



**Museums Galleries Scotland**  
(a company limited by guarantee)

Directors' annual report and financial statements

For the year ended 31 March 2021

Registered number SC074264

Charity number SC015593

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## Reference and Administrative Details

### Directors

Ray Macfarlane  
Donna Heddle  
William McDonald (resigned 9/12/20)  
Diana Montador  
Ruth Gill  
Trish Botten  
John McLeish  
Mary Jane Brouwers  
Steph Scholten  
Veena Muthuraman  
Rhona Arthur  
Susan Jamieson (appointed 19/4/21)  
Stuart Robertson (appointed 19/4/21)

### CEO

Lucy Casot

### Company Secretary

Lucy Casot

### Auditors

Chiene + Tait LLP  
Chartered Accountants & Statutory Auditors  
61 Dublin Street  
Edinburgh  
EH3 6NL

### Bankers

Royal Bank of Scotland

### Registered Office

Waverley Gate  
2-4 Waterloo Place  
Edinburgh  
EH1 3EG  
Telephone: 0131 550 4100

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## **Directors' Annual Report**

The Directors, who are also Trustees for the purposes of Charity Law, have pleasure in presenting their report for the year ended 31 March 2021.

Museums Galleries Scotland is a company limited by guarantee, registered in Scotland No. 74264, and recognised as a charity (No SC015593).

### **Directors**

The Directors who served during the year ended 31 March 2021 and up to the point the financial statements were approved were as follows:

Ray Macfarlane  
Donna Heddle  
William McDonald (resigned 9/12/20)  
Diana Montador  
Ruth Gill  
Trish Botten  
John McLeish  
Mary Jane Brouwers  
Steph Scholten  
Veena Muthuraman  
Rhona Arthur  
Susan Jamieson (appointed 19/4/21)  
Stuart Robertson (appointed 19/4/21)

### **Structure, Governance and Management**

#### **Nature of governing document**

Museums Galleries Scotland (MGS), as a company limited by guarantee, is governed by its Memorandum and Articles of Association dated March 1981. Following publication of the Companies Act 2006, the Memorandum and Articles of Association were revised to ensure compliance with the new regulations and to reflect the change of name agreed at the Annual General Meeting in 2007. They have also been reviewed by our legal advisors to ensure that the structure of governance continues to meet the requirements of the Office of the Scottish Charity Regulator (OSCR). The Memorandum and Articles of Association were again revised in 2012 to ensure the organisation was fit for purpose as a National Development Body and were formally adopted on 22 May 2012.

The Members of the Company are the Directors.

#### **Recruitment and appointment of Board Members**

The minimum number of Directors is nine and the maximum is seventeen. Directors are elected for a fixed term of three years and can serve one further term of three years, unless special circumstances dictate that they should serve a third term of up to three years' duration. After that period a Director will stand down for at least two years before they can then be reappointed as a Director. New Directors other than those seeking re-election will be appointed by the Board. The majority of the Board of Directors must, at any given time, consist of individuals from the museum and cultural sector. The Board meets as required to discharge their responsibilities.

## **Directors' Annual Report** *(continued)*

### **Policies and procedures for induction and training of Directors**

Following appointment, Directors receive a copy of the Board Induction Pack which contains information on MGS, including copies of previous Board Minutes, corporate plan, publications, staff information (organisational structure, roles, etc.) and details of other Board Members as well as the Code of Conduct for Members of the Board of Directors which alerts them to their corporate responsibilities. Directors are invited to an induction programme with the Strategic Management Team. Board Training in 2020-21 included Equalities, Diversity and Inclusion Training by ELREC.

### **Decision making structure**

A Chief Executive Officer is appointed by the Board of Directors to manage the operations of the organisation. The Chief Executive and senior team members have delegated authority within the terms of a Scheme of Delegation which is reviewed and approved by the Audit and Risk Committee on a regular basis on behalf of the Board.

### **MGS Board**

As the National Development Body, MGS continues to be an independent charitable organisation. It is supported by, but is entirely independent of, the Scottish Government. MGS has a skills-based Board with a mix of Directors representative of the whole museum and galleries sector as well as those with relevant professional qualifications and business experience for effective Board governance. The Board is supported by 2 subordinate committees made up of Directors that report to the Board. These are the Audit and Risk Committee whose responsibilities speak for themselves including the remit for terms and conditions (remuneration) and the Recruitment Committee which is responsible for the recruitment of Board Members and is involved in the recruitment of the Chief Executive Officer.

The current Board continues to have a wealth of in-depth experience and knowledge of all aspects of business and a clear commitment to promoting the importance of the role of museums and galleries and to supporting the preservation and celebration of Scotland's cultural heritage.

### **Key Management Personnel and Remuneration**

During the year there were no changes to key personnel.

The remuneration of the key management personnel is based on broadly comparable rates of pay for similar levels of management responsibility and skills in similar organisations.

### **Reference and administrative details**

These details, including Directors who served in the year, are set out on page 1.

### **COVID19**

MGS moved to home-working in March 2020 in response to the Covid19 pandemic and continued to work from home throughout the 20-21 financial year. Our cloud-based systems made this transition relatively straightforward and enabled us to quickly pivot our activity to support the sector as the crisis developed.

We focused on ensuring close engagement with museums and galleries to understand the impact of Covid19 on their people, their operations and financial position in order to tailor our support and to inform our advocacy for financial support from Scottish Government. Covid19 placed many museums at risk and the support from Government has proved critical to their survival. During the year MGS distributed a total of £8,927,932 to Scottish Museums as compared with £1,259,417 in the previous year. The regular funding programme was suspended to allow for a programme of Covid response funding and support was extended to include non-accredited museums.

**Directors' Annual Report** *(continued)***Principal risks and uncertainties**

MGS has a Risk Management Policy, updated in November 2020, that sets out the process by which risks are identified, the measures put in place to manage them and how the risks are monitored. The Risk Register describes identified risks and mitigations and assigns each risk an owner. It is regularly reviewed by the Senior Management Team and is reported on each quarter to the Audit and Risk Committee and the Board.

**Strategic**

Risk: Level of MGS income insufficient to address sector needs and responsibilities  
Mitigation: Ensure understanding of sector needs and develop a strong narrative regarding the impact of the sector and MGS, engaging with stakeholders on sector advocacy. Maintain positive dialogue with the Scottish Government including proactive briefing of Ministerial team, Culture Committee and MSPs. Identify additional sources of grant funding to supplement activity.

Risk: Lack of capacity to provide leadership across a breadth of challenges facing the sector including global crisis, climate change, restitution, resource pressure emergency  
Mitigation: Effectively communicate our responsibilities, our plan/intentions as well as proposed actions to SG, our Board our stakeholders and staff. Ensure Business Continuity practice and appropriate delegation/succession plans are in place. Enable agile business practice and behaviours within the organisation.

**Financial**

Risk: Pension Fund Deficit - MGS is vulnerable to the uncertainties of actuarial valuations, both in terms of annual contributions and net liability on the balance sheet  
Mitigation: Engagement with Lothian Pension fund continues. Scottish Government, as our core funder, kept informed of the deficit position. Review again early 2024

**Organisational**

Risk: To ensure continued delivery of service through organisational change.  
Mitigation: To have clear business priorities and an organisational structure which is fit for purpose. To take action to maintain our approach to staff wellbeing with monitoring through staff surveys, mental health first aid and line manager resources. To provide our staff with learning and development opportunities through a responsive L&D Plan

Risk: COVID SPECIFIC Staff absence due to ill health / reduced capacity due to caring responsibilities  
Mitigation: Identify priority work areas: Finance, HR, IT, Grants. Ensure more than one person trained to carry out essential tasks.

Risk: Demand for services exceeds organisational capacity.  
Mitigation: Evaluate opportunities and resource requests against Business Plan priorities. Effective programme management across multiple projects to enable resource allocation and avoid over-commitment, involving Senior Managers in resource planning.

## **Directors' Annual Report** *(continued)*

### **Objectives and Activities**

MGS is the strategic development body for museums and galleries in Scotland. MGS acts as the representative for the sector, promoting its work to the public, stakeholders and the Scottish Government. This involves speaking on behalf of the sector and showing that museums and galleries are not only custodians of Scotland's rich and diverse history but are also relevant in modern society.

The activities, strategies and performance of MGS are set out in more detail under "Key Achievements and Successes" below.

Details of MGS' policy with regard to grant-making are set out within the Financial Review section of this report.

MGS leads the delivery of Going Further, the National Strategy for Scotland's Museums and Galleries. The third and final sector Delivery Plan for 2020-23 was published in March 2020. In April 2020 the Business Plan for 2020-23 was shared, which sets out how MGS will deliver its objectives within the strategy framework.

The Business Plan identifies the organisation's core work and four thematic priority areas. These areas are interlinked and mutually supportive and the work to deliver them is led by cross organisational and cross sector teams. MGS' core work of funding; impact and advocacy; advice and knowledge sharing and partnerships are at the heart of how the four priority areas are delivered. These are: develop sector resilience; workforce development; respond to the climate emergency; and, increase digital capacity.

### **Key achievements in our priority areas**

- **Develop Sector Resilience**

The impact of Covid-19 on the museums and galleries in Scotland increased the urgency of developing sector resilience during the year. In 2020-21, MGS directly engaged with all of Scotland's 428 museums and galleries and pivoted the regular funding programme to respond to the needs of the sector in challenging times This included opening up some funding to non-accredited museums.

From April 2020 to March 2021, MGS distributed a total of £8,927,932 to museums and galleries across Scotland as compared to the £1,259,417 distributed in 2019-20. This included the COVID-19 response funds made available by the Scottish Government and £62,720 distributed on behalf of the Art Fund through the Covid Adaptation Fund. This funding was channelled through 6 funding streams supporting 168 organisations.

In response to the issues arising from COVID-19, MGS' advocacy role increased in terms of political and public communications. MGS developed online resources to support museums in understanding the Scottish Government Covid-19 guidelines and how to adapt their work.

Forum Connections, MGS' four-year National Lottery Heritage Fund funded project, now supports eleven forums across Scotland. During 2020-21 original plans were adapted to meet the changed needs of the sector, for example through the funding of Zoom licenses.

During the year MGS developed an organisational approach to anti-racism including training for all staff and Board Members. This includes partnership work across the heritage sector and beyond, including work funded by AHRC and National Lottery Heritage Fund. MGS established a Steering Group for the Empire Slavery and Scotland's Museums project to develop a national consultation on how museums can address the legacies of empire and slavery.

## **Directors' Annual Report** *(continued)*

- **Develop Sector Resilience** *(continued)*

MGS shared reports on the impact of the pandemic on the sector, based on surveys and sector feedback, with the Scottish Government and Scottish Tourism Emergency Response Group and engaged with culture portfolio holders at local authorities across Scotland, sharing information about the social and economic impact of their services.

During the year MGS commissioned research on key aspects of the National Performance Framework and collated case studies to illustrate the impact of museum and gallery engagement on communities, education and health and wellbeing, linking to requests from the civic sector and to demonstrate the value and impact of Scotland's museums and galleries on their audiences and communities.

An online marketing toolkit was developed to support museums and galleries with marketing around reopening and during the year MGS' PR activity generated 244 pieces of trade and consumer press, online and broadcast pieces mentioning Scotland's museums and galleries. The organisation's own marketing campaign to support the sector reopening achieved 34K Google map views showing museums open and a radio and social media advertising reach of over 1 million adults along with strong media support.

- **Workforce Development**

During the year, MGS continued to support the sector's workforce to develop and evolve the skills for a resilient sector.

In 2020-21, the MGS Skills Academy supported 15 delegates on the Institute of Leadership and Management (ILM) leadership course – Developing your Leadership – and a further 12 on an advanced ILM Leadership course – Leading Growth. 6 SQA Assessors Awards were made during the year and MGS hosted 30 delegates on our Creative Leadership course in partnership with Association of Scottish Visitor Attractions (ASVA), Historic Environment Scotland and Social Enterprise Academy. MGS placed 4 Digital Marketing Modern Apprentices in museums and supported CC Skills (Creative and Cultural Skills) with an application to transfer SVQ in Museum Galleries Practice to become a Modern Apprentice Framework.

MGS hosted 35 online Knowledge Exchange events covering topics including mental health awareness, intellectual property and enterprising leadership, four MGS Strategic learning forum meetings and five Collections Workshops.

MGS' project in collaboration with Make Your Mark was launched, aimed at connecting with and engaging volunteers. The business support programme delivered training to 40 heritage organisations in partnership with greenspace Scotland and Built Environment Forum Scotland.

The Skills for Success legacy project continued throughout 2020-21 and delivery began on two Culture Strategy programmes launched in 2019-20: Upskilling Volunteers and Workforce of the Future projects with schools.

MGS gained "gateway," status on the Government Kickstart Scheme to support 57 heritage organisations to recruit staff through the scheme.



## **Directors' Annual Report** *(continued)*

### • **Responding to the Climate Emergency**

During the year MGS continued to work with partners to support the culture and museums and galleries sector to develop dialogue and action in response to the climate emergency. MGS made new partnerships with Creative Carbon Scotland and the Climate Heritage Network paving the way to supporting the sector to make essential changes towards Net Zero.

Action during 2020-21 included:

- Partnering with Creative Carbon Scotland to develop Climate Beacons for COP26 to bring geographic beacons of climate focused activity between cultural and climate organisations throughout Scotland in the lead up to and following COP26.
- Developing the #CopConversations fund (launched in July 2021) to support museums and galleries to hold activity in their communities.
- Collaborating with HES and The Climate Heritage Network (CHN) on the development of a Culture at COP26 Website.

### **Increasing Digital Capacity**

Throughout the year, MGS provided support to build confidence within the sector around digital working.

MGS launched a Digital Resilience Fund which enabled the sector to adapt to necessary online working, and supported projects to enhance engagement with digital collections and opportunities for online revenue.

Other digital initiatives included moving the MGS Skills Development Programme online from April 2020, running informal online meetings to increase peer knowledge sharing on digital topics and developing further digital skills and infrastructure within the organisation.

Key work was undertaken in this year also to develop MGS Skills Academy programmes aimed at increasing digital capacity to take place in the following financial year, paving the way for increased future activity in this priority area.

### **Organisational Activity**

During the year the Scottish Government awarded additional funding to MGS to support the sector in the face of the pandemic.

MGS increased its staff team to 30 with an additional 9 new permanent and fixed term posts to deliver an increased workload. A new reward and recognition framework was introduced for all staff.

In 2020, MGS was awarded Gold status by Investors in People, introduced a programme of weekly mental health drop in sessions and provided coaching sessions to support staff to continue working from home throughout the year.

At the start of the year, MGS became a Cloud based organisation.

## Directors' Annual Report *(continued)*

### **Future Activity**

MGS' future activity continues to be driven by the delivery of the National Strategy and Museums Galleries Scotland's Delivery Plan 3 covering the period from 2020 to 2022 and has been informed by surveys into the needs of the museum sector.

Activity continues to focus on the needs of the sector arising from the Coronavirus pandemic while looking to future opportunities and needs.

- The pre-Covid funding programme is not resuming fully in 2021-22 to enable the sector to deal with the significant challenges brought about the financial impact of the pandemic. The Museum Development Fund has reopened with an emphasis on resilience building. The Small Project Fund has been replaced with a Small Grants Fund which is more flexible for addressing essential but non-core costs while museums are struggling with depleted reserves. Need is being monitored so that the programme can be flexed to address emerging needs through the year.
- Supporting non-Accredited museums through future funding programmes continues to be considered.
- A second marketing campaign to support the reopening of the sector is planned for spring/summer 2021.
- MGS is collaborating with HES and The Climate Heritage Network (CHN) on the development of a *Culture at COP26* website using COP26 as an opportunity to create a springboard for future climate action by the sector.
- Early in 2021-22 MGS distributed funding from the Scottish Government for Summer of Play projects and is collaborating with Visit Scotland on supporting Scotland's Year of Stories 2022.

### **Financial Review**

The results for the period are set out in the Statement of Financial Activities on page 15.

#### **Income**

In 2019/20, MGS' total income was £11,161,236 (2020: £2,973,767).

#### **Expenditure**

In the course of the year MGS awarded grants in line with the key schemes outlined below and these are listed by grant type and recipient on MGS' website:

<https://www.museumsgalleryscotland.org.uk/funding/funding-overview/>

The grant schemes delivered in the year were:

**1. Small Project Fund – (£500 to £10,000):** This fund supports museums to deliver discrete small projects that help them improve the way they work and/or try something new.

**2. Digital Resilience Fund (£300-£3,000):** This fund launched in early April shortly after the lockdown began, enabling museums to acquire digital equipment and licences to facilitate working from home and delivery of some online engagement with audiences.

## Directors' Annual Report *(continued)*

### **Financial Review** *(continued)*

**3. Urgent Response Fund (£3,000 - £60,000):** This fund also launched in early April to support those museums put at immediate risk due to the lockdown. Support to cover up to 3 months of operating costs was available and applications were prioritised based on when the museum would run out of funds to meet essential costs.

**4. Covid Adaptation Fund (£150 - £7,500):** This fund was set up to support museums to meet the basic and essential costs of reopening safely and in line with government guidelines. The fund was supplemented by support from the Art Fund (£62,720) through the Museum Development Network.

**5. Recovery and Resilience Fund (grant size dependent on need):** This fund was introduced to support independent museums affected by ongoing restrictions caused by the pandemic that meant they were unable to generate income. It covered core operating costs and restoration of reserves as well as restart costs not covered by the Covid Adaptation Fund, urgent repairs and resilience building activity. There were two rounds of this fund the first opened in September to cover the period until the end of March 2021 and the second in January to cover the period from April to June 2021.

**6. Covid Museum Development Fund (£5,000-£60,000):** This fund provided support to the local authority and university museum services that were not eligible to apply to the Recovery and Resilience Fund and there were two rounds, in November and February. The fund followed the format of our regular Museum Development Fund but for these two rounds applicants had to state how their proposed activity responded to challenges arising from the pandemic. Applications that were about re-engaging audiences, building resilience or digital capacity were prioritised.

All the information on how to apply for a grant is available on the MGS website (<http://www.museumsgalleriesscotland.org.uk/funding>).

### **Financial Results**

The Statement of Financial Activities shows a year-end balance on Unrestricted Funds of £1,005,718. This is before taking into account the pension deficit of £1,836,000, resulting in a net deficit balance of £830,282 after pension obligations. This increase in the level of the defined benefit pension scheme deficit has contributed to a reduction in the net asset position of the balance sheet from £470,533 to £209,759. This significant change in the level of net assets is covered in more detail below.

Income received during the year was £11,161,236 in marked contrast to 2020 at £2,973,767. The core grant for MGS operating costs from Scottish Government saw an increase of £75,000 to £1,525,000 and was confirmed by the Scottish Government in advance. Additional funding was provided in stages through the year. Additional grant funds to support the sector in response to the Covid emergency included £400,000 of Urgent Response Funding, two rounds of Recovery and Resilience Funding totalling £7,000,000 and £230,000 of Emergency Covid funding streams. Additional capital funding was also provided (£400,000 in contrast to £200,000 in 2020). The Art Fund provided £62,720 to the Covid Adaptation Fund pot.

## **Directors' Annual Report** *(continued)*

### **Financial Results** *(continued)*

Three projects funded by the National Lottery Heritage Fund are in progress: the final year of the Skills for Success legacy programme, Forum Connections and the Business Support programme: Surviving to Thriving.

Additional funds were provided in year for new activity: the Empire Slavery and Scotland's Museums project (£135,000), Climate Beacons (£20,000), Scotland's Year of Stories (£100,000) and support for additional fixed term officer roles to carry out this enhanced activity (£140,000).

As in the prior year there were small amounts of other income received relating to activities such as training, consulting and events held. Investment income fell due to less favourable interest terms.

Overall charitable expenditure has increased from £2,738,648 in the prior year to £10,490,010, principally due to the large increase in grant distribution as set out in the notes to the financial statements.

Support costs of the charity reduced from £518,988 to £412,246, with lower costs in a number of areas including property (following a backdated rent increase in 2020) and much reduced travel and event costs resulting from lockdown restrictions. Staff costs increased from £1,056,676 to £1,150,493 largely due to increased headcount to deliver the additional activity. Overall the greatly increased level of activity was managed with a steady core budget.

It should be noted that included within total expenditure is £122,000 (2020: £190,000) of defined benefit pension scheme service cost adjustments. Excluding these adjustments, the charity would have reported net income before actuarial pension scheme adjustments in unrestricted non-designated funds of £77,910 (2020: £47,313).

The unrestricted reserves at 31 March 2021, excluding Designated Funds and the Pension Fund deficit, were £1,005,718 (2020: £927,808).

As this pension scheme liability is not immediately repayable the directors are satisfied that the charity is in a position to meet its commitments as they fall due. The pension scheme liability can be subject to large movements from year to year as a result of actuarial calculations, changes in assumptions, and asset valuations and the directors will monitor this on a continuing basis to assess the impact upon the financial position of the charity.

Although any valuation is only a "point in time", the level of the pension fund deficit increased in the year from £904,000 to £1,836,000 (having fallen from £1,369,000 in the previous year). This clearly shows the volatility of the performance of the fund. The Triennial valuation of December 2017 has set the future contributions for the next year at 23% (down from 23.2%). The Board is fully aware that this is an ongoing matter for concern and have it under active review.

### **Going concern**

While core Scottish Government funding has been confirmed until 31 March 2022, the directors are aware that uncertainty exists over the extent of this funding for 2022-23 and beyond. This funding is yet to be confirmed, and it is recognised that Covid-19 is likely to have an impact on funds derived from the public sector leading to reduced certainty for future years than previously. Financial scenario planning has been undertaken to assess and monitor income and funding on a regular basis and to allow reviews of costs to be undertaken promptly if required. Having taken the above into account, together with existing reserves and available cash funds, the directors remain satisfied that the charity is able to continue to operate for at least 12 months from the point these financial statements are approved and that it is appropriate that the accounts are prepared on a going concern basis.

## **Directors' Annual Report** *(continued)*

### **Reserves Policy**

MGS is restricted by the terms and conditions of its main funding body (Scottish Government) from building up reserves. MGS has assured funding up to March 2022 from the Scottish Government and any unplanned expenditure or loss of income will have to be met, either from additional funds from the Scottish Government or a reduction in the services provided by the organisation.

### **Restricted and Designated Funds**

MGS holds a number of Restricted and Designated funds as detailed in Note 16.

The Restricted Funds are largely made up of Grants to the sector as detailed in Note 16 and in Note 9. These are financed by direct grants from Scottish Government and the National Lottery Heritage Fund, restricted purposes as detailed in agreements with funders.

Several Designated Funds have been established over time to facilitate the meeting of Strategic Aims and to develop the necessary infrastructure to support the organisations activities.

There are 4 main Designated Funds as follows:

#### **Discretionary Fund; Balance £10,721**

- No spend in year

#### **COVID-19 Response Fund; Balance £Nil**

- This fund was established to enable MGS to respond in an agile way to needs arising from the Covid pandemic. It was fully spent in year on additional staff and systems to manage the grant activity.

#### **MGS Websites Fund; Balance £10,000**

- Fund for future refresh of the MGS website. No spend in year.

#### **ICH Fund; Balance £27,207**

- The ICH Fund is for the research, promotion and support of Intangible Cultural Heritage in Scotland and to participate and connect in regard to ICH internationally. Activity in year saw payment for a collaborative research activity in ICH in Scotland and recovery of contributions from project partners, MGS having paid its share in the previous year.

### **Related Parties**

Certain directors are involved with organisations which benefit from grant funding, the details of which are set out in note 21. The directors do not take part in decisions relating to grants awarded to these organisations.

### **Statement of Directors' Responsibilities**

The Directors (who are also the directors of Museum Galleries Scotland for the purposes of company law) are responsible for preparing the Directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

**Directors' Annual Report** *(continued)***Statement of Directors' Responsibilities** *(continued)*

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP (FRS102) (second edition – October 2019)
- 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 financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that no auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditors**

A resolution for the re- appointment of auditors is to be proposed at the annual general meeting.

**Approval of the Directors' annual report**

So far as each Director is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken the appropriate steps as a Director to make themselves aware of such information and to establish that the auditors are aware of it.

By order of the Board

*Ray Macfarlane*

**Ray Macfarlane**  
**Chair**

22 September 2021<sub>2021</sub>

## **Independent Auditor's Report to the Directors and Members of Museums Galleries Scotland**



### **Opinion**

We have audited the financial statements of Museums Galleries Scotland for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **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 charity 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 Directors' 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 charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors 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 Directors' report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Directors' 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 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.



## **Independent Auditor's Report to the Directors and Members of Museums Galleries Scotland (continued)**



### **Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' 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 Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, 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' exemption from the requirement to prepare a strategic report.

### **Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities set out on pages 11 and 12 the Directors (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 directors 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 Directors 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**

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 is detailed below:



**Independent Auditor's Report to the Directors and Members of  
Museums Galleries Scotland (continued)**



**Auditor's responsibilities for the audit of the financial statements (continued)**

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. This included but was not limited to the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006.

We focused on laws and regulations that could give rise to a material misstatement in the charity's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the Directors and key management personnel;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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 for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made exclusively to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors, as a body, in accordance with Section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its directors those matters we are required to state to them in an auditors' 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, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

*Malcolm R Beveridge*

MALCOLM BEVERIDGE (Statutory Auditor)  
For and on behalf of  
CHIENE + TAIT LLP  
Chartered Accountants & Statutory Auditor

61 Dublin Street  
Edinburgh  
EH3 6NL

29 September 2021  
.....

**Statement of financial activities (incorporating income and expenditure account)**  
for the year ended 31 March 2021

	Note	Unrestricted funds £	Unrestricted designated funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b>Income from:</b>						
Donations and core grants	3	1,525,000	-	-	1,525,000	1,450,000
Charitable activities	4	2,683	6,650	9,598,565	9,607,898	1,480,969
Other trading activities		2,292	-	-	2,292	9,569
Investments	5	26,046	-	-	26,046	33,229
<b>Total income</b>		<b>1,556,021</b>	<b>6,650</b>	<b>9,598,565</b>	<b>11,161,236</b>	<b>2,973,767</b>
<b>Expenditure on:</b>						
Charitable activities	6	1,478,111	40,470	8,971,429	10,490,010	2,783,648
<b>Total expenditure excluding pension scheme adjustments</b>		<b>1,478,111</b>	<b>40,470</b>	<b>8,971,429</b>	<b>10,490,010</b>	<b>2,783,648</b>
<b>Net income / (expenditure) before pension scheme adjustments</b>	11	<b>77,910</b>	<b>(33,820)</b>	<b>627,136</b>	<b>671,226</b>	<b>190,119</b>
<b>Pension scheme adjustments</b>	6	<b>(122,000)</b>	<b>-</b>	<b>-</b>	<b>(122,000)</b>	<b>(190,000)</b>
<b>Net income/(expenditure)</b>		<b>(44,090)</b>	<b>(33,820)</b>	<b>627,136</b>	<b>549,226</b>	<b>119</b>
Transfers between funds	16	-	-	-	-	-
Actuarial loss on defined benefit pension scheme	18	(810,000)	-	-	(810,000)	655,000
<b>Net movement in funds</b>		<b>(854,090)</b>	<b>(33,820)</b>	<b>627,136</b>	<b>(260,774)</b>	<b>655,119</b>
<b>Funds reconciliation</b>						
Fund balance carried forward at 31 March 2020	16	23,808	81,748	364,977	470,533	(184,586)
<b>Fund balance carried forward at 31 March 2021</b>	16	<b>(830,282)</b>	<b>47,928</b>	<b>992,113</b>	<b>209,759</b>	<b>470,533</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 19 to 37 form part of these financial statements.

## Balance sheet

As at 31 March 2021

	<i>Notes</i>	<b>2021</b>	<b>2021</b>	2020	2020
		£	£	£	£
<b>Fixed assets</b>	<i>12</i>		24,222		30,001
<b>Current assets</b>					
Debtors	<i>13</i>	3,750,595		189,672	
Cash at bank and in hand		3,984,108		3,425,718	
		-----		-----	
		7,734,703		3,615,390	
<b>Creditors:</b> amounts falling due within one year	<i>14</i>	(5,713,166)		(2,270,858)	
		-----		-----	
<b>Net current assets</b>			2,021,537		1,344,532
			-----		-----
<b>Total assets less current liabilities</b>			2,045,759		1,374,533
<b>Defined benefit pension liability</b>	<i>18</i>		(1,836,000)		(904,000)
			-----		-----
<b>Net assets</b>			209,759		470,533
			=====		=====
<b>The funds of the charity</b>					
Restricted funds	<i>16</i>		992,113		364,977
Designated funds	<i>16</i>		47,928		81,748
Unrestricted funds – excluding defined benefit pension reserve	<i>16</i>		1,005,718		927,808
Defined benefit pension reserve	<i>16</i>		(1,836,000)		(904,000)
			-----		-----
<b>Total funds after defined benefit pension reserve</b>			209,759		470,533
			=====		=====

The audited financial statements on pages 15 to 36 were approved and authorised for issue by the board of directors on and signed on its behalf by:

*Ray Macfarlane*

**Ray Macfarlane**  
**Chair**

22 September 2021

Company number SC074264

The notes on pages 19 to 37 form part of these financial statements.

**Statement of Cash Flows**  
for the year ended 31 March 2021

	<i>Notes</i>	<b>2021</b> £	<b>2021</b> £	2020 £	2020 £
<b>Net cash provided by operating activities</b>	<i>(see below)</i>		541,559		14,262
<b>Cash flows from investing activities</b>					
Interest income		26,046		33,229	
Purchase of office and computer equipment		(9,215)		(13,285)	
<b>Net cash provided by investing activities</b>			16,831		19,944
<b>Change in cash and cash equivalents in the year</b>			558,390		34,206
<b>Cash and cash equivalents brought forward</b>			3,425,718		3,391,512
<b>Cash and cash equivalents carried forward</b>	<i>(see below)</i>		3,984,108		3,425,718
<b>Reconciliation of net expenditure to cash flow from operating activities</b>			<b>2021</b> £		2020 £
<b>Net income for the year</b>			549,226		119
<b>Adjustments for:</b>					
Defined benefit pension scheme adjustments			122,000		190,000
Depreciation charges			14,994		23,729
Deduct interest income shown in investing activities			(26,046)		(33,229)
(Increase)/decrease in debtors			(3,560,923)		12,204
Increase/decrease in creditors			3,442,308		(178,561)
<b>Net cash provided by operating activities</b>			541,559		14,262
<b>Analysis of cash and cash equivalents</b>			<b>2021</b> £		2020 £
Cash in hand			1,995,555		532,232
Deposits			1,988,553		2,893,486
<b>Total cash and cash equivalents</b>			3,984,108		3,425,718
<b>Analysis of changes in net debt</b>			<b>2020</b> £	<b>Cash-flows</b> £	<b>2021</b> £
Cash and cash equivalents		3,425,718		558,390	3,984,108
Total net debt		3,425,718		558,390	3,984,108

The notes on pages 19 to 37 form part of these financial statements.

## Notes to the financial statements

for the year ended 31 March 2021

### 1 Company information

Museum Galleries Scotland is a company limited by guarantee incorporated and domiciled in Scotland with registered company number SC074264. The registered office and principal place of business is Waverley Gate, 2-4 Waterloo Place, Edinburgh, EH1 3EG. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the charitable company.

Museum Galleries Scotland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

### 2 Accounting policies

The following accounting policies have been applied consistently in dealing with items considered material in relation to Museums Galleries Scotland's Financial Statements.

#### (a) **Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules and in accordance with the Companies Act 2006, 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) (second edition – October 2019) - (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are prepared on the going concern basis. The Board has considered the funding available and the charity's current reserves and cash position, including the impact of Covid-19, and on this basis the board believes that the going concern basis of preparation is appropriate. Additional information is set out in note 22 to the financial statements.

#### (b) **Significant judgements and estimation uncertainty**

In the application of the charitable company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (i) **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for carrying amounts of tangible assets.

**Notes to the financial statements** *(continued)*  
*for the year ended 31 March 2021***2 Accounting policies** *(continued)***(c) Income**

All income is accounted for on a receivable basis, when the charity is legally entitled to the income and it can be quantified with reasonable accuracy. All income is in respect of the furtherance of the Museums Galleries Scotland's aims.

*Donations, legacies and similar income* is included in the year in which it is receivable, which is when the charity becomes entitled to the income, it is probable that it will be received, and the amount can be measured reliably.

*Interest income* is included in the year in which it is receivable.

*Grants receivable* are reflected in the Statement of Financial Activities when relevant conditions for entitlement have been met, it is probable they will be received, and the amounts can be quantified with sufficient reliability. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable. Grants of a revenue nature are credited to the SoFA in the period to which they relate.

The grant from the Scottish Government allocated to general purposes is taken to the income and expenditure account in the year to which it relates.

**(d) Expenditure**

All expenditure is accounted for on an accruals basis, where there is legal and constructive obligation. Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements. Expenditure is accounted for net of VAT and irrecoverable amounts are accounted for separately.

*Charitable expenditure* comprises grants payable and direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated on the basis of grants awarded.

*Grants payable* are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable. The charity does not normally make multi-year grants, but should these occur, a provision for the grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the charity that would permit the charity to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of return on bank deposits in the year in which the grant award is made. This discount rate is regarded by the Directors as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the charity.

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**2 Accounting policies** *(continued)*

(d) **Expenditure** *(continued)*

*Support costs* are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and payroll costs which support the charitable activities and *Governance costs*.

*Governance costs* are those incurred in connection with the management of the organisation's structure, including directors' costs, and compliance with constitutional and statutory requirements.

(e) **Fund accounting**

Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of Museums Galleries Scotland.

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal by which the funds are raised.

Designated funds are funds which have been set aside for a specific purpose. Museums Galleries Scotland currently holds four such funds; one which is used to fund additional grants or strategic development at their discretion; one for funding systems to make more effective use of resources; one for a public-facing advocacy website; and a final one to fund a sector-facing website.

(f) **Tangible fixed assets**

All fixed assets over £1,000 are initially capitalised at cost, plus any incidental costs of acquisition. Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Office and computer equipment	over 4 years
Furniture and fittings	over 10 years
Leasehold improvements	over 5 years

Depreciation on assets commences once an asset is brought into use.

(g) **Debtors**

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

(h) **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity between three and twelve months from the date of acquisition or opening of the deposit or similar account.

(i) **Creditors**

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**2 Accounting policies** *(continued)*

(j) **Financial instruments**

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(k) **Leases**

Museums Galleries Scotland has no material finance leases. Costs in relation to operating leases are charged on a straight line basis to the statement of financial activities over the life of the lease.

(l) **Foreign currencies**

Asset and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction. All exchange differences are taken to the statement of financial activities.

(m) **Pension costs**

Museums Galleries Scotland is a member of The Lothian Pension Fund, which provides benefits based on final pensionable pay. Contributions to the scheme are charged to expenditure so as to spread the costs of pensions over the working lives of the employees. These contributions are invested separately from the organisation's assets.

**3 Donations and grants**

	<b>2021</b>	2020
	<b>£</b>	£
Scottish Government – Core activities grant	1,525,000	1,450,000
	=====	=====



**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**4 Charitable activities**

	<b>2021</b>	2020
	<b>£</b>	£
<b>Grant income - restricted</b>		
Scottish Government – Recognition Scheme	-	470,000
Scottish Government – Capital	400,000	200,000
Scottish Government – Grants Programme	1,000,000	430,918
Scottish Government – Culture Strategy Grant	-	20,000
Scottish Government – Covid-19 Urgent Response Funding	400,000	83,000
Scottish Government – Covid-19 Digital Resilience Funding	-	55,000
Scottish Government - Recovery and Resilience	7,000,000	-
Scottish Government - Emergency COVID funding streams	230,000	-
Art Fund – Covid Adaptation	62,720	-
Scottish Government – Empire Slavery and Scotland's Museums	135,000	-
Scottish Government - Climate Beacons	20,000	-
Scottish Government - Scotland's Year of Stories	100,000	-
Scottish Government - Support additional fixed term officer roles	140,000	-
SCVO Cyber Essentials Grant	-	500
NLHF Skills for Success	10,901	214,148
NLHF Forum Connections income	34,927	-
NLHF Business Support income	65,017	-
	-----	-----
	9,598,565	1,473,566
	-----	-----
<b>Income from services provided to beneficiaries – Unrestricted - general</b>		
Workforce development - training	850	6,215
Contribution towards Accreditation costs	-	1,188
Partner fee – Social Enterprise Academy	1,450	-
DMMA Income	383	-
	-----	-----
	2,683	7,403
	-----	-----
<b>Income from services provided to beneficiaries – Unrestricted - designated</b>		
Partners contributions towards ICH research	6,650	-
	-----	-----
	6,650	-
	-----	-----
<b>Total income from charitable activities</b>	9,607,898	1,480,969
	=====	=====

**5 Investment income**

	<b>2021</b>	2020
	<b>£</b>	£
Interest receivable	26,046	33,229
	=====	=====

The company's investment income relates to unrestricted funds in both 2021 and 2020.

**Notes to the financial statements** *(continued)*  
*for the year ended 31 March 2021***6 Charitable expenditure**

	Charitable activity staff costs £	(Note 10) Governance costs £	Grants Awarded £	Programme Direct Costs £	Support Costs £	Total 2021 £	Re-presented Total 2020 £
Aim 1- Maximising the Potential	-	-	1,137,658	-	-	1,137,658	387,487
Aim 2- Strengthening Connections	-	-	1,050,146	-	-	1,050,146	177,136
Aim 3- Empowering a Diverse Workforce	-	-	1,050,146	-	-	1,050,146	110,710
Aim 4- Forging a Sustainable Future	-	-	5,488,473	-	-	5,488,473	110,710
Aim 5- Fostering a Culture of Collaboration	-	-	52,507	-	-	52,507	199,278
Aim 6- Developing a Global Perspective	-	-	35,004	-	-	35,004	121,781
Core	380,452	46,643	-	7,663	391,684	826,442	934,701
Climate	55,949	1,576	-	-	3,122	60,647	10,567
Digital	55,949	1,576	-	300	1,100	58,925	95,701
Resilience	414,022	11,660	-	114,608	12,160	552,450	396,096
Workforce Development	212,606	5,988	-	76,838	4,180	299,612	429,481
Total expenditure including pension scheme service cost adjustments	1,118,978	67,443	8,813,934	199,409	412,246	10,612,010	2,973,648
Pension scheme service cost and interest adjustments	(100,000)	-	-	-	(22,000)	(122,000)	(190,000)
Total charitable expenditure per Statement of Financial Activities	1,018,978	67,443	8,813,934	199,409	390,246	10,490,010	2,783,648

In 2021, of the total expenditure of £10,612,010 (2020: £2,973,648), £1,600,111 (2020: £1,642,888) was expenditure from unrestricted funds and £40,470 (2020: £17,926) was expenditure from unrestricted designated funds, and £8,971,429 (2020: £1,312,834) was expenditure from restricted funds.

Of the net grants awarded of £8,813,934 (2020: £1,107,102), grants awarded during the year were £8,927,932 (2020: £1,225,067) offset by underutilised grants previously awarded of £113,998 (2020: £117,965).

Staff costs, support costs and governance costs have been allocated on the basis of an estimate of time spent.

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**6 Charitable expenditure** *(continued)*

Following a review by the Directors during the year it was considered that reporting of charitable expenditure would be better represented by allocation of costs on the basis of themes of activity. The exception to this is grant awards which continue to be reported under strategic aims for 2020-21. The comparative figures for expenditure have been re-presented to be consistent with the approach adopted for 2020-21.

**7 Support costs**

	<b>2021</b>	2020
	<b>£</b>	£
Recruitment	912	1,175
Staff development	18,017	12,713
Property	164,131	206,936
Admin	15,079	13,612
Transport, travel and subsistence	(936)	8,041
Supplies and Services	45,017	46,305
IT	90,762	102,389
Events and conference costs	378	8,362
Other Costs	1,256	701
Depreciation	14,994	23,729
Finance costs relating to defined benefit pension scheme (Note 18)	22,000	35,000
Bank charges	1,902	1,269
Non-Reclaimable VAT	53,700	58,756
Full Cost Recovery Recharge to projects	(14,966)	-
	-----	-----
	412,246	518,988
	=====	=====

**8 Staff costs and remuneration of key management personnel**

	<b>2021</b>	2020
	<b>£</b>	£
Wages and salaries	795,207	682,968
Social Security costs	73,723	63,158
Pension costs – standard contributions	180,316	154,343
Pension costs – service cost adjustments (Note 18)	100,000	155,000
	-----	-----
	1,149,246	1,055,469
Childcare vouchers	1,247	1,207
	-----	-----
	1,150,493	1,056,676
	=====	=====

	<b>No</b>	<b>No</b>
The average number of employees during the year were:	27	24
	=====	=====

One employee earned between £70,000 and £80,000 in the year and was a member of the defined benefit pension scheme *(2020: One Employee who earned between £60,000 and £70,000 in the year and was also a member of the defined benefit pension scheme).*

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**8 Staff costs and remuneration of key management personnel** *(continued)*

**Directors**

The directors neither received nor waived any emoluments during the year (2020: Nil). No Expenses (2020: £3,129) were reimbursed to any directors (2020: 5 directors).

In addition to the Board, the directors consider the Chief Executive and the three Heads of Department as being the key management personnel. The total remuneration and employee benefits of the key management personnel of the charity during the year were £269,047 (2020: £254,861).

**9 Grants expenditure**

During the year total grants were committed to by the charity as follows:

	<b>2021</b>	2020
	<b>£</b>	£
<b>Aims</b>		
1 - Maximising the Potential	1,137,658	387,487
2 - Strengthening Connections	1,050,146	177,136
3 - Empowering a Diverse Workforce	1,050,146	110,710
4 - Forging a Sustainable Future	5,488,473	110,710
5 - Fostering a Culture of Collaboration	52,507	199,278
6 - Developing a Global Perspective	35,004	121,781
	-----	-----
	8,813,934	1,017,102
	=====	=====

All grants were made to institutions and further information is available on the charity's website at:  
<http://www.museumsgalleriesscotland.org.uk/funding>

**10 Governance costs**

	<b>2021</b>	2020
	<b>£</b>	£
Audit fee	4,750	4,275
Directors' travel	-	3,129
Legal and professional advice	31,028	21,017
Board meetings and governance	150	1,093
Staff costs	31,515	27,050
	-----	-----
	67,443	56,564
	=====	=====

**Notes to the financial statements** *(continued)*,  
for the year ended 31 March 2021

**11 Net income before transfers**

*Net income is stated after charging:*

	<b>2021</b>	2020
	<b>£</b>	£
Auditors' remuneration – audit	4,750	4,275
Auditors' remuneration – accounting assistance, payroll services, VAT advice	24,702	16,995
Depreciation	14,994	23,729
Operating lease charges – building	100,715	130,122
	=====	=====

**12 Tangible fixed assets**

	<b>Leasehold Improvements</b>	<b>Office and computer equipment</b>	<b>Furniture and fittings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><i>Cost</i></b>				
At beginning of year	224,242	243,330	41,633	509,205
Additions	-	9,215	-	9,215
Disposal	-	-	-	-
	-----	-----	-----	-----
At end of year	224,242	252,545	41,633	518,420
	-----	-----	-----	-----
<b><i>Depreciation</i></b>				
At beginning of year	224,242	221,721	33,241	479,204
Charge for the year	-	10,830	4,164	14,994
Disposal for the year	-	-	-	-
	-----	-----	-----	-----
At end of year	224,242	232,551	37,405	494,198
	-----	-----	-----	-----
<b><i>Net book value</i></b>				
<b>At 31 March 2021</b>	-	19,994	4,228	24,222
	=====	=====	=====	=====
At 31 March 2020	-	21,609	8,392	30,001
	=====	=====	=====	=====

**13 Debtors**

	<b>2021</b>	2020
	<b>£</b>	£
Business debtors	16,145	3,636
Prepayments and accrued income	3,720,660	184,909
Other debtors	13,790	1,127
	-----	-----
	3,750,595	189,672
	=====	=====

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**14 Creditors:** amounts falling due within one year

	<b>2021</b>	2020
	<b>£</b>	£
Business creditors	27,354	52,031
Accruals and deferred income	121,476	99,878
Grants payable	5,517,551	2,084,895
Taxation and social security	46,171	33,259
Other creditors	614	795
	-----	-----
	5,713,166	2,270,858
	=====	=====

**15 Total future minimum lease payments under non-cancellable operating leases**

	<b>2021</b>	2020
	<b>£</b>	£
Within 1 year	93,209	101,683
Within 2 to 5 years	-	93,205
	-----	-----
	93,209	194,888
	=====	=====

**Notes to the financial statements** (continued)  
for the year ended 31 March 2021

**16 Statement of funds 2021**

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	Gains and Losses £	At 31 March 2021 £
<b>Restricted income funds</b>						
Scottish Government (Grants Programme)	340,471	1,800,000	(1,832,828)	(120,000)	-	187,643
Scottish Government (Recovery and Resilience Fund)	-	7,000,000	(6,908,182)	-	-	91,818
Scottish Government (Culture Strategy Grant)	18,260	-	(12,941)	20,000	-	25,319
SCVO Cyber Essentials Grant	(100)	-	(300)	-	-	(400)
NLHF Forum Connections	(1,150)	34,927	(41,000)	100,000	-	92,777
NLHF Business Support	(920)	65,017	(62,923)	-	-	1,174
NLHF Skills for Success	8,416	10,901	(23,085)	-	-	(3,768)
Art Fund	-	62,720	(62,720)	-	-	-
Climate Beacons	-	20,000	-	-	-	20,000
Scotland's Year of Stories	-	100,000	-	-	-	100,000
Additional fixed term officer roles	-	140,000	-	-	-	140,000
Emergency COVID funding streams	-	230,000	(10,203)	-	-	219,797
Scottish Government (ESSM Fund)	-	135,000	(17,247)	-	-	117,753
	-----	-----	-----	-----	-----	-----
<b>Total restricted income funds</b>	364,977	9,598,565	(8,971,429)	-	-	992,113
	-----	-----	-----	-----	-----	-----
<b>Unrestricted income funds</b>						
Unrestricted income fund	927,808	1,556,021	(1,478,111)	-	-	1,005,718
Pension reserve	(904,000)	-	(122,000)	-	(810,000)	(1,836,000)
	-----	-----	-----	-----	-----	-----
<b>Total unrestricted income funds</b>	23,808	1,556,021	(1,600,111)	-	(810,000)	(830,282)
	-----	-----	-----	-----	-----	-----
<b>Designated funds</b>						
Discretionary fund	54,541	-	-	(43,820)	-	10,721
COVID-19 Response Fund	-	-	(33,820)	33,820	-	-
MGS Websites Fund	-	-	-	10,000	-	10,000
ICH Fund	27,207	6,650	(6,650)	-	-	27,207
	-----	-----	-----	-----	-----	-----
<b>Total designated funds</b>	81,748	6,650	(40,470)	-	-	47,928
	-----	-----	-----	-----	-----	-----
<b>Total funds</b>	470,533	11,161,236	(10,612,010)	-	(810,000)	209,759
	=====	=====	=====	=====	=====	=====

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**16 Statement of funds 2020**

	<b>At 1 April 2019</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>Gains and Losses</b>	<b>At 31 March 2020</b>
	£	£	£	£	£	£
<b>Restricted income funds</b>						
Scottish Government (Grants Programme)	177,732	1,238,918	(1,102,692)	26,513	-	340,471
Scottish Government (Skills Development)	3,988	-	-	(3,988)	-	-
Scottish Government (WW1 Commemorations)	6,853	-	-	(6,853)	-	-
Network and partnership fund	15,672	-	-	(15,672)	-	-
Big Lottery Fund Project (TPYF 2)	30,532	-	-	(30,532)	-	-
Scottish Government (Culture Strategy Grant)	-	20,000	(1,740)	-	-	18,260
SCVO Cyber Essentials Grant	-	500	(600)	-	-	(100)
National Lottery Heritage Fund Forum Connections	-	-	(1,150)	-	-	(1,150)
National Lottery Heritage Fund Business Support	-	-	(920)	-	-	(920)
Heritage Lottery Fund Skills for Success	-	214,148	(205,732)	-	-	8,416
	-----	-----	-----	-----	-----	-----
<b>Total restricted income funds</b>	<b>234,777</b>	<b>1,473,566</b>	<b>(1,312,834)</b>	<b>(30,532)</b>	<b>-</b>	<b>364,977</b>
	-----	-----	-----	-----	-----	-----
<b>Unrestricted income funds</b>						
Unrestricted income fund	880,495	1,500,201	(1,452,888)	-	-	927,808
Pension reserve	(1,369,000)	-	(190,000)	-	655,000	(904,000)
	-----	-----	-----	-----	-----	-----
<b>Total unrestricted income funds</b>	<b>(488,505)</b>	<b>1,500,201</b>	<b>(1,642,888)</b>	<b>-</b>	<b>655,000</b>	<b>23,808</b>
	-----	-----	-----	-----	-----	-----
<b>Designated funds</b>						
Discretionary fund	62,771	-	(8,230)	-	-	54,541
Website development fund	771	-	(771)	-	-	-
Festival of Museums website	5,600	-	(5,600)	-	-	-
ICH Fund	-	-	(3,325)	30,532	-	27,207
	-----	-----	-----	-----	-----	-----
<b>Total designated funds</b>	<b>69,142</b>	<b>-</b>	<b>(17,926)</b>	<b>30,532</b>	<b>-</b>	<b>81,748</b>
	-----	-----	-----	-----	-----	-----
<b>Total funds</b>	<b>(184,586)</b>	<b>2,973,767</b>	<b>(2,973,648)</b>	<b>-</b>	<b>655,000</b>	<b>470,533</b>
	=====	=====	=====	=====	=====	=====



**Notes to the financial statements** *(continued)*  
*for the year ended 31 March 2021***16 Statement of funds** *(continued)*

No expenditure is committed unless sufficient funds are held to meet that expenditure.

The purpose of each of the restricted funds is as follows:

**Grants Programme:** funding from the Scottish Government for providing grants.

**Recovery and Resilience Fund:** to provide financial support to the sector as a result of the coronavirus pandemic.

**Culture Strategy Grant:** his grant is awarded from the Scottish Government initiative A Culture Strategy for Scotland to transform lives and empower people through culture. For MGS, this involves two separate projects. The first is a project to recruit volunteers from diverse backgrounds and help them achieve an SQA accredited qualification. The second project works in partnership with Developing the Young Workforce to deliver interactive workshops to a range of school age groups in low socio-economic areas, to show development opportunities and diverse routes into the museum sector.

**SCVO Cyber Essentials Grant:** the Cyber Essentials Scheme is a Government backed standard in cyber security enabling businesses to demonstrate that they have taken action to protect themselves against the most common cyber risks.

**NLHF Forum Connections:**

The purpose of the fund is to support forums to prepare and equip themselves for the kind of collaborative work that will ultimately increase the sustainability of partner museums and their engagement with audiences.

**NLHF Business Support:**

An 18-month capacity-building and leadership programme designed to support organisations from across Scotland's heritage sector to develop their business skills in partnership with the Built Environment Forum Scotland and greenspace Scotland.

**NLHF Skills for Success:** funding to address a lack of diversity and accessible entry routes in the museum workforce by supporting and training 22 non-graduates from diverse backgrounds in one-year paid placements in museums across Scotland while they work towards the SVQ3 in Museums and Galleries Practice.

**Art Fund:**

Funding distributed on behalf of the Art Fund by MGS through Covid Adaptation funding.

**Climate Beacons:**

In collaboration with Creative Carbon Scotland for COP26, Climate Beacons supports the creation of 6 geographic beacons of climate focused partnership activity in 2021-22.

**Scotland's Year of Stories**

During the year the Scottish Government advanced £100,000 in March for MGS to support museums to deliver projects as part of Scotland's Year of Stories in 2022.

**Additional fixed term officer roles:**

Awarded by the Scottish Government to deliver additional programmes of work in 2021-23.

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**16 Statement of funds** *(continued)*

**Emergency COVID funding streams**

To support the sector during the COVID-19 pandemic during 2021-22.

**ESSM Fund:**

To support the work involved in developing recommendations to Scottish Government on how the Scottish museums and galleries sector can better address the legacies of slavery, empire and colonialism at every level. The recommendations will also investigate how to ensure people in Scotland are aware of the role Scotland played and how that manifests itself in our society today. Work began towards the end of 2020-21 with most of the activity taking place in 2021-22.

**Skills Development:** funded by the Scottish Government, the fund offers grants of up to 100% of funding ranging from £1,000-£20,000 to support museums to work in partnership to run collaborative training courses and skills development programmes.

**WW1 Commemoration:** funding from the Scottish Government for the sector to commemorate WW1.

**Network and partnership fund:** funding from the Scottish Government to promote networks and partnership amongst the museum and gallery sector.

**TPYF:** funding from the Big Lottery Fund towards event in connection with WWII – “Their Past Your Future”, a programme based on intergenerational learning between Veterans and young people.

**Covid-19 Urgent Response Funding:** Independent Accredited museums can apply for up to £60,000 to cover up to 3 months of core costs if critically affected by the loss of income as a result of the Covid-19 pandemic, with priority given to those holding Recognised Collections.

**Covid-19 Digital Resilience Funding:** museums can apply for up to £,3000 to purchase equipment and software that will enable them to adapt to more digital working during the period of closures brought about by Covid-19 and the associated restrictions.

The purpose of each of the designated funds is as follows:

**Pension fund:** to help fund the deficit on the final salary pension scheme.

**Discretionary fund:** to be used to make grants at the organisation's discretion and fund exceptional development costs. Transfers were made from this fund during the year to the COVID 19 response fund and MGS Websites fund.

**COVID-19 response fund:**

This fund was created to enable an agile response from MGS to address the issues faced by the sector as a result of the COVID-19 pandemic.

**MGS Websites fund:**

Resources for future investment in refreshing the MGS website.

**Website development fund:** funding for the development of the new MGS website.

**Festival of Museums website:** funding for the development of a dedicated Festival of Museums website.

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**16 Statement of funds** *(continued)*

**ICH Fund:** funding for the research, promotion and support of Intangible Cultural Heritage in Scotland and to participate and connect in regard to ICH internationally.

The Scottish Government allows transfers to be made between the different categories of grant programmes it funds. Transfers from unrestricted funds have been made to meet the deficits arising on any restricted fund.

**17 Analysis of net assets between funds 2021**

	Unrestricted income funds £	Designated funds £	Other unrestricted funds £	Restricted income funds £	Total 2021 £
<b>Fund balances at 31 March 2021 are represented by:</b>					
Tangible fixed assets	24,222	-	-	-	24,222
Current assets	6,694,662	47,928	-	992,113	7,734,703
Current liabilities	(5,713,166)			-	(5,713,166)
Defined Benefit Pension provision	-	-	(1,836,000)	-	(1,836,000)
	-----	-----	-----	-----	-----
<b>Total net assets</b>	1,005,718	47,928	(1,836,000)	992,113	209,759
	=====	=====	=====	=====	=====

	Unrestricted income funds £	Designated funds £	Other unrestricted funds £	Restricted income funds £	Total 2020 £
<b>Fund balances at 31 March 2020 are represented by:</b>					
Tangible fixed assets	30,001	-	-	-	30,001
Current assets	3,168,665	81,748	-	364,977	3,615,390
Current liabilities	(2,270,858)			-	(2,270,858)
Defined Benefit Pension provision	-	-	(904,000)	-	(904,000)
	-----	-----	-----	-----	-----
<b>Total net assets</b>	927,808	81,748	(904,000)	364,977	470,533
	=====	=====	=====	=====	=====

**Notes to the financial statements** *(continued)*  
*for the year ended 31 March 2021***18 Pension costs**

Museums Galleries Scotland belongs to the Lothian Pension Fund, a defined benefits pension scheme into which employees' and employers' contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are on a tiered scale between 5.7% and 9.0% and employers' basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. Employers' contributions paid for the year to 31 March 2021 amount to £180,316 (2020: £154,343). In the financial year to 31 March 2020 the employer contribution rate was 23%.

The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme and prepare an interim valuation for the purposes of reporting under FRS 102, based on the estimates available at that time.

The performance of the scheme has been reported under FRS 102 as amended, and is based on the latest available report dated 25<sup>th</sup> May 2021.

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**18 Pension costs** *(continued)*

Employee benefit obligations

The amounts relating to the assets and liabilities of the scheme are as follows:

	Assets £	Obligations £	Year ended 31 March 2021 Net liability £	Year ended 31 March 2020 Net liability £
Fair value of employer assets	8,860,000	-	8,860,000	9,206,000
Present value of funded liabilities	-	(9,764,000)	(9,764,000)	(10,575,000)
<b>Opening Position as at 31 March 2020</b>	<b>8,860,000</b>	<b>(9,764,000)</b>	<b>(904,000)</b>	<b>(1,369,000)</b>
Service cost				
Current service cost	-	(297,000)	(297,000)	(315,000)
<b>Total Service Cost</b>	<b>-</b>	<b>(297,000)</b>	<b>(297,000)</b>	<b>(315,000)</b>
Net Interest				
Interest income on plan assets	204,000	-	204,000	221,000
Interest cost on defined benefit obligation	-	(226,000)	(226,000)	(256,000)
<b>Total net interest</b>	<b>221,000</b>	<b>(256,000)</b>	<b>(22,000)</b>	<b>(35,000)</b>
<b>Total defined benefit cost recognised in income and expenditure</b>	<b>204,000</b>	<b>(523,000)</b>	<b>(319,000)</b>	<b>(350,000)</b>
Cashflows				
Plan participants contributions	53,000	(53,000)	-	-
Employer contributions	197,000	-	197,000	160,000
Benefits paid	(233,000)	233,000	-	-
<b>Expected closing position</b>	<b>9,081,000</b>	<b>(10,107,000)</b>	<b>(1,026,000)</b>	<b>(1,559,000)</b>
Re-measurements (actuarial gains/(losses))				
Changes in demographic assumptions	-	(2,787,000)	(2,787,000)	-
Changes in financial assumptions	-	361,000	361,000	1,198,000
Other experience	140,000	228,000	368,000	65,000
Return on assets excluding amounts included in net interest	1,248,000	-	1,248,000	(608,000)
<b>Total re-measurements recognised in Statement of Financial Activities</b>	<b>1,388,000</b>	<b>(2,198,000)</b>	<b>(810,000)</b>	<b>655,000</b>
Fair value of plan assets	10,469,000	-	10,469,000	8,860,000
Present value of funded liabilities	-	(12,305,000)	(12,305,000)	(9,764,000)
<b>Closing position as at 31 March 2021</b>	<b>10,469,000</b>	<b>(12,305,000)</b>	<b>(1,836,000)</b>	<b>(904,000)</b>

**Notes to the financial statements** *(continued)*  
for the year ended 31 March 2021

**18 Pension costs** *(continued)*

FRS 102

The performance of the scheme has been reported under FRS 102 as amended.

The total amount recognised in the statement of financial activities in respect of actuarial gains and losses is a loss of £810,000 (2020: a gain of £655,000).

The fair value of the employer assets and the return on these assets is as follows:

	<b>Value 2021 £</b>	Value 2020 £
Equities	7,642,000	6,645,000
Bonds	1,256,000	974,000
Property	733,000	709,000
Cash	838,000	532,000
<b>Total</b>	----- 10,469,000 =====	----- 8,860,000 =====

The expected rates of return on employer assets are determined by reference to relevant indices. The overall expected return is calculated by weighting the individual rates in accordance with the anticipated balance in the Plan's investment portfolio.

Principal actuarial assumptions (expressed on weighted averages) at the year-end were as follows:

	<b>2020 %</b>	2019 %
Inflation/pension increase rate	2.85	1.90
Salary increase rate	3.35	3.50
Discount rates	2.00	2.30
	=====	=====

The assumptions relating to the longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial marketing tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

	<b>Males</b>	<b>Females</b>
Current pensioners	20.5 years	23.3 years
Future pensioners	21.9 years	25.2 years

The charity expects to contribute approximately £195,000 to its defined benefit pension scheme in the next financial year.

**19 Commitments**

Museums Galleries Scotland has a leasing commitment in respect of its offices at Waverley Gate, Edinburgh until 23 February 2022. The annual rental payable is £101,683.

**20 Ultimate controlling party**

The charitable company is constituted under its Memorandum and Articles of Association and is managed by its appointed directors.

**Notes to the financial statements** *(continued)*  
*for the year ended 31 March 2021***21 Related parties**

In the current year, £22,070 (2020: £36,515) was awarded to National Trust Scotland where Ruth Gill is a Strategy Advisor.

In the current year, £249,516 (2020: nil) was awarded to Gordon Highlands Museum where John McLeish is CEO.

In the current year, £7,305 (2020: nil) was awarded to Hopetoun House Preservation. Ray Macfarlane is a trustee of the Hopetoun Foundation.

In the current year, £5,686 (2020: nil) was awarded to North Ayrshire Council where Rhona Arthur is Interim Head of Connected Communities.

In the current year, £82,916 (2020: nil) was awarded to Scottish Football Association Museum where Rhona Arthur is a trustee.

In the current year, nil (2020: £2,100) was awarded to the University of Edinburgh. Diana Montador acts as a virtual board member for the University of Edinburgh Research and Innovation Team.

In the current year, nil (2020: £44,851) was awarded to Comhairle nan Eilean Siar (Western Isles Council). Trish Botten was formerly Principal Officer at Cultural and Information Services for Comhairle nan Eilean Siar (Western Isles Council).

In the current year, nil (2020: £600) was awarded to Clan Donald Lands Trust. Trish Botten is a Museum Mentor for the Museum of the Isles, Armadale Castle.

In the current year, nil (2020: £52,500) was awarded to University of Glasgow. Steph Scholten is a Director of The Hunterian museum. As with other directors, Steph Scholten was not involved in decision-making where organisation he is involved with have applied to MGS for funding.

Ray Macfarlane (Chair) is also a trustee of the National Lottery Heritage Fund from whom Museums Galleries Scotland ('MGS') receives funding, but takes no part in the decision-making related to funding applied for by MGS.

**22 Going concern**

As at 31 March 2021 total reserves show a surplus of £209,759, with undesignated unrestricted reserves showing a deficit of £830,282. The deficit on unrestricted reserves results primarily from actuarial losses in the defined benefit pension scheme in the year to 31 March 2021, and as this pension scheme liability is not immediately repayable the directors are satisfied that the charity is in a position to meet its commitments as they fall due. The pension scheme liability can be subject to large movements from year to year as a result of actuarial calculations, changes in assumptions, and asset valuations and the directors will monitor this on a continuing basis to assess the impact upon the financial position of the charity.

The ongoing effect of Covid-19 on the finances and operational activities of the charity has been assessed by management and the board, and steps have been taken to mitigate these risks. While the majority of grant funding forecast in respect of 2021-22 has been confirmed, uncertainty remains in terms of grant income for 2022-23, and associated costs. The Directors are satisfied that confirmed funding and existing reserves provides reasonable assurance that the charity can continue to operate for at least 12 months from the approval of these financial statements.