

**The Science Museum Foundation**  
(A Company Limited by Guarantee)

**Annual Report and Financial Statements  
for the year ended 31 March 2021**

Charity Number: 1148691  
Company Number: 8156772

# **THE SCIENCE MUSEUM FOUNDATION**

Company Number: 08156772

Charity Number: 1148691

Annual Report & Accounts 2020-21

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## THE SCIENCE MUSEUM FOUNDATION

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### **Trustees' and directors' strategic report for the year to 31 March 2021**

The Trustees of The Science Museum Foundation ('the Foundation', 'the charity'), who are also directors of the company for the purposes of the Companies Act 2006, are pleased to present their annual report for the year ended 31 March 2021 together with the audited financial statements and auditor's report.

The Trustees consider that the information within their annual report meets the requirements of a Strategic Report, as defined by the Charities SORP.

### **Objectives and activities**

#### Charitable objectives

The Trustees have referred to the guidance on public benefit when setting the aims and objectives, and in the planning of future activities of the Foundation. The objects of the charity are to:

- advance the public's knowledge and enjoyment of the Science Museum Group Collections;
- advance the public's knowledge and enjoyment of science and technology by means of the Science Museum Group Collections;
- provide educational facilities and services, instruction and information to the public in relation to Science Museum Group Collections;
- support the care, preservation and enhancement of the Science Museum Group Collections and related research;
- support the exhibition of the Science Museum Group Collections to the public and making of the Collections available to persons seeking to inspect them in connection with study or research, and
- support the furtherance of such of the purposes of the Science Museum Group as shall be exclusively charitable by providing financial and other assistance to enable the Science Museum Group or any other organisation (whether associated with Science Museum Group or otherwise) to undertake activities that advance such charitable purposes.

The Trustees have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the guidance published by the Charity Commission on public benefit.

The Foundation aims to achieve these objects through the award of grants.

#### Specific aims

The primary goals of the Foundation are to raise funds for major capital projects to develop the museums within the Science Museum Group, along with other projects that support the Foundation's charitable objectives, and to receive donations and hold funds in anticipation of grant requests to enable such projects to be undertaken.

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### Achievements and performance

#### Raising funds

During the period the Foundation raised £56,910 (2020: £56,465) in support of the Science Museum Group (SMG). This was supplemented by investment income of £546,865 (2020: £722,653).

In 2020-21, net investment gains of £6,170,047 were recorded, reflecting the strong recovery in global equity markets after falls in February and March 2020. This figure includes realised investment gains of £831,461. 2019-20 saw realised investment gains of £907,629 and unrealised investment losses of £3,491,029.

#### Grant awards

In 2020-21, one grant of £124,500 was awarded to SMG to enable the acquisition of the freehold of the Bullnose building in York from Network Rail. The grant will enable capital works to be carried out and ensure the quality of the entrance and approaches to the National Railway Museum. The cash payment of the grant will be made in 2021.

In 2019-20, two grants were awarded to SMG, one of £100,000 in support of the purchase of the Rowland Emmett artwork, *A Quiet Afternoon in the Cloud Cuckoo Valley*, and one of £25,000 in support of the Science Museum's *Top Secret* exhibition. The latter of these was received by the Foundation from the Hintze Family Charitable Foundation.

#### Investments

The Foundation's Investment Committee continued to review the possible funding commitments over the next ten years and identified long-term funds (defined as longer than three years) to be invested to generate a return in excess of inflation over the period until the award of any grants. The performance of these funds is explained in the financial review below.

### Financial review

#### Financial position

At 31 March 2021, the Foundation had total funds of £33.8m (2020: £27.2m), of which £33.1m (2020: £26.6m) were restricted for grants in support of the Science Museum Group's activities. Unrestricted funds of £0.7m (2020: £0.6m) were held to cover the charity's operations.

At the year end, the charity's investments were valued at £33.6m (2020: £26.9m), including unrealised gains of £2.0m (2020: £1.6m). The balance at 31 March 2021 consisted of £22.3m (66%) in equity funds, £2.7m (8%) in corporate bond funds and £8.6m (26%) in money market funds. The charity also held £0.4m (2020: £0.3m) in cash.

#### Financial performance

The Foundation's net income for the period was £6.6m, after an investment gain of £6.2m. Income of £0.6m was offset by expenditure of £0.1m, including a grant to SMG of £0.1m. In 2020, income of £0.8m was offset by expenditure of £0.1m, including a grant to SMG of £0.1m.

The Foundation is grateful to all its funders for donations and grants received in the year.

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### Reserves policy

The Trustees review the level of funds, together with known and likely future requests for support from those funds, at each board meeting and at least annually. It is the Foundation's policy to continue to build up reserves until they can be expended in furtherance of the charitable objectives.

At 31 March 2021, the level of funds – restricted and unrestricted – was considered appropriate.

### Investment policy

The key provisions of the trustees' investment policy for the year ended 31 March 2021 around risk attitude, asset classes, currency, credit and liquidity risks, and ethical investments are outlined below:

#### *(a) Risk attitude*

The key risk to the long-term reserves is inflation and assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that investment will be concentrated in real assets and the capital value will fluctuate. The short-term reserves are held to provide financial security and may be required at short notice. As such, investment of these assets is focused on reducing capital volatility.

#### *(b) Assets*

Long-term reserves can be invested widely and should be diversified. Asset classes can include cash, bonds, equities or property or any other asset that is deemed suitable. Short-term reserves can be invested in a range of cash, cash equivalent and fixed income products, including bonds.

#### *(c) Currency*

With long-term reserves, investment may be made in non-Sterling assets, but this should not exceed 50% of the total investment portfolio value. Hedging is permitted. Short-term reserves should be held in Sterling.

#### *(d) Credit*

The Foundation's cash balances should be deposited with institutions with a minimum rating of A or invested in a diversified money market fund with an equivalent credit quality rating of A. Deposits should be spread by counterparty, subject to a maximum exposure of 40% of the total cash balance per institution.

#### *(e) Liquidity*

Income from short-term reserves may be used to fund the Foundation's activities. Due to the nature of these reserves, trustees wish to keep at least 25% of their value in assets that can be realised within one month.

#### *(f) Ethical investment*

The Investment Committee is required to consider the nature of investments made and may exclude certain individual investments if they are perceived to conflict with the Foundation's purpose. When the Foundation invests through collective investment vehicles, the Trustees will select managers who demonstrate that they engage with investee companies to influence positively those companies in line with the recommendations of the Taskforce on Climate-Related Financial Disclosures.

The investment policy was revised and updated for approval by the Board of Trustees in April 2021.

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### Investment performance

During the year to 31 March 2021, which saw recovery from the market turbulence experienced in February and March 2020, the investment portfolio, adjusting for sales and purchases, gained 25.0% (2020: lost 6.6%). The outlook for the long-term performance remains uncertain, as the world recovers from the past year and responds to widespread fiscal and structural challenges. The Investment Committee is aware of these challenges and will take appropriate steps to mitigate these risks through the next financial year.

### Risk management

The Trustees have assessed the current risks to which the charity is exposed and are satisfied that by monitoring reserve levels and considering the potential business risks faced by the charity they are able to mitigate any potential risks that may arise.

The principal risks arising from investments around asset valuation, currency movements, credit worthiness, and liquidity are outlined above, alongside the trustees' position on each. To address investment risks, the Investment Committee has invested in funds administered by independent managers and monitors the quarterly valuation and performance reports of the funds.

In addressing accountancy, administrative and company secretarial risks, the Board places reliance on the risk analysis and control environment operated by the Science Museum Group with regard to such activities.

### **Plans for future periods**

The key objectives in the coming year will be to:

- raise funds in support of the charitable objectives;
- review the long-term funding requirements and adjust investment holdings accordingly, and
- consider grant applications in line with the grant making policy.

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### Structure, governance and management

#### Governing instrument

The Science Museum Foundation ("the Foundation") was incorporated as a company limited by guarantee (company number: 08156772) on 25 July 2012. It was registered as a charity with the Charity Commission (charity number: 1148691) on 23 August 2012.

#### Trustees

The Trustees of the Foundation comprise the only members of the charity under the Companies Act 2006. The Trustees of the Foundation may at any time appoint any person duly qualified to be appointed to fill a vacancy in their number. The number of Trustees of the charity is limited to sixteen at any one time. The Trustees who served during the period up to the date of the signing of these accounts are listed on page 8.

#### Policies and procedures for induction and training of Trustees

New Trustees are fully briefed on the objectives of the Science Museum Foundation and their role as directors and are given training appropriate to their knowledge and ability.

#### Organisation structure and management reporting

The Board of Trustees ('the Board') is responsible for the activities and assets of the Foundation. The Board holds at least two meetings a year at which they consider financial information and review the performance of investments.

#### *Investment Committee*

A sub-committee of the Board, the Investment Committee has authority to make decisions on the investment of funds and appointment of investment managers subject to the investment policy approved by the Board (see below). The Committee reviews the performance of investment managers at least every six months and monitors cash deposits, ensuring an appropriate balance between liquidity and rate of return. The Committee may co-opt up to two independent members should this be considered appropriate to lend expertise in particular areas of investment management.

During the year, the following people were members of the Investment Committee, which met five times:

Member	Attended
David Jacob (Trustee, Chair)	4/5
David Bennett (Trustee)	4/5
Sir Donald Brydon (Trustee to 1 January 2021)	5/5
Christopher Cheetham (Trustee to 7 November 2020)	5/5

#### *Investment objectives*

The Foundation seeks to produce the best financial return within an acceptable level of risk. The investment objective for long term reserves is to generate a return in excess of 3% in excess of inflation over the long term.

#### *Accountancy and administrative services*

An agreement for the provision of accountancy and administrative services under which day-to-day financial management of the charity is performed by the Science Museum Group continues to exist. The system of internal control includes segregation of duties and regular review of management information. This agreement has been entered into on an arm's length basis; the overall management and control of the Foundation remains with the Trustees of the Foundation and no strategic management function is provided by way of this agreement.

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### ***Other matters***

When necessary, the Trustees will seek advice and support from the charity's professional advisors including its auditors, bankers and lawyers.

The statutory books of the Foundation are held at the registered office.



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### Reference and administrative details of the charity, its directors and advisors

The accounts have been prepared in accordance with the accounting policies set out on page 17 and comply with the charity's Memorandum of Association, applicable laws, including the Companies Act 2006, and the statement of recommended practice on accounting and reporting by charities effective from 1 January 2016.

#### Legal status

The Science Museum Foundation was incorporated as a company limited by guarantee (company number: 08156772) on 25 July 2012 and is registered as a charity (charity number: 1148691).

#### Registered address

The Science Museum  
Exhibition Road  
London  
SW7 2DD

#### Company registration number

08156772

#### Charity registration number

1148691

#### Directors/Trustees

David Bennett	(appointed 11 May 2020)
Sir Donald Brydon	(resigned 1 January 2021)
Christopher Cheetham	(resigned 7 November 2020) (re-appointed 4 August 2021)
Professor Richard Clegg	
Robert Cowell	
Frederic De Mevius	(resigned 21 April 2021)
Claudia Harding	(resigned 21 April 2021)
David Jacob	
Ravi Rajagopal	
Nicole Ronson Allalouf	(appointed 6 November 2020)
Dame Fiona Woolf	
Mark Austin	(resigned 31 October 2020)
Mike Blackburn	(resigned 21 April 2021)
Lord Borwick	(resigned 26 September 2020)

#### Auditor

Azets Audit Services  
1st Floor  
Copthall House  
1 New Road  
Stourbridge  
DY8 1PH

#### Bankers

Barclays Bank plc  
Floor 27  
1 Churchill Place  
London E14 5HP

#### Solicitors

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

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### Trustees' Responsibilities Statement

The Trustees are responsible for preparing the report and accounts in accordance with applicable law and regulations. Company law requires the Trustees to prepare accounts for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

Each person who was a Trustee at the time of this report confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps he ought to have taken as a Trustee in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report, which comprises the Trustees' Annual Report and the Strategic Report, was approved by the board on 6 December 2021 and signed on its behalf.



**David Jacob**  
Chairman of Trustees

6 December 2021

## **Independent Auditor's Report to the Members of The Science Museum Foundation**

### **Opinion**

We have audited the financial statements of Science Museum Foundation (the 'charitable company') for the year ended 31 March 2021 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements,

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we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' and directors' strategic report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' and directors' strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

We 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 we identify during our audit.

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### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Jane Swann BA (Hons) BFP FCA (Senior Statutory Auditor)  
for and on behalf of Azets Audit Services  
Chartered Accountants  
Statutory Auditor

1st Floor  
Copthall House  
1 New Road  
Stourbridge  
DY8 1PH

9 December 2021

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**Statement of financial activities (including Income and Expenditure Account)  
for the year to 31 March 2021**

	Notes	Restricted £	Unrestricted £	2021 Total £	Restricted £	Unrestricted £	2020 Total £
<b>Income and endowments from</b>							
Donations and grants	4	-	56,910	56,910	-	56,465	56,465
Investments	5	546,838	27	546,865	722,593	60	722,653
Other income		-	-	-	-	600	600
<b>Total</b>		<b>546,838</b>	<b>56,937</b>	<b>603,775</b>	<b>722,593</b>	<b>57,125</b>	<b>779,718</b>
<b>Expenditure on</b>							
Raising funds	6	-	506	506	-	565	565
Charitable activities	7	124,500	14,326	138,826	125,000	10,940	135,940
<b>Total</b>		<b>124,500</b>	<b>14,832</b>	<b>139,332</b>	<b>125,000</b>	<b>11,505</b>	<b>136,505</b>
<b>Net gains/(losses) on investments</b>	10	<b>6,170,047</b>	<b>-</b>	<b>6,170,047</b>	<b>(2,583,400)</b>	<b>-</b>	<b>(2,583,400)</b>
<b>Net income/(expenditure)</b>		<b>6,592,385</b>	<b>42,105</b>	<b>6,634,490</b>	<b>(1,985,807)</b>	<b>45,620</b>	<b>(1,940,187)</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>6,592,385</b>	<b>42,105</b>	<b>6,634,490</b>	<b>(1,985,807)</b>	<b>45,620</b>	<b>(1,940,187)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		26,564,373	620,815	27,185,188	28,550,180	575,195	29,125,375
<b>Total funds carried forward</b>		<b>33,156,758</b>	<b>662,920</b>	<b>33,819,678</b>	<b>26,564,373</b>	<b>620,815</b>	<b>27,185,188</b>

The statement of financial activities is in respect of continuing activities.

There were no recognised gains or losses other than those shown in the statement above.

The statement of financial activities complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 17 to 23 form part of these accounts.



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## Balance sheet as at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	10	33,572,649	26,855,764
		<u>33,572,649</u>	<u>26,855,764</u>
<b>Current assets</b>			
Accrued income	11	-	18,750
Cash at bank and in hand		389,667	314,112
		<u>389,667</u>	<u>332,862</u>
Creditors: amounts falling due within one year	12	(142,638)	(3,438)
<b>Net current assets</b>		<u>247,029</u>	<u>329,424</u>
<b>Total net assets / (liabilities)</b>		<u>33,819,678</u>	<u>27,185,188</u>
<b>Funds of the charity:</b>			
Restricted income funds	13	33,156,758	26,564,373
Unrestricted funds	13	662,920	620,815
		<u>33,819,678</u>	<u>27,185,188</u>

The notes on pages 17 to 23 form part of these accounts.

Approved by the board on 06 December 2021.

  
David Jacob  
Chairman of the Board of Trustees  
6 December 2021

  
Robert Cowell  
Trustee  
6 December 2021



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## Statement of cash flows for the year to 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities	15	75,528	(340,532)
Cash flows from investing activities:			
Dividends received		-	-
Interest received	27	60	60
Proceeds from the sale of investments	3,323,818	2,193,000	2,193,000
Purchases of investments	(3,323,818)	(2,193,000)	(2,193,000)
	27	60	60
Increase in cash and cash equivalents during period		75,555	(340,472)
Cash and cash equivalents at the beginning of the period		314,112	654,584
Cash and cash equivalents at the end of the period		389,667	314,112

The notes on pages 17 to 23 form part of these accounts.

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### Notes to the financial statements for the year to 31 March 2021

#### 1. Charity information

The Science Museum Foundation ('the Foundation', 'the charity') is a private company limited by guarantee, incorporated in England and Wales, and is registered with the Charity Commission. Its registered office is Science Museum, Exhibition Road, London, SW7 2DD.

#### 2. Basis of preparation

The financial statements of the charity have been prepared in accordance with the Companies Act 2006, the Charities Act and *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 (FRS 102) (effective 1 January 2019)*. The Foundation is a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

#### Going concern

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

#### 3. Principal accounting policies

##### *Income*

Income is recognised when the charity is entitled to funds, it is probable that these funds will be received by the charity and the amount can be reliably measured. Entitlement to grant income is identified when the formal offer of funding is communicated in writing to the charity unless performance-related or other related conditions apply. Entitlement to donations is usually evidenced by receipt of funds.

##### *Expenditure*

Resources expended are recognised on an accruals basis, inclusive of VAT which cannot be reclaimed.

##### *Governance costs*

These comprise the costs of running the charity including audit and legal fees and are included within support costs and allocated across charitable objectives.

##### *Taxation*

The company is a registered charity and is not liable to United Kingdom taxes.

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### *Investments*

Investment assets are measured initially at cost and subsequently at fair value (their market value) at the date of the balance sheet. Unrealised gains and losses on investments are recognised in the year they arise. Investments are treated as non-current where they are expected to be held over the medium to long-term, for which the charity's threshold is three years.

### *Unrestricted funds*

These resources arise from the accumulated surpluses and deficits in the operation for charitable purposes and are expendable at the discretion of the Trustees in furtherance of the objectives of the charity.

### *Restricted funds*

These resources arise from contributions received for specific purposes and are expended in accordance with those purposes.

## 4. Donations and grants

	2021	2020
	£	£
Unrestricted donations	56,910	56,465
Restricted donations	-	-
	<u>56,910</u>	<u>56,465</u>

## 5. Investment income

	2021	2020
	£	£
Dividend income	416,540	576,564
Interest distributions from bond and cash fund investments	130,298	146,029
Interest	27	60
	<u>546,865</u>	<u>722,653</u>

## 6. Raising funds

	2021	2020
	£	£
Fundraising support	506	565
	<u>506</u>	<u>565</u>

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### 7. Charitable activities

In 2020-21, one grant was of £124,500 was awarded to SMG to enable the acquisition of the freehold of the Bullnose building in York from Network Rail. The grant will enable capital works to be carried out and ensure protection of entrance and approaches to the National Railway Museum.

In 2019-20, two grants were awarded to SMG, one of £100,000 in support of the purchase of the Rowland Emmett artwork, *A Quiet Afternoon in the Cloud Cuckoo Valley*, and one of £25,000 in support of the Science Museum's *Top Secret* exhibition.

	2021	2020
	£	£
Support costs		
Fees for administrative support	5,014	5,207
Other charges	1,632	1,875
Professional services	480	858
Audit fee	7,200	3,000
	<u>14,326</u>	<u>10,940</u>

The costs shown above include VAT where charged.

### 8. Trustees' remuneration

In the year to 31 March 2021, no Trustees received remuneration or expenses. In the period to 31 March 2020, no Trustees received remuneration, and £491 of expenses were paid to one Trustee for the reimbursement of travel costs incurred in attending Board meetings

### 9. Staff costs

The charity has no employees. The Science Museum Group provides accounting and administration services and strategic fundraising support for which the Foundation is charged on an arm's length basis.

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**10. Investments**

All investments are in quoted investment funds and are stated at fair value:

	Fair value at 1 April 2020 £	Additions/ accumulated dividends £	Additions/ (Disposals) at cost £	Profit/(Loss) Disposals £	Investment gains/(losses) £	Fair value at 31 March 2021 £
<u>Fixed asset investments</u>						
International equities	11,026,254	216,525	(1,054,334)	485,617	3,595,099	14,269,161
UK equities	4,852,443	155,490	(419,034)	69,631	1,103,099	5,761,629
Emerging markets equities	1,764,757	44,524	(169,891)	22,973	610,375	2,272,738
Corporate and high yield bonds	3,944,351	113,365	(1,680,559)	253,240	47,194	2,677,591
Money market funds	5,267,959	16,934	3,323,818	-	(17,181)	8,591,530
<b>Total investments</b>	<b>26,855,764</b>	<b>546,838</b>	<b>-</b>	<b>831,461</b>	<b>5,338,586</b>	<b>33,572,649</b>

The investment gains/(losses) shown above include realised and unrealised gains/(losses).

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the balance sheet date.

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### Analysis of net investment movements:

	2021 £	2020 £
Investments at beginning of financial year (1 April)	26,855,764	28,716,571
Additions		
- purchases	3,323,818	2,193,000
- dividends and distributions	546,838	722,593
Disposals		
- sales	(3,323,818)	(2,193,000)
Other gain/(loss) in value	6,170,047	(2,583,400)
Investments at end of financial year (31 March)	<u>33,572,649</u>	<u>26,855,764</u>

The risks arising from these investments and the Trustees' response are outlined in the financial review above.

### 11. Accrued income

	2021 £	2020 £
Gift Aid	-	18,750
	<u>-</u>	<u>18,750</u>

### 12. Creditors: amounts falling due within one year

	2021 £	2020 £
Grants payable	124,500	-
Accruals	18,138	3,438
	<u>142,638</u>	<u>3,438</u>

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**13. Movement in funds**

2020-21	1 April 2020	Income	Expenditure	Investments	Net Income	Transfers of funds	Net movement in funds	31 March 2021
<b>Restricted funds</b>								
Science Museum Group objectives	24,973,599	546,838	(124,500)		422,338	831,461	1,253,799	26,227,398
Unrealised gains on investments	1,590,774	-	-	6,170,047	6,170,047	(831,461)	5,338,586	6,929,360
<b>Total restricted funds</b>	<b>26,564,373</b>	<b>546,838</b>	<b>(124,500)</b>	<b>6,170,047</b>	<b>6,592,385</b>	<b>-</b>	<b>6,592,385</b>	<b>33,156,758</b>
<b>Unrestricted funds</b>	<b>620,815</b>	<b>56,937</b>	<b>(14,832)</b>	<b>-</b>	<b>42,105</b>	<b>-</b>	<b>42,105</b>	<b>662,920</b>
<b>TOTAL</b>	<b>27,185,188</b>	<b>603,775</b>	<b>(139,332)</b>	<b>6,170,047</b>	<b>6,634,490</b>	<b>-</b>	<b>6,634,490</b>	<b>33,819,678</b>

  

2019-20	1 April 2019	Income	Expenditure	Investments	Net Income	Transfers of funds	Net movement in funds	31 March 2020
<b>Restricted funds</b>								
Science Museum Group objectives	23,443,377	722,593	(100,000)		622,593	907,629	1,530,222	24,973,599
"Top Secret" exhibition at Science Museum	25,000	-	(25,000)	-	(25,000)	-	(25,000)	-
Unrealised gains on investments	5,081,803	-	-	(2,583,400)	(2,583,400)	(907,629)	(3,491,029)	1,590,774
<b>Total restricted funds</b>	<b>28,550,180</b>	<b>722,593</b>	<b>(125,000)</b>	<b>(2,583,400)</b>	<b>(1,985,807)</b>	<b>-</b>	<b>(1,985,807)</b>	<b>26,564,373</b>
<b>Unrestricted funds</b>	<b>575,195</b>	<b>57,125</b>	<b>(11,505)</b>	<b>-</b>	<b>45,620</b>	<b>-</b>	<b>45,620</b>	<b>620,815</b>
<b>TOTAL</b>	<b>29,125,375</b>	<b>779,718</b>	<b>(136,505)</b>	<b>(2,583,400)</b>	<b>(1,940,187)</b>	<b>-</b>	<b>(1,940,187)</b>	<b>27,185,188</b>

Restricted funds are held in accordance with the conditions specified by donors and to be used exclusively for those purposes. Unrestricted funds are free reserves of the charity and are expendable at the Trustees' discretion in accordance with the objectives of the charity.

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### 14. Analysis of net assets between funds

	Restricted 2021 £	Unrestricted 2021 £	Total 2021 £
Investments	33,156,758	415,891	33,572,649
Cash at bank and in hand	-	389,667	389,667
Creditors	-	(142,638)	(142,638)
	<u>33,156,758</u>	<u>662,920</u>	<u>33,819,678</u>

### 15. Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure)	6,634,490	(1,940,187)
Net gains on investments	(6,170,047)	2,583,400
Investment income	(546,865)	(722,653)
Decrease in debtors	-	1,270
(Increase)/decrease in accrued income	18,750	(6,250)
Increase/(decrease) in creditors	139,200	(256,112)
<b>Net cash flow from/(used in) operating activities</b>	<u><b>75,528</b></u>	<u><b>(340,532)</b></u>

### 16. Members' liability

The charity is a company limited by guarantee and has no share capital. The liability of each Member in the event of a winding-up is limited to £1.

### 17. Related party transactions

#### Science Museum Group

The Foundation's charitable objectives are closely aligned to the operations of the Science Museum Group (SMG), but the charity and SMG have separate boards of trustees and are operated independently from each other. After her appointment to the Foundation's Board of Trustees on 11 February 2019, Dame Fiona Woolf has served as a trustee of both the Foundation and SMG.

In accordance with the guidance in the Charities SORP, donations to the charity by Trustees are not disclosed, as no conditions have been attached to such donations received during the year

SMG charged £5,520 (2020: £5,772) for provision to the Foundation of accountancy and administrative services and fundraising support.

In 2020-21, one grant was of £124,500 was awarded to SMG to enable the acquisition of the freehold of the Bullnose building from Network Rail. The grant will enable capital works to be carried out and ensure protection of entrance and approaches to the National Railway Museum. The cash payment of the grant will be made 2021-22.

No grants were made to the Foundation by SMG during the years to 31 March 2021 or period to 31 March 2020.