

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

Annual Report and Financial Statements  
for the period ended 31 March 2023

Charity Number: 1148691  
Company Number: 8156772

# THE SCIENCE MUSEUM FOUNDATION

Company Number: 08156772

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Annual Report & Accounts 2022-23

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## **Trustees' and directors' strategic report for the year to 31 March 2023**

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 2023 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.

## Achievements and performance

### Raising funds

During the period the Foundation raised £370 (2022: £350) in support of the Science Museum Group (SMG). This was supplemented by investment income of £481,802 (2022: £340,902).

The Foundation received a grant payment of £5,450,000 (2022: nil) in the year from the Science Museum Group. The grant was made with restriction to further the following charitable objects of the Foundation, which are aligned with the Science Museum Group's own objectives:

- 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, support the exhibition of the SMG Collections to the public and the making of the SMG Collections available to persons seeking to inspect them in connection with study or research.

In 2022-23, overall total net investment losses of £895,020 were recorded, this figure includes an element of realised investment gains on disposals of £67,507. 2021-22 saw net investment gains of £2,070,273 of which £1,864,534 were realised. The change in investment performance in 2022-23 compared to the previous year is a result of market volatility, particularly in the first half of the year, and the new economic environment of high inflation, rising interest rates and slowing growth.

### Grant awards

In 2022-23, the charity made three grants to the Science Museum Group:

A payment of £239,524 was made as the first instalment of a new grant agreement exclusively for the Science Museum Group's *Delivering Digital: Video Led Content Strategy* project. The total grant is for £1,422,289, with the balance to be paid no later than 31 December 2024. The ambition of the project is to deliver a new, video-led digital content strategy that addresses audience needs and delivers Science Museum Group's mission to remote audiences, growing that audience by two million over a two-year pilot and establishing the capabilities and approaches for sustained growth in the years following the grant period.

A payment in full of £10,000 was made under a new grant agreement exclusively for the Science Museum Group's *Growing Diverse Talent* project, to fund two intern roles within the Science Museum Group over one year. The Science Museum Group aims to increase access to cultural and heritage roles in underrepresented backgrounds through this project.

A payment in full of £100,000 was made under a new grant agreement exclusively for the Science Museum Group's *Innovation Prize*, a project to invite leaders in the digital industry to bid for the role of transforming Science Museum Group's digital collection.

In 2021-22, one grant was of £36,300 was awarded to SMG's Director and Chief Executive to enable the development of a research plan and a book proposal on the life & work of Lyon Playfair.

### Investments

The Foundation's Investment Committee reviewed 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 2023, the Foundation had total funds of £40.7m (2022: £36.1m), of which £40.1m (2022: £35.5m) were restricted for grants in support of the Science Museum Group's activities. Unrestricted funds of £0.6m (2022: £0.6m) were held to cover the charity's operations and other charitable objectives.

At the year end, the charity's investments were valued at £35.2m (2022: £35.9m). The balance at 31 March 2023 consisted of £17.7m (50%) in equity funds, £11.9m (34%) in corporate and alternative bond funds and £5.6m (16%) in money market funds. The charity also held £5.5m (2022: £0.2m) in cash.

### Financial performance

The Foundation's net income for the period was £4.6m, after investment losses of £0.9m. Income of £5.9m, which includes the grant from SMG of £5.4m, was offset by expenditure of £0.4m, which includes three grants to SMG totalling £0.3m, investment management fees, audit and other professional services costs. In 2022, income of £0.3m was offset by expenditure of £0.1m.

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

### 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 2023, 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 2023 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*

The Foundation will endeavour to consider potential grant requests out to the medium term in the management of its overall assets and likely liquidity needs, structuring the portfolio accordingly.

*(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 February 2023.

Investment performance

During the period to 31 March 2023, market volatility, particularly in the first half of the year, alongside the economic environment of high inflation, rising interest rates and slowing growth resulted in the investment portfolio (after adjusting for sales and purchases), losing 2.0% value (2022: gained 7.0%): A strategy of defensive posturing in investments was enacted during the year to mitigate the reduction in portfolio value, with the resulting drop in value less than would have been expected when compared to underlying market movements.

The outlook for the long-term performance remains uncertain, as the world continues to respond to widespread fiscal and structural challenges and volatility in markets is expected to remain due to inflation and recession risks. The Investment Committee is aware of these challenges and will continue to 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.

## 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 four times:

Member	Attended
Christopher Cheetham (Trustee, Chair since 1 January 2022)	4/4
David Jacob (Trustee)	4/4
David Bennett (Trustee)	4/4

#### *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% above inflation over the long term. The investment objective for short term reserves is to preserve capital value with minimum level of risk. Assets should be readily available to meet unanticipated cash flow requirements.

#### *Grants Approval Committee*

The Foundation's Grants Approval Committee, a sub-committee of the Foundation's Board is responsible for assessing grant applications received from third parties. Formal grant applications including analysis of the strategic, economic, commercial, financial and management aspects of the proposal are scrutinised by the Grants Approval Committee in accordance with the Foundation's grant making policies. The Grants Approval Committee has sight of possible future grant commitments of the Foundation and undertakes a three-stage approval process, running from triage through to

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recommendation to award. Authority has been delegated from the Foundation Board for the Grants Approval Committee to make small grant awards only of up to £10,000. Grants over £10,000 require formal Board approval and the final decision on any grant application rests with the Trustees of the Foundation.

### *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.

### *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 16 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	
Christopher Cheetham	
Professor Richard Clegg	
Robert Cowell	
David Jacob	(Chair)
David Meek	(appointed 30 April 2022)
Ravi Rajagopal	
Nicole Ronson	
Ajit Lalvani	(appointed 03 June 2022)
Carl Stewart	(appointed 18 August 2022)
Dame Fiona Woolf	(resigned 28 February 2023)

#### Auditor

Sayer Vincent LLP  
Invicta House  
108-11 Golden Lane  
London  
EC1Y 0TL

#### Bankers

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

#### Solicitors

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

#### Investment advisors

Redington Ltd  
1 Angel Court  
London  
EC2R 7HJ

## **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 26 September 2023 and signed on its behalf.

**David Jacob**  
Chairman of Trustees

26 September 2023

## **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 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows 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 FRS 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 2023 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
- 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 Science Museum Foundation'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, 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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' annual 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

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 extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

**Capability of the audit in detecting irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:

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- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### 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.

Jonathan Orchard (Senior statutory auditor)

**Date: 13 December 2023**

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

**Statement of financial activities  
for the year to 31 March 2023**

	Notes	2023 Restricted £	2023 Unrestricted £	2023 Total £	2022 Restricted £	2022 Unrestricted £	2022 Total £
<b>Income and endowments from</b>							
Donations and grants	4	5,450,000	370	5,450,370	-	350	350
Investments	5	481,760	42	481,802	340,902	-	340,902
<b>Total</b>		<b>5,931,760</b>	<b>412</b>	<b>5,932,172</b>	<b>340,902</b>	<b>350</b>	<b>341,252</b>
<b>Expenditure on</b>							
Raising funds	6	-	533	533	-	750	750
Investment management fees		46,556	-	46,556	46,678	-	46,678
Charitable activities	7	1,532,289	16,450	1,548,739	36,300	23,162	59,462
<b>Total</b>		<b>1,578,845</b>	<b>16,983</b>	<b>1,595,828</b>	<b>82,978</b>	<b>23,912</b>	<b>106,890</b>
Net (losses)/gains on investments	10	(895,020)	-	(895,020)	2,070,273	-	2,070,273
<b>Net income/(expenditure)</b>		<b>3,457,895</b>	<b>(16,571)</b>	<b>3,441,324</b>	<b>2,328,197</b>	<b>(23,562)</b>	<b>2,304,635</b>
Transfers between funds		-	-	-	-	-	-
<b>Net movement in funds</b>		<b>3,457,895</b>	<b>(16,571)</b>	<b>3,441,324</b>	<b>2,328,197</b>	<b>(23,562)</b>	<b>2,304,635</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		35,484,955	639,358	36,124,313	33,156,758	662,920	33,819,678
<b>Total funds carried forward</b>		<b>38,942,850</b>	<b>622,787</b>	<b>39,565,637</b>	<b>35,484,955</b>	<b>639,358</b>	<b>36,124,313</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 16 to 23 form part of these accounts.

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## Balance sheet as at 31 March 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Investments	10	35,237,573	35,937,146
		<u>35,237,573</u>	<u>35,937,146</u>
<b>Current assets</b>			
Debtors	11	1,467	-
Cash at bank and in hand		5,530,479	196,991
		<u>5,531,946</u>	<u>196,991</u>
Creditors: amounts falling due within one year	12	(1,203,882)	(9,824)
<b>Net current assets</b>		<u>4,328,064</u>	<u>187,167</u>
<b>Total net assets / (liabilities)</b>		<u>39,565,637</u>	<u>36,124,313</u>
<b>Funds of the charity:</b>			
Restricted income funds	13	38,942,850	35,484,955
Unrestricted funds	13	622,787	639,358
		<u>39,565,637</u>	<u>36,124,313</u>

The notes on pages 16 to 23 form part of these accounts.

Approved by the board on 26 September 2023.

David Jacob  
Chairman of the Board of Trustees

Robert Cowell  
Trustee

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## Statement of cash flows for the year to 31 March 2023

		2023	2022
	Note	£	£
<b>Cash flows from operating activities</b>	15	5,093,690	(192,676)
<b>Cash flows from investing activities:</b>			
Interest received		42	-
Proceeds from the sale of investments		6,128,460	9,961,677
Purchases of investments		(5,888,704)	(9,961,677)
		<u>239,798</u>	<u>-</u>
<b>(Decrease)/ increase in cash and cash equivalents during period</b>		<u><b>5,333,488</b></u>	<u><b>(192,676)</b></u>
Cash and cash equivalents at the beginning of the period		<u>196,911</u>	<u>389,667</u>
<b>Cash and cash equivalents at the end of the period</b>		<u><b>5,530,479</b></u>	<u><b>196,991</b></u>

The notes on pages 16 to 23 form part of these accounts.



**Notes to the financial statements  
for the year to 31 March 2023**

**1. Charity information**

The Science Museum Foundation ('the Foundation', 'the charity') is a 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.

*Grants payable*

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

*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

	2023	2022
	£	£
Unrestricted donations	370	350
Restricted Grants	5,450,000	-
	<u>5,450,370</u>	<u>350</u>

The charity received a grant payment of £5,450,000 in the year (2022: nil) from the Science Museum Group exclusively for the furtherance of the charitable objectives of the Science Museum Group.

## 5. Investment income

	2023	2022
	£	£
Dividend income	329,339	298,272
Interest distributions from bond and cash fund investments	152,421	42,630
Interest	42	-
	<u>481,802</u>	<u>340,902</u>

## 6. Raising funds

	2023	2022
	£	£
Fundraising support	533	750
	<u>533</u>	<u>750</u>

## 7. Charitable activities

In 2022-23, the charity made 3 grants to the Science Museum Group:

A payment of £239,524 was made as the first instalment of a new grant agreement exclusively for the Science Museum Group's *Delivering Digital: Video Led Content Strategy* project. The total grant awarded and accounted for is £1,422,289, with the balance to be paid no later than 31 December 2024.

A payment in full of £10,000 was made under a new grant agreement exclusively for the Science Museum Group's *Growing Diverse Talent* project.

A payment in full of £100,000 was made under a new grant agreement exclusively for the Science Museum Group's *Innovation Prize* project.

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In 2021-22, one grant of £36,300 was awarded to SMG's Director and Chief Executive to enable the development of a research plan and a book proposal on the life and work of Lyon Playfair.

	2023	2022
	£	£
<u>Support costs</u>		
Fees for administrative support	7,166	6,780
Other charges	1,623	1,566
Professional services	1,984	6,992
Audit fee	6,210	7,824
	<u>16,983</u>	<u>23,162</u>

The costs shown above include VAT where charged.

### 8. Trustees' remuneration

In the year to 31 March 2023, no Trustees received remuneration or reimbursement for travel costs incurred in attending meetings. In the year to 31 March 2022, no Trustees received remuneration and one Trustee received expenses of £98 for the reimbursement of travel costs incurred in attending a meeting.

### 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.

## 10. Investments

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

	Fair value at 1 April 2022	Dividends accumulated	Investment management fees	Additions	Disposals	Realised gains on disposals	Unrealised gains/ (losses)	Net investment gains/ (losses)	Fair value at 31 March 2023
<b>2022-23</b>									
<b>Fixed asset investments</b>									
International equities	16,529,773	277,392	(20,463)	-	-	-	(795,531)	(795,531)	15,991,171
UK equities	208,571	6,734	(268)	244	-	-	(1,807)	(1,807)	213,474
Emerging markets equities	1,619,015	45,213	(3,917)	-	-	-	(115,575)	(115,575)	1,544,736
Corporate bonds	2,535,492	42,956	(3,267)	-	-	-	(290,474)	(290,474)	2,284,707
Absolute return bond funds	3,493,024	-	-	1,720,000	-	-	142,102	142,102	5,355,126
Short-dated bonds	-	29,182	(5,229)	4,168,460	-	-	58,273	58,273	4,250,686
Money market investments	11,551,271	80,283	(13,412)	-	(6,128,460)	67,507	40,485	107,992	5,597,674
<b>Total investments</b>	<b>35,937,146</b>	<b>481,760</b>	<b>(46,556)</b>	<b>5,888,704</b>	<b>(6,128,460)</b>	<b>67,507</b>	<b>(962,527)</b>	<b>(895,020)</b>	<b>35,237,573</b>

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

Analysis of net investment movements:

	2023 £	2022 £
Investments at beginning of financial year (1 April)	35,937,146	33,572,649
Additions		
- purchases	5,888,704	9,961,677
- dividends and distributions reinvested into the fund	481,760	340,902
Disposals		
- sales	(6,128,460)	(9,961,677)
- investment manager fees paid from the fund	(46,556)	(46,678)
Other gain/(loss) in value	(895,020)	2,070,273
<b>Investments at end of financial year (31 March)</b>	<b>35,237,574</b>	<b>35,937,146</b>

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

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## 11. Debtors

	2023	2022
	£	£
Prepayments	1,467	-
	<u>1,467</u>	<u>-</u>

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

	2023	2022
	£	£
Other creditors	1,192,765	-
Accruals	<u>11,117</u>	<u>9,824</u>
	<u>1,203,882</u>	<u>9,824</u>

## 13. Movement in funds

2022-23	1 April 2022	Income	Expenditure	Investments	Net income	Transfers of funds	Net movement in funds	31 March 2023
Restricted funds								
Science Museum Group objectives	28,349,855	5,931,760	(1,578,845)		4,352,915	67,507	4,420,422	32,770,277
Unrealised gains on investments	7,135,100	-	-	(895,020)	(895,020)	(67,507)	(962,527)	6,172,573
<b>Total restricted funds</b>	<b>35,484,955</b>	<b>5,931,760</b>	<b>(1,578,845)</b>	<b>(895,020)</b>	<b>3,457,895</b>	<b>-</b>	<b>3,457,895</b>	<b>38,942,850</b>
Unrestricted funds	639,358	412	(16,983)	-	(16,571)	-	(16,571)	622,787
<b>TOTAL</b>	<b>36,124,313</b>	<b>5,932,172</b>	<b>(1,595,828)</b>	<b>(895,020)</b>	<b>3,441,324</b>	<b>-</b>	<b>3,441,324</b>	<b>39,565,637</b>

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2021-22	1 April 2021	Income	Expenditure	Investments	Net income	Transfers of funds	Net movement in funds	31 March 2022
<b>Restricted funds</b>								
Science Museum Group objectives	26,227,398	340,902	(82,978)		257,924	1,864,533	2,122,457	28,349,855
Unrealised gains on investments	6,929,360	-	-	2,070,273	2,070,273	(1,864,533)	205,740	7,135,100
<b>Total restricted funds</b>	33,156,758	340,902	(82,978)	2,070,273	2,328,197	-	2,328,197	35,484,955
<b>Unrestricted funds</b>								
	662,920	350	(23,912)	-	(23,562)	-	(23,562)	639,358
<b>TOTAL</b>	33,819,678	341,252	(106,890)	2,070,273	2,304,635	-	2,304,635	36,124,313

Restricted funds are held in accordance with the conditions specified by donors and to be used exclusively for those purposes, that is, in support of the Science Museum Group's activities. 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 2023 £	Unrestricted 2023 £	Total 2023 £
Investments	34,785,615	451,958	35,237,573
Debtors	-	1,467	1,467
Cash at bank and in hand	5,340,000	190,479	5,530,479
Creditors	(1,182,765)	(21,117)	(1,203,882)
	<b>38,942,850</b>	<b>622,787</b>	<b>39,565,637</b>

	Restricted 2022 £	Unrestricted 2022 £	Total 2022 £
Investments	35,484,955	452,191	35,937,146
Cash at bank and in hand	-	196,991	196,991
Creditors	-	(9,824)	(9,824)
	<b>35,484,955</b>	<b>639,358</b>	<b>36,124,313</b>

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

	2023 £	2022 £
Net income	3,441,324	2,304,635
Net losses/(gains) on investments	895,020	(2,070,273)
Investment income	(481,760)	(340,902)
Investment management fees	46,556	46,678
Interest on cash at bank	(42)	-
(Increase)/decrease in debtors	(1,467)	-
Increase/(decrease) in creditors	1,194,058	(132,814)
<b>Net cash flow from/(used in) operating activities</b>	<b>5,093,690</b>	<b>(192,676)</b>

### 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. Commitments

During the year the charity made a payment of £239,524 as the first instalment of a new grant agreement exclusively for the Science Museum Group's *Delivering Digital: Video Led Content Strategy* project. The total grant agreement awarded and accounted for is for £1,422,289, with the remaining balance at 31 March 2023 of £1,182,765 due to be paid no later than 31 December 2024.

### 18. 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.

The Chair of the Foundation, David Jacob, is a current member of SMG's advisory subcommittee *Partnership Panel*, whose remit is to advise the Board of Trustees of SMG on development activities.

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Ajit Lalvani was appointed to the Foundation's Board of Trustees on 30 June 2022, he is currently a member of the SMG Board of Trustees (appointed 01 February 2019) and SMG's advisory subcommittee *Science Museum Advisory Board*, whose remit is to advise the group Director and Board of Trustees of SMG on the cultural offer.

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 (resigned from the Foundation's Board of Trustees 28 February 2023).

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.

The Foundation received a grant payment of £5,450,000 in the year from the Science Museum Group exclusively for the furtherance of the charitable objectives of the Science Museum Group. No grants were made by SMG to the Foundation during the years to 31 March 2022 or 31 March 2021.

SMG charged £7,110 (2022: £7,530) for provision to the Foundation of accountancy and administrative services and fundraising support.

In 2022-23, the Foundation made 3 grants to the Science Museum Group:

A payment of £239,524 was made as the first instalment of a new grant agreement exclusively for the Science Museum Group's *Delivering Digital: Video Led Content Strategy* project. The total grant awarded and accounted for is £1,422,289.

A payment in full of £10,000 was made under a new grant agreement exclusively for the Science Museum Group's *Growing Diverse Talent* project.

A payment in full of £100,000 was made under a new grant agreement exclusively for the Science Museum Group's *Innovation Prize* project.

In 2021-22, one grant was of £36,300 was awarded to SMG's Director and Chief Executive to enable the development of a research plan and a book proposal on the life & work of Lyon Playfair.