of £1.2m against a target of £1.2m was achieved. We are currently exploring membership models at the museum incorporating access to *Wonderlab*.

Corporate events business

Work continued this year on the development of *Illuminate*, a bold and versatile dedicated events space on levels 4 and 5 of the Science Museum due to open fully in January 2019. The demand for additional capacity for events was evident this year when the temporary availability of one of our exhibition spaces proved particularly popular for daytime event hire, contributing to the highest room-hire revenue

we have achieved at the museum in several years, which reached £1.4m. *Illuminate* will cater for these kinds of events in future.

Estate income and the National Collections Centre

In 2017–18 estates-derived commercial activity has been maintained and new short-term opportunities provided an additional boost. Our tenancies and short-term lets contributed £1m of unrestricted income in 2017–18. All sites (barring the National Science and Media Museum) yield income from rental leases, with the National Collections Centre contributing the greatest value (£700k in 2017–18). Surplus land and buildings at this site which are unsuitable for collections storage are used for a wide variety of commercial activities. These include providing filming locations for TV shows, large industrial equipment storage on disused runways, a 61MW solar farm, six major heritage sector clients, domestic property rentals, agricultural holdings and a number of short-term commercial lets.

Revenue generated from learning activities

Our drive to improve the financial health of our learning programmes continues. During the year we have welcomed over 72,500 visitors to charged-for school events and workshops and booked over 46,000 education visitors into charged-for commercial experiences. We have introduced a range of new income-generating offers including The Knowledge and after-school coding clubs at the Science Museum, and most recently sleepovers at the Museum of Science and Industry. We achieved our aim of cost neutrality for Outreach, in fact achieving a profit of £21,000 which will now allow us to review the future direction of the programme. During the coming year we will also be making changes to our Science Museum sleepover programme, Lates and the birthday party offer to ensure we optimise revenue generated. In total £809k income has been achieved through learning activities, compared with £1.1m in 2016–17. This reduction was due in part to a fall in education group visit numbers and declining interest in Science Nights, which have since been relaunched.

Gallery development consultancy

After the successful development of *Wonderlab: The Statoil Gallery*, the Group has been providing consultancy advice to the Queensland Museum in Brisbane for the redevelopment of its interactive gallery. Work on the new Scicentre began in January 2018, and the gallery promises world-class interactive STEM experiences and hands-on, surprising and engaging spaces where visitors can be scientists, be curious and inspired.

Enabling activities

People and culture

At the Science Museum Group we want an organisation of empowered and engaged people who are passionate and proud to work here. Over the last year we have run explorer sessions to help teams apply the Group's mission, *Inspiring Futures*, and its underpinning values, to the work they do. Over the next year we will continue to embed the mission and values into the fabric of the group. We have also run our first colleague pulse survey to measure engagement and used the feedback to plan and prioritise our work for the next year.

To deliver the Group's strategy we need to have the right people in the right roles, working in a culture that supports entrepreneurialism, income generation and professionalism. We are focusing on resourcing and engagement, while implementing improved ways of working to support organisational change. We have established a new approach to recruitment and welcome which embodies our mission and values. We are improving the way we attract and select people and then engage and align them from the start of their relationship with us, and continuing to help every colleague be successful and satisfied in their role. We have commenced apprenticeships, with two apprentices in place by April 2018 and plans for 12 more to start in summer 2018. We will promote and achieve sustainable growth of apprenticeships over the next year, using them strategically to develop and retain talent at all levels.

Corporate information

The introduction of the Information Management Steering Group has given the opportunity to review in 2017–18 how we store newly created corporate information, moving all of it to a digital base and prioritising the digitisation of paper records held across the estate. Work to create an Information Asset Register has provided an opportunity to advise on and improve information management practices. Work on the 'digital first' strategy will continue across the Group in 2018–19. Freedom of Information Act compliance activities continue with around 100 requests relating to corporate information being made annually.

Volunteers: expand the volunteering programme to support every major exhibition

In 2017–18 an average of 831 volunteers have contributed 86,000 hours to our museums, compared with 700 volunteers contributing 82,000 hours the previous year.

Volunteers and the cultural programme: This year volunteers contributed more than ever to our events and exhibitions programme. In London and Manchester *Robots* volunteers gave 6,000 hours to answer enquiries and provide visitors with a deeper insight into the

exhibition. Through Future Engineers at the National Railway Museum, 176 volunteers shared their engineering experience and ran a series of STEM activities for our visitors. Our Manchester Science Festival volunteers engaged the public in STEM activities across the city, giving an incredible 2,300 hours in just ten days. In Bradford, London and Manchester 70 gaming volunteers took volunteering to the next level by providing more support than ever for Power UP! and the Yorkshire Games Festival.

Volunteers behind the scenes: Volunteers have also made a difference behind the scenes. At the National Science and Media Museum our library volunteers catalogued half our periodical collection, while one volunteer catalogued a third of the administrative archive of the *Impressions* gallery. At Locomotion and in York, workshop volunteers have been restoring the 2-HAP unit and in Manchester a volunteer created documentation for the operation of historic machinery. Two volunteers help with the management of volunteers across the Group and this year they developed a process for managing volunteer health and safety, and reworked the intranet to provide greater supervisor support. With the appointment of our One Collection Volunteering Manager, behind-the-scenes volunteering is set to take off with around 300 volunteers expected to support photography, records enhancement and packing.

Volunteer satisfaction: We are committed to becoming the leading national museum for volunteering, so it is vital that volunteering is beneficial to us and our volunteers. This year we introduced a satisfaction survey to find out if this is the case. We were delighted with the results, with 91% saying volunteering benefited their health and wellbeing, and 93% saying they would recommend us as a good place to volunteer. We have overhauled our volunteer management training, increased online support for supervisors and implemented an exciting programme of volunteer activities – including international visits, training and opportunities to meet senior management.

Leaders in the sector: Through our leadership of the Heritage Volunteering Group we are working with organisations such as the Museums Association and the National Trust to share our practice and transform volunteering within the sector. Alongside this, our Volunteer Coordinators play a lead role in local volunteer management groups, ensuring Science Museum Group is at the forefront of volunteer management locally and nationally.

ICT infrastructure

Many of our key strategic projects, including our new website and collections digitisation, rely on a stable and high-performing ICT environment. Over the past two years this has been modernised with the transformation of networks, platforms, systems and processes across the estate. We have implemented new local- and wide-area networks as well as making significant improvements to cybersecurity, governance arrangements (Payment Card Industry Data Security Standard, General Data Protection Regulation and Cyber Essentials+) and completed a business-wide roll-out of Office 365. We have also formed an Information Management Group to review how we manage data and moved into a data centre enabling a hybrid cloud-computing infrastructure. Together this package of works represents a step change in both the performance and resilience of our technology environment as well as enabling much more effective remote and Group-wide working.

Financing and fundraising

Grant in Aid

Continuing receipt of Grant in Aid from DCMS is dependent upon the Science Museum Group's compliance with the DCMS/SMG Management Agreement dated January 2017. This sets out DCMS policy and financial requirements, which include the relevant provisions of Managing Public Money and such other guidance as the Treasury, Cabinet Office or DCMS have issued. It also describes the delegated powers and limits.

On 25 November 2015, HM Treasury's Spending Review and Autumn Statement 2015 announced that funding for national museums, including the Science Museum Group, was to remain at the current level in cash terms until 2019–20 and that free admission was to be maintained. In the current economic climate, the UK Government's decision to demonstrate its continuing support for the nation's museums was especially welcome. In addition it was announced that the Government will invest £150m to support the British Museum, Science Museum and Victoria and Albert Museum to replace out-of-date museum storage at Blythe House with new world-class storage facilities.

Distribution of Grant in Aid to the National Coal Mining Museum

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

Supporters of the Science Museum Group

The Science Museum Group is hugely grateful to all the sponsors and supporters who helped raise £11.3m in new philanthropic and sponsorship income and commitments in 2017–18. Their generous support enables the Group to deliver a broad and diverse range of initiatives both this year and for the future, with key funding secured for a number of long-term initiatives that are truly transformational for the museums and the collection.

Key achievements

- A long-term strategic partnership with funder BP has resulted in their becoming the Founding Partner of the Academy of Science Engagement which will disseminate science capital principles nationally and internationally.
- Our landmark partnership with Samsung for the national tour of Tim Peake's Soyuz spacecraft enabled us to tour one of our star objects Group-wide and to four additional sites.
- We secured our largest sponsorship to date with long-term partner GSK to support our upcoming Medicine Galleries.
- For *Illuminating India* we were delighted to partner with two leading funders that the Group had never worked with before, the Bagri Foundation and the Helen Hamlyn Trust.
- Another new partnership was with The Choudhrie Family Foundation, which generously supported *Celebrating 50 Years of Heart Transplant Surgery*. This will be on display until the end of 2018.
- We are incredibly grateful to Sir Martin and Lady Smith for their contribution towards the new Smith Centre, which will open in early 2019.
- Looking ahead, The Linbury Trust will be the lead funder on *London: Science City*, opening in 2019, and Vitabiotics and the Lalvani Family are Major Sponsors of the Medicine Galleries, which open in the same year.
- We secured three new sponsors for our first *Tomorrow's World* exhibition *Superbugs: The Fight for Our Lives*. Pfizer (Major Sponsor), Shionogi (Associate Sponsor) and the University of East Anglia wished to demonstrate their commitment to the pressing issue of antimicrobial resistance by supporting this important exhibition. The exhibition was also generously supported by UK Research and Innovation, the newly formed national research organisation comprising the seven research councils, Innovate UK and Research England.
- We were delighted to continue our partnership with the Players of the People's Postcode Lottery with the news of increased support over the 2018–19 financial year.
- The Science Museum will be renewing its visitor gift shop offer thanks to the generous support of an anonymous donor. The shop, including the product selection, will be refurbished over the course of 2018–19.
- The Department for Business, Energy and Industrial Strategy and Bechtel have committed to support activities across all sites as part of our programme celebrating the Government's Year of Engineering. This will include Future Engineers, Group-wide engineering Lates, Hackathons and Engineering Family Days.
- Increased engagement with the three inaugural partners of the National Railway Museum's Future Engineers programme has been extremely positive, leading to a 50% uplift in income for this project this year.

Visitor giving

We sought to raise £2.5m through visitor giving across all our museums and, thanks to the generosity of over 5.3 million visitors, exceeded this target, raising £2.8m.

Events

Exhibition launches, dinners, private views, lecture series and thought leadership discussions take place throughout the year and offer an opportunity to thank key supporters as well as providing a platform to share the Group's ambitions and aims.

Professor Lisa Randall, Frank B. Baird Jr. Professor of Science at Harvard University, was the keynote speaker for this year's Science Museum annual dinner. Professor Randall discussed her most recent research on how to identify the nature of dark matter and informed the audience that there were 'probably a billion dark matter particles passing through you every second.'

The National Railway Museum's annual dinner is a prestigious event for up to 500 senior stakeholders from the rail industry and other associated sectors. Not only is it an opportunity to give thanks to important supporters, it also delivers important unrestricted income through sponsorship and table sales. This year's keynote address was given by Sir Peter Hendy CBE, Chairman of Network Rail.

As part of this year's programme of events the Science Museum awarded a Fellowship to Sir Venki Ramakrishnan, for great distinction in the achievement of science, through both research and advocacy, and for continued support of the Science Museum, in particular for *London Science City: and Illuminating India*.

Fundraising oversight

The Science Museum Group is an exempt charity under Schedule 3 of the Charities Act 2011, with DCMS acting as its principal regulator for charity law purposes, and is recognised as charitable by HM Revenue & Customs. The Group adheres to the Code of Fundraising Practice issued by the Fundraising Regulator. In 2017–18 the Group did not work with any third-party commercial participators or professional fundraisers. This year the Science Museum Group welcomed 5.3m visitors, most of whom were welcomed by our visitor fundraising teams and invited to make a donation. Thirty complaints were made regarding our fundraising, all in relation to these greetings at the Group's ticket desks. We regularly review fundraising processes to ensure that no undue pressure is placed on visitors or supporters and that all approaches protect the public and vulnerable people from unreasonably intrusive or persistent fundraising.

Performance

Performance information is sourced through both internal records and periodic independent visitor surveys.

Performance against DCMS indicators

	Science Museum	Museum of Science and Industry	National Railway Museum	Locomotion	National Science and Media Museum	Science Museum Group ^[1]
Number of visits to the museum						
2017–18	3,178,000	684,000	760,000	199,000	505,000	5,325,000
2016–17	3,219,000	645,000	704,000	232,000	405,000	5,205,000
Number of visits by children under 16						
2017–18	978,000	227,000	210,000	44,000	171,000	1,629,000
2016–17	1,056,000	216,000	165,000	45,000	116,000	1,598,000
Number of overseas visitors						
2017–18	1,325,000	135,000	98,000	5,000	14,000	1,578,000
2016–17	1,471,000	94,000	84,000	12,000	11,000	1,672,000
Percentage of visitors who would recommend a visit						
2017–18	97%	98%	99%	89%	98%	97%
2016–17	97%	98%	99%	95%	98%	98%
Number of facilitated and self-directed visits by children under 18 in formal education						
2017–18	334,000	45,000	31,000	9,000	26,000	445,000
2016–17	363,000	44,000	31,000	5,000	22,000	465,000
Number of instances of children under 18 participating in on-site organised activities						
2017–18	415,000	169,000	98,000	54,000	154,000	890,000
2016–17	404,000	179,000	124,000	24,000	83,000	813,000
Number of unique website visits						
2017–18	7,127,000	844,000	1,882,000		655,000	11,585,000^[2]
2016–17	7,805,000	665,000	2,040,000		530,000	11,656,000 ^[2]
Number of Science Museum Group UK loan venues						
2017–18	166					
2016–17 ^[3]	174					

[1] Any discrepancies in Group totals are due to roundings.

[2] Total includes Group website.

[3] This varies from the figure reported last year as we are now treating the Group collection as one.

Group-wide performance indicator results for year

	2017–18	2016–17
	£000	£000
Exhibitions admission income (gross income)	2,413	1,864
Trading income (net profit, excluding sponsorship income)	3,051	2,858
Total charitable giving (including sponsorship income)	17,041	19,497
Ratio of charitable giving to Grant in Aid	39.8%	47.2%

3. Financial Review

Review of financial position

Summary of performance in 2017–18

In 2017–18, the Group's funds have increased by £18.3m to a total of £505.5m at 31 March (2017: £487.2m). Of this amount:

- £453.1m (2017: £447.8m) relates to non-expendable reserves, being associated with future depreciation of capital assets, endowment funds and the Group's defined benefit pension liability.
- £52.4m (2017: £39.4m) to expendable reserves, of which £40.7m (2017: £32.3m) is restricted and £11.7m (2017: £7.1m) unrestricted.

The Group's net result (before investment income and revaluations) was a deficit of £5.4m (2017: surplus of £4.0m), which includes a loss on the disposal of Blythe House of £8.5m. Excluding this transaction, the net surplus (before investment income and revaluations) was £3.1m (2017: £4.0m), explained in more detail below.

The effect on reserves of the current year result is as follows:

- Expendable restricted funds have increased by £8.4m (2017: increased by £1.0m) primarily because of the recognition of grant income for capital projects where works will take place in future years, including the Medicine Galleries at the Science Museum.
- Expendable unrestricted funds have increased by £4.5m to £11.7m (2017: £7.1m) and at year end £10.0m (2017: £5.6m) is designated for future projects, of which the most significant amounts relate to planned investments in 2018–19 including and development of the new events space at the Science Museum, Illuminate (£2.2m).
- Non-expendable reserves, both restricted and unrestricted, have increased by £5.3m to £453.1m (2017: £447.8m) primarily as a result of the upwards revaluation of property of £23.4m, offset by the loss on disposal of Blythe House of £8.5m and the difference between funding for future depreciation of £8.2m and the current year depreciation charge of £16.9m. A favourable movement of £0.5m on the defined benefit pension liability also increased the net amount of these reserves.

Details of significant transactions are as follows.

Income and expenditure

The net deficit in 2017–18 was £5.6m, compared with a surplus of £6.9m in 2016–17. The two most significant constituent elements in this £12.5m reduction are as follows:

- In 2017–18 Blythe House was derecognised from the balance sheet after the signing of a tenancy agreement with Government as part of the One Collection project to

vacate the store and move objects to a new facility at the National Collections Centre in Wroughton by March 2023. This resulted in a one-off loss on disposal of £8.5m.

- A net investment loss of £0.2m in 2017–18 represented a £3.1m reversal from 2016–17's net gain of £2.9m.

Adjusting for the effect of these transactions, net income of £3.1m (on gross income of £87.8m and expenditure of £84.7m) was down from £4.0m in 2016–17 (on gross income and expenditure of £85.5m and £81.5m respectively). These movements are described in more detail below.

Income

Grant in Aid received from DCMS increased from £43.3m in 2016–17 to £45.2m in 2017–18. The allocation for core activities at the Group of £35.0m remained stable, as did the Grant in Aid received for the National Coal Mining Museum of England at £2.4m. This was supplemented by a core capital allocation of £3.5m which comprised annual capital of £2.5m and an additional allocation of £1m to support essential conservation works on the Museum of Science and Industry site (2016–17: £4.6m). Funding was also received for works on the Special Exhibition Gallery in Manchester of £1.2m (2016–17: £0.7m) and the One Collection programme of £3.1m (2016–17: £0.7m). One Collection is a major programme to relocate collections currently stored at Blythe House in West Kensington to a purpose-built facility at the National Collections Centre in Wiltshire that is anticipated to run until 2023, to which Government has committed £40.0m of funds and the Group £6.2m of its own reserves.

Donations and legacies declined by £1.9m to £4.2m in 2017–18. Included within this figure is the value of donated assets, which fluctuate significantly from year to year. In 2016–17 donations of £2.2m included a surgical system and several robots, while in 2017–18 the value of donations was £0.5m.

Other charitable income – mainly grants and ticket income – increased from £10.4m to £14.4m. £8.0m of the current year figure related to the new Medicine Galleries and £1.3m to *London: Science City*, both at the Science Museum in London. £13.7m of further funding relating to these projects remains to be recognised, once performance conditions associated with the funding grants have been met. Also included in grant income are a grant for the refurbishment of the Science Museum shop, continued funding for Learning activities in Bradford from the Metropolitan District Council and for STEMNET activities across the northern museums, and funding for the Wellcome Trust medical fellowship and further

development of *Feeding Tomorrow*, a gallery devoted to contemporary agriculture.

Ticket income has increased to £2.5m from £1.9m. Of this amount £1.2m (2016–17: £0.7m) relates to admission to *Wonderlab: The Statoil Gallery*, with a further £1.1m from *Robots* in both London and Manchester. The 2016–17 figure included income from both *Leonardo da Vinci: The Mechanics of Genius* and the start of *Robots* in London.

The recognition of sponsorship income is closely related to significant projects across the Group. The £5.3m recognised in 2016–17 related to the opening of two major gallery projects, *Wonderlab: The Statoil Gallery* and *Mathematics: The Winton Gallery*. The £3.0m in 2017–18 relates primarily to the multi-year Learning projects Building Bridges and Enterprising Science and the UK tour of Tim Peake's Soyuz capsule.

Other income of £3.2m in 2017–18 is higher than the £1.9m in 2016–17, mainly because of consultancy income relating to the development of an interactive gallery in Queensland, Australia.

Total resources expended were £93.2m, including the £8.5m loss on disposal of Blythe House after the transfer of the freehold to DCMS. Underlying expenditure of £84.7m (2016–17: £81.5m) reflected an increased level of operational investment in the financial year.

Balance sheet

Tangible assets increased by £5.3m in the year, driven primarily by the revaluation of the Group's property of £23.4m (2016–17: £27.6m), offset by both the £8.5m disposal of Blythe House and the £9.6m surplus of depreciation over in-year net additions. Additions of £8.2m (2016–17: £18.3m) to these assets represented a variety of capital projects under way across the Group, including One Collection, the Medicine Galleries in London and Illuminate, the new corporate space at the Science Museum.

Investments of £16.0m were held at year end (2016–17: £16.8m), representing holdings in investment funds of the part of the proceeds from the 2015 sale of the Post Office Building identified as long term. The remainder of the proceeds were held as current investments, short-term deposits or cash and cash equivalents at year end.

Net current assets increased by £14.3m in the year to £36.3m, reflecting an increase in accrued grant income and trade debtors. Though trade debtors have increased to £4.3m, over 70% of this figure was not yet due (2016–17: 40%) and debtors at or beyond their due date are £1.2m against £1.0m at March 2017, reflecting the invoicing cycle for certain major projects rather than a deterioration in credit control.

Current creditors have increased by £5.7m to £16.9m, this increase attributable largely to the advance receipt of £5.7m for the sale of land in York to Homes England as

part of the York Central development project. As explained in Notes 3 and 13, the sale is expected to complete in the first half of 2019, at which point the Group will be entitled to a further payment calculated with reference to the market value prevailing at that date.

Accruals and deferred income have increased from £6.3m to £6.6m, with the deferred sponsorship income within this increasing from £1.5m to £1.9m. Deferred sponsorship income relates to exhibitions and galleries due to open in future periods and to several learning projects across the Group where the activity – and therefore the benefit to sponsors – is scheduled for future years.

The Group drew down more loan funding for commercial developments at the Science Museum from DCMS in 2017–18, and repaid principal and interest on its three outstanding facilities. As outlined in Note 19, the total loan balance of £5.4m (2017–18: £4.7m) is repayable over the next nine years and relates to three loans designed to support the increase of commercial income generation across the Group.

The Group's pension liability decreased over 2017–18 from £5.9m to £5.4m at 31 March 2018. This is primarily due to a gain resulting from changes in financial assumptions, notably a 0.1% increase in the discount rate. Following the acquisition of the Museum of Science and Industry in 2012, the Science Museum Group became an admitting body of the Greater Manchester Pension Fund, a defined benefit scheme. Details are given in Note 21 of the accounts

Financial policies

Creditor policy

The Science Museum Group operates a 30-days payment policy where no payment terms have been specifically agreed. Using a sampling method, 68% of payments were made within this policy during 2017–18 (2016–17: 74%). No allowance has been made within these statistics for disputed invoices.

Investment policy

The Trustees are empowered to invest by the Trustees Act 2000. Taking into account both best return, short-term availability and security, the Group ensures that all funds identified as surplus to working capital are reviewed daily and invested on short- to medium-term facilities to maintain their value over time.

The Trustees continued to invest in line with their policy, which allows for investment in equity and fixed-income funds aimed at preservation of value over the period to expenditure by seeking to produce the best financial return within an acceptable level of risk. The investment objective for the long-term reserves is to generate a return of 3% in excess of inflation over the long term. The investment objective for the short-term reserves is to preserve capital value with a minimum level of risk. Assets should be readily available to meet unanticipated cash-flow requirements.

In 2017–18 the long-term portfolio returned 0.7% (2016–17: 20.8%), which is below its target return. This annual return was affected by a 4.6% fall in the final quarter (January to March 2018), in line with wider equity markets, and the portfolio recovered with a 3.9% increase in April 2018. Since inception in December 2015, the portfolio has returned a cumulative 28.3%.

Reserves policy

The Trustees seek to maintain unrestricted general funds not committed or invested in tangible fixed assets at a level equivalent to three months' worth of non-contractual income. This level of reserves is held as a safeguard against unpredictable income streams, which may be vulnerable to the wider economic climate, including retail income and visitor donations. The Trustees agreed at their meeting in March 2018 that £1.5m was an appropriate level of reserves to hold in this respect, taking account of the level of operating contingency included in the 2017–18 budget. The value of general reserves at 31 March 2018 was £1.5m.

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

Designated funds are unrestricted income funds held for specific future projects of high strategic value. The

museum improvement fund represents the aggregate value of designated funds held for such projects, which include major capital works as well as exhibitions, research and educational projects. The majority of projects for which funds are held in the museum improvement fund will be undertaken during the coming financial year.

Immunity from seizure

The Science Museum Group has approved status under Part 6, Section 136 of the Tribunals, Courts and Enforcement Act 2007. This was granted by the Secretary of State for Digital, Culture, Media and Sport on 9 November 2009. Part 6 of the Act confers protection on objects loaned from abroad for temporary public exhibitions, provided the conditions set out in Section 134 of the Act are met when the objects enter the UK. If the conditions of this legislation are met, a court cannot make an order to seize an object that has been loaned from abroad for an exhibition, except where required to under EU law or the UK's international obligations.

The Group provides information regarding immunity from seizure on the Science Museum Group website: <https://group.sciencemuseum.org.uk/policies-and-reports/>.

This year the Science Museum hosted two exhibitions for which protection under the legislation was sought, *Valentina Tereshkova: First Woman in Space* and *Illuminating India: 5000 Years of Science and Innovation*.

Valentina Tereshkova: First Woman in Space

6 March – 30 September 2017

Science Museum, Exhibition Road, London SW7 2DD
31 objects

Illuminating India: 5000 Years of Science and Innovation

4 October 2017 – 31 March 2018

Science Museum, Exhibition Road, London SW7 2DD
7 objects

Details of the objects were published on the Science Museum Group website at least four weeks before the objects were imported into the UK. Up to 31 March 2018 no enquiries or claims had been received with respect to these objects under Section 7 of the Protection of Cultural Objects on Loan (Publication and Provision of Information) Regulations 2008.

4. Remuneration Report

Remuneration

Membership of Remuneration Committee

The membership of the Remuneration Committee during the year is shown in the Governance Statement.

The Science Museum Group Director, Mr Ian Blatchford, and Director of People and Culture attended the meeting that reviewed senior employees' pay (excluding discussion concerning their own pay and performance).

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

The Remuneration Committee reviews salaries of all the museums' senior managers whose jobs are of a certain size (as determined by their accountabilities).

When determining salary levels generally, several factors are taken into account:

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

Performance-related pay for senior managers

At the beginning of the year, senior managers are set objectives based on the museums' business plans. At the end of the year they are assessed by the Director, Chief Operating Officer or Group Executive member on the extent to which they have achieved their objectives and their performance is rated accordingly. The Chairman of the Board of Trustees assesses and rates the Director's performance. All ratings are then reviewed by the Remuneration Committee. Members of the Group Executive are eligible to be considered for a discretionary bonus, which is dependent on performance, within a range from 0 to 15% of their annual salary.

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

Policy on contractual terms

Senior employees are on permanent contracts with either the Science Museum Group ('Museum') or SCMG Enterprises Ltd ('Enterprises'). Notice periods for senior employees are between three and six months, for the Director, six months. Termination payments are in accordance with Museum or Enterprises contractual terms.

All Museum employees, except those working at the Museum of Science and Industry, are members of the Principal Civil Service Pension Scheme with associated redundancy and early retirement conditions. Civil Service pension details are given in notes to the accounts at Note 12. Museum employees working at the Museum of Science and Industry are members of the Greater Manchester Pension Fund, for which the Science Museum Group is an admitted body.

All Enterprises employees have the option to join a group personal pension scheme, currently provided by Aviva. If they do not wish to join that scheme they are auto-enrolled into a stakeholder pension, currently provided by Now Pensions. In the event of redundancy they will be entitled to payments as defined under the Employment Rights Act 1996 unless individual contracts define other terms.

During the year 13 employees based at Locomotion transferred from Durham County Council to Enterprises contracts under the Transfer of Undertakings (Protection of Employment) Regulations 2006. These employees continue to participate in the Durham District Council pension scheme, to which the Science Museum Group makes payments on a contributory basis.

The members of the Board of Trustees of the Science Museum, who hold overall responsibility for the Science Museum Group, are not remunerated. Expenses paid are disclosed in Note 12 of the annual accounts.

Remuneration information

The information below has been audited.

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

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

Senior directors

This Remuneration Report has been prepared in accordance with the Government Financial Reporting Manual, which requires disclosure of information about directors' remuneration, where 'directors' is interpreted to mean those having authority or responsibility for directing or controlling the major activities of the Science Museum Group. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity.

It is the view of the Science Museum Group that this requirement encompasses the two posts listed below, whose emoluments and pension details are disclosed. The Group considers that no other key management staff details need to be disclosed under this guidance for 2017–18.

Remuneration	Salary	Bonus payments	Benefits in kind	Pension benefits	Single total figure of remuneration
	£000	£000	Nearest £100	£000	£000
Ian Blatchford, Director and Chief Executive					
2017–18	170–175	20–25	–	35 ^[1]	225–230
2016–17	165–170	10–15	–	44 ^[1]	220–225
Jonathan Newby, Deputy Director and Chief Operating Officer					
2017–18	135–140	20–25	1,000	10 ^[2]	165–170
2016–17	130–135	10–15	900	9 ^[2]	160–165

[1] Calculated as 20 times the real increase in pension plus the real increase in any lump-sum payment due, less member contributions.

[2] Non-PCSPS employee; the figure is the employer's contributions in the year.

Pension benefits (PCSPS scheme members only)	Total accrued pension and related lump sum at pensionable age 31/03/18	Real increase in pension and related lump sum at pensionable age	CETV at 31.03.17	CETV at 31.03.18	Real increase in CETV
	£000	£000	£000	£000	£000
Ian Blatchford	50–55	0–2.5	758	822	12

The figures in the tables above have been subject to audit.

Cash-equivalent transfer values

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

Real increase in CETV

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

Median remunerations

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The midpoint for the banded remuneration of the highest-paid director in Science Museum Group in the financial year 2017–18 was £192,500 (2016–17: £177,500). This was 8.2 times (2016–17: 7.7 times) the median remuneration of the workforce, which was £23,500 (2016–17: £22,950). The ratio has increased mainly because of the increase in the banded remuneration of the highest-paid director.

In 2017–18 no employee received remuneration in excess of the highest-paid director. Remuneration ranged from banded midpoint of £12,500 to £192,500 (2016–17: £7,500 to £177,500) on a full-year basis.

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

Off-payroll arrangements

There were two off-payroll arrangements in 2017–18 lasting longer than six months, for more than £220 a day (2016–17: two). These had both ended at the date of reporting and existed for less than one year. All off-payroll arrangements have been subject to a risk-based assessment as to whether assurance needs to be sought that the individual is paying the right amount of tax, and where necessary, this assurance has been sought.

Employees

The information below has been audited.

Details of employee numbers, employees receiving remuneration over £60,000 and the remuneration of key management personnel are now provided in Note 12.

Civil Service and other compensation schemes – exit packages

The numbers of exit packages agreed during the year, split by cost band, are shown in the table below:

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures	Total number of exit packages for 2017-18	Total number of exit packages for 2016-17
< 10,000	2	10	12	7
10,001 – 25,000	–	2	2	1
25,001 – 50,000	–	3	3	–
50,001 – 75,000	–	2	2	–
Total	2	17	19	8
Cost (£000)	1	296	297	38

Sickness absence

The average number of days lost from sickness for each full-time equivalent employee was 5.6 days (2016-17: 4.8 days).

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials in 2017-18	Full-time equivalent employees
16	2.0

Percentage of time spent on facility time

Employees who were relevant union officials employed during the relevant period spent the following proportion of their working hours on facility time:

Percentage of time	Number of employees
0%	–
1–50%	16
51%–99%	–
100%	–

Percentage of pay bill spent on facility time

Total cost of facility time (£000)	54
Total pay bill (£000)	31,810
Percentage of the total pay bill spent on facility time	0.17%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: 20%

The information below has not been audited

Employee engagement

The Science Museum Group continues to operate various ways of facilitating effective communications with employees.

Regular employee briefings from the Group Director, the Directors of museums and other senior managers on strategic and topical issues are supplemented by Group-wide and museum-specific announcements and news on the Group's intranet and by email.

The Group runs pulse surveys to monitor employee engagement and collate feedback. This data is used to make Group-wide and local improvements.

There are a number of forums where the Group engages with employee representatives and officials from the trade unions on matters of mutual interest and concern. These forums are used for the usual business of addressing pay and benefits but also for the development of policies and health and safety matters.

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

The Group continues to focus on supporting managers and employees in dealing with change and has increased the level of support offered in career transition activity.

Equality and diversity

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

The Group works with local communities, schools and education groups to increase access for under-represented groups.

This financial year the Group has continued to work with occupational health providers, Access to Work and a range of other specialist advisers to make reasonable adjustments to the workplace for employees and potential recruits with disabilities.



Dame Mary Archer
Chairman of the Board of Trustees
27 June 2018



Mr Ian Blatchford
Accounting Officer and Director
27 June 2018

5. Sustainability Report

Summary of performance

We continue to ensure that sustainability is at the core of our activities. Measures taken this year build on our previous achievements, minimising energy consumption, encouraging our suppliers to be conscientious in their activities, and helping our visitors to understand both their and our impacts on resources and the environment.

Activities in 2017–18 included:

- Replacement of four essential air conditioning units and a new chiller with new, efficient models.
- Continuation of our programme of replacing lights and lamps with energy efficient models including LEDs.
- Assessment and improved use of time clocks, thermostatic controls and building management systems to ensure that the buildings operate as efficiently as possible.
- Introduction of more smart meters to enable better understanding of our consumption.
- Decommissioning of old, inefficient steam cooling towers at the Museum of Science and Industry, Manchester. Start of work on a low carbon alternative.

Greenhouse gas emissions

		2018	2017	2016
Non-financial indicators (tCO ₂ e)	Total gross emissions	7,230	8,769	9,108
	Scope 3 business travel gross emissions	443	219	237
Related energy consumption (see individual metrics)	Electricity – non-renewable (kWh)	13,780,351	14,057,528	13,500,032
	Electricity – combined heat and power (CHP) (kWh)	–	45,884	465,637
	Gas (kWh)	13,438,759	13,116,567	12,819,299
	Oil (litres)	21,699	22,573	19,529
	Biomass – wood pellets (tonnes)	25	46	32
Financial indicators (£000)	Expenditure on energy	1,597	1,665	1,753
	CRC expenditure	130	151	154
	Expenditure on business travel	562	719	502

Performance

Emissions continue to reduce across the estate, partly through investment in energy efficiency technology such as LED lighting or more modern plant, but also as a result of another mild winter meaning plant has to run less frequently.

Direct and indirect impacts

The main direct impacts from the Science Museum Group come through electricity and gas consumption. Thus the biggest influence on consumption relates to heating, cooling and lighting in visitor areas and climate-controlled galleries, and the impacts of these requirements are regularly reviewed and challenged.

Where possible travel is minimised through the use of video and on-screen conferencing services.

Waste

	Non-financial indicators (tonnes)			Financial indicators (£000)		
	2018	2017	2016	2018	2017	2016
		<i>restated</i>			<i>restated</i>	
Total waste	742.1	1,017.2	922.8	142.3	142.2	130.3
Hazardous (including waste electric and electronic equipment)	5.2	2.0	1.4	3.0	10.6	3.8
Non-hazardous						
Landfill	38.8	74.1	91.3	13.4	16.3	22.0
Energy from waste	338.2	346.6	323.9	73.9	47.2	51.0
Mixed recycling	317.6	502.0	402.2	49.1	58.3	40.3
Wood recycling	1.2	32.1	41.4	0.1	6.0	8.0
Metal recycling	1.9	27.6	38.3	0.0	2.0	3.4
Glass recycling	39.2	32.8	24.3	2.8	1.8	1.8

Mixed recycling figures for 2016–17 relating to the decant of permanent galleries at the Museum of Science and Industry in Manchester have been restated.

Performance

We have seen year-on-year decrease in waste produced by the Group. Recycling rates have improved through greater separation and better awareness. However, a decrease in the quantity of waste being sent to Energy from Waste plant has had an overall impact on the amount of landfill generated. The current year figures show a decrease in wood and metal recycling that is a result of a change in reported information from our cleaning contractor in London, with more waste now processed as mixed recycling.

Direct and indirect impacts

The most significant direct impact on the volume of waste comes via our visitor services. We encourage all visitors to recycle in clearly marked bins and work closely with our caterers and suppliers to minimise waste production.

Finite resources

			2018	2017	2016
Non-financial indicators (see individual resource for metrics)	Water – including locomotive operations	(m ³)	73,447	74,478	74,899
	Coal – locomotive operations	(tonnes)	74	96	59
	Non-fuel oils	(litres)	1,669	2,175	1,118
	Diesel – rail operations	(litres)	8,177	15,294	12,620
Financial indicators (£000)	Water supply – including locomotive operations		164.9	97.6	90.0
	Coal – locomotive operations		9.8	19.4	16.0
	Lubricating oil – locomotive operations		2.0	4.2	3.0
	Diesel – rail operations		8.5	13.6	8.0

Performance

Our use of finite resources is lower than last year – a direct consequence of our public programme and changes to the activities we offer.

Direct and indirect impacts

The operation of site vehicles, visitor experiences and heritage vehicles is the main direct impact on finite resource consumption across the Group. Where possible, automated systems are installed to minimise the volumes consumed.

Procurement of materials evaluates the provenance of the supply, particularly in respect of the coal used in the locomotives at the National Railway Museum.

Biodiversity enhancement

Performance

The National Collections Centre continues to be the most significant site for improved biodiversity management. This year we have conducted a wide range of ecological surveys to understand how the site is developing and how to further improve its ecological value.

Direct and indirect impacts

We work with suppliers to ensure that appropriate certificated products, such as Forest Stewardship Council (FSC)-approved timber, are chosen above others, and have a list of excluded chemicals and materials known to have impacts on ecosystems that are not to be used on the Group's premises.

Sustainable procurement

Performance

Our procurement tenders and contracts include criteria for sustainability and energy performance where appropriate.

Direct and indirect impacts

Our contracts now include sustainability, engagement and partnership working clauses and have increased the ability of the Group to work with suppliers to reduce our impacts.

Strategy for the future

We will continue to work on refining and improving our knowledge regarding waste and finite resources to help us drive decision-making in these areas.

We will continue to build on our past successes and identify new opportunities to reduce waste, increase on-site low-carbon energy generation and adopt sustainable technology.

Our projects will continue to place sustainability at the heart of their design and procurement briefs. Building ONE – our largest project in 20-years, places sustainability forefront in its design. As this project evolves it will become a leader within the heritage sector for low energy use and design. The knowledge gained in this project will be shared within the Group and wider sector.

6. Statement of Board of Trustees' and Director's Responsibilities

Under Sections 9(4) and (5) of the Museums and Galleries Act 1992, the Secretary of State for Digital, Culture, Media and Sport with the consent of the HM Treasury has directed the Science Museum Group to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Science Museum Group and of its net resource outturn, application of resources, changes in funds and cash flows for the financial year.

In preparing the accounts, the Board of Trustees and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

The Accounting Officer for the Department for Digital, Culture, Media and Sport has designated the Director as the Accounting Officer of the Science Museum Group. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Science Museum Group's assets, are set out in Managing Public Money published by HM Treasury.

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

The Annual Report and Accounts as a whole is fair, balanced and understandable and the Board of Trustees and the Accounting Officer take responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.



Dame Mary Archer
Chairman of the Board of Trustees
27 June 2018



Mr Ian Blatchford
Accounting Officer and Director
27 June 2018

7. Governance Statement

The governance framework

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

The recruitment of Trustees takes place in accordance with the procedures defined by DCMS and the Office of the Commissioner for Public Appointments. Descriptions of

the roles required are advertised, interviews conducted and recommendations made to DCMS for appointment by the Prime Minister in accordance with the National Heritage Act 1983. In March 2018 it was announced that Dame Mary Archer had been reappointed as Chairman of the Science Museum Group for a second four-year term, beginning 1 January 2019.

When new Trustees are appointed, officers of the Science Museum Group provide both general briefings about the museums and the role of the Board of Trustees within a charity and non-departmental public body context and specific information about particular areas of interest. This is done through documents and meetings. The Group's Directorate has responsibility for coordinating secretarial functions for the main Board and oversight of governance arrangements and management of Board committees.

To help support a diverse and complex organisation, the Board has chosen to delegate some of its activities to a number of advisory boards and committees, each with a defined remit and terms of reference. The structure that operated in 2017–18 is briefly summarised in the table below:

	Type	Remit
Board of Trustees	Board	Determine all matters requiring Board approval
Audit and Risk Committee	Board subcommittee	Provide assurance on risk, control and governance
Collections and Research Committee	Board subcommittee	Advise Board of Trustees on all aspects of collections and research
Finance Committee	Board subcommittee	Advise Board of Trustees on all financial matters and make financial decisions within its remit and delegated limits
Masterplan and Estate Committee	Board subcommittee	Advise Board of Trustees on all the Group's capital development plans and make financial decisions within its remit and delegated limits
Remuneration Committee	Board subcommittee	Advise Board of Trustees on remuneration of Director and senior executives
Science Museum Advisory Board	Board subcommittee	Advise Group Director and Board of Trustees on cultural offer
Museum of Science and Industry Advisory Board	Board subcommittee	Advise local Director and Board of Trustees on cultural offer
National Railway Museum Advisory Board	Board subcommittee	Advise local Director and Board of Trustees on cultural offer
National Science and Media Museum Advisory Board	Board subcommittee	Advise local Director and Board of Trustees on cultural offer
Railway Heritage Designation Advisory Board	Board subcommittee	Make recommendations to Board of Trustees on designation and disposal of railway heritage artefacts and archives
Board of Directors of SCMG Enterprises Ltd	Board of Directors of trading subsidiary	Make decisions regarding commercial operations and monitor progress against budget

Trustees who served during the year and their attendance at meetings and a strategy day for the Board of Trustees and its subcommittees are shown in the table below. A full

list of membership of subcommittees and advisory boards can be found at the end of this Governance Statement.

	Term	Date of current appointment	Expiry of current appointment	Attendance					
				Board ^[1]	Audit and Risk Committee	Collections and Research Committee	Finance Committee	Masterplan and Estates Committee	Remuneration Committee
<i>Chairman</i>									
Dame Mary Archer DBE	1	01.01.15	31.12.18	5/5					2/2
<i>Members</i>									
Professor Brian Cantor	1	01.06.16	31.05.20	4/5			3/4		
Mr Matthew d'Ancona	1	01.04.15	31.03.19	3/5	4/4				
Dr Sarah Dry	1	01.06.16	31.05.20	5/5		4/4			
Lord Faulkner of Worcester	2	05.01.15	04.01.19	5/5					2/2
Ms Sharon Flood	1	01.04.15	31.03.19	5/5			4/4		
Professor Russell Foster CBE	1	01.04.15	31.03.19	5/5					
Mr Andreas J Goss	2	01.08.15	31.07.19	3/5			4/4		
Lord Grade of Yarmouth CBE	2	01.08.15	31.07.19	4/5					2/2
Professor Ludmilla Jordanova	2	01.08.15	31.07.19	5/5		4/4			
Mr Simon Linnett	2	05.01.15	04.01.19	5/5			3/4		
Ms Lopa Patel MBE	1	01.06.16	31.05.20	5/5	4/4				
Professor David Phoenix OBE	1	01.04.15	31.03.19	3/5	4/4				
Mr Anton Valk CBE	1	01.04.15	31.03.19	5/5				5/5	
The Rt Hon the Lord Willetts	1	01.04.15	31.03.19	4/5					
Dame Fiona Woolf CBE	1	01.04.15	31.03.19	5/5				5/5	

[1] The Science Museum Group Board meets four times a year; a strategy day was also held in October 2017.

Reports from Board committees

Board of Trustees

Significant issues considered by the Board of Trustees in 2017–18 included:

- **Locomotion** – The Board agreed the transfer of Locomotion to the Science Museum Group from Durham County Council. Opened in September 2004 as a joint venture with Durham County Council, and originally called the National Railway Museum at Shildon, the museum showcases important railway vehicles and items from the national collection. From December 2017, the museum was renamed Locomotion and became a full part of the Group. Although the Group will now manage Locomotion, the strong partnership with Durham County Council will continue to be key to the future of the museum.
- **National Collections Centre** – The Board supported the recommendation to rename the Group's Wroughton site as the National Collections Centre from June 2017, in line with the Group's ambition to transform this important part of its estate.
- **Estates management** – The Group has a complex and diverse estate which continues to present a wide range of issues and risks. In 2017–18 the Board paid particular attention to estates management (via the Audit and Risk Committee), with a focus on areas of compliance and driving improvements.
- **Financial resilience** – In light of uncertainty in the wider economy and the risk of further reductions in Government funding, there is a continued and overarching need for the Group to increase income from other sources, achieve operational efficiencies and exercise stringent financial management. The Income Advisory Board (reporting to the Finance Committee) has continued to provide oversight and guidance on the development and implementation of an income strategy for the Group.

Audit and Risk Committee

The Audit and Risk Committee kept the management of risks under review throughout the year, particularly with respect to estates management. Members of internal and external audit attended each meeting of the Audit and Risk Committee and their work was considered by the committee.

Collections and Research Committee

The Collections and Research Committee advised the Board on the suitability and appropriateness of strategy and policy for the Group's collections and research, including acquisitions and disposals of objects and the management and care of the collection.

Finance Committee

In addition to its continuing work to provide the Board with assurance on the financial management and performance of the Group, the Finance Committee reviewed and approved a number of major projects and continued to support the implementation of the strategic income plan (under the guidance of the Income Advisory Board).

Masterplan and Estate Committee

The Masterplan and Estate Committee provided focused technical and strategic advice to the Board on the Group's capital development plans. The committee reviews and manages the execution and completion of the Group's capital development plans. Of particular note in 2017–18 were various decision points relating to the One Collection and National Railway Museum Masterplan projects, as well as negotiations relating to the Museum of Science and Industry public realm.

Remuneration Committee

The Remuneration Committee provided advice to the Board on the remuneration of the Director and senior management team.

Railway Heritage Designation Advisory Board

From 1 April 2013 the Board of Trustees assumed statutory powers – formerly held by the Railway Heritage Committee – to designate certain artefacts and records related to railways as being of significant heritage value. A subcommittee, the Railway Heritage Designation Advisory Board (RHDAB), was formed to advise the Board on designation and disposal matters. The RHDAB has two Trustee members, one of whom is the Chairman, and includes representatives of a range of stakeholders.

Designation recognises the significance of the items concerned and confers responsibility for their care and maintenance on the owners and recipients. Designated items may not be disposed of without the approval of the Science Museum Group Board. The RHDAB was established as a subcommittee of the main Board to advise

the Trustees on designations and on disposal of designated material. The designation powers cover specific bodies. In 2014 GB Railfreight Ltd, recognising the heritage value of its railway assets, decided voluntarily to come within the scope of the powers alongside Transport for London.

The RHDAB met three times in the financial year 2017–18 and recommended 19 items for designation, 12 items for disposal and no de-designations. Among these have been 2 class designations and 2 items through its voluntary agreement with Transport for London.

Board effectiveness

The Board undertook specific reflection on its operation and performance in 2016–17 as part of the Science Museum Group's internal audit programme, with the final report received in March 2017. In 2017–18 recommendations from this effectiveness review, relating principally to improving consistency in the management of subcommittee administration, have been implemented by the Board secretariat. In addition, the Chairman conducted appraisal meetings with individual trustees to review each member's contribution to the Board.

The Board has high standards in terms of the data it expects to receive to support it in discharging its duties. Data relating to the delivery of the Group's objectives, including financial control and the management of risk, is regularly reviewed by the Board and its committees.

Group Executive

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

The Group Executive is accountable to the Director of the Science Museum Group, and comprises senior managers, most of whom report directly to the Director. The Group Executive is responsible for resource allocation, leading strategic management, developing the cultural content and programmes, and sustaining the Group's values.

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

Ian Blatchford	Paul Kirkman	Tom O’Leary
Penny Canepa-Anson	Lydia Lee	Jo Quinton-Tulloch
Jane Ellis	Karen Livingstone	Susan Raikes
Roger Highfield	Sally MacDonald	John Stack
Helen Jones	Judith McNicol	
Linda Kilroy	Jonathan Newby	

Risk management framework and risk assessment

The Board of Trustees believes considered risk-taking is a necessary feature of the entrepreneurialism that is essential to success; the decision-making approach balances potential consequences against the scale of opportunity. The Board of Trustees’ risk appetite varies according to the nature of the risk, but in general the Science Museum Group takes a moderate approach to risk and the system of internal controls is structured accordingly.

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

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

The Audit and Risk Committee places assurance on the work of the internal auditor. Internal audit services in 2017–18 were provided by PricewaterhouseCoopers LLP, in accordance with Public Sector Internal Audit Standards. The work of the internal audit provider is informed by an analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis, which is endorsed by the Audit and Risk Committee. The Head of Internal Audit (HIA) provides the Audit and Risk Committee with regular reports on internal audit activity, which include the HIA’s independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The HIA’s opinion for 2017–18 is given below. Actions arising from all the audits are addressed by the Group Executive and progress is monitored through the Audit and Risk Committee.

The Corporate Risk Group monitored the major risks and focused on measures in place to manage them during the year, reporting to the Group Executive, the Audit and Risk

Committee and the Board of Trustees. Risk assessment and management formed an integral part of business planning and project management.

The system of internal control has been in place in the Science Museum Group throughout the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts, in accordance with Treasury guidance. The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability.

In particular, it includes:

- A Group Executive management team, as described above, which met regularly throughout the year to review progress against plans, make operational and policy decisions and to consider the management of identified and emerging risks.
- Regular reports from managers to the Audit and Risk Committee, Finance Committee and Board of Directors of SCMG Enterprises Ltd or management team (as appropriate) on the steps they are taking to manage risks in their areas of responsibility, including progress on key projects.
- Annual completion of internal control schedules by senior managers to confirm their compliance with the Group’s internal control standards.
- Comprehensive budgeting systems, with an annual budget which is reviewed and agreed by the Board of Trustees.
- Regular reviews by the Board of Trustees of progress against the key performance indicators that measure attainment against objectives, and of regular financial reports that track financial performance against forecasts.
- A Corporate Risk Group, chaired by the Director of Corporate Services and reporting to the Audit and Risk Committee, responsible for
 - Raising the profile of management awareness and accountability for the risks faced by the Group
 - Supporting the ongoing development of risk management and implementation of the risk management process

- Acting as a source of advice on risk management to aid embedding of risk management across the organisation
- Reviewing departmental risk registers on a cyclical basis and assessing the need for escalation of those risks
- Identifying emerging risks and reviewing and assessing existing corporate risks and appropriate actions to manage those risks
- Reporting corporate risks and recommended actions to the Group Executive (for validation) and to the Audit and Risk Committee
- Identifying the need for investment to fund high-priority risk response actions
- Maintenance of a register of interests for Trustees, Directors of SCMG Enterprises Ltd, subcommittee advisers and senior staff.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Group's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Risk profile

A reduction to Government funding continues to be a key risk. The likelihood of this risk having a critical impact was reduced following the announcement of a stable funding settlement in the Autumn Statement 2015. There remains a risk around future levels of Grant in Aid, given uncertainty in the wider economic climate, and the Group continues to seek ways to both increase self-generated income and reduce expenditure in order to secure longer-term financial sustainability.

In 2017–18 the Group has focused on risks relating to the state of its estate, both physical and digital. It has responded to identified weaknesses in the management of the estate, and investment in these areas will continue over the coming financial years. Work on improving the resilience of the digital estate in the face of cyber-threats resulted in the Group's receiving Cyber Essentials+ accreditation at the end of the year.

Standing risks resulting from a failure to care for, manage and appropriately develop the collection have been managed through a rolling programme of location audits and further progress in the One Collection programme to vacate the Group's shared storage facility at Blythe House, with detailed plans developed for a new purpose-built storage facility at the National Collections Centre in Wroughton.

Other areas of risk identified during the year included the operational capacity to deliver an ambitious programme of project activity over the medium term, staff welfare, particularly in relation to the high-profile #MeToo campaign and other adverse news stories, and management of the financial aspects of the portfolio of capital projects including One Collection and the York Central development.

Internal audit work during the year looked at the Group's responses to weaknesses identified in 2016–17 around the management of contractual maintenance and statutory health and safety requirements in the Estates team. It also included assessment of preparations for the implementation of the General Data Protection Regulation, a new finance system and the One Collection programme, and a review the Group's expenses processes.

Internal audit assessment of risk management framework

The opinion of the Head of Internal Audit was that governance, risk management and control in relation to critical business areas are generally satisfactory. However, there are some areas of weakness and/or non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk. Some improvements are required in those areas to enhance the adequacy and/or effectiveness of the framework of governance, risk management and control.

Whistleblowing arrangements

The Group upholds the core values detailed in the Code of Professional Ethics of the Museums Association and the International Council of Museums, and actively promotes their implementation. In line with these commitments, the Group encourages employees and others with serious concerns about any aspects of the Group's work to come forward and voice those concerns. A whistleblowing hotline managed by a third party is available for employees to use.

Information security

During the year one incident was reported to the Information Commissioner's Office (ICO) relating to protected personal data. The issue was quickly contained and measures have been put in place to prevent reoccurrence. The ICO confirmed that no further action would be taken.

Membership of Trustee subcommittees, subsidiary company boards and advisory boards

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

Audit and Risk Committee

<i>Chairman</i>	Professor David Phoenix OBE (Trustee)
<i>Members</i>	Mr Matthew d'Ancona (Trustee) Mr Paul Feldman Ms Lopa Patel MBE (Trustee)

Collections and Research Committee

<i>Chairman</i>	Dr Sarah Dry (Trustee), Chairman from 01.01.18
<i>Members</i>	Dr Katrina Dean, from 01.01.18 Professor Russell G Foster CBE (Trustee), from 01.01.18 Mr Philippe Garner, to 15.03.18 Dr Jeff Hughes, to 04.09.17 Professor Ludmilla Jordanova (Trustee), Chairman to 01.01.18 Ms Sarah Staniforth

Finance Committee

<i>Chairman</i>	Ms Sharon Flood (Trustee)
<i>Members</i>	Professor Brian Cantor (Trustee) Mr Andreas J Goss (Trustee) Mr Simon Linnett (Trustee) Mr Iain McIntosh

Masterplan and Estate Committee

<i>Co-Chairmen</i>	Mr Steve McGuckin Dame Fiona Woolf CBE (Trustee)
<i>Members</i>	Mr Nick Kirkbride Mr Ken Shuttleworth Mr Anton Valk CBE (Trustee)

Remuneration Committee

<i>Chairman</i>	Lord Faulkner of Worcester (Trustee)
<i>Members</i>	Dame Mary Archer DBE (Trustee) Lord Grade of Yarmouth CBE (Trustee)

Company information

SCMG Enterprises Ltd

<i>Directors</i>	Mr Ian Blatchford Ms Jane Ellis Mr Jonathan Newby
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Advisory boards

Income Advisory Board

<i>Chairman</i>	Lord Grade of Yarmouth CBE (Trustee)
<i>Members</i>	Mr Charles Coates Ms Sharon Flood (Trustee)

Science Museum Advisory Board

<i>Chairman</i>	The Rt Hon the Lord Willetts (Trustee)
<i>Deputy Chair</i>	Sir Paul Nurse
<i>Members</i>	Mrs Jane Atkinson Dr Sarah Caddick, to 26.03.18 Mr Matthew d'Ancona (Trustee) Professor Dame Athene Donald DBE Dr Marcus du Sautoy, to 26.03.18 Professor Russell G Foster CBE (Trustee) Professor Lucie Green Dr Robert Parker Professor Simon J Schaffer Professor Molly Stevens

Museum of Science and Industry Advisory Board

<i>Chairman</i>	Lord Faulkner of Worcester (Trustee)
<i>Members</i>	Mr David Brown, from 01.10.17 Clare Hudson Mr Steve Johnson Sir Richard Leese CBE Professor Andy Miah The Rt Hon Baroness Morris Dr Erinma Ochu Ms Lopa Patel MBE (Trustee) Professor David Phoenix OBE (Trustee) Ms Sheona Southern Councillor Alex Williams

National Railway Museum Advisory Board

<i>Chairman</i>	Mr Simon Linnett (Trustee)
<i>Members</i>	Mr Philip Benham Dr David Brown, to 30.09.17 Lord Faulkner of Worcester (Trustee and Observer) Mr Bryan Gray CBE Professor Ludmilla Jordanova (Trustee) Dr Ellen McAdam Mr Paul Plummer, from 04.10.17 Professor Clive Roberts Mr Adrian Shooter CBE Mr Anton Valk CBE (Trustee) Mr Christian Wolmar

National Science and Media Museum Advisory Board

Chairman

Lord Grade of Yarmouth CBE (Trustee)

Members

Ms Samira Ahmed

Ms Yvonne Baker

Professor Brian Cantor CBE (Trustee)

Dr Sarah Dry (Trustee), from 24.04.17

Baroness Margaret Eaton DBE

Professor Elizabeth Edwards

Ms Kersten England

Mr Philippe Garner, to 15.3.18

Mrs Sally Joynson

Dr Annette Nabavi

Ms Gillian Reynolds MBE

Ms Nicki Sheard, from 18.12.17

Railway Heritage Designation Advisory Board

Chairman

Lord Faulkner of Worcester (Trustee)

Members

Mr Mike Ashworth

Dr David Brown

Mr Ian Brown CBE

Mr Neil Butters

Ms Liz Hallam Smith

Mr Mark Hopwood, from 04.06.17

Ms Louise Innes

Dr David Jenkins

Mr Mike Lamport

Mr Simon Linnett (Trustee and Observer)

Mr Andrew McLean

Mr Peter Ovenstone

Mr Andy Savage

Ms Vicky Stretch

Mr Anton Valk CBE (Trustee)

Records and enquiries

Corporate records

As a public body the Science Museum Group has a responsibility to catalogue and preserve organisational records, including some collections records. This year the team catalogued 2,353 records, as well as continuing to review existing organisational records. In addition to this, the team responded to 105 collections-related enquiries. The team has also created an Information Asset Register for the group which will aid information management strategy and General Data Protection Regulation compliance.

Freedom of Information

The Science Museum Group's statutory responsibility to respond to enquiries under the Freedom of Information Act and Data Protection Act was met by responding to 89 requests for information which focused on income-generating activities, museum security, procurement, visitor experiences and other high-profile projects and activities.

Compliance with the Corporate Governance Code

While the Board of Trustees has different responsibilities and is appointed in accordance with the relevant Acts,

the Science Museum Group confirms that its governance processes comply with the intentions of 'Corporate governance in central government departments: Code of good practice 2017'. The Board is well balanced in composition, and supports the Director in leading the Group through strategic direction, monitoring activity and achievement of objectives, and ensuring good governance is in place. The work of the Board is well supported by strong committee management. Regular evaluation by the Board of its effectiveness, including the views of senior staff, ensures that the Board is reviewing its activities and processes to continue to improve its performance. The Trustee register of interests is available for inspection on the Group's website or on application to the Science Museum Group Directorate at the Science Museum, Exhibition Road, London SW7 2DD.

Conclusion

The Accounting Officer and Board of Trustees have to maintain a balance between the strength of internal control systems and the cost of their implementation and improvement. At present, the Accounting Officer and Board of Trustees consider that the framework of internal controls and risk management is effective.



Dame Mary Archer
Chairman of the Board of Trustees
27 June 2018



Mr Ian Blatchford
Accounting Officer and Director
27 June 2018

8. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Science Museum Group for the year ended 31 March 2018 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Group and Museum Balance Sheet, the Consolidated Cashflow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of group and of the Science Museum's affairs as at 31 March 2018 and of its net income/(expenditure) for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museum and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Science Museum and the group in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Trustees and Director

As explained more fully in the Statement of Board of Trustees' and Directors' Responsibilities, the Trustees and the Director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Science Museum's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Science Museum's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Trustees and Director are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992;
- in the light of the knowledge and understanding of the group and the Science Museum and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual report which we provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General

5 July 2018

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

9. Financial Statements

Consolidated Statement of Financial Activities for the year ended 31 March 2018

		2018				2017			
	Notes	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
<i>All activities are continuing activities</i>									
Income from:									
Government Grant in Aid									
Grant in Aid for Science Museum Group		34,849	7,951	–	42,800	34,843	6,091	–	40,934
Grant in Aid for NCMME		–	2,409	–	2,409	–	2,409	–	2,409
Donations and legacies	5	3,531	654	–	4,185	3,315	2,810	–	6,125
Charitable activities	6	2,877	11,546	–	14,423	2,192	8,673	–	10,865
Trading activities									
Commercial activities		16,284	–	–	16,284	16,381	–	–	16,381
Sponsorship		2,995	–	–	2,995	5,347	–	–	5,347
Rental income		982	50	–	1,032	1,024	50	–	1,074
Investments	7	65	418	1	484	61	426	–	487
Other income	8	3,171	–	–	3,171	1,895	–	–	1,895
Total		64,754	23,028	1	87,783	65,058	20,459	–	85,517
Expenditure on:									
Charitable activities	10								
Care for and research into collections		13,211	4,377	–	17,588	12,018	4,476	–	16,494
Science education and communication		28,386	6,453	–	34,839	27,789	6,412	–	34,201
Visitor services		14,931	628	–	15,559	13,139	769	–	13,908
Raising funds	10								
Activities for generating funds		3,450	228	–	3,678	2,964	83	–	3,047
Commercial activities		12,826	194	–	13,020	13,448	377	–	13,825
Loss on disposal of Blythe House		8,547	–	–	8,547	–	–	–	–
Total		81,351	11,880	–	93,231	69,358	12,117	–	81,475
Net (losses)/gains on investments	16	–	(165)	–	(165)	–	2,866	–	2,866
Net (expenditure)/income		(16,597)	10,983	1	(5,613)	(4,300)	11,208	–	6,908
Transfers between funds		7,692	(7,692)	–	–	1,333	(1,333)	–	–
Other recognised gains/(losses):									
Gains/(losses) on revaluation of fixed assets	13	23,355	–	–	23,355	27,573	–	–	27,573
Actuarial (losses)/gains on defined benefit pension scheme	21	555	–	–	555	(2,548)	–	–	(2,548)
Net movement in funds	24	15,005	3,291	1	18,297	22,058	9,875	–	31,933
Reconciliation of funds:									
Total funds brought forward	24	263,880	223,271	78	487,229	241,822	213,396	78	455,296
Total funds carried forward	24	278,885	226,562	79	505,526	263,880	223,271	78	487,229

Notes 1 to 29 form part of these accounts.

Balance Sheets as at 31 March 2018

	Notes	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
Fixed assets					
Tangible assets	13	436,666	431,412	434,973	429,633
Heritage assets	14	26,601	26,246	26,601	26,246
Intangible assets	15	1,033	525	1,033	525
Investments	16	16,044	16,807	16,455	17,218
Total fixed assets		480,344	474,990	479,062	473,622
Current assets					
Stock		1,147	1,212	-	-
Debtors	17	14,754	7,758	19,343	8,925
Current asset investments	16	5,001	-	5,001	-
Short-term deposits	16	13,742	1,003	7,242	1,003
Cash and cash equivalents	18	18,530	23,118	14,824	20,881
Total current assets		53,174	33,091	46,410	30,809
Creditors: amounts falling due within one year	19	(16,895)	(11,155)	(10,309)	(7,712)
Net current assets		36,279	21,936	36,101	23,097
Total assets less current liabilities		516,623	496,926	515,163	496,719
Creditors: amounts falling due after one year	19	(5,616)	(3,673)	(4,316)	(3,673)
Provisions for liabilities and charges	20	(84)	(141)	(84)	(141)
Defined benefit pension liability	21	(5,397)	(5,883)	(5,397)	(5,883)
Net assets		505,526	487,229	505,366	487,022
<i>Represented by:</i>					
Restricted funds					
Grants and donations fund		10,714	2,562	10,714	2,562
Buildings sale fund		29,964	29,711	29,964	29,711
Capital assets fund		185,884	190,998	185,692	190,720
Total restricted funds	24	226,562	223,271	226,370	222,993
Unrestricted funds					
Designated funds					
Museum Improvement fund		10,026	5,572	10,026	5,572
Collection purchases fund		107	-	107	-
Capital assets fund		23,834	27,607	23,834	27,607
Capital asset revaluation fund		248,774	235,010	248,516	234,752
		282,741	268,189	282,483	267,931
Defined benefit pension deficit fund		(5,397)	(5,883)	(5,397)	(5,883)
General funds		1,541	1,574	1,831	1,903
Total unrestricted funds	24	278,885	263,880	278,917	263,951
Endowment funds	24	79	78	79	78
Total funds		505,526	487,229	505,366	487,022

Notes 1 to 29 form part of these accounts.

Approved by the Board of Trustees and authorised for issue.



Dame Mary Archer
Chairman of the Board of Trustees
27 June 2018



Mr Ian Blatchford
Accounting Officer and Director
27 June 2018

Consolidated Statement of Cash Flows

	Notes	2018 £000	2017 £000
Net cash provided by operating activities	27	20,290	10,136
Cash flows from investing activities			
Purchases of fixed assets	13/15	(8,707)	(18,679)
Purchases of heritage assets	14	(120)	(1,169)
(Purchases)/sales of investments		(8,672)	50
Sales of investments		2,260	-
Short-term deposits placed		(33,730)	-
Redemptions of short-term deposits		23,000	4,750
Interest received from investments		484	111
Net cash used in investing activities		(25,485)	(14,937)
Cash flows from financing activities			
Drawdown of DCMS loan funding	19	1,700	-
Repayment of DCMS loan funding	19	(1,093)	(244)
Net cash provided by/(used in) financing activities		607	(244)
Change in cash and cash equivalents in reporting period		(4,588)	(5,045)
Cash and cash equivalents at beginning of reporting period		23,118	28,163
Cash and cash equivalents at end of reporting period		18,530	23,118

Notes 1 to 29 form part of these accounts.

Notes to the consolidated accounts for the year ended 31 March 2018

1 Basis of preparation and consolidation

1.1 Basis of preparation

The Science Museum Group (the Group) is a non-departmental public body, sponsored by the Department for Digital, Culture, Media and Sport (DCMS). The Group is an exempt charity as listed in Part 3 of the Charities Act 2011.

The Group's financial statements have been prepared in compliance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (**FRS 102**) – and with 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' (effective 1 January 2015, the **Charities SORP**), as amended in Update Bulletin 1 (published February 2016).

The Group, as a charitable arm's-length body of Government, complies with regulations issued under charities legislation and the Charities SORP, but also follows the principles in the Government's Financial Reporting Manual for 2017–18 (**FReM**), issued by HM Treasury, and provides the additional disclosures required by the FReM where these go beyond the SORP.

The financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets. The financial statements are prepared in sterling, which is the functional currency of the Group and rounded to the nearest £000.

Going concern

After reviewing the Group's forecasts and projections, the Directors have a reasonable expectation that the Science Museum Group has adequate resources to continue into operational existence for the foreseeable future. The Group therefore continues to adopt the going-concern basis in preparing its financial statements.

1.2 Basis of consolidation

Consolidated accounts have been prepared which include the Museum and its subsidiary company, SCMG Enterprises Ltd. The consolidation is on a line-by-line basis with the recharges between the Museum and the trading subsidiaries eliminated from the Statement of Financial Activities. Amounts owed and owing between the entities have been eliminated from the consolidated balance sheet

2 Principal accounting policies

2.1 Revenue recognition

Grant and donation income

Grant and donation income, including Lottery income, is recognised as income when the Group is entitled to the funds, when the receipt is probable and when the value of income can be measured reliably.

Grant in Aid income

Grant in Aid from DCMS is recorded in the Statement of Financial Activities and recorded in the year in which it is received. Except where it has been allocated for a specific purpose, it is disclosed as unrestricted income.

Exchange transactions

Revenue from contractual arrangements is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods – Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Exhibition sponsorship income – The Group recognises the costs and income of a charged exhibition in the year(s) in which the exhibition takes place. Income received for an exhibition taking place in a future period is treated as deferred exhibition income and costs treated as deferred exhibition costs. Both are included in deferred income and prepayments respectively on the balance sheet.

All other income is accounted for on a receivable basis.

2.2 Expenditure

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of financial statements. An analysis of resources expended is set out in Note 10.

Costs of raising funds include fundraising and publicity costs incurred in seeking voluntary contributions to the Group.

Charitable expenditure comprises direct expenditure, including direct staff costs attributable to the activity, and, where costs cannot be directly attributed, an allocation of indirect costs on a basis consistent with the use of the resources as set out in Notes 10 and 11. The costs of publicising the museums are included in the cost category 'Science education and communication'.

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

2.3 Fixed assets valuation and depreciation

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

All property assets are subject to quinquennial valuations in accordance with the RICS Appraisal and Valuation Manual. These revaluations are supplemented by independent desktop valuations in the third year of the five-year cycle. As part of the revaluation process asset lives are evaluated and re-estimated; the restated expected useful life is then applied to the original historic cost, and to any previous revaluation movements, for the purposes of calculating depreciation. These revaluations are supplemented by annual indexation adjustments in relevant property cost categories.

Galleries and exhibitions are not revalued but the lives of these assets are reviewed annually to reflect their true value. For other asset categories, where the assets have short useful lives or low values, the Group adopts a depreciated historic cost basis as a proxy for fair value. Fixed assets are reviewed annually for evidence of impairment.

Depreciation is provided on all tangible fixed assets, other than freehold land and collection items, at rates calculated to write off the cost or valuation, less the estimated residual value, on a straight-line basis for each asset over its expected useful life as follows:

Asset category	Estimated useful life in years
Freehold, leasehold and residential buildings	5-50
Plant and machinery	3-30
Galleries and exhibitions	5-15
Information technology and audiovisual equipment	2-25
Fixtures and fittings	2-30

A full year of depreciation is charged in the year of capitalisation and none in the year of disposal.

2.4 Heritage assets

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

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

Expenditure which is required to preserve or prevent further deterioration of individual collection items is recognised in the Statement of Financial Activities when it is incurred. Purchases of items at a price less than £5,000 for the collection are charged to the Statement of Financial Activities in the year of acquisition.

Heritage assets are not subject to depreciation or revaluation and are reviewed at the reporting date for impairment.

2.5 Intangible assets

Intangible assets with an economic life of more than one year and value greater than £5,000 are capitalised. All intangible assets are measured at cost. Costs relating to assets developed internally are capitalised in accordance with the requirements of FRS 102.

Amortisation is provided on all intangible assets, at rates calculated to write off the value of each asset evenly over its expected useful life, with no residual value assumed. Amortisation is charged to the business function responsible for the acquisition of the assets; where the charge forms part of costs apportioned over charitable purposes, the basis of apportionment is as explained in Notes 10 and 11.

Asset category	Estimated useful life
Purchased software licences	Licence period
Databases and developed software	2-5 years

A full year of amortisation is charged in the year of capitalisation and none in the year of disposal. Impairment reviews are carried out at the end of each reporting period in accordance with FRS 102 to ensure that the carrying values of the assets do not exceed their recoverable amounts.

2.6 Stock

Stock is stated at the lower of the cost, using the weighted average method, and the price less costs to complete and sell.

2.7 Leases

Costs relating to operating leases are charged to the Statement of Financial Activities over the life of the lease. There are no assets held under finance leases.

2.8 Employee benefits

PCSPS pension scheme

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a 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 Science Museum Group and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis.

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

GMPS pension scheme

The Science Museum Group is an admitting body of the Greater Manchester Pension Fund, which is a defined benefit scheme. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Statement of Financial Activities so as to spread the cost over the service lives of the employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

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

Pension scheme assets are valued at market value at the balance sheet date. The pension scheme deficit relating to Museum of Science and Industry employees is recognised in full on the balance sheet because the Group is able to identify its share of the deficit.

The Group recognises the cost of the defined benefit plan as follows:

- The change in the net defined benefit pension liability arising from employee service rendered during the reporting period in profit or loss
- Net interest on the net defined benefit pension liability during the reporting period in profit or loss
- The cost of plan introductions, benefit changes, curtailments and settlements in profit or loss
- Remeasurement of the net defined benefit liability in other comprehensive income

Interest income on plan assets is a component of the return on plan assets, and is determined by multiplying the fair value of the plan assets by the discount rate.

The difference between the interest income on plan assets and the return on plan assets is included in the remeasurement of the net defined benefit liability.

Remeasurement of the net defined benefit liability comprises:

- Actuarial gains and losses
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability

SCMG Enterprises Ltd pension schemes

SCMG Enterprises Ltd operates two defined contribution pension schemes, the assets of which are held separately in independently administered funds. Contributions are charged to the Statement of Financial Activities as they become payable, in accordance with the rules of the schemes.

Provision for annual leave

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the cost payable for the period of absence.

2.9 Early retirement scheme

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

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

2.10 Taxation

The Science Museum Group is exempt from corporation tax on its charitable activities under the provisions of the Corporation Tax Act 2010.

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

SCMG Enterprises Ltd has covenanted to Gift Aid all taxable profits, provided there are sufficient accounting reserves to do so.

2.11 Investments

The value of the Museum's investment in its trading subsidiary is disclosed at cost.

Funds identified as surplus to working capital in the short or longer term are invested to maintain their value over time. The Science Museum Group has investments in equity and fixed-income funds, and places funds on short-term deposit, as explained in Note 16. These investments are actively traded and are held at fair value, as reported by the Group's fund managers.

2.12 Financial instruments

Financial investments comprise investments in equity and fixed-income funds which are measured at fair value. Changes in fair value are recognised in profit or loss, in accordance with FRS 102, Section 11. The nature and extent of the risks associated with the financial instruments are disclosed in accordance with FRS 102. Other financial instruments (trade debtors and creditors, cash and cash equivalents) are initially recognised at fair value (ie cost) plus or minus material transaction costs directly attributable to their acquisition or issue; and subsequently measured at cost, less impairment where material.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand. Current investments that comprise money market deposits or highly liquid interest-bearing securities with maturities of three months or less are included in cash equivalents.

2.14 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction and, at year end, balances are restated at the year-end rate. All exchange differences are taken to the Statement of Financial Activities.

2.15 Provisions

Provisions are made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Discount rates provided by the Treasury are used in current value calculations for long-term commitments. Details of the discount rates used are provided in Note 20.

3 Significant judgments and estimates

3.1 Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition – sponsorship

The timing of revenue recognition on long-term sponsorship contracts depends on the assessed stage of completion of contract activity at the balance sheet date. For exhibitions and galleries that are not completed, sponsorship is deferred until opening. At 31 March, £1.891m of income had been deferred, primarily in relation to the Medicine Galleries at the Science Museum and multi-year learning projects (2017: £1.472m, primarily in relation to multi-year learning projects). These amounts are shown in current liabilities.

Revenue recognition – grant income

Revenue is recognised on grant agreements when the Group is entitled to the funding. In certain agreements, including those with the Heritage Lottery Fund (HLF), performance conditions exist that prevent recognition of income until specified activities have been completed and outputs delivered. This income is expected to be recognised in future periods, as the projects are delivered. At the balance sheet date, £7.582m (2017: £Nil) of HLF funding for the Science Museum Medicine Galleries and *London: Science City*, £5.585m (2017: £8.926m) of Wellcome Trust funding for the Medicine Galleries and €342k (2017: €652k) of EU funding for research projects was yet to be recognised because of these conditions.

Valuation of property, plant and equipment (PPE)

Property, plant and equipment represents a significant proportion of the asset base and therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the reported financial position and expenditure. Revaluation of PPE requires management to apply professionally supplied indices to existing fixed-asset balances in those years when formal valuations are not required. In 2017–18 the application of indexation resulted in an upward revaluation of the Group's PPE of £23.335m. In 2016–17 the sites were subject to desktop revaluation by professional surveyors, as outlined in Note 13, resulting in an uplift of £27.573m.

Disposal of land in York

On 24 April 2017 the Group completed an agreement to dispose of surplus land in York to the Homes and Communities Agency (now Homes England), but there are conditions attached to the agreement which enable either party to exercise different buy-back options under which the land and buildings would be transferred back to the Science Museum Group and the consideration returned. Legal title has passed to Homes England, but the transaction will not complete until the conditions attached to buy-back provisions, under which the transaction can be reversed by either party, have been met. At this point the final transaction value will be determined. £5.73m of consideration was received in the financial year 2017–18. These amounts are shown in current liabilities.

4 Museum Statement of Financial Activities

		Unrestricted	Restricted	Endowment	2018	Unrestricted	Restricted	Endowment	2017
		£000	£000	£000	Total	£000	£000	£000	Total
					£000				£000
All activities are continuing activities									
Income from:									
Government Grant in Aid									
Grant in Aid for Science Museum Group	[A]	34,849	7,951	–	42,800	34,843	6,091	–	40,934
Grant in Aid for NCMME	[B]	–	2,409	–	2,409	–	2,409	–	2,409
Donations and legacies									
Gift Aid from subsidiary, SCMG Enterprises Ltd		7,463	–	–	7,463	8,143	–	–	8,143
Other donations and legacies		3,531	654	–	4,185	3,315	2,810	–	6,125
Charitable activities		2,877	11,546	–	14,423	2,192	8,673	–	10,865
Trading activities									
Sponsorship		31	–	–	31	62	–	–	62
Rental income		982	50	–	1,032	1,024	50	–	1,074
Investments		65	418	1	484	78	426	–	504
Other income		2,280	–	–	2,280	2,200	–	–	2,200
Total		52,078	23,028	1	75,107	51,857	20,459	–	72,316
Expenditure on:									
Charitable activities									
Care for and research into collections	[B]	13,211	4,377	–	17,588	12,018	4,476	–	16,494
Science education and communication		28,386	6,453	–	34,839	27,789	6,412	–	34,201
Visitor services		14,931	628	–	15,559	13,139	769	–	13,908
Raising funds									
Activities for generating funds		3,052	228	–	3,280	2,599	83	–	2,682
Commercial activities		587	108	–	695	623	292	–	915
Loss on disposal of Blythe House		8,547	–	–	8,547	–	–	–	–
Total		68,714	11,794	–	80,508	56,168	12,032	–	68,200
Net (losses)/gains on investments		–	(165)	–	(165)	–	2,866	–	2,866
Net (expenditure)/income		(16,636)	11,069	1	(5,566)	(4,311)	11,293	–	6,982
Transfers between funds		7,692	(7,692)	–	–	1,333	(1,333)	–	–
Other recognised gains/(losses):									
Gains/(losses) on revaluation of fixed assets		23,355	–	–	23,355	27,456	–	–	27,456
Actuarial gains/(losses) on defined benefit pension scheme		555	–	–	555	(2,548)	–	–	(2,548)
Net movement in funds		14,966	3,377	1	18,344	21,930	9,960	–	31,890
Reconciliation of funds:									
Total funds brought forward		263,951	222,993	78	487,022	242,021	213,033	78	455,132
Total funds carried forward		278,917	226,370	79	505,366	263,951	222,993	78	487,022

[A] Capital Grant in Aid received from DCMS was £7,076k (2016–17: £5876k), of which £3,501k was the core capital allocation, £1,250k was for the Museum of Science and Industry Special Exhibition Gallery and £2,325k for major projects (2015–16: £4,551k, £700k and £625k respectively).

[B] The £2,409k (2016–17: £2,409k) grant from the Group to the National Coal Mining Museum of England (NCMME) is categorised as 'care for and research into the collections'.

5 Donations and legacies

	Unres. £000	Res. £000	2018 Total £000	Unres. £000	Res.	2017 Total £000
Value of donated goods and services	–	32	32	–	244	244
Corporate donations	18	60	78	43	37	80
Individual donations and memberships	3,444	37	3,481	3,254	165	3,319
Legacies	69	–	69	18	117	135
	3,531	129	3,660	3,315	563	3,878
Value of donated heritage assets	–	525	525	–	2,247	2,247
	3,531	654	4,185	3,315	2,810	6,125

6 Charitable income

	Unres. £000	Res. £000	2018 Total £000	Unres. £000	Res. £000	2017 Total £000
Lottery funding	–	1,151	1,151	–	465	465
European Union grants	–	84	84	–	257	257
UK Government grants, excl. Grant in Aid	–	629	629	–	511	511
Other grant income	400	9,682	10,082	328	7,440	7,768
Ticket income	2,477	–	2,477	1,864	–	1,864
	2,877	11,546	14,423	2,192	8,673	10,865

7 Investment income

	Unres. £000	Res./End. £000	2018 Total £000	Unres. £000	Res./End. £000	2017 Total £000
Dividends from equity funds	–	333	333	–	324	324
Interest on fixed-interest funds	–	62	62	–	66	66
Interest on cash and cash equivalents	65	24	89	61	36	97
	65	419	484	61	426	487

£1k (2016–17: £1k) of interest income earned on endowment funds is included in restricted income above.

8 Other income

Other income arises from self-generated income, conference and educational events, locomotive hire and cloakroom fees. In 2017–18, other income also includes consultancy fees relating to the development of an interactive gallery in Queensland, Australia.

9 Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2018 £000	2017 £000
Auditors' remuneration: Comptroller and Auditor General	55	55
Auditors' remuneration: subsidiary company audit fee	26	36
Internal audit fees	85	76
Lease rentals on land and buildings	11	11
Lease rentals on equipment	47	46
Lease rentals on vehicles	39	30
Movement on bad debt provision	(15)	(69)

No fees (2016–17: nil) were paid to the Group's auditors for non-audit services.

10 Total expenditure

	Direct costs £000	Grants awarded £000	Support costs ^[A] £000	Total costs £000
2018				
Care for and research into collections	7,545	2,409	7,634	17,588
Science education and communication	24,480	–	10,359	34,839
Visitor services	8,446	–	7,113	15,559
Charitable activities	40,471	2,409	25,106	67,986
Generating donations and legacies	2,814	–	864	3,678
Trading activities	13,020	–	–	13,020
Loss on disposal of Blythe House	8,547	–	–	8,547
Total expenditure	64,852	2,409	25,970	93,231
	Direct costs £000	Grants awarded £000	Support costs ^[A] £000	Total costs £000
2017				
Care for and research into collections	7,440	2,409	6,645	16,494
Science education and communication	25,291	–	8,910	34,201
Visitor services	7,651	–	6,257	13,908
Charitable activities	40,382	2,409	21,812	64,603
Generating donations and legacies	2,417	–	630	3,047
Trading activities	13,825	–	–	13,825
Total expenditure	56,624	2,409	22,442	81,475

[A] Support costs include the depreciation charged on support activities.

11 Support costs

2018	Collections £000	Education £000	Visitors £000	Fundraising £000	Total £000
HR	335	924	259	126	1,644
ICT	760	2,026	406	594	3,786
Estates	3,335	3,335	3,335	–	10,005
Depreciation of land and buildings	2,608	2,608	2,608	–	7,824
Management	187	461	159	45	852
Finance	300	737	254	73	1,364
Governance	109	268	92	26	495
Total expenditure	7,634	10,359	7,113	864	25,970
2017	Collections £000	Education £000	Visitors £000	Fundraising £000	Total £000
HR	328	908	262	124	1,622
ICT	506	1,348	270	395	2,519
Estates	2,895	2,895	2,895	–	8,685
Depreciation of land and buildings	2,419	2,419	2,419	–	7,257
Management	194	524	161	43	922
Finance	201	541	166	45	953
Governance	102	275	84	23	484
Total expenditure	6,645	8,910	6,257	630	22,442

HR costs are allocated in proportion to the number of full-time equivalent staff in each area, ICT costs in proportion to the number of PCs/terminals used by each area. Estates costs are allocated equally across the three charitable activities. Management, governance and finance costs are allocated in proportion to the direct costs in each area.

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

12 Staff costs

	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
Wages and salaries	27,216	24,132	22,719	19,882
Bonuses	155	130	125	91
Social security costs	2,511	2,241	2,159	1,910
Pension costs	1,929	1,848	1,794	1,724
Agency staff	687	855	624	809
Early retirement and redundancy	315	89	315	89
Total staff costs	32,813	29,295	27,736	24,505

Included in the above is £1,280k (2016–17: £1,114k) in respect of staff costs which have been capitalised. Staff costs are charged to unrestricted or restricted funds on the basis of the activities that they perform.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘alpha’ – are unfunded multi-employer defined benefit schemes but the Science Museum Group is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2017–18, employer’s contributions of £1,069,756 were payable to the PCSPS (2016–17: £1,192,333) at one of four rates in the range 20.0–24.5% of pensionable earnings, based on salary bands. The monthly average number of employees who were members of the scheme was 162.

The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017–18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer’s contributions of £10,312 (2016–17: £10,160) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £317 (2016–17: £312), 0.5% of pensionable pay from 1 October 2015, were payable to the PCSPS to cover the cost of the future provision of lump-sum benefits on death in service or ill-health retirement of these employees.

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

Local Government Pension Scheme – Durham County Council

After the transfer of Locomotion staff from Durham County Council, effective 1 December 2017, the Group became liable for contributions to the Local Government Pension Scheme on a contributory basis. Contributions of £14,870 were made on behalf of a monthly average of 16 employees.

SCMG Enterprises Ltd pension schemes

SCMG Enterprises offers a contracted-in group money-purchase scheme with optional contracted-out pensions to which the employer contributes 7% and the employees 5%. Employer pension contributions of £367,999 were paid in the year (2016–17: £290,851). The monthly average number of employees who were members of the scheme was 144.

Employees not opting to join the scheme are auto-enrolled in a stakeholder pension scheme. Employer pension contributions of £78,534 were paid in the year (2016–17: £66,397). The monthly average number of employees who were members of the scheme was 467.

Greater Manchester Pension Fund pension scheme

Details of employer’s contributions in respect of the Greater Manchester Pension Fund in respect of employees of the Museum of Science and Industry are contained in Note 21.

Employee numbers (full-time equivalents), analysed by activity

	Permanent contract		Other staff		Total
	2018	2017	2018	2017	2017
Care for and research into collections	137	120	1	1	121
Science education and communication	364	329	8	7	336
Visitor services	99	93	9	4	97
Generating income and sponsorship	52	45	–	1	46
Trading activities	136	132	6	5	137
Support activities	133	115	7	13	128
Total	921	834	31	31	865

The average head count excluding agency and contract staff was 1,227 (2016–17: 1,134).

Employees receiving remuneration over £60,000

	2018	2017
60,001–70,000	6	5
70,001–80,000	5	4
80,001–90,000	1	2
90,001–100,000	4	4
100,001–110,000	3	3
110,001–120,000	3	1
150,001–160,000	1	1
170,001–180,000	–	1
190,001–200,000	1	–
	24	21

The figures above exclude pension costs. Contributions were paid to a defined contribution scheme on behalf of 13 (2017: 10) employees. For 9 (2017: 10) of the staff included in this table retirement benefits accrued under a defined benefit scheme.

For 8 (2017: 8) of these employees total remuneration includes BUPA contributions.

Key management personnel

The total remuneration of the key management personnel, Ian Blatchford and Jonathan Newby, was £395,490 (2016–17: £382,438) (see Remuneration Report).

If employer contributions to defined benefit pension schemes were included rather than the single figure for pension benefits given in the Remuneration Report, the total remuneration would be £393,565 (2016–17: £371,747).

Exit packages

Details of exit packages agreed during the year are given in the Remuneration Report.

Trustees

The Chairman and Trustees (listed in the Annual Report) received no remuneration for their services, but travel expenses totalling £5,484 were paid to 9 Trustees (2016–17: £6,658 paid to 12 Trustees). Amounts paid to third parties in the financial year relating to Trustee activities totalled £13,395 (2016–17: £17,416).

13 Tangible fixed assets

Group assets

	Land and buildings £000	Plant and machinery £000	Galleries and exhibitions £000	Fixtures and fittings £000	ICT and AV £000	Assets under construction £000	Total £000
Current cost							
At 1 April 2017	327,748	85,166	31,512	4,101	2,253	6,328	457,108
Additions	1,219	336	–	499	434	5,714	8,202
Reclassifications	2,076	175	(4,767)	1,188	1,608	(280)	–
Disposals	(7,951)	(1,114)	(188)	(279)	(305)	(275)	(10,112)
Impairment	(589)	–	–	–	–	–	(589)
Revaluation	11,109	(256)	–	3	–	–	10,856
At 31 March 2018	333,612	84,307	26,557	5,512	3,990	11,487	465,465
Depreciation							
At 1 April 2017	1,441	9,730	11,242	2,262	1,021	–	25,696
Charge for the year	7,824	5,188	2,350	721	676	–	16,759
Reclassifications	147	52	(459)	43	217	–	–
Disposals	(127)	(327)	(188)	(219)	(296)	–	(1,157)
Revaluation	(7,401)	(5,101)	–	3	–	–	(12,499)
At 31 March 2018	1,884	9,542	12,945	2,810	1,618	–	28,799
Net book value							
At 31 March 2018	331,728	74,765	13,612	2,702	2,372	11,487	436,666
At 31 March 2017	326,307	75,436	20,270	1,839	1,232	6,328	431,412

Museum assets

	Land and buildings £000	Plant and machinery £000	Galleries and exhibitions £000	Fixtures and fittings £000	ICT and AV £000	Assets under construction £000	Total £000
Current cost							
At 1 April 2017	326,197	83,353	31,318	3,815	2,253	6,328	453,264
Additions	1,219	336	–	499	434	5,714	8,202
Reclassifications	2,076	15	(4,767)	1,348	1,608	(280)	–
Disposals	(7,951)	(1,111)	–	(279)	(305)	(275)	(9,921)
Impairment	(589)	–	–	–	–	–	(589)
Revaluation	11,109	(256)	–	–	–	–	10,853
At 31 March 2018	332,061	82,337	26,551	5,383	3,990	11,487	461,809
Depreciation							
At 1 April 2017	1,390	8,196	11,049	1,975	1,021	–	23,631
Charge for the year	7,824	5,102	2,349	722	676	–	16,673
Reclassifications	147	(114)	(453)	203	217	–	–
Disposals	(127)	(324)	–	(219)	(296)	–	(966)
Revaluation	(7,401)	(5,101)	–	–	–	–	(12,502)
At 31 March 2018	1,833	7,759	12,945	2,681	1,618	–	26,836
Net book value							
At 31 March 2018	330,228	74,578	13,606	2,702	2,372	11,487	434,973
At 31 March 2017	324,807	75,157	20,269	1,840	1,232	6,328	429,633

Land and 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. When the Museum of Science and Industry became part of the Science Museum Group on 31 January 2012 the Manchester estate was transferred at fair value as determined by an external valuation.

Blythe House is currently occupied by the British Museum, the Science Museum and the Victoria and Albert Museum. The freehold title is held by the Department for Communities and Local Government (DCLG), although ministerial responsibility for all museum estate issues has subsequently transferred to the Secretary of State for Digital, Culture, Media and Sport. In preparation for the vacation of the property in March 2023 as part of the One Collection programme, the Science Museum Group entered into a short-term tenancy agreement with DCMS in October 2017. As a result of this agreement, Blythe House was derecognised as a fixed asset and is now accounted for under an operating lease, with the lessor being DCLG.

Sale of land in York

On 24 April 2017 the Group completed an agreement to dispose of surplus land in York to the Homes and Communities Agency (now Homes England), but there are conditions attached to the agreement which enable either party to exercise different buy-back options under which the land and buildings would be transferred back to the Group and the consideration returned. Legal title has passed to Homes England, but the transaction will not complete until the conditions attached to buy-back provisions, under which the transaction can be reversed by either party, have been met. At this point the final transaction value will be determined. £5.73m of advance consideration was received in the financial year 2017–18.

Revaluation of land and buildings

A full valuation in accordance with the RICS Appraisal and Valuation Manual was carried out by chartered surveyors Gerald Eve LLP as at 31 March 2014. A desktop revaluation was carried out at 31 March 2017 based on professionally prepared price indices and inspection of the London and Manchester sites by Gerald Eve. In 2017–18 the revaluation was carried out based on price indices.

Land and buildings at the Science Museum in London, Museum of Science and Industry in Manchester, National Railway Museum in York, National Science and Media Museum in Bradford and Locomotion in Shildon are valued on the basis of depreciated replacement cost. The National Collections Centre site at Wroughton is included at existing use valuations. The Concrete Works, an undeveloped site adjacent to the National Railway Museum in York, owned by SCMG Enterprises Ltd, is also held at an existing use valuation.

The historic cost of the land and buildings and certain plant and machinery is not known.

14 Heritage assets

14.1 Overview of the collections

Science Museum, London

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

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

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

Museum of Science and Industry, Manchester

The museum was founded in the mid-1960s when Manchester's traditional industries, particularly engineering and textile production, were undergoing major changes. The collections reflect Manchester's pre-eminence as the world's first industrial city, and the city's role in an international exchange of goods, people and ideas. They demonstrate the role of Manchester and northwest England as a nexus of industrialisation. As a whole the collections also reflect the effects of science, technology, industrialisation, urbanisation and deindustrialisation on the lives of inventors, designers, workers and consumers.

At the core of the museum is the historic site itself, a very rare example of the development of a working station and railway yard over 150 years. Several of the city's internationally known scientific endeavours and personalities are represented in the object collections, from the pioneering work of John Dalton and James Joule, to graphene, Manchester's latest global scientific export.

Manchester's role as the centre of the Lancashire textile industry is also covered, alongside power for the Industrial Revolution, and the development of precision engineering and machine tools that laid the foundations for a new age of mass production. The collections cover the technologies that affected life in industrial Manchester, including electricity, gas, water supply and sanitation. Communications and information technologies form a major theme, ranging from early photographic material through to ground-breaking calculating and computing machines. Bringing the story up to date, material from the broadcasting, music and animation industries represents the growth of creative industries in the post-industrial city.

National Railway Museum, York Locomotion, Shildon

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

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

National Science and Media Museum, Bradford

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

The collection currently numbers in the region of 3.5 million individual objects. These range from one-off individual donations of ephemeral material such as instruction manuals, to family photographic portraits, to the most significant collection of American television receivers in the UK, to the Kodak Museum collection, comprising photographs and equipment dating back to the very beginnings of photography.

The museum curates its collection in three main areas: photography (encompassing photographic technology and photographs) cinematography, and television.

14.2 Acquisitions, management, preservation and disposals

Acquisitions

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

Collections management and preservation

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

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

The collection is displayed and stored according to the Group's standards for the prevention of material deterioration; these are based on international standards and current research in alignment with PAS 198:2012 'Specification for managing environmental conditions for cultural collections'.

Library and archive storage facilities and exhibitions are based on and informed by the requirements of BS 5454, PAS 198 and the National Archives Standard for Record Repositories.

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

The Science Museum Group will:

- Keep all objects in conditions in which deterioration is minimised.
- Undertake conservation so that objects may be made accessible to audiences.
- Manage hazards in the collection with clear and effective systems to ensure public, staff and object safety.

The Group's museums demonstrate their commitment to managing collections effectively as Arts Council England accredited museums, and by following the SPECTRUM standard and PAS 197:2009, the code of practice for cultural collections management.

Records proving title or relating to the history of objects in the collections are managed in accordance with the requirements of the Public Records Act and the Group's status as a designated Place of Deposit.

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

Information relating to the Group's library and archive collections is held within local management systems. It is made accessible to the public subject to relevant legislation.

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

Further details of policies adopted by the Group in the management of its collections can be found at <http://group.sciencemuseum.org.uk/policy/group-policies>.

Disposals

The Science Museum Group actively manages its collection in order to ensure its long-term sustainability, significance and safety. The Group's museums have a long-term purpose, and except for sound curatorial (including collections management) reasons, there is a strong presumption against the disposal of any item in the collection. However, the breadth of the collection, and the ways in which it has been developed, mean that the Group is currently holding material that is duplicate, unsuitable or unusable.

Disposals will be guided by the National Heritage Act 1983 (as amended) and the Museums Association's Code of Ethics (as amended). The Group will dispose of material that is unsuitable for retention in the collection and can be disposed of without detriment to the interests of students or other members of the public.

Material may be unsuitable for retention if:

- It is a duplicate of another accessioned item in the collection, beyond the number of similar items that would reasonably be of interest and necessary for future use.
- It is more suitable for transfer to the collection of another national museum, other accredited museum or other organisation in the public domain that can improve access to or the use, care or context of the material.
- It is otherwise unsuitable for the collection, because it falls outside the scope and content of the Group's collection.
- It is useless for the purposes of the collection because it is in a poor or hazardous condition by reason of damage, physical deterioration or infestation by destructive organisms. All material that is in such poor condition as to render it unusable will be destroyed to remove the risk of contamination or infestation.

The Group recognises that financially motivated disposal risks damaging public confidence in museums and the principle that collections should not normally be regarded as financially negotiable assets.

The Group accepts the principle that sound curatorial reasons for disposal must be established before consideration is given to the disposal of any item in the collection. The Group will not undertake disposal principally for financial reasons, except in exceptional circumstances, when it can be demonstrated that:

- It will significantly improve the long-term public benefit derived from the remaining collection.
- It is not to generate short-term revenue (for example to meet a budget deficit).
- It is as a last resort after other sources of funding have been thoroughly explored.
- Extensive prior consultation with sector bodies has been undertaken.
- The material under consideration lies outside the museums' established core collection.

The proceeds of disposal through sale, if this exceptional circumstance arises, will be applied solely and directly for the benefit of the museums' collection. Money raised will be restricted

to the long-term sustainability, use and development of the collection.

14.3 Heritage assets on the balance sheet (Group and Museum)

In the opinion of the Trustees, reliable information on cost or value is not available for the Group's collections prior to 2001. This is owing to the lack of information on purchase cost, the lack of comparable market values, the diverse nature of the objects and the volume of items held.

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

For this reason the collections assembled up to the end of the 20th century (before 2001), large proportions of which were gifted to the museums at nil cost and are incomparable in nature, are not recognised as assets in the Group's balance sheet.

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

Summary of heritage assets on balance sheet

	Purchased		Donated		Total	
	£000	No.	£000	No.	£000	No.
2002–13	8,209	42	9,568	58	17,777	100
2013–14	7	1	672	12	679	13
2014–15	111	7	131	6	242	13
2015–16	134	8	3,708	13	3,842	21
2016–17	1,169	12	2,247	21	3,416	33
2017–18	120	7	525	18	645	25
At 31 March 2018	9,750	77	16,851	128	26,601	205

Analysis of heritage assets

	Basis of capitalisation		Total £000
	Cost £000	Valuation £000	
Carrying amount at 1 April 2017	9,662	16,584	26,246
Additions	120	525	645
Disposals	(32)	(258)	(290)
Carrying amount at 31 March 2018	9,750	16,851	26,601

Summary analysis of heritage asset transactions

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Purchases	120	1,169	134	111	7
Donations	525	2,247	3,708	131	672
Total additions	645	3,416	3,842	242	679
Disposals*	290	605	–	–	–

*During 2016–17 it was identified that four collection items had been disposed of in previous years but not removed from the heritage asset register.

14.4 Collection subcategories

	Estimated number of items at 31 March 2018	Number of items capitalised at 31 March 2018
Science Museum		
Scientific instruments	25,982	16
Commerce and industry	43,701	56
Medical	19,085	8
Art	7,318	10
Coins and medals	903	1
Library and archive collections	707,178	10
National Railway Museum		
Railway origins	5,178	1
Locomotives and rolling stock	2,984	2
Railway life and work	20,299	20
Railway image and sound collections	18,131	1
Railways and culture	4,353	2
Library and archive collections	2,962,265	3
Handling collections	226	–
National Science and Media Museum		
Photographic collections	10,816	29
Printed materials and ephemera	352	–
Cinematography	2,974	4
Photographic technology	11,334	–
Television and new media	2,867	32
Library and archive collections	3,485,075	2
Museum of Science and Industry		
Science	2,880	2
Industry	5,369	5
Transport	1,353	–
Communications	2,842	–
Energy	5,013	–
Community history	7,137	1
	7,355,615	205

NB: The estimated number of total items includes individual figures for collections of objects which are split into parts, e.g. archive or photographic collections. The number of capitalised items includes those collections as one object with a combined total value.

15 Intangible assets

	Databases £000	Development £000	Assets under construction £000	Total £000
Current cost				
At 1 April 2017	642	-	-	642
Additions	40	123	488	651
At 31 March 2018	682	123	488	1,293
Amortisation				
At 1 April 2017	117	-	-	117
Charge for the year	123	20	-	143
At 31 March 2018	240	20	-	260
Net book value				
At 31 March 2018	442	103	488	1,033
At 31 March 2017	525	-	-	525

16 Investments

All fixed and current asset investments are in quoted investment funds and are stated at fair value.

Group	Fair value at 31 March 2017 £000	Additions/ accumulated dividends £000	Disposals £000	Investment gains/(losses) £000	Fair value at 31 March 2018 £000
<i>Fixed asset investments</i>					
<i>Funds</i>					
International equities	7,515	146	-	(68)	7,593
UK equities	6,543	190	(2,260)	(54)	4,419
Sterling-denominated corporate bonds	2,749	62	-	(45)	2,766
Cash funds	-	1,265	-	1	1,266
Total fixed asset investments	16,807	1,663	(2,260)	(166)	16,044
<i>Current asset investments</i>					
<i>Funds</i>					
Money market funds	-	5,000	-	1	5,001
Total current asset investments	-	5,000	-	1	5,001
Total investments	16,807	6,663	(2,260)	(165)	21,045

All dividends received from investment funds in the year were accumulated.

Short-term deposits

	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
Treasury deposits	10,730	-	4,230	-
Notice accounts	3,012	1,003	3,012	1,003
Total short-term deposits	13,742	1,003	7,242	1,003

Investments in trading subsidiary

The Board of Trustees of the Science Museum owns the single share which is the entire issued share capital of SCMG Enterprises Ltd, a company registered in England and Wales. The company's principal activities are retailing, catering, corporate hire, corporate partnership, temporary exhibitions and interactive production, and providing a range of services to the museums.

The carrying value of the Science Museum Group's investment in SCMG Enterprises Ltd, which is held at historic cost in the parent's balance sheet, is £411k (2016–17: £411k).

SCMG Enterprises Ltd profit and loss

	2018 Total £000	2017 Total £000
Turnover	15,936	16,190
Cost of sales	(4,982)	(5,788)
Gross profit	10,954	10,402
Other operating income	22,753	19,535
Rental income	70	108
Administrative expenses	(26,261)	(21,872)
Operating profit	7,516	8,173
Interest receivable	3	–
Interest payable	(17)	(18)
Profit on ordinary activities	7,502	8,155

SCMG Enterprises balance sheet

	2018 Total £000	2017 Total £000
Fixed assets	1,693	1,778
Current assets	16,360	7,838
Creditors: amounts due within one year	(16,190)	(7,706)
Net current assets	170	132
Creditors: amounts due over one year	(1,293)	(1,293)
Provisions	(192)	(277)
Net assets	378	340
Share capital	–	–
Profit and loss account	121	83
Revaluation reserve	257	257
Total shareholder's equity	378	340

17 Debtors

	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
<i>Current debtors</i>				
Trade debtors	4,376	1,825	1,852	347
Provision for bad debts	(95)	(83)	(27)	(31)
<i>Net trade debtors</i>	4,281	1,742	1,825	316
Other debtors	509	232	291	135
Prepayments and accrued income	5,516	3,337	4,481	1,991
Taxation and social security	993	927	1,326	1,506
Intercompany current account	-	-	7,972	3,684
<i>Total current debtors</i>	11,299	6,238	15,895	7,632
<i>Non-current debtors</i>				
Accrued income	3,455	1,520	2,155	-
Loans to subsidiary	-	-	1,293	1,293
<i>Total non-current debtors</i>	3,455	1,520	3,448	1,293
Total debtors	14,754	7,758	19,343	8,925

Ageing of debtors

Analysis of the ageing of the non-impaired trade debtors is shown below:

Group	Trade debtors £000	Less than 30 days £000	30–60 days old £000	More than 60 days £000
As at 31 March 2018	4,281	3,042	752	487
As at 31 March 2017	1,742	728	552	462
Museum	Trade debtors £000	Less than 30 days £000	30–60 days old £000	More than 60 days £000
As at 31 March 2018	1,825	1,516	74	235
As at 31 March 2017	316	234	26	56

Credit risk

The Science Museum Group's principal exposure to credit risk is primarily attributable to trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful receivables estimated by the Group's management based on prior experience and their assessment of the current economic value.

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

	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
Provision at start of financial year	83	14	31	2
Utilised in the year	(41)	(15)	–	(2)
Increase in provision	60	95	2	33
Bad debts recovered	(6)	(9)	(6)	(2)
Reversal of provision	–	(2)	–	–
Balance at 31 March	96	83	27	31

Loan to trading subsidiary

Purpose of loan	2018 £000	2017 £000	Interest payable
Purchase of land at Leeman Road, York	1,293	1,293	1% above Bank of England base rate
	1,293	1,293	

The loan held by the trading subsidiary is repayable on demand and secured by a floating charge on all of the subsidiary's assets. The Museum has confirmed that it will not call for repayment of the loan until at the earliest 30 June 2019 and then subject to the ability of the subsidiary to make repayments.

18 Cash and cash equivalents

	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
Cash and cash equivalents	8,673	15,520	4,967	13,283
Money market funds	9,857	7,598	9,857	7,598
	18,530	23,118	14,824	20,881

19 Creditors

Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
Trade creditors	3,718	3,151	3,399	2,672
Other creditors	6,110	105	1,978	19
Accruals and deferred income	5,315	6,260	3,693	3,785
Taxation and social security	646	546	133	143
Loans from DCMS	1,106	1,093	1,106	1,093
	16,895	11,155	10,309	7,712

Amounts falling due after one year

	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
Deferred income	1,300	33	-	33
Loans from DCMS	4,316	3,640	4,316	3,640
	5,616	3,673	4,316	3,673

The loan balance from DCMS comprises three loans for commercial activities at the Science Museum, National Railway Museum and National Science and Media Museum. The total agreed facility is £8.535m, of which £6.549m has been drawn down to date. The loans are repayable in equal instalments over periods of three to ten years, with the first repayment on 1 April 2016 and the final on 1 April 2026. Interest on the outstanding principal is payable annually and is calculated for two of the loans at fixed rates and for the other at the relevant National Loans Fund Interest Rate prevailing at the date of drawdown. The interest rates payable on the loans range from 0.84% to 1.68% depending on the period of the loan and the date on which the agreement was entered into.

Deferred income balances comprise rental income received in advance and recognised over the lease term, income received in advance for events and rental contracts, and sponsorship for exhibitions or galleries not yet open. The table below summarises the movement in the year.

	Group 2018 £000	Group 2017 £000	Museum 2018 £000	Museum 2017 £000
<i>Current</i>				
Opening balance	2,307	3,742	313	435
Additions	1,139	1,469	170	256
Reclassification from non-current	33	50	33	50
Released to income	(2,240)	(2,954)	(313)	(428)
<i>Total current deferred income</i>	1,239	2,307	203	313
<i>Non-current</i>				
Opening balance	33	83	33	83
Additions	1,300	-	-	-
Reclassification to current	(33)	(50)	(33)	(50)
<i>Total non-current deferred income</i>	1,300	33	-	33
Total deferred income	2,539	2,340	203	346

20 Provisions (Group and Museum)

	Dilapidations	Restructuring costs	Added-years pensions	Total
	£000	£000	£000	£000
2017–18				
Balance brought forward	43	43	55	141
Utilised	(35)	(39)	(7)	(81)
Reversed	(8)	(4)	–	(12)
Provision made in year	–	31	5	36
Balance carried forward	–	31	53	84
Due within one year	–	31	7	38
Due after one year	–	–	46	46
2016–17				
Balance brought forward	43	26	59	128
Utilised	–	(26)	(7)	(33)
Reversed	–	–	–	–
Provision made in year	–	43	3	46
Balance carried forward	43	43	55	141
Due within one year	43	43	7	93
Due after one year	–	–	48	48

Dilapidations

The balance represents the best estimate of the cost of making good dilapidations or other damage to properties that the Group previously leased for collections storage, but has now exited.

Restructuring costs

The balance reflects the best estimate of costs arising from two (2016–17: two) change programmes being undertaken by the Group at the year end.

Added-years pension costs

In accordance with FRS 102 the sum provided is equivalent to the present value of expenditures expected to be required to settle the obligation to pay for the added-years benefits gifted to two former Museum of Science and Industry employees. The amount of the provision anticipates annual increases of 2.50% (2016–17: 2.20%). In accordance with Treasury guidance the discount factor applied is 0.10% (2016–17: 0.24%).

21 Pensions (Group and Museum)

For details of the Civil Service and SCMG Enterprises Ltd pension schemes, see Note 12.

Greater Manchester Pension Fund

The Science Museum Group is an admitting body of the Greater Manchester Pension Fund ('the fund') which is part of the Local Government Pension Scheme ('the LGPS'). A defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations, it was contracted out of the State Second Pension until 6 April 2016. The last formal completed triennial valuation of the fund was carried out at 31 March 2016. The results of this valuation have been projected forward to 31 March 2017 using approximate methods. Results schedules were prepared by qualified independent actuaries Hymans Robertson LLP for 31 March 2018. The actuarial calculations are based on individual membership data submitted at 31 March 2018 for the purposes of the formal funding valuation at that date.

Major assumptions

The major assumptions used by the actuary were:

	2018	2017
Rate of increase in salaries	3.2%	3.2%
Rate of increase in pension	2.4%	2.4%
Discount rate	2.6%	2.5%

Mortality assumptions are identical to those used in the previous accounting period. The average life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.1 years
Future pensioners ^[A]	23.7 years	26.2 years

[A] Figures assume members aged 45 as at the last formal valuation date.

Fair value of employer's assets

	2018		2017	
	Fair value £000	Proportion	Fair value £000	Proportion
Equities	9,025	66%	9,944	75%
Bonds	2,188	16%	2,121	16%
Property	957	7%	663	5%
Cash	1,504	11%	530	4%
Total of net assets	13,674	100%	13,258	100%

Balance sheet liability

	2018 £000	2017 £000
Fair value of employer's assets	13,674	13,258
Present value of scheme liabilities	(19,071)	(19,141)
Net pension liability recognised on balance sheet	(5,397)	(5,883)

Statement of Financial Activities

	2018 £000	2017 £000
Service cost		
Current service cost	273	219
Past service cost (including curtailments)	–	–
Total service cost	273	219
Net interest		
Interest income on plan assets	(331)	(396)
Interest cost on defined benefit obligation	477	509
Total net interest	146	113
Total defined benefit cost recognised in Statement of Financial Activities	419	332

Other comprehensive income

	2018 £000	2017 £000
Remeasurements		
Changes in demographic assumptions	–	25
Changes in financial assumptions	483	(4,548)
Other experience	–	353
Return on assets excluding amounts included in net interest	72	1,622
Total remeasurements recognised in other comprehensive income	555	(2,548)

Movement in scheme obligation during the year

	2018 £000	2017 £000
Opening defined benefit obligation	19,141	14,615
Current service cost	273	219
Past service cost (including curtailments)	–	–
Interest on scheme liabilities	477	509
Contributions by scheme participants	108	11
Benefits paid	(445)	(383)
Actuarial losses/(gains)	(483)	4,170
Closing defined benefit obligation	19,071	19,141

Changes in fair value of scheme assets during the year

	2018 £000	2017 £000
Opening fair value of employer's assets	13,258	11,393
Interest income on plan assets	331	396
Contributions by members	108	11
Contributions by employer	350	219
Benefits paid	(445)	(383)
Return on assets, excluding amounts in net interest income	72	1,622
Closing fair value of employer's assets	13,674	13,258

Projected pension expense for the year to 31 March 2019

	£000	% of pay
Projected current service cost	261	29.6%
Interest income on plan assets	(356)	(40.3%)
Interest on obligation	495	56.1%
Total	400	45.4%

The estimate of the employer's contributions in the year to 31 March 2019 is approximately £350k.

Sensitivities

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

	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	13	2,554
0.5% increase in salary increase rate	2	357
0.5% increase in pension increase rate	11	2,164
One-year increase in member life expectancy	3–5	–

22 Commitments under operating leases

At the balance sheet date total minimum lease payments due under operating leases were as follows:

	Land and buildings £000		Vehicles £000		Equipment £000		Total £000	
	2018	2017	2018	2017	2018	2017	2018	2017
Within one year	11	11	43	39	43	43	97	93
In second to fifth year	44	44	63	55	162	2	269	101
After more than five years	467	478	–	–	–	–	467	478
	522	533	106	94	205	45	833	672

23 Capital commitments

At the balance sheet date, contracted commitments not recognised in the accounts totalled £13.5m, including £8.5m for the Medicine Galleries (2017: £1.9m), £3.9m (2017: £0.6m) for Illuminate, the new events space at the Science Museum, and £0.7m (2017: nil) for One Collection.

24 Statement of funds (consolidated)

2017-18	Brought forward £000	Income £000	Expenditure £000	Investment gains/ (losses) £000	Net income/ (exp.) £000	Revaluation £000	Transfers £000	Carried forward £000
Restricted funds								
Grants and donations fund	2,562	22,019	(5,283)	-	16,736	-	(8,584)	10,714
Collection purchases fund	-	541	-	-	541	-	(541)	-
Buildings sale fund	29,711	418	-	(165)	253	-	-	29,964
Capital assets fund	190,998	50	(6,597)	-	(6,547)	-	1,433	185,884
Total restricted funds	223,271	23,028	(11,880)	(165)	10,983	-	(7,692)	226,562
Endowment fund	78	1	-	-	1	-	-	79
Unrestricted funds								
<i>Designated funds</i>								
Museum improvement fund	5,572	-	(70)	-	(70)	-	4,524	10,026
Collection purchases fund	-	-	-	-	-	-	107	107
Capital assets fund	27,607	-	(2,341)	-	(2,341)	-	(1,432)	23,834
Capital asset revaluation fund	235,010	-	(8,383)	-	(8,383)	23,355	(1,208)	248,774
	268,189	-	(10,794)	-	(10,794)	23,355	1,991	282,741
Defined benefit pension deficit fund	(5,883)	-	(419)	-	(419)	555	350	(5,397)
General funds	1,574	64,754	(70,138)	-	(5,384)	-	5,351	1,541
Total unrestricted funds	263,880	64,754	(81,351)	-	(16,597)	23,910	7,692	278,885
Total funds	487,229	87,783	(93,231)	(165)	(5,613)	23,910	-	505,526

2016-17	Brought forward £000	Income £000	Expenditure £000	Investment income £000	Net income/ (exp.) £000	Revaluation £000	Transfers £000	Carried forward £000
Restricted funds								
Grants and donations fund	1,120	17,606	(5,007)	-	12,599	-	(11,157)	2,562
Collection purchases fund	-	2,378	-	-	2,378	-	(2,378)	-
Buildings sale fund	30,163	425	(523)	2,866	2,768	-	(3,220)	29,711
Capital assets fund	182,113	50	(6,587)	-	(6,537)	-	15,422	190,998
Total restricted funds	213,396	20,459	(12,117)	2,866	11,208	-	(1,333)	223,271
Endowment fund	78	-	-	-	-	-	-	78
Unrestricted funds								
<i>Designated funds</i>								
Museum improvement fund	1,924	-	(337)	-	(337)	-	3,985	5,572
Collection purchases fund	217	-	-	-	-	-	(217)	-
Capital assets fund	26,845	-	(2,719)	-	(2,719)	-	3,481	27,607
Capital asset revaluation fund	214,558	-	(7,121)	-	(7,121)	27,573	-	235,010
	243,544	-	(10,177)	-	(10,177)	27,573	7,249	268,189
Defined benefit pension deficit fund	(3,222)	-	(332)	-	(332)	(2,548)	219	(5,883)
General funds	1,500	65,058	(58,849)	-	6,209	-	(6,135)	1,574
Total unrestricted funds	241,822	65,058	(69,358)	-	(4,300)	25,025	1,333	263,880
Total funds	455,296	85,517	(81,475)	2,866	6,908	25,025	-	487,229

Funds

Fund	Description
Grants and donations fund	Funds where donors or grant-makers have specified the uses to which they may be put or have placed certain restrictions on the use of the funds.
Collection purchases funds	Amounts restricted (in the restricted fund) or designated (in the unrestricted fund) for purchase of collection items.
Buildings sale fund	Disposal proceeds over which there are specific conditions relating to their application to certain capital projects in London, Bradford and the National Collections Centre at Wroughton.
Capital assets funds	Funds relating to capital assets on the balance sheet which are fully employed in the operation of the Group and are not available for any other purpose.
Capital asset revaluation fund	Funds representing the revaluation of capital assets.
Museum improvement fund	Unrestricted funds set aside by the Trustees for specific projects, both capital and revenue, principally expected to be expended within the next year.
Defined benefit pension deficit fund	Funds related to the Museum of Science and Industry defined benefit pension liability.
General funds	Expendable unrestricted funds.

Grants and donations fund

	2018	2017
	Total	Total
	£000	£000
Science Museum Medicine Galleries	4,457	–
Museum of Science and Industry Special Exhibition Gallery	1,887	749
<i>London: Science City</i>	1,233	–
National Railway Museum legacies	653	653
Science Museum lecture theatre	–	393
One Collection	594	–
Science Museum main store development	355	–
Wellcome Trust medical fellowship	259	–
<i>Feeding Tomorrow</i>	153	–
Science Museum Smith Centre	100	–
<i>Other funds below £100k</i>	1,023	767
Total grants and donations fund	10,714	2,562

Museum improvement fund

	2018	2017
	Total	Total
	£000	£000
Future infrastructure projects	3,192	2,000
Science Museum levels 4 and 5 corporate events space (Illuminate)	2,185	1,580
One Collection	1,149	172
Museum of Science and Industry Special Exhibition Gallery	930	930
Touring projects	803	–
Locomotion capital improvements	555	553
Learning projects	527	–
National Railway Museum Great Hall improvements	220	–
Finance system implementation	200	–
Museum of Science and Industry future Learning projects	50	100
<i>Other funds below £100k</i>	215	237
Total museum improvement fund	10,026	5,572

Transfers of funds

	Restricted				Unrestricted							Total unrestricted	TOTAL
	Grants and donations fund	Collection purchases fund	Buildings sale fund	Capital assets fund	Total restricted	Museum improvement fund	Collection purchases fund	Capital assets fund	Capital asset revaluation fund	Defined benefit pension deficit fund	General funds		
2017-18													
Collection fund income	-	-	-	-	-	-	205	-	-	-	(205)	-	-
Fixed asset purchases/impairment	(8,577)	-	-	8,166	(411)	-	-	(1,530)	158	-	1,783	411	-
Disposal of Blythe House	-	-	-	(7,181)	(7,181)	-	-	-	(1,366)	-	8,547	7,181	-
Purchase of heritage assets	(7)	(541)	-	548	-	-	(98)	98	-	-	-	-	-
Designation of funds for future expenditure	-	-	-	-	-	4,524	-	-	-	-	(4,524)	-	-
Release of spent restricted funds	-	-	-	(100)	(100)	-	-	-	-	-	100	100	-
Net pension costs incurred	-	-	-	-	-	-	-	-	-	350	(350)	-	-
Net transfers of funds	(8,584)	(541)	-	1,433	(7,692)	4,524	107	(1,432)	(1,208)	350	5,351	7,692	-
2016-17													
Collection fund income	-	-	-	-	-	-	125	-	-	-	(125)	-	-
Purchase of fixed assets	(11,132)	-	(3,220)	13,044	(1,308)	-	-	2,443	-	-	(1,135)	1,308	-
Purchase of heritage assets	-	(2,378)	-	2,378	-	-	(342)	1,038	-	-	(696)	-	-
Designation of funds for future expenditure	-	-	-	-	-	3,985	-	-	-	-	(3,985)	-	-
Release of spent restricted funds	(25)	-	-	-	(25)	-	-	-	-	-	25	25	-
Net pension costs incurred	-	-	-	-	-	-	-	-	-	219	(219)	-	-
Net transfers of funds	(11,157)	(2,378)	(3,220)	15,422	(1,333)	3,985	(217)	3,481	-	219	(6,135)	1,333	-

2017–18

Transfer	Description
Collection fund income	Designation of £205k for collection purchases in 2017–18.
Fixed asset purchases/impairment	Fixed assets purchased in 2017–18 from restricted and unrestricted funds – the transfer from restricted to unrestricted represents a change in the funding mix for specific assets.
Disposal of Blythe House	Release of reserves held against future depreciation of Blythe House.
Purchase of heritage assets	Heritage assets purchased from restricted and unrestricted funds.
Designation of funds for future expenditure	Designation of funds for future expenditure on infrastructure improvement works over 2018–19 and on construction of an events space at the Science Museum and the Museum of Science and Industry Special Exhibition Gallery.
Release of spent restricted funds	Release of grant funding received in previous periods for restricted rental income and charged to the capital asset fund.
Net pension costs incurred	Transfer to the specific reserve of costs incurred in relation to the defined benefit pension scheme.

2016–17

Transfer	Description
Collection fund income	Designation of £125k for collection purchases in 2016–17.
Purchase of fixed assets	Fixed assets purchased from restricted and unrestricted funds, including the buildings sale fund arising on the sale of the Post Office Building in London – the transfer from restricted to unrestricted represents a change in the funding mix for specific assets.
Purchase of heritage assets	Heritage assets purchased from restricted and unrestricted funds.
Designation of funds for future expenditure	Designation of funds for future expenditure on capital infrastructure improvement works and on construction of an events space at the Science Museum.
Release of spent restricted funds	Accounting entries where expenditure was charged in previous periods to unrestricted funding instead of restricted funds.
Net pension costs incurred	Transfer to the specific reserve of costs incurred in relation to the defined benefit pension scheme.
Net pension costs incurred	Transfer to the specific reserve of costs incurred in relation to the defined benefit pension scheme.

25 Analysis of net assets by fund

Fund balances at 31 March 2018 are represented by:

	Restricted £000	Endowment £000	Unrestricted £000	Total £000
Tangible assets	160,648	–	276,018	436,666
Heritage assets	24,597	–	2,004	26,601
Intangible assets	639	–	394	1,033
Investments	16,044	–	–	16,044
Current assets	25,499	79	27,596	53,174
Current liabilities	(865)	–	(16,030)	(16,895)
Long-term creditors	–	–	(5,616)	(5,616)
Provisions	–	–	(84)	(84)
Pensions liability	–	–	(5,397)	(5,397)
Total of net assets	226,562	79	278,885	505,526

26 Financial instruments

Liquidity risk

Approximately 50% of the Science Museum Group's income is provided by Grant in Aid from DCMS and 23% of the Group's income is from a wide range of commercial activities. As the cash requirements of the charity are met largely through Grant in Aid, financial instruments have less potential for creating risk than they would in a non-public-sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Group's purchase and usage requirements and the Group is therefore exposed to little credit, liquidity or market risk.

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

Financial assets by category

	Note	2018 £000	2017 £000
Fixed asset investments	16	16,044	16,807
Current investments	16	5,001	–
Trade debtors	17	4,281	1,742
Other debtors	17	509	232
Short-term deposits	16	13,742	1,003
Cash and cash equivalents	18	18,530	23,118

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

Financial liabilities by category

	Note	2018 £000	2017 £000
Trade creditors	19	3,718	3,151
Other creditors	19	6,110	105
Accruals	19	4,076	4,475
Museum loans (from DCMS)	19	5,422	4,733

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

27 Cash flow information

Reconciliation of net income/expenditure to net cash from operating activities

	Notes	2018 £000	2017 £000
Net (expenditure)/income		(5,613)	6,908
Adjustments for:			
Net (gains)/losses on investments	16	165	(2,866)
Investment income	7/16	(484)	(487)
Interest payable		82	69
Depreciation and amortisation charge	13/15	16,902	15,602
Loss on disposal of Blythe House	13	8,547	–
Loss on disposal of other fixed assets	13	408	253
Impairment of fixed assets	13	589	–
Loss on disposal of heritage assets	14	290	605
Donated fixed and heritage assets	14	(525)	(2,247)
Net movement on provisions	20	(57)	13
Greater Manchester Pension Fund scheme costs	21	69	113
Decrease/(increase) in stocks		65	97
Decrease/(increase) in debtors	17	(6,996)	(1,658)
Increase/(decrease) in creditors ^[A]	19	6,848	(6,216)
Net cash from operating activities		20,290	10,136

[A] Excluding bank loans and capital accruals.

Analysis of changes in net fund

	Notes	2017 £000	Cash flows £000	2018 £000
Cash at bank and in hand	18	23,118	(4,588)	18,530
Current asset investments	16	–	5,001	5,001
Short-term deposits	16	1,003	12,739	13,742
Museum loan (from DCMS)	19	(4,733)	(689)	(5,422)
Net funds		19,388	12,463	31,851

28 Related-party transactions

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

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

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

Related party	Nature of relationship	Income £000	Expenditure £000	Outstanding balances due from/ (due to) at year end £000	Nature of transaction
British Science Association	Lord Willetts served as Chair of the related party during the year	56	–	–	Service charges for rental of office space in London
De Montfort University	Mr Ian Blatchford served as Chair of the related party during the year	22	–	–	Donation of Chairman's remuneration, room hire fees
Durham University	Professor Ludmilla Jordanova is Professor of History and Visual Culture at the related party	1	–	–	Cost recovery for loan of 12 objects to Palace Green Library
Imperial College London	Dame Mary Archer served as Chair of the Imperial College Health Partners Advisory Council during the year	50	11	1	Outreach workshops, robotics event costs, venue hire fees; wireless network connection fees
King's College London	Lord Willetts and Professor David Phoenix were visiting professors at the related party during the year	18	–	17	Grant funding for Energy Store research project, reimbursement of catering costs
Network Rail	Ms Sharon Flood served as a remunerated director of the related party during the year	309	21	54	Rental of runway at Wroughton airfield, Christmas party hire; maintenance of and connection to UK railway network
The Royal Society	Lord Willetts served as a member of the President's Advisory Committee of the related party during the year	4	5	3	Catering and production fees for <i>Tomorrow's World Live</i> event, training fees; venue hire fees
ThyssenKrupp Elevator UK Ltd	Mr Andreas Goss served as executive board member of ThyssenKrupp Steel Europe AG, parent of the related party, during the year	–	77	–	Maintenance services
University of Oxford	Professor Russell Foster held a Fellowship at Brasenose College during the year	2	13	–	Lecture fees; funding of report on cultural leadership, course attendance fees

28 Related-party transactions (continued)

A number of Trustees and their family members are patrons of the Group.

Trustees, Directors and employees of the Group are entitled to discounts on purchases from the Group's shops and cafés.

The Science Museum Group has a close relationship with the Science Museum Foundation (charity no. 1148691, 'the Foundation') whose objectives are to support the activities of the Group or any other organisation that advances related charitable purposes. This charity is independent of the Group and no Trustees served on the Boards of both the Group and the Foundation in the year. None of the Foundation's activities or assets have been consolidated in this report, but an administration fee of £3k paid by the Foundation to the Group for company secretarial services was recorded as income for the Group in the year.

29 Post balance sheet events

The Annual Report and Accounts 2017–18 were authorised for issue by the Trustees and Accounting Officer on the date they were certified by the Comptroller and Auditor General.

In April 2018 the transfer of the Royal Photographic Society (RPS) Collection from the Science Museum Group to the Victoria and Albert Museum was completed. The value of the RPS Collection on the Group's balance sheet at 31 March 2018 was £4.5m.

