

NATIONAL MUSEUMS OF SCOTLAND

STATEMENT OF ACCOUNTS

For the year ended 31 March 2001

	Page
Report of the Board of Trustees	1
Statement of Board's and Director's Responsibilities	3
Statement on the System of Internal Control	3
Consolidated Income and Expenditure Account	4
Consolidated Statement of Total Recognised Gains and Losses	5
Consolidated Balance Sheet	6
Consolidated Cash Flow Statement	7
NMS Income and Expenditure Account	8
NMS Balance Sheet	9
Accounting Policies and Notes	10

REPORT OF THE BOARD OF TRUSTEES INCORPORATING FOREWORD

1. History of Body

The National Museums of Scotland (NMS) was set up on 1 October 1985 by the amalgamation of the National Museum of Antiquities of Scotland (NMAS) and the Royal Scottish Museum (RSM). Prior to this date the NMAS was a body funded by the then Scottish Office Education Department (SOED) under a separate Vote while the RSM was for funding and administrative purposes a part of SOED.

2. Statutory background

The NMS and its activities are controlled primarily by the terms of the National Heritage (Scotland) Act 1985.

3. Principal functions of the NMS

The functions of the NMS are, as set out in section 2(1) of the 1985 Act, to:

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

4. Financial results and appropriations

The combined financial results and appropriations are shown in the Consolidated Income and Expenditure Account on page 4. The accounts consolidate the NMS's wholly-owned trading subsidiaries. An Income and Expenditure Account for NMS alone is included at page 8.

NMS is required to operate within the financial limits prescribed in the Financial Memorandum. Thus NMS is not permitted to carry forward from one year to the next more than 2% of the grant-in-aid received, nor is NMS permitted to borrow funds. At 31 March 2001 grant-in-aid received and the related expenditure were in balance. In the Consolidated

Income and Expenditure account this position translated to an operating deficit of £0.438 million. The deficit arose primarily because the charge for depreciation and permanent diminution in value exceeded, by £0.343 million, the related release from deferred grants and capital donations. The depreciation charge is calculated on the revalued amounts while the associated credit is based on historic costs. It is expected that the resulting imbalance will grow in future years because NMS is required to revalue its estate and other fixed assets annually.

The sum of £0.288 million was released from the revaluation reserve to reduce the retained deficit to £0.150 million, of which £0.090 million represents the diminution in value of certain fixed assets on revaluation.

The trading companies made a group trading profit of £0.289 million, and passed to NMS £0.280 million under Gift Aid. The companies' liability to income tax was nil.

Receipts and expenditure during the year to 31 March 2001 (2000) were as follows:

	2001 £ million	2000 £ million
Grant-in-aid:		
-Income and Expenditure account	12.135	13.620
-Fixed asset investment	1.797	0.961
-Collection purchases	0.510	0.510
Other income:		
-Release from deferred income	2.971	2.734
-Trading companies	1.265	1.221
-Other	1.715	1.700
-Revenue-earning activities	0.020	0.015
-Grant-aided activities	0.070	0.042
-Other capital receipts	1.882	4.146
Expenditure:		
-Staff costs	8.936	8.362
-Other operating charges	6.384	5.881
-Depreciation and permanent diminution in value	3.294	3.031

5. NMS's activities during the year

NMS contributes to the cultural wealth and knowledge of Scotland by:

- (a) the preservation of material and natural objects;
- (b) providing displays to illuminate for the public Scottish and international aspects of man's culture and the natural world;
- (c) encouraging research on its collections; and
- (d) providing an education service for the interpretation of its collections.

Commercial interests of NMS are promoted by the four trading subsidiaries - NMS Hospitality and Events Ltd, The

Multimedia Team Ltd, NMS Retailing Ltd and NMS Publishing Ltd. The aims of the companies are, respectively:

- to exploit commercial hall hire and catering activities on behalf of NMS;
- to develop commercial and educational multi-media programmes utilising in part NMS collections and research;
- to operate the shops in Chambers Street, the National War Museum of Scotland and the Museum of Flight;
- to develop the publications activity formerly carried out by NMS itself.

The companies are wholly-owned by NMS Enterprises Ltd, a company which is controlled by the Board of NMS.

6. The status of land and buildings

Other than the storage facility at Granton and the property at East Fortune the Trustees did not in the period hold any land or buildings on behalf of NMS. Most of the remaining buildings which house NMS are Crown properties, vested in Scottish Ministers and are included in the Balance Sheet at depreciated replacement cost.

7. Significant changes to fixed assets

In the period, the group acquired assets at a cost of £2.565m. The sum of £0.701m was spent on permanent galleries, £1.596m on buildings, and £0.265m on equipment purchases.

8. Activities in the field of research and development

During the year ended 31 March 2001, NMS staff members published 94 significant research articles and books, while the total number of publications by NMS staff was 140. During the same period, NMS staff collaborated on 58 research projects while 78 loans were made from the collections for research purposes.

9. Future developments in NMS's activities

NMS continues to enhance its service to the public. On 17 April 2000 the Princess Royal opened the newly-redeveloped National War Museum of Scotland. In partnership with the National Trust for Scotland, NMS has completed the Museum of Scottish Country Life at Kittochside, near East Kilbride. In addition to a working farm, there is a large exhibition building devoted to the history of farming in Scotland. The complex opened to the public in July 2001.

10. Important events which have occurred since the financial year-end

No important event has occurred since 1 April 2001 to have a material effect on these accounts.

11. Names of Board members during the year

The Trustees of the National Museums are appointed by Scottish Ministers. The following were members of the Board during the period covered by these Accounts:

Sir Robert Smith CA, FCIBS, FSA Scot (Chairman)
Professor Tom Devine DLitt, FRSE, FBA
Dr Lesley Glasser FRSE
Alexander Grant Gordon CBE
Grenville S Johnston OBE, TD, KCSG, DL, CA
Christina Macaulay
Sir Neil McIntosh, CBE
Neena Mahal
Professor Aubrey Manning OBE, FRSE
Professor James Murray BSc ARCST, CEng, FIMechE, FIEE, FIMgt
Sir William Purves CBE, DSO
Dr Anna Ritchie OBE BA, PhD, FSA, FSA Scot
The Countess of Rosebery
Ian Smith
Lord Wilson of Tillyorn GCMG KT

The following served as members of the Finance and Audit Committee during the year: Mr. Grenville Johnston (Chairman), Mr Alexander Grant Gordon, Sir Neil McIntosh and Sir William Purves.

The Staff Committee of the Board of Trustees considers senior staff remuneration issues. The following were members of the Committee during the year: Sir Robert Smith, Professor Tom Devine, Sir Neil McIntosh and Professor James Murray.

12. Appointment of auditors

The Accounts of the NMS are audited by Audit Scotland. In the year to 31 March 2001 the detailed audit work was sub-contracted to Deloitte & Touche.

13. Disabled Employees

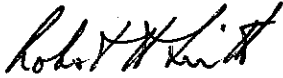
The NMS adopts a positive attitude towards the employment of disabled persons both in recruitment and, as far as possible given the age of the premises of the Museums, in the provision of suitable working conditions. Every encouragement is given to disabled staff to develop their skills.

14. Employee Consultation

The Management of the NMS communicates with staff representatives on the various Trade Unions both directly and through the mechanism of the Whitley Council and its Sub-Committees. Staff information is distributed by way of notices, circulars etc.

15. Prompt Payment Code

NMS's payment policy is to comply with Government accounting rules, which stipulate that payments to suppliers must be made within 30 days of receipt of invoice. A random sample of invoices taken during 2000/2001 showed that, on average, NMS paid suppliers 17 days after receipt of invoice, and that 97% of invoices were paid within 30 days of receipt.



3/9/01

CHAIRMAN

DATE

STATEMENT OF BOARD'S AND DIRECTOR'S RESPONSIBILITIES

Under schedule 1, section 9 of the National Heritage (Scotland) Act 1985, the Board of NMS is required to prepare in accordance with best commercial practice a statement of accounts for each financial year in the form and on the basis determined by Scottish Ministers. The accounts are prepared on an accruals basis and must show a true and fair view of the state of affairs of NMS and of NMS consolidated with the NMS Enterprises Ltd. (the group) at the year end, and of the income and expenditure and cash flows of the group for the financial year.

In preparing the accounts the Board is required to:

- observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make estimates and judgements 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 a going concern basis, unless it is inappropriate to presume that the group will continue in operation.

The Accountable Officer for the Scottish Executive Education Department has designated the Director of the National Museums of Scotland as Accountable Officer for NMS. His or her relevant responsibilities as Accountable Officer, including his or her responsibility for the propriety and regularity of the public finances for which he or she is answerable and for the keeping of proper records, are set out in the financial memorandum of the National Museums of Scotland, the letter of appointment to the Director and the Memorandum to Accountable Officers issued by the Principal Accountable Officer.

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

As Accountable Officer, I acknowledge my responsibility for ensuring that an effective system of internal control is maintained and operated by the National Museums of Scotland.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial 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:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by senior management;
- regular reviews by the Management Board of periodic and annual financial reports which indicate financial performance against the forecasts;
- clearly defined capital investment guidelines;
- as appropriate, formal project management disciplines.

NMS has an internal audit function which is carried out by an independent firm of accountants and which operates to standards defined in the Government Internal Audit Manual. The work of internal audit is informed by an analysis of the risks to which NMS is exposed, and the annual audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Finance and Audit Committee and approved by me. At least annually, the Head of Internal Audit (HIA) provides me with a report on the internal audit activity in the body.

In September 1999 the Institute of Chartered Accountants in England and Wales published the report of the Turnbull Committee "Internal Control: Guidance for Directors on the Combined Code". The effect of the Turnbull Report was to extend the existing requirement to provide a statement in respect of financial controls to cover all controls, including financial, operational, compliance and the management of risk.

As Accountable Officer, I am aware of the recommendations of the Turnbull Committee and I am taking steps to implement the full requirements of the guidance for the year ended 31 March 2002.

DIRECTOR.....


NATIONAL MUSEUMS OF SCOTLAND

Consolidated Income and Expenditure Account for the year ended 31 March 2001

	Notes	Continuing activities	
		2001	2000
Income		£000	£000
Grant-in-aid received	2	12,135	13,620
Net surplus from revenue-earning activities	3	20	15
Gross income from grant-aided activities	4	70	42
Release from deferred grants and capital donations	15,16	2,971	2,734
Other income	5	1,715	1,700
Income received by NMS subsidiaries	24	<u>1,265</u>	<u>1,221</u>
		<u>18,176</u>	<u>19,332</u>
Expenditure			
Staff costs	6	8,936	8,362
Other operating charges	7	6,384	5,881
Depreciation and permanent diminution in value	1c, 9	<u>3,294</u>	<u>3,031</u>
		<u>18,614</u>	<u>17,274</u>
Operating surplus/(deficit)		(438)	2,058
Notional cost of capital	26	<u>(5,803)</u>	<u>(5,599)</u>
Surplus/(deficit) for the year before taxation	27	(6,241)	(3,541)
Taxation	1g	<u>0</u>	<u>0</u>
Surplus/(deficit) for the year after taxation		(6,241)	(3,541)
Reversal of notional cost of capital	26	5,803	5,599
Release from revaluation reserve	19	<u>288</u>	<u>205</u>
Retained surplus/(deficit) for the year		<u>(150)</u>	<u>2,263</u>
Transfer (from)/to General Fund	17	(170)	1,468
Transfer (from)/to Board Reserve	18	0	815
NMS Enterprises Ltd		<u>20</u>	<u>(20)</u>
		<u>(150)</u>	<u>2,263</u>

The notes on pages 10 to 25 form part of these accounts.

NATIONAL MUSEUMS OF SCOTLAND

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 March 2001

		2001	2000
	Notes	£000	£000
Surplus/(deficit) retained for the year		(6,241)	(3,541)
Reversal of notional cost of capital		5,803	5,599
Unrealised gain on revaluation of fixed assets	9, 19	<u>4,235</u>	<u>2,173</u>
Total recognised gains and losses during the year		<u>3,797</u>	<u>4,231</u>

The notes on pages 10 to 25 form part of these accounts.

NATIONAL MUSEUMS OF SCOTLAND

Consolidated Balance Sheet as at 31 March 2001

	Notes	2001 £000	2000 £000
Fixed Assets			
Tangible assets	9	117,016	113,510
Investments	10	1	1
		<u>117,017</u>	<u>113,511</u>
Current Assets			
Stocks	11	332	264
Debtors	12	580	458
Cash at bank and in hand	13	<u>1,112</u>	<u>2,899</u>
		<u>2,024</u>	<u>3,621</u>
Current Liabilities			
Creditors: Amounts falling due within one year	14	<u>2,206</u>	<u>4,722</u>
Net Current Liabilities		<u>(182)</u>	<u>(1,101)</u>
Total Assets Less Current Liabilities		116,835	112,410
Creditors: Amounts falling due after more than one year	14	<u>179</u>	<u>267</u>
Total Net Assets		<u>116,656</u>	<u>112,143</u>
Financed by:			
Accruals and Deferred Income			
Deferred government grants	15	58,862	58,686
Capital Reserve	16	<u>16,928</u>	<u>16,381</u>
		<u>75,790</u>	<u>75,067</u>
Capital and Reserves			
Unrestricted funds:			
General Fund	17	(119)	51
Board Reserve Fund	18	1,046	1,046
NMS Enterprises Ltd		6	(14)
		<u>933</u>	<u>1,083</u>
Restricted funds:			
Revaluation reserve	19	39,929	35,982
Purchase Fund	20	4	11
		<u>39,933</u>	<u>35,993</u>
		<u>116,656</u>	<u>112,143</u>

Sale Belians

23.8.01

Accountable Officer

Date

The notes on pages 10 to 25 form part of these accounts.

NATIONAL MUSEUMS OF SCOTLAND

Consolidated Cash Flow Statement for the year ended 31 March 2001

		2001	2000
	Notes	£000	£000
Net cash inflow/(outflow) from operating activities	22	<u>(2,974)</u>	<u>1,711</u>
Returns on Investments:			
Interest received	5	65	77
Taxation:			
Corporation tax	1(g)	0	0
Capital expenditure and financial investment:			
Payments from purchase fund	20	(639)	(570)
Payments to acquire tangible fixed assets		<u>(2,565)</u>	<u>(3,916)</u>
Total capital expenditure and financial investment		<u>(3,204)</u>	<u>(4,486)</u>
Cash outflow before financing		(6,113)	(2,698)
Financing:			
Government grants	15	1,812	1,124
Capital receipts	16	1,882	3,846
Purchase fund	20	632	556
		<u>4,326</u>	<u>5,526</u>
Increase/(decrease) in cash in the period	22	<u>(1,787)</u>	<u>2,828</u>

The notes on pages 10 to 25 form part of these accounts.

NATIONAL MUSEUMS OF SCOTLAND

Income and Expenditure Account for the year ended 31 March 2001

	Notes	Continuing activities	
		2001	2000
		£000	£000
Income			
Grant-in-aid received	2	12,135	13,620
Net surplus from revenue-earning activities	3	20	15
Gross income from grant-aided activities	4	70	42
Release from deferred grants and capital donations	15,16	2,971	2,734
Other income	5	<u>1,995</u>	<u>2,126</u>
		<u>17,191</u>	<u>18,537</u>
Expenditure			
Staff costs	6	8,325	7,836
Other operating charges	7	6,054	5,603
Depreciation and permanent diminution in value	1c, 9	<u>3,270</u>	<u>3,020</u>
		<u>17,649</u>	<u>16,459</u>
Operating surplus/(deficit)		(458)	2,078
Notional cost of capital	26	<u>(5,803)</u>	<u>(5,599)</u>
Surplus/(deficit) after charging notional costs	27	(6,261)	(3,521)
Reversal of notional cost of capital		5,803	5,599
Release from revaluation reserve	19	<u>288</u>	<u>205</u>
		<u>(170)</u>	<u>2,283</u>
Transfer to/(from) General Fund	17	(170)	1,468
Transfer (from)/to Board Reserve	18	<u>0</u>	<u>815</u>
		<u>(170)</u>	<u>2,283</u>

The notes on pages 10 to 25 form part of these accounts.

NATIONAL MUSEUMS OF SCOTLAND

Balance Sheet as at 31 March 2001

		2001	2000
		£000	£000
Fixed Assets			
Tangible assets	9	116,955	113,475
Investment in subsidiary	10	<u>63</u>	<u>63</u>
		<u>117,018</u>	<u>113,538</u>
Current Assets			
Stocks	11	19	13
Debtors:			
-Receivable within 12 months	12	1,064	672
-Receivable after 12 months	12	88	88
Cash at bank and in hand	13	<u>684</u>	<u>2,722</u>
		1,855	3,495
Current Liabilities			
Creditors: Amounts falling due within one year	14	<u>2,044</u>	<u>4,609</u>
Net Current Liabilities		<u>(189)</u>	<u>(1,114)</u>
Total Assets Less Current Liabilities		116,829	112,424
Creditors: Amounts falling due after more than one year	14	<u>179</u>	<u>267</u>
Total Net Assets		<u>116,650</u>	<u>112,157</u>
Financed by:			
Accruals and Deferred Income			
Deferred government grants	15	58,862	58,686
Capital Reserve	16	<u>16,928</u>	<u>16,381</u>
		<u>75,790</u>	<u>75,067</u>
Capital and Reserves			
Unrestricted funds:			
General Fund	17	(119)	51
Board Reserve Fund	18	<u>1,046</u>	<u>1,046</u>
		<u>927</u>	<u>1,097</u>
Restricted funds:			
Revaluation reserve	19	39,929	35,982
Purchase Fund	20	<u>4</u>	<u>11</u>
		<u>39,933</u>	<u>35,993</u>
		<u>116,650</u>	<u>112,157</u>

Dale Jensen.

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Accountable Officer

Date

The notes on pages 10 to 25 form part of these accounts.

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

1. ACCOUNTING POLICIES

(a) Basis of Accounting

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

Without limiting the information given, the accounts meet the requirements of the Companies Act 1985 and accounting standards issued or adopted by the Accounting Standards Board so far as they are appropriate. They also comply with SORP2, the Statement of Recommended Practice on the preparation of accounts of charitable organisations.

(b) Basis of Consolidation

The accounts consolidate those of the National Museums of Scotland (NMS) and its subsidiary companies, NMS Enterprises Ltd, NMS Retail Ltd, NMS Publishing Ltd, NMS Hospitality and Events Ltd and The Multimedia Company Ltd for the year ended 31 March 2001.

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

(c) Tangible Fixed Assets and Depreciation

With the exception of the Museum of Scotland, the Museum of Flight and the Granton complex, the land and buildings of NMS are held in the name of Scottish Ministers. Nevertheless, on the direction of Scottish Ministers, all land and buildings administered by the Board are valued every five years by a professional valuer and revalued annually using appropriate indices and included in the Balance Sheet. The method of valuation for specialised properties, that is land and buildings for which there is effectively no market, is depreciated replacement cost. Other properties are valued at open market value for existing use. Equipment is valued at current replacement cost less depreciation.

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

Equipment	4 years and 7 years
Vehicles	7 years
Buildings	19 years to 72 years
Permanent galleries	15 years

The NMS's collections have not been valued. Information as to the amount spent during the year is given under the Purchase Fund (note 20).

(d) Government Grants

The revenue portion of the annual grant-in-aid is credited to income in the year in which it is received. Any portion relating to capital expenditure is credited to the deferred government grants account, which is written down over the expected useful lives of the assets acquired.

(e) Stocks

Stocks are stated at the lower of cost or net replacement cost (or historical cost if this is not materially different) and net realisable value.

(f) Board Reserve Fund

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

(g) Taxation

The Board of NMS has been granted charitable status by the Inland Revenue. Non-recoverable Value Added Tax.(VAT) arising from expenditure is charged to the Income and Expenditure Account.

In 2000/01 the subsidiary companies paid £279,971 by Gift Aid to NMS, thereby eliminating any liability of the subsidiaries to Corporation Tax in that year.

(h) Notional Costs

In accordance with accounting requirements, the Income and Expenditure Accounts include notional costs to reflect the full costs of NMS's activities. The calculation of the notional cost of capital is explained in note 26.

(i) Capital Receipts

Donations, Lottery and other non-government receipts, which are applied to capital expenditure are credited to the Capital Reserve and are amortised over the expected useful lives of the assets acquired.

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

2. GOVERNMENT GRANT-IN-AID

(See Notes 1(d), 15 & 20)

	Group and NMS	
	2001	2000
	£000s	£000s
Grant-in-Aid received		
Running Costs	12,732	12,417
Major Capital	<u>1,200</u>	<u>2,164</u>
	13,932	14,581
Purchase Grant	<u>510</u>	<u>510</u>
Total received during year	<u>14,442</u>	<u>15,091</u>
Allocated to:		
Income and Expenditure account	12,135	13,620
Deferred Government Grants For capital expenditure Note 15	1,797	961
Purchase Fund Note 20	<u>510</u>	<u>510</u>
	<u>14,442</u>	<u>15,091</u>

3. NMS REVENUE-EARNING ACTIVITIES

	Group and NMS	
	2001	2000
	£000	£000
Sales	33	34
Cost of Sales	<u>13</u>	<u>19</u>
Gross profit	<u>20</u>	<u>15</u>

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

4. GRANT-AIDED ACTIVITIES

	Group and NMS	
	2001	2000
	£000	£000
Rental of facilities etc	<u>70</u>	<u>42</u>

5. OTHER INCOME

	Group		NMS	
	2001	2000	2001	2000
	£000	£000	£000	£000
Bank Interest	65	77	65	77
Provision of Services:				
- Curatorial	40	23	40	23
- Conservation	33	27	33	27
- Documentation	66	48	66	48
- Membership scheme	77	48	77	48
- Other	95	132	95	132
Entrance Charges	544	747	544	747
Gift Aid from subsidiary companies	-	-	280	426
NMS Charitable Trust	77	80	77	80
Misc Sponsorship	207	-	207	-
Misc Grants	234	294	234	294
Other	<u>277</u>	<u>224</u>	<u>277</u>	<u>224</u>
	<u>1,715</u>	<u>1,700</u>	<u>1,995</u>	<u>2,126</u>

In addition to the sums listed above which were credited to income, NMS received £1.88m from other sources which was credited to the Capital Reserve (note 16).

6. EMPLOYEES

Staff costs during the year

	Group		NMS	
	2001	2000	2001	2000
	£000	£000	£000	£000
Salaries	7,257	6,924	6,725	6,464
Social Security Costs	516	477	470	440
Pension Costs	888	856	855	827
Early Retirement	<u>275</u>	<u>105</u>	<u>275</u>	<u>105</u>
Total	<u>8,936</u>	<u>8,362</u>	<u>8,325</u>	<u>7,836</u>

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

6. EMPLOYEES (continued)

The staff of the National Museums of Scotland are employed by the Board of Trustees on the same pension and superannuation terms and conditions as Civil Servants to whom the provisions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Contributions are paid to the Paymaster General at rates determined from time to time by the Government Actuary and advised by the Treasury. These ranged from 12% to 18.5% in 2000/2001 (1999/00 - 11% to 18.5%). The Director and Depute Directors are ordinary members of the Principal Civil Servants Pension Scheme. Annual pension rights accrue on the basis of one eightieth of pensionable pay for each complete year of service, up to a maximum of forty eightieths of pensionable pay. On retirement, a lump sum is payable equal to three times annual pension.

No remuneration was paid to members of the Board of Trustees during 2000/2001 (1999/00 - nil). During 2000/2001 NMS paid a total of £3,371 in reimbursement of expenses to 6 Trustees, while in 1999/2000 a total of £3,720 was reimbursed to 7 Trustees.

Remuneration and pension costs of senior management during the year were:

		2001	2000	Accrued annual pension payable at age 60 31 March 2001	Increase in accrued pension since 31 March 2000 (1)
	Age	Remuneration £000	Remuneration £000	£000	£000
Mark Jones (<i>Director</i>)	50	65	63	22	2
Dale Idiens	59	58	57	26	1
William Anthony	53	41	40	12	1
Mary Bryden	51	41	40	14	1
David Clarke	55	55	54	22	1
Stephen Elson	52	48	46	15	1
Christopher Fenton	46	37	36	4	1
Colin McCallum	43	52	51	2	1
Sheila McClure	51	35	34	12	1
Mark Shaw	56	55	55	18	1
Gavin Sprott	58	45	44	16	1
James Tate	49	39	38	11	1

(1) The increase in accrued pension is discounted for the effect of inflation.

The average full-time equivalent number of employees was:

	Group		NMS	
	2001	2000	2001	2000
Curatorial	109	109	108	109
Collection Services	31	28	31	28
Technical Services	74	71	74	71
Public Affairs (including Visitor Services)	144	134	144	134
Administration	<u>54</u>	<u>52</u>	<u>26</u>	<u>26</u>
	<u>412</u>	<u>393</u>	<u>383</u>	<u>368</u>

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

7. OTHER OPERATING CHARGES

	Group		NMS	
	2001	2000	2001	2000
	£000	£000	£000	£000
Expenses Board				
Members	16	14	16	14
Expenses – staff	232	187	232	187
Administration				
expenses	755	791	604	655
Other external charges	2,004	1,917	1,829	1,786
Fuel and utilities	637	590	637	590
Rents and rates	243	248	243	248
Furniture and				
Furnishings	72	128	72	128
Repairs and renewals	2,412	1,991	2,412	1,986
Audit Fee	<u>13</u>	<u>15</u>	<u>9</u>	<u>9</u>
	<u>6,384</u>	<u>5,881</u>	<u>6,054</u>	<u>5,603</u>

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

8. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds		Restricted Funds	Totals	
	2001 NMS £000	2001 Subsidiaries £000	2001 £000	2001 £000	2000 £000
Incoming resources					
Grant-in-Aid	13,932	-	510	14,442	15,091
Other government grants	15	-	-	15	164
Other income	1,805	-	122	1,927	1,803
Trading subsidiaries	-	1,265	-	1,265	1,221
Capital receipts	1,385	-	-	1,385	255
Heritage Lottery Fund	497	-	-	497	3,591
Total incoming resources	17,634	1,265	632	19,531	22,125
Resources expended					
Museum of Scotland	3	-	-	3	70
Curatorial	4,510	-	-	4,510	3,940
Conservation & Documentation Services	1,228	-	-	1,228	1,062
Exhibitions	4,270	-	-	4,270	4,089
Security	1,217	-	-	1,217	1,244
Administration	2,885	-	-	2,885	3,320
Trading subsidiaries	0	1,245	-	1,245	1,242
Estates and Buildings	3,569	-	-	3,569	2,308
Fieldwork and Acquisitions	-	-	640	640	571
Total resources expended	17,682	1,245	640	19,567	17,846
Net incoming/(outgoing) resources before revaluation					
	(48)	20	(8)	(36)	4,279
Revaluation of fixed assets	-	-	4,550	4,550	2,173
Net movement in funds	(48)	20	4,542	4,514	6,452
Total funds brought forward	76,765	(14)	35,391	112,142	105,690
Total funds carried forward	76,717	6	39,933	116,656	112,142
Total fund balances comprise:					
Fixed assets	77,026	62	39,929	117,017	113,510
Current assets/(liabilities)	(130)	(56)	4	(182)	(1,101)
Creditors due after more than one year	(179)	-	-	(179)	(267)
	76,717	6	39,933	116,656	112,142

Depreciation has been allocated to activities in proportion to the staff numbers involved.

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

9. FIXED ASSETS

(See note 1(c))

Group	Buildings	Permanent Galleries	Equipment	Totals
Cost or valuation	£000	£000	£000	£000
1 April 2000	98,956	18,626	3,999	121,581
Additions	1,596	701	268	2,565
Revaluations	<u>3,372</u>	<u>1,178</u>	<u>(160)</u>	<u>4,390</u>
31 March 2001	<u>103,924</u>	<u>20,505</u>	<u>4,107</u>	<u>128,536</u>
Depreciation				
1 April 2000	2,704	2,166	3,201	8,071
Charge for year	1,571	1,319	314	3,204
Revaluations	<u>260</u>	<u>55</u>	<u>(70)</u>	<u>245</u>
31 March 2001	<u>4,535</u>	<u>3,540</u>	<u>3,445</u>	<u>11,520</u>
Net Book Value				
31 March 2001	<u>99,389</u>	<u>16,965</u>	<u>662</u>	<u>117,016</u>
1 April 2000	<u>96,252</u>	<u>16,460</u>	<u>798</u>	<u>113,510</u>
NMS				
	Buildings	Permanent Galleries	Equipment	Totals
Cost or valuation	£000	£000	£000	£000
1 April 2000	98,956	18,626	3,878	121,460
Additions	1,596	701	218	2,515
Revaluations	<u>3,372</u>	<u>1,178</u>	<u>(160)</u>	<u>4,390</u>
31 March 2001	<u>103,924</u>	<u>20,505</u>	<u>3,936</u>	<u>128,365</u>
Depreciation				
1 April 2000	2,704	2,166	3,115	7,985
Charge for year	1,571	1,319	290	3,180
Revaluations	<u>260</u>	<u>55</u>	<u>(70)</u>	<u>245</u>
31 March 2001	<u>4,535</u>	<u>3,540</u>	<u>3,335</u>	<u>11,410</u>
Net Book Value				
31 March 2001	<u>99,389</u>	<u>16,965</u>	<u>601</u>	<u>116,955</u>
1 April 2000	<u>96,252</u>	<u>16,460</u>	<u>763</u>	<u>113,475</u>

The Income and Expenditure account shows depreciation and a permanent diminution in value of £3.29m. This is made up of depreciation of £3.2m and a charge for permanent diminution in value of £0.09m.

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

9. FIXED ASSETS (continued)

Other than the Granton centre and the property at the Museum of Flight, title to NMS's land and buildings is held by Scottish Ministers. NMS has full operational use of these assets and is responsible for their upkeep and maintenance, and there has been no change in this position during the year. Under Financial Reporting Standard 5, these assets have been included in NMS's Balance Sheet.

To comply with the requirements of "Executive NDPBs Annual Reports and Accounts Guidance," Scottish Ministers directed NMS to include its fixed assets at their value to the business by reference to current costs for the year ended 31 March 1998. This replaced the previous requirement to include assets at historical cost. Accordingly, NMS instructed the Valuation Office, an executive agency of the Inland Revenue, to undertake a valuation of the estates and other assets. The more specialised buildings were valued at depreciated replacement cost while the remainder were valued at open market value. Equipment was valued at current replacement cost using appropriate indices. The valuations were obtained as at 31 March 1998 and have been revised in subsequent years using appropriate indices.

As NMS is unable to dispose of the properties and apply the proceeds for charitable purposes, the revaluation reserve in respect of the land and buildings is treated as a restricted fund under the charities SORP.

10. INVESTMENTS

	Group		NMS	
	2001 £000	2000 £000	2001 £000	2000 £000
Opening balance 1 April	1	1	63	63
Capital contribution	-	-	-	-
Closing balance 31 March	<u>1</u>	<u>1</u>	<u>63</u>	<u>63</u>

NMS Publishing Ltd, a wholly-owned subsidiary of NMS, holds 600 ordinary shares of £1 each in the Scottish Book Source. The investment by NMS of £63k is the value of stock-in-trade transferred to NMS Publishing Ltd. on incorporation and recorded as a Capital reserve in that subsidiary's Balance Sheet.

11. STOCKS (see Note 1(e))

	Group		NMS	
	2001 £000	2000 £000	2001 £000	2000 £000
Stocks held for resale	<u>332</u>	<u>264</u>	<u>19</u>	<u>13</u>

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

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

12. DEBTORS

	Group		NMS	
	2001 £000	2000 £000	2001 £000	2000 £000
Receivable within 1 year:				
Prepayments	63	86	63	86
Season Ticket Advances	15	15	15	15
Loan to NMS Retail Ltd	-	-	-	-
Trade debtors	276	270	63	116
Subsidiaries	-	-	697	368
VAT recoverable	<u>226</u>	<u>87</u>	<u>226</u>	<u>87</u>
	<u>580</u>	<u>458</u>	<u>1,064</u>	<u>672</u>
Receivable after more than 1 year:				
Loan to NMS Retail Ltd	-	-	88	88

NMS Retail Ltd operates shops in Chambers Street, the National War Museum of Scotland and at the Museum of Flight. In order to assist its operations, NMS has made available to NMS Retail Ltd an interest-free loan of £87,500. There is no schedule for repayment of the amount.

13. CASH AT BANK AND
IN HAND

	Group		NMS	
	2001 £000	2000 £000	2001 £000	2000 £000
Purchase Fund (note 20)	3	11	3	11
NFA - Art and Science (note 21)	241	247	241	247
Board Reserve Fund (note 18)	440	1,046	440	1,046
General Fund	-	1,418	-	1,418
NMS Enterprises Ltd	<u>428</u>	<u>177</u>	-	-
	<u>1,112</u>	<u>2,899</u>	<u>684</u>	<u>2,722</u>

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

14. CREDITORS

	Group		NMS	
	2001 £000	2000 £000	2001 £000	2000 £000
Amounts falling due within one year:				
Operating charges	1,166	1,856	1,008	1,749
Capital expenditure	710	2,494	710	2,494
Audit	13	15	9	9
NFA (Art & Science; note 21)	229	247	229	247
Early retirement deferred costs	<u>88</u>	<u>110</u>	<u>88</u>	<u>110</u>
	<u>2,206</u>	<u>4,722</u>	<u>2,044</u>	<u>4,609</u>
Amounts falling due after more than one year:				
-Early retirement deferred costs	<u>179</u>	<u>267</u>	<u>179</u>	<u>267</u>

Early retirement deferred costs are the unfunded future payments which the Group will make to employees who have taken early retirement up to 31 March 2001.

15. DEFERRED GOVERNMENT GRANTS

(See Notes 1(d) and 2)

	Group and NMS	
	2001 £000	2000 £000
Opening Balance 1 April	58,686	59,282
Grant-in-aid received for capital expenditure	1,797	961
Other Government grants	15	163
Released in year	<u>(1,636)</u>	<u>(1,720)</u>
Closing balance 31 March	<u>58,862</u>	<u>58,686</u>

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

16. CAPITAL RESERVE

(see note 1(i))

	Group and NMS	
	2001	2000
	£000	£000
Balance at 1 April	16,381	13,549
Amounts received from		
NMS Charitable Trust	1,385	-
HLF Grants	497	-
National Heritage Memorial Fund	-	3,591
Wolfson Foundation	-	100
MacRobert Trust	-	105
Royal Bank of Scotland	-	50
Released in year	<u>(1,335)</u>	<u>(1,014)</u>
	<u>16,928</u>	<u>16,381</u>

17. GENERAL FUND

	Group and NMS	
	2001	2000
	£000	£000
Balance at 1 April	<u>51</u>	<u>(1,417)</u>
(Deficit)/surplus for the year	(170)	2,263
Transfer to Board Reserve	-	(815)
NMS Enterprises Ltd.	-	20
Transfer to General Fund	<u>(170)</u>	<u>1,468</u>
Balance at 31 March	<u>(119)</u>	<u>51</u>

18. BOARD RESERVE FUND

	Group and NMS			
	2001	2001	2001	2000
	£000	£000	£000	£000
	Revenue	Capital	Total	
Balance at 1 April	1,046	-	1,046	231
Transfer to Capital	(606)	606	-	-
Transfer from Income and Expenditure Account	-	-	-	815
Balance at 31 March	<u>440</u>	<u>606</u>	<u>1,046</u>	<u>1,046</u>

NMS is permitted to credit to the Board Reserve Fund sums earned through its own fund-raising activities. The amount transferred at 31 March 2001 is fully committed to meeting capital costs of the Museum of Scotland, and was applied to that purpose during 2001/02.

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

19. REVALUATION RESERVE

	2001	2000
	£000	£000
Balance at 1 April	35,982	34,014
Revaluation of buildings and equipment, net of backlog depreciation	4,235	2,173
Release to Income & Expenditure Account	<u>(288)</u>	<u>(205)</u>
Balance at 31 March	<u>39,929</u>	<u>35,982</u>

The revaluation reserve was created following the revaluation of the land and buildings occupied by NMS. As NMS is unable to dispose of the properties and apply the proceeds for charitable purposes, the revaluation reserve is treated as a restricted fund under the Charities Statement of Recommended Practice.

20. PURCHASE FUND

(see note 2)

	Group and NMS	
	2001	2000
	£000	£000
Income		
Balance at 1 April	11	25
Scottish Executive Education Dept	510	510
Other contributions	<u>122</u>	<u>46</u>
	643	581
Expenditure		
Purchases	600	522
Fieldwork etc	<u>39</u>	<u>48</u>
	<u>639</u>	<u>570</u>
Balance at 31 March	<u>4</u>	<u>11</u>

21. NATIONAL FUND FOR ACQUISITIONS

The Director of the National Museums acts as adviser to the SEED on payments under the National Fund for Acquisitions (NFA). This fund, although shown in the Accounts, is not available to the National Museums.

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

22. RECONCILIATION OF OPERATING DEFICIT TO NET CASH
OUTFLOW FROM OPERATING ACTIVITIES

	Group	
	2001	2000
	£000	£000
Operating (deficit)/surplus	(438)	2,058
Interest received	(65)	(77)
Depreciation and permanent diminution in value		
Transfer from deferred Government Grant and Capital Reserve	3,294	3,031
(Increase) in stocks	(2,971)	(2,734)
(Increase)/decrease in debtors	(68)	(44)
(Decrease) in creditors	(122)	293
Net cash (outflow)/inflow from operating activities	<u>(2,604)</u>	<u>(816)</u>
	<u>(2,974)</u>	<u>1,711</u>

Analysis of changes in net funds in the year

NMS has no current asset investment and no net borrowing or finance lease obligation, and accordingly the Group net funds as defined in Financial Reporting Standard 1 (revised) are equal to its cash balance. The movement in the cash balance during the year was as follows:

	Group	
	2001	2000
	£000	£000
Opening cash balance	2,899	71
Change in year	<u>(1,787)</u>	<u>2,828</u>
Closing cash balance	<u>1,112</u>	<u>2,899</u>

23. CAPITAL COMMITMENTS

	Group and NMS	
	2001	2000
	£000	£000
Contracted but not provided for in the accounts	666	2,810
Authorised but not yet contracted	7,000	935

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

24. SUBSIDIARY COMPANIES

NMS regards the following companies as wholly-owned subsidiaries:

	Total share capital and reserves £000	Profit/(loss) for the year £000
NMS Enterprises Ltd	-	Dormant
NMS Publishing Ltd	44	4
NMS Retail Ltd	10	(1)
NMS Hospitality and Events Ltd	3	3
The MultiMedia Team Ltd	13	13

All the companies are registered in Scotland and have been set up to promote and develop NMS's commercial activities.

The results of the subsidiaries were as follows:

	2001 £000	2000 £000
Turnover	1,537	1,545
Less: intra-group sales	272	324
Cost of sales	454	348
Staff costs	340	320
Operating charges	148	136
Gift Aid to NMS	280	426
Depreciation	<u>24</u>	<u>11</u>
Net profit/(loss)	19	(20)
Taxation	-	-
Profit after tax	<u>19</u>	<u>(20)</u>

25. RELATED PARTY TRANSACTIONS

The National Museums of Scotland is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Executive Education Department (SEED) which is regarded as a related party. During the year NMS has had various material transactions with SEED.

During the year, none of the Trustees, members of key management staff or other related parties has entered into any material transaction with NMS.

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2001

26. COST OF CAPITAL

Notional interest is based on the following balances in respect of grant-aided activities at a rate of 6% applied to the average balance during the year.

	2001 £000	2000 £000
General fund	(119)	51
Deferred government grant	58,862	58,686
Purchase fund	4	11
Revaluation reserve	<u>39,929</u>	<u>35,982</u>
	<u>98,676</u>	<u>94,730</u>
Average balance during the year	<u>96,709</u>	<u>93,320</u>
Notional interest at 6%	<u>5,803</u>	<u>5,599</u>

Guidance on appropriate rates is contained in the booklet "Executive non-departmental public bodies: annual reports and accounts guidance". The rate of 6% is suggested as being appropriate to NDPBs which are not engaged in activities which compete directly with the private sector.

27. LOSS AFTER NOTIONAL COSTS

In accordance with requirements, the loss for the year is stated after charging the notional cost capital (see note 26). As there is no matching funding of this notional cost, the loss for the year after notional costs is not indicative of the financial result for the year.

The result for the year is as follows:-

	Group	
	2001 £000	2000. £000
(Deficit)/surplus before notional costs	(438)	2,058
Notional cost of capital (note 26)	<u>5,803</u>	<u>5,599</u>
Deficit after notional costs	<u>(6,241)</u>	<u>(3,541)</u>



National Museums of Scotland

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 9(3) of Schedule 1 to the National Heritage (Scotland) Act 1985, hereby give the following direction.

2. The statement of accounts which it is the duty of the National Museums of Scotland to prepare in respect of the financial year ended 31 March 2001 and in respect of any subsequent financial year, shall comprise:

- 2.1 a foreword;
- 2.2 an income and expenditure account;
- 2.3 a balance sheet;
- 2.4 a cash flow statement;
- 2.5 a statement of total recognised gains and losses;
- 2.6 a statement of accountable officer's responsibilities; and
- 2.7 a statement on the system of internal financial control.

including such notes as may be necessary for the purposes referred to in the following paragraphs.

3. The statement of accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year. Subject to this requirement, the accounts shall be prepared in accordance with:

- 3.1 the accounting and disclosure requirements of the Companies Act for the time being in force; and
- 3.2 generally accepted accounting practice in the UK, including accounting standards issued or adopted by the Accounting Standards Board and statements of recommended practice issued by the Charity Commission; and
- 3.3 guidance which Scottish Ministers may issue from time to time in respect of accounts which are required to give a true and fair view;
- 3.4 the accounting and disclosure requirements given in "Government Accounting" and in "Executive NDPBs: Annual Reports and Accounts Guidance", as amended or augmented from time to time; and
- 3.5 the disclosure requirements contained in the "Fees and Charges Guide", (in particular those relating to the need for appropriate segmental information for services or forms of service provided);

insofar as these are appropriate to the National Museums of Scotland and are in force for the financial year for which the statement of accounts is to be prepared.

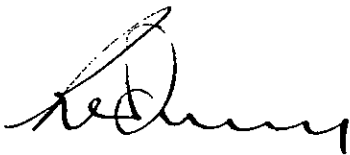
4. Clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.

5. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:

5.1 fixed assets at their value to the business by reference to current costs; and

5.2 stocks valued at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

6. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 1 August 2000 is hereby revoked.

A handwritten signature in black ink, appearing to be 'A. D. Murray', written in a cursive style.

Signed by the authority of the Scottish Ministers

Dated . 2/03/01.

SCHEDULE 1

APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES ACT AND ACCOUNTING STANDARDS

Companies Act

1. The disclosure exemptions permitted by the Companies Act shall not apply.
2. The Companies Act requires certain information to be disclosed in the Director's Report. To the extent that it is appropriate, the equivalent information relating to the National Museums of Scotland shall be contained in the foreword.
3. When preparing its income and expenditure account the National Museums of Scotland shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies Act.
4. When preparing its balance sheet the National Museums of Scotland shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies Act.
5. The National Museums of Scotland is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies Act.
6. The foreword and balance sheet shall be signed and dated by the National Museums of Scotland's Accountable Officer.

Accounting Standards

7. The National Museums of Scotland is not required to include a note showing historical cost profits and losses as described in FRS3.
8. The National Museums of Scotland shall not adopt the Financial Reporting Standard for Smaller Entities.

SCHEDULE 2

ADDITIONAL DISCLOSURE REQUIREMENTS

1. The foreword shall, *inter alia*:
 - 1.1 state that the statement of accounts have been prepared in a form directed by the Scottish Ministers in accordance with paragraph 9(3) of Schedule 1 to the National Heritage (Scotland) Act 1985;
 - 1.2 include a brief history of the National Museums of Scotland and its statutory background;
 - 1.3 include a statement of Board members' and the Accountable Officer's responsibilities in relation to the preparation of the annual accounts.
2. The income and expenditure account shall show, on the face of the account, *inter alia*:
 - 2.1 the total amount of grants received for revenue expenditure;
 - 2.2 the net surplus or deficit on revenue earning activities;
 - 2.3 the gross income from grant-aided activities (excluding grants);
 - 2.4 any other income, detailed as appropriate (alternatively this may be shown in a note to the accounts);
 - 2.5 the surplus or deficit arising from normal operations;
 - 2.6 taxation;
 - 2.7 the net surplus or deficit; and
 - 2.8 the amounts transferred to or from Reserve Funds.
3. The balance sheet shall show, on the face of the account, *inter alia*:
 - 3.1 the balance on the general fund – this being all funds not attributable to 3.2, 3.3 and 3.4 below;
 - 3.2 the balance on the reserve fund – this being the funds which shall be used at the board's discretion;
 - 3.3 the balance on the purchase fund – this being the funds specifically made available for the purchase of collections; and
 - 3.4 the balance on the deferred income account – this being grant-in-aid for capital expenditure not yet passed through the income and expenditure account.
4. The notes to the accounts shall include:
 - 4.1 an analysis of the income and expenditure relating to the revenue earning activities;
 - 4.2 a summary of all grant-in-aid received from SEED;
 - 4.3 an analysis of "other operating charges" over appropriate subjective headings (bad debts, audit fees, leasing charges, travel, subsistence and hospitality costs for staff and board members should be separately identified); and
 - 4.4 details of any key corporate financial targets set by the Scottish Ministers together with an indication of the performance achieved.