

Charity registration number SC015593 (Scotland)

Company registration number SC074264 (Scotland)

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Directors

Ray Macfarlane
Steph Scholten
Veena Muthuraman
Rhona Arthur
Susan Jamieson
Stuart Robertson
Nkechinyere Dinkpa
Matthew Moran
Patricia Convery
Mhairi Cross
Kathleen O'Neill
Mike Benson (Appointed 31 January 2024)
Neil Easson (Appointed 31 January 2024)
Abeer Eladany (Appointed 31 January 2024)
Christine McLean (Appointed 31 January 2024)

CEO L Casot

Secretary L Casot

**Charity number
(Scotland)** SC015593

Company number SC074264

Registered office 33 Castle Street
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EH2 3DN
Tel: 0131 550 4100
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Auditor Chiene + Tait LLP (Trading as CT)
Chartered Accountants and Statutory Auditor
Edinburgh
61 Dublin Street
EH3 6NL

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MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The Directors who are also Trustees for the purposes of Charity Law, have pleasure in presenting their annual report and financial statements for the year ended 31 March 2024.

Structure, governance and management

The Directors who served during the year ended 31 March 2024 and up to the point the financial statements were approved were as follows:

Ray Macfarlane	
John McLeish	(Resigned 31 January 2024)
Steph Scholten	
Veena Muthuraman	
Rhona Arthur	
Susan Jamieson	
Stuart Robertson	
Nkechinyere Dinkpa	
Matthew Moran	
Patricia Convery	
Mhairi Cross	
Kathleen O'Neill	
Mike Benson	(Appointed 31 January 2024)
Neil Easson	(Appointed 31 January 2024)
Abeer Eladany	(Appointed 31 January 2024)
Christine McLean	(Appointed 31 January 2024)

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.

They were last reviewed by the Board in March 2023.

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 museums and cultural sector. The Board meets as required to discharge their responsibilities.

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Policies and procedures for induction and training of Directors

Following appointment, Directors receive a copy of the Board Handbook which alerts them to expected conduct and corporate responsibilities and contains information on MGS, including copies of previous board minutes, memorandum and articles of association, scheme of delegation, corporate plan, publications, staff information (organisational structure, roles, etc.) and details of other Board Members. Directors are invited to an induction programme with the Executive Team. Board Directors are invited to attend adhoc training sessions delivered by organisations such as Culture and Business Scotland. In 2023-24 the Board undertook a thorough governance review and introduced exit interviews for retiring Board members with the Chair.

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 Executive 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 an annual 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.

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 the Head of Resources left MGS and Ashley Wakenshaw was recruited as Head of Workforce and Resilience in September 2023.

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 including Scottish public sector and local government.

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FOR THE YEAR ENDED 31 MARCH 2024

Principal risks and uncertainties

MGS has a Risk Management Policy, updated in October 2023, 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 Executive Team and is reported on each quarter to the Audit and Risk Committee and the Board.

Strategic

Risk: Pressures facing the operating environment of Museums and Galleries have not abated over the last year. MGS faces public and external funding pressures. MGS faces a risk that the level of MGS income is insufficient to address escalating sector needs and responsibilities.

Mitigation: Maintain positive dialogue with the Scottish Government: build relationships with new civil servant team and with the Culture Secretary following removal of the Culture Minister role. Proactive briefing of Ministerial team, Culture Committee and MSPs. We must understand and articulate sector needs and risks, developing a strong narrative regarding the impact of the sector and of MGS, engaging with stakeholders and promoting advocacy campaigns. We will continue to be innovative and proactive in seeking opportunities for additional funding streams and partnerships.

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: An intense period of leadership work in delivering the new strategy in a time of multiple pressures that cannot be fully mitigated.

Financial

No residual key financial risks to report.

Organisational

Risk: Delivering Change programme fails to effect and embed change in organisational and workforce behaviour and priorities within MGS or the sector

Mitigation: MGS will regularly project report and monitor, assessing risk and progress of the programme. We will regularly review learning and assessment; the project oversight team will carry out necessary amendments to the programme. We will also work with evaluators from project outset to ensure targeted impact.

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

Objectives and activities

Museums Galleries Scotland (MGS) is the National Development Body for the Scottish museums sector. We support 450 museums and galleries, through strategic investment, advice, advocacy, skills development and other means.

The activities, strategies and performance of MGS are set out in more detail under "Achievements and performance" below. In collaboration with the museums and galleries sector, and a wide range of partners, we lead the delivery of Scotland's Museums and Galleries Strategy. Our vision is that Scotland's museums and galleries are thriving, connected, and resilient organisations which are agile in embracing change. Trusted and valued by the widest diversity of Scotland's people, our collections, and the shared stories we tell, are accessible and inclusive to all. As an independent charity we receive core funding from Scottish Government, which also provides funding to be distributed via grants directly to the museums and galleries sector. Our impact is enhanced by project-based funding from the National Lottery Heritage Fund, Art Fund and People's Postcode Trust.

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

This was the first year of MGS' Business Plan 2023-26 underpinned by Scotland's Museums and Galleries Strategy 2023-2030. The strategy identifies actions for MGS and the sector against 10 priority areas under the three strands of Connection, Resilience and Workforce.



MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT *FOR THE YEAR ENDED 31 MARCH 2024*

Achievements and performance

With this being the first year of the new strategy our priority was to establish processes to deliver and monitor the strategy and to develop understanding of the strategy internally and externally.

This included:

- Establishing an internal delivery framework with 10 working groups across MGS covering each of the strategy's priority areas.
- Developing a one-year operational plan aligned to the strategy.
- Cultivating sector engagement through various communication methods and channels including our Focus On newsletter designed to deepen understanding of the priority areas and share practical tips and advice on how to progress.
- Hosting a Strategy Symposium, to continue to profile the strategy with the sector and strengthen links with stakeholders.

Through our work, we have continued to support the sector to deliver against the strategy's three strands, as set out in our Business Plan and Operational Plan.

CONNECTION

Access to culture is a human right and museums should enable all people to enjoy a cultural life. Museums and galleries can apply this strategy to maximise their positive impact on individuals and communities, building connections which will foster a culture of inclusivity, engagement, and understanding.

The **Connection** strand covers four priority areas of **Inclusion, Health and Wellbeing, Education** and **Place**. This strand has guided our work this year to ensure that Scotland's museums and galleries remain relevant for current and future audiences. We have made good ground across these areas in 2023/24.

Inclusion

After successfully securing funding from The National Lottery Heritage Fund, we launched **Delivering Change**. This is a collective effort between MGS and partnering museums, galleries, and community groups to restructure their organisations based on anti-oppressive principles. We recruited project staff and ensured our internal processes reflected the principles of Delivering Change and shared our learning with the wider sector.

As part of Delivering Change, we introduced the **Sustainable Co-Production Fund** to encourage museums already engaging in participatory practice and co-production to take the next steps in embedding this way of working. This fund was made possible thanks to National Lottery and People's Postcode Lottery players.

We collaborated with the **ESSM Steering Group** to shape the future of Empire Slavery and Scotland's Museums following the Scottish government's response to the [six recommendations](#). This included initiating the development of repatriation guidance and convening an advisory panel chaired by Neil Curtis, Head of Museums and Special Collections at the University of Aberdeen.

Inclusion learning opportunities:

2 Knowledge Exchange events: Black History Month and Queering Historic Houses.

5 Delivering Change events: Museum Activists and Museum Transformers webinars.

1 Symposium session: Panel discussion exploring the sector's response to the ESSM report and six recommendations. Speakers also highlighted the Delivering Change programme and discussed how museums and galleries can place anti-oppression principles at the heart of their work.

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FOR THE YEAR ENDED 31 MARCH 2024

Health and Wellbeing

Initial meetings were held with **Public Health Scotland** and **ALISS** (A Local Information System for Scotland). We also met with **Arts Culture Health & Wellbeing Scotland** (ACHWS), who have funding from Creative Scotland to deliver events and online resources to share good practice and have links with health practitioners.

We worked with Ruthanne Baxter, University of Edinburgh, to identify priorities for this strand of the strategy.

Health and Wellbeing Learning opportunities:

1 Knowledge Exchange event: This showcased two case studies and offered an opportunity for MGS to get feedback from the museum sector.

1 Symposium workshop: This session was aimed at supporting others in the museums and heritage sector to look at how they can promote health and wellbeing in their communities.

2 new case studies: [THRIVE project at Abbotsford](#), and [dementia programming at the V&A Dundee](#).

Education

We held a **Blether Together event** that highlighted learning resources in museums including information to support the decolonisation of the curriculum, and a **Strategic Learning Forum event** on the theme of Early Years Learning Provision with a presentation from Education Scotland.

In partnership with Play Scotland, we contributed to a [podcast](#) to promote museums' early years learning provision. We also published a piece on early years learning provision in Scottish museums in the AIM bulletin and newsletter.

Education learning opportunities:

1 Strategic Learning Forum on the theme of early years provision in Scottish Museums.

1 Blether Together session highlighting learning resources in museums including information to support the decolonisation of the curriculum.

1 Knowledge Exchange event on engaging schools with STEM/STEAM (Science Technology Engineering (Arts) and Maths)

Place

The decision of the UK Government to ratify the **2003 UNESCO Convention for the Safeguarding of Intangible Cultural Heritage (ICH)** led to increased activity by MGS, including the publication of a [joint statement](#) as members of the Intangible Cultural Heritage Scotland Partnership, welcoming the announcement. We also supported the delivery of the ICH Conference in May 2023, led by TRACS (Traditional Arts & Culture Scotland).

We attended a week-long **International Visitors' Programme** in the Netherlands, led and funded by DutchCulture and the Dutch Centre for ICH. This included national ICH body representatives from Finland, Germany, Italy, Poland, Belgium, and Spain. MGS was there to represent ICH in Scotland, and an international network has developed since this meeting.

We responded to the **Culture Committee Inquiry into Culture in Communities** and offered evidence. Alongside this, we attended the **Scottish Parliament debate on culture in communities and place-based approaches**, where we shared best practice from across the museum sector. We also attended a meeting of the **Cross-party Group for Culture** where this topic was discussed.

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Place learning opportunities:

2 new case studies for Place:

[Family Burns Brunch: Robert Burns Ellisland](#) and [Stromness Museum Snorkel Safaris](#)

2 ICH events: One was on the Department for Culture, Media and Sport (DCMS) consultation on ratification of the convention; the second, was organised in collaboration with Industrial Museums Scotland (IMS) exploring how ICH within industry can be safeguarded and promoted to interpret industrial heritage sites and collections.

RESILIENCE

Scotland's museums and galleries actively seek to adapt and evolve in response to social, economic, and environmental factors. With future sustainability an underpinning goal, museums and galleries collaborate to tackle challenges and maximise opportunities.

The **Resilience** strand includes the **Financial Resilience**, **Climate Action**, and **Collaboration** priority areas. Our work in 2023/24 has centred around getting the support and partners in place for our sector to develop as organisations and to take action to meet net-zero targets.

Financial Resilience

During the year we collaborated with the Association of Independent Museums (AIM) to publish joint research and a success guide on **Admissions Pricing Policy in Museums and its Impact**. We also commissioned research on the **Economic Impact of Scotland's Museums and Galleries** and shared the [Summary Report](#) with the sector in September through the MGS Connect newsletter.

The Surviving to Thriving: Business Support Programme received a one-year extension, thanks to funding from The National Lottery Heritage Fund. This supported a further 20 heritage organisations to enhance their capacity and develop sustainable business models. Out of the 4 training strands delivered, 3 included a focus on specific elements of financial resilience: governance, business planning, and community engagement.

The **MGS advocacy group** was established featuring our key stakeholders to support shared approaches to advocacy on behalf of the museums and galleries sector.

We have developed **stronger working relationships** with organisations such as Culture & Business Scotland, The Association for Cultural Enterprises, Association of Independent Museums, Highlands & Islands Enterprise, and Scottish Enterprise Business Gateway.

Financial Resilience learning opportunities:

6 Surviving to Thriving: Business Support Programme workshops. These were open to the whole sector, not only those participating in the core programme.

1 Knowledge Exchange, on [Working with Influencers](#).

1 Symposium panel session: Chaired by Gordon Morrison, CEO of the Association of Cultural Enterprises, the panel explored ideas for generating commercial income.

Climate Action

MGS received Scottish Government funding to launch a [Capital Resilience Fund](#) for Accredited museums which prioritised support for capital projects that would directly reduce carbon emissions or have a positive environmental impact.

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FOR THE YEAR ENDED 31 MARCH 2024

We collaborated with Arts Council England (ACE) to **review accreditation requirements** around climate and the environment. We also provided advice and feedback to support financial resilience, on forward planning and governance to help museums in meeting the Accreditation requirements and improving the way that they operate.

We appointed a **new Climate Officer** who delivered a well-attended climate action session at Scotland's Museums and Galleries Strategy Symposium which we hosted in February 2024. We also successfully delivered a **climate workshop** at the Museums Association conference, with support from Stromness Museum, Wardlaw Museum, and The Scottish Crannog Centre.

A new **Scottish Museums Climate network** was launched on Microsoft Teams in December 2023. By the end of March 2024, 70 members had signed up. As a result of the network, 9 museums signed up to be Climate Conversation Hubs which are run by the Scottish Communities Climate Action Network (SCCAN), where community climate conversations can take place.

Climate Action learning opportunities:

Carbon Literacy Training

2 new case studies: [Green Zone at the National Mining Museum Scotland](#) and [Carbon Literacy in Museums Galleries Scotland](#).

1 Symposium workshop: Facilitated group discussions on how museums and galleries can use Intangible Cultural Heritage to inspire their audiences to engage with Climate Action.

MGS Carbon Footprint for 2023/2024

Scope 1 Office gas use: 1094.1 kgCO₂e

Scope 2 Office electricity use: 1739.9 kgCO₂e

Scope 3 Commuting: 1329.8 kgCO₂e
Business travel: 1078.3 kgCO₂e
Waste: 14.5 kgCO₂e
Hotel stays: 215.7 kgCO₂e
Homeworking: 16961.4 kgCO₂e

Total emissions: 22496.7 kgCO₂e

Collaboration

MGS continued to engage with the development of the **Culture Strategy Action Plan** refresh. This included attending meetings and providing a comprehensive report to the Scottish Government to demonstrate how Scotland's Museums and Galleries Strategy aligns with the ambitions of the Culture Strategy. Similarly, we actively collaborated with colleagues leading the Historic Environment Strategy, Our Past Our Future, to support alignment and avoid duplication of effort.

We also developed new relationships and collaborated with different **Scottish Government** policy teams to establish momentum on specific strategy priorities and build on the Culture Strategy ambitions to foster cross-portfolio/policy working, whilst sustaining existing collaborations.

We built on our **existing partnerships** – e.g. with VisitScotland, ICH Scotland Partnership, Scottish National Culture for Climate Group (SNaCC), and Association of Scottish Visitor Attractions, and we developed **new partnerships** including the Association for Cultural Enterprises.

Collaboration learning opportunities:

2 case studies: [Building Partnerships with the Health, Wealth and Happiness Project](#) at Inverness Museum and Art Gallery and [Developing the Museum of Highlands Website](#)

Strategy Symposium - Collaboration was the overall theme.

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

WORKFORCE

All people are welcomed, and respected and their professional and lived experience valued within the museums and galleries sector. Museums and galleries actively diversify the workforce and adopt Fair Work principles. All employees and volunteers have access to opportunities that develop their skills and confidence.

The **Workforce** strand includes the priority areas of **Fair Work**, **Diversity** and **Skills and Confidence**. This has been an important year for getting this work off the ground, tapping into what the sector needs from us as their national development body.

Fair Work

MGS has led on the promotion of **Fair Work**, supporting, and encouraging best practice within the museums and galleries sector. We provided information sessions on Fair Work for MGS staff and the sector, including 'lunch and learn' sessions and planning surgeries at the end of 2023/24.

We also met with the Scottish Government Fair Work team, Skills Development Scotland, the Real Living Wage Foundation, and Scottish museums regarding the **new rules for grants** and the Real Living Wage and provided guidance to potential grantees on how to comply.

Fair Work learning opportunities

4 Fair Work 'Lunch & Learn' sessions

6 tailored Fair Work Surgeries were offered in March.; 2 surgeries took place.

1 Symposium workshop on Fair Work: Participants collaborated to "Make A Fair Work Museum", shared their experiences and learning, and considered opportunities to drive positive change within their own organisations.

Diversity

By the end of the year, we had launched the **Workforce for the Future** initiative in 6 local authorities. This builds on previous Scottish Government-funded pilot projects, working with primary and secondary schools in areas of multiple deprivation. We also continued to advocate for and support collaboration between museums and schools.

Working with the Historic Environment Scotland-led **Improving Access Project**, we focused on how we can improve access to the heritage sector's workforce and understand the current barriers. The project was made possible by funding from the National Lottery Heritage Fund and the Young Foundation's Heritage Innovation Fund. This work included focus groups to shape future work with participants coming from a range of backgrounds who were compensated for their time.

During the year we delivered sessions with partners to **enhance understanding of careers in the museums sector**. This included a joint event in December 2023 with Skills Development Scotland and museum organisations to improve understanding of Modern Apprenticeships; attending Future Talent group meetings as identified through the Skills Investment Plan; and running a Developing the Young Workforce sector careers info session in February.

We continued to work with **Make Your Mark** to encourage inclusive volunteering within the sector. Our involvement included attending Make Your Mark campaign group meetings and participating in their Resource and Evaluation group. We have also contributed to funding the development of a new website for Make Your Mark.

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Diversity learning opportunities

3 'Lunch and Learn' sessions: These covered job application/CV and interview skills with 111 individuals attending.

1 Symposium session: MGS teamed up with Daydream Believers to create Marseum, an out-of-this-world learning resource for schools, museums, and galleries. Delegates were introduced to this exciting project and discovered how their organisations could get involved.

Skills and Confidence

MGS contributed to **Historic Environment Scotland's Skills Investment Plan** by facilitating a roundtable discussion. The MGS Skills Team also participated in various consultation events throughout the year. We wrote a blog about [Our Support for the Skills Investment Plan](#).

We continued to deliver [Modern Apprenticeships](#) in Digital Marketing and Museums & Galleries Technician. Additionally, MGS conducted subcontracted assessments with two Digital Marketing Modern Apprentices based at Edinburgh Council. We maintained a 100% attainment and completion rate for both Modern Apprenticeships and received positive feedback from Skills Development Scotland, as well as from learners and employers.

We developed our **Modern Apprenticeship mentoring scheme**, completed in September 2023, and partnered with Creative and Cultural Skills to develop advocacy materials for our Modern Apprentice programmes.

We delivered **The Surviving to Thriving: Business Support Programme 2.0** which continued with a community engagement strand finishing in November 2023 followed by City of Glasgow College courses to complete the programme.

The **'Developing My Leadership'** training took place from September to November 2023.

We shared the **National Museums of Scotland's programme of training and development** on our website and through our monthly newsletter, Connect.

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FOR THE YEAR ENDED 31 MARCH 2024

ORGANISATIONAL AND CROSS-CUTTING ACTIVITY

In addition to our work to support delivery of the strategy we also undertook the following cross-cutting sector development activity.

Advocacy

We worked to identify advocacy needs and opportunities on behalf of and with the sector throughout the year, reporting on sector related issues to key stakeholders and using our events, communications and speaking opportunities to highlight achievements.

We met with several Local Authority and ALEO (Arms-Length External Organisation) museums to understand their specific needs. We developed and signposted to advocacy and PR resources.

We worked to elevate cross portfolio understanding of the impact and wider societal role of museums. One area of focus this year was on Climate, through the Museums Climate Network and the Scottish National Culture for Climate (SNaCC) advocacy event. The other area of focus was Tourism with our CEO presenting on the Cross-Party Group for Tourism on the vital role of our sector to Scotland's tourism offer.

We were visible and vocal about the role of museums within the cultural portfolio attending a cross-party group for culture to raise awareness of museums in the communities and submitting multiple briefings and consultation responses to supplement Culture Committee inquiries into funding and culture.

We established the Scottish Museums and Galleries Advocacy group to support collaboration and sharing of needs, concerns and messaging.

We maximised the advocacy opportunity presented by Kaukab Stewart, then Minister for Culture, Europe and International Development opening our Strategy Symposium – her first public engagement in the role.

Grant-making

In 2023-24, we awarded: **84 grants**, through **5 funding streams**, supporting **62 museum organisations** to a value of **£2,121,430**.

Three rounds of the Small Grants Fund and two rounds of the Museum Development Fund were delivered with all £1.1m distributed. A further £500k of additional capital funding was distributed through a special round of the Capital Resilience Fund. We also distributed the remainder of **Forum Funds** across 12 forums.

Towards the end of the year, £175,000 was awarded to a group of 5 museums through the **Sustainable Co-production fund**, made possible thanks to National Lottery and People's Postcode Lottery Players. The awarded projects will focus on embedding participatory practice and co-curation across their organisations. They will work with community groups who have faced systemic exclusion to share power and create learning spaces.

Fair Work compliance verification processes were launched, and feedback was provided to the Scottish Government.

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

Accreditation

We started the process of supporting the Accreditation guidance review leading working groups on Workforce and Access & Learning.

We commissioned additional support to help clear the backlog of applications resulting from the COVID pandemic. This has been successful, and the backlog is almost cleared.

Recognition

Findings of the Recognition Scheme review and resulting recommendations were presented to both Scottish Government and the Recognition Committee in November.

At the end of the year, we were still awaiting a response on recommendations to re-open the scheme to new applicants.

Marketing

We undertook targeted marketing and PR activity to increase the profile of the sector with identified audiences.

- We explored new media opportunities as well as a new pitch-based PR approach to reach different audiences. From this we developed a communications plan for a # MuseumsAreGo summer campaign.
- The # MuseumsAreGo map was updated and a campaign page with a unique URL was developed in time for our summer 2023 marketing and PR activity.
- We worked with @simplyemmablog, an accessible travel and disability blogger. She visited the Scottish Fisheries Museum and Wardlaw Museum, and created and shared content on her [blog](#), [Instagram](#), and [YouTube](#) channels. We also worked with The Skinny magazine to develop a two-page advertorial, based on an interview with Emma about her trip. This was published in the July edition of [The Skinny](#), in print and [online](#) and shared with 16K subscribers.
- We commissioned online articles with the [Daily Record](#), highlighting museums as low-cost, great value places for entertainment, and The [Herald](#) and Scotsman which focused on museums as places for wellbeing.
- We collaborated with the content team at VisitScotland to secure several links from their website to our campaign page and # MuseumsAreGo map enabling us to reach a global consumer audience of nine million active users. Following a further request from VisitScotland, we also provided a list of summer holiday activities in museums which were accessible by train and either free or very low cost. This resulted in Scotland-wide press coverage, across 18 titles in print and online.

We provided the sector with support to develop their own marketing activity.

- We delivered five Marketing Support surgeries in April 2023 and met with another museum in June 2023. Autumn surgeries also took place.
- The Marketing and Communications team developed new advice guides on how to commemorate Pride Month and Gypsy, Roma, and Traveller History Month, and updated our marketing and PR advice guides as part of the wider website content review.
- We worked with the Arts Marketing Association to offer bursaries for museums to attend their Conference in July 2023 - 'Audience at the Heart'.
- We wrote a blog post on MGS's Inclusive Approach to Marketing which was shared with the museum sector.
- A Knowledge Exchange on Working with Influencers took place in January 2024
- We updated and provided a range of ongoing marketing advice and resources in our monthly Focus On and Connect newsletters.

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT *FOR THE YEAR ENDED 31 MARCH 2024*

Our People

Scotland's Museums and Galleries Strategy has changed what we do at MGS and how we work internally and externally. We have encouraged and supported all staff to engage with the strategy and understand how their work and approach relates and contributes to the priority areas such as Climate Action, Diversity, Inclusion, and Collaboration.

The collective approach of the MGS team is one of our biggest achievements this year. We look forward to seeing how this progresses as we continue to deepen our understanding of the sector's work and needs against the strategy.

Throughout the year, we remained committed to creating an environment that promotes learning for both individual and organisational development. We provided opportunities for our staff to acquire and share the skills necessary to achieve our objectives.

To ensure the whole MGS team was engaged in anti-oppression work and learning, the Delivering Change team held a series of staff sessions from September to November 2023 to develop staff understanding, build capacity, and share knowledge effectively. As part of our Learning and Development plan for all staff, we offered a range of opportunities through the Flexible Workforce Development fund programme.

During the year we sought to address the disability employability gap within MGS, by implementing recommendations from our Apt Employer Assessment Report. In April 2023, our staff participated in 'Autism Works!' training. We also participated in a digital recruitment review and made updates to our recruitment application format from autumn 2023 for staff and Board appointments. The accessibility improvements recommended in the Apt review were implemented across our website in December 2023.

On a quarterly basis, we conducted staff surveys and held all-staff meetings at various venues across Scotland to ensure that everyone had the opportunity to contribute to the overall work of the organisation.

In June 2023, we undertook a Board skills and diversity review which informed Board recruitment during the year. As a result, we made four new Board appointments in Autumn 2023 to complement existing Board skills and experience.

Our achievements in furthering the aims and ambitions of the museum sector this year have been thanks to the hard work and dedication of our staff and Board.

We are proud to retain our Gold Accreditation from Investors in People.

At the end of the year MGS had 37 members of staff (31.15 full time equivalent posts).

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Financial review

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

Income

In 2023/24, MGS' total income was £4,191,740 (2022/23: £5,301,329). It should be noted that included within total income is £203,000 (2022/23 £nil) in relation to the net interest for the defined benefit pension scheme. Excluding these adjustments, the charity would have reported net income for the year before actuarial pension scheme adjustments of £3,988,740.

Expenditure

In 2023/24 MGS' total expenditure (after pension scheme adjustments) was £4,088,737 (2022/23: £9,184,895).

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.museumsgalleriesscotland.org.uk/fundings/grants-awarded/>

The grant schemes delivered in the year were:

Small Grants Fund (£300 - £15,000): This fund supported Accredited museums to deliver discrete small projects focused on building organisational resilience, re-engaging audiences, or environmental sustainability, as well as critical repairs and maintenance including collections work. Three rounds were offered in 2023/24.

Museum Development Fund (£15,000 - £60,000): This fund is designed to support Accredited museums to make strategic steps towards becoming more resilient organisations in line with the aims of the Scotland's Museums and Galleries Strategy. Two rounds were offered in 2023/24.

Capital Resilience Fund (£5,000 - £60,000): This fund supported capital costs that directly increased the resilience of museums by increasing energy efficiency, reducing running costs or preventing increases in maintenance and repair costs.

Sustainable Coproduction Fund (up to £40,000): This fund supported museums to work with community groups who have faced systemic exclusion to share power and create learning spaces, and to embed participatory practice and co-curation across their organisations.

Forums Fund (up to £12,000): This fund supported geographical forums to overcome barriers they experience in working collaboratively to benefit their membership and the communities they serve. This fund has been made possible by support from the National Lottery Heritage Fund.

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

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Going Concern

While core Scottish Government funding has been confirmed until 31 March 2025, the directors are aware that uncertainty exists over the extent of this funding for 2025/26 and beyond. This funding is yet to be confirmed, and it is recognised that the Scottish Government's overall financial position is challenging. A commitment has however been made by the Scottish Government to additional funding for the culture portfolio in 2025/26 and beyond and MGS is making the case for a fair proportion of that funding to be allocated to museums and galleries. 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.

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 2025 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 Notes 19 and 20.

The Restricted Funds are largely made up of grants to the sector and time limited project funding as detailed in Note 4.

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

There are 5 Designated Funds as follows:

Discretionary Fund; Balance £10,745.
No spend in year.

MGS Websites Fund; Balance £26,000
Fund for future refresh of MGS websites. £10,000 transfer to this fund in year. 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. No spend in year.

Sector Recovery Fund: Balance £0
Fund to support recovery of the sector provided in 2021/22 alongside capital grant funding, for spend in 2022/23. Full spend of £25,000.

Museum Support Fund: Balance £50,000
Fund created to support museums at risk with transfer of £50,000. No spend in year.

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Financial Results

The Statement of Financial Activities shows a year-end balance on Unrestricted Funds of £1,160,916 (2022/23: £1,097,851). The pension reserve is £nil (2022/23 £nil) due to the actuarial valuation at 31 March 2024 being an asset which, in line with accounting standards, has not been provided in the accounts.

Income received during the year (excluding net interest on the defined benefit pension £203,000 (2022/23 : £nil) was £3,988,740 (2022/23: £5,301,329). The core grant for MGS operating costs from Scottish Government was £1,650,000 (2022/23: £1,524,003), the grant programme and capital grant programme was £800,000 and £700,000 respectively and was confirmed by the Scottish Government in advance (2022/23: £900,000 and £675,000). Scottish Government also provided £125,000 to further the work of the Empire Slavery and Scotland's Museums project (of which £100,000 is held on behalf of the ESSM Steering Group) and £75,000 towards Delivering Change project.

Three projects funded by the National Lottery Heritage Fund are in progress: Forum Connections, the Business Support programme and Delivering Change: with funds received of £296,401 in total.

The Art Fund provided £26,360 for Workforce for the Future.

People's Postcode Lottery provided funding for participatory grants and Workforce for the Future of £142,800 in the year.

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 has increased due to more favourable interest rates.

Overall charitable expenditure has decreased to £4,088,737 (2022/23: £9,184,895). This decrease is due to Covid recovery grants no longer being available.

Staff costs (excluding pension service costs) decreased to £1,505,635 (2022/23: £1,633,023) largely due to reduction in headcount with the end of time-limited projects.

Support costs for the charity have been reviewed both for 2023 and 2024 to include allocation of staff time to both support and governance which has resulted in a decrease for the year to £544,059 (2022/23: £627,800).

It should be noted that included within total expenditure is a gain of £46,000 (2022/23 cost £308,000) of defined benefit pension scheme service cost adjustments. Excluding the pension adjustments included in income and expenditure, the charity would have reported net income before actuarial pension scheme adjustments in unrestricted non-designated funds of £155,066 (2022/23: £131,538).

At 31 March 2024 the pension scheme was valued at £4,764,000 of net asset (2022/23 net asset £4,237,000). In line with accounting standards this asset and the excess interest has not been recognised in the accounts. The pension scheme valuation 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.

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Future Activity

MGS' 2024/25 activity will be driven by delivery of the *Scotland's Museums and Galleries Strategy 2023-2030* and year 2 of the Business Plan for MGS 2023-26, which sets out how we will deliver against the three strands of the strategy: Workforce, Resilience and Connection. Our activity will be set out in an Operational Plan for 2024/25. We will continue to report back to the sector on the delivery of the strategy and will carry out a survey to monitor KPI's where MGS does not hold data itself. This complements our regular communications with the sector on our activity. MGS will continue to develop relations with the Culture Strategy Delivery Team and Our Past Our Future Teams. During the year we will continue to align our funding to the Scotland's Museums and Galleries Strategy. We will augment our activity with additional project funding and continue to develop new activity in response to sector needs. We will explore areas of shared interest around culture and health with the Baring Foundation. MGS will deliver a second Scotland's Museums and Galleries Strategy symposium towards the end of the year.

Related Parties

Certain directors are involved with organisations which benefit from grant funding, the details of which are set out in note 23. The directors do not take part in decisions relating to grants awarded to these organisations.

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Qualifying third party indemnity provisions

The charity's insurance policy includes Trustee Indemnity Insurance for all its Trustees.

Statement of Directors' responsibilities

The directors, who also act as trustees for the charitable activities of the charity, are responsible for preparing the Directors' Report and the 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these 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;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditor

At an AGM in December 2021 the Board of MGS reappointed Chiene + Tait LLP, now trading as CT, as auditor of the company for a 5 year term until 31 March 2026.

Disclosure of information to auditor

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Directors' report was approved by the Board of Directors.

.....

Ray Macfarlane

Director

Date:

**MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF MUSEUMS GALLERIES SCOTLAND**

Opinion

We have audited the financial statements of Museums Galleries Scotland (the charitable company) for the year ended 31 March 2024 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 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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.

**MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE DIRECTORS OF MUSEUMS GALLERIES SCOTLAND**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report, which includes the trustees' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report included within 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- 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 Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out on page 18 the Directors (who are also the trustees of the charitable company for the purposes of charity 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.

**MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE DIRECTORS OF MUSEUMS GALLERIES SCOTLAND**

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.

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, The Charities Accounts (Scotland) Regulations 2006 and Companies Act 2006, employment law (including the working time directive). 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:

- enquiries of the Directors and key management personnel about any known or suspected instances of non-compliance with laws and regulations including fraud;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness

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.

Steven Smillie CA (Senior Statutory Auditor)
For and on behalf of
CT
Chartered Accountants and Statutory Auditor
Edinburgh
EH3 6NL

.....

C+T is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024

Current financial year

	Notes	Unrestricted funds general 2024 £	Unrestricted funds designated 2024 £	Restricted funds 2024 £	Total 2024 £	Total 2023 £
<u>Income from:</u>						
Donations and grants	3	1,657,200	-	-	1,657,200	1,525,443
Income from charitable activities	4	49,340	-	2,165,885	2,215,225	3,713,743
Other trading activities		2,500	-	-	2,500	2,500
Investments	5	316,815	-	-	316,815	59,643
Total income		2,025,855	-	2,165,885	4,191,740	5,301,329
<u>Expenditure on:</u>						
Expenditure on charitable activities	6	1,699,790	25,000	2,409,947	4,134,737	8,886,895
Pension scheme adjustments	18	(46,000)	-	-	(46,000)	298,000
Total expenditure		1,653,790	25,000	2,409,947	4,088,737	9,184,895
Net incoming/(outgoing) resources before transfers		372,065	(25,000)	(244,062)	103,003	(3,883,566)
Gross transfers between funds		(60,000)	60,000	-	-	-
Net income/(expenditure) for the year/		312,065	35,000	(244,062)	103,003	(3,883,566)
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension schemes	18	(249,000)	-	-	(249,000)	549,000
Net movement in funds		63,065	35,000	(244,062)	(145,997)	(3,334,566)
Fund balances at 1 April 2023		1,097,851	78,952	765,259	1,942,062	5,276,628
Fund balances at 31 March 2024		1,160,916	113,952	521,197	1,796,065	1,942,062

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

All income and expenditure derive from continuing activities.

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

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

Prior financial year

	Notes	Unrestricted funds general 2023 £	Unrestricted funds designated 2023 £	Restricted funds 2023 £	Total 2023 £
<u>Income from:</u>					
Donations and grants	3	1,525,443	-	-	1,525,443
Income from charitable activities	4	22,581	-	3,691,162	3,713,743
Other trading activities		2,500	-	-	2,500
Investments	5	59,643	-	-	59,643
Total income		1,610,167	-	3,691,162	5,301,329
<u>Expenditure on:</u>					
Expenditure on charitable activities	6	1,884,761	-	7,002,134	8,886,895
Pension scheme adjustments		298,000	-	-	298,000
Total expenditure		2,182,761	-	7,002,134	9,184,895
Net income/(expenditure) for the year/ Net incoming/(outgoing) resources		(201,642)	25,024	(3,706,948)	(3,883,566)
Other recognised gains and losses					
Net movement in funds		347,358	25,024	(3,706,948)	(3,334,566)
Fund balances at 1 April 2022		750,493	53,928	4,472,207	5,276,628
Fund balances at 31 March 2023		1,097,851	78,952	765,259	1,942,062

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
Fixed assets					
Tangible assets	13		3,696		7,280
Current assets					
Debtors	15	231,853		1,406,493	
Investments	16	585,780		559,989	
Cash at bank and in hand		3,542,535		5,003,266	
		4,360,168		6,969,748	
Creditors: amounts falling due within one year	17	(2,567,799)		(5,034,966)	
Net current assets			1,792,369		1,934,782
Total assets less current liabilities			1,796,065		1,942,062
Income funds					
Restricted funds	19		521,197		765,259
<u>Unrestricted funds</u>					
Designated funds	20	113,952		78,952	
General unrestricted funds		1,160,916		1,097,851	
			1,274,868		1,176,803
			1,796,065		1,942,062

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Directors on

.....
Ray Macfarlane
Trustee

.....
Susan Jamieson
Trustee

Company registration number SC074264

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(1,546,943)		1,777,084
Investing activities					
Purchase of tangible fixed assets		(1,812)		-	
Investment income received		113,815		59,643	
Net cash generated from investing activities			112,003		59,643
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(1,434,940)		1,836,727
Cash and cash equivalents at beginning of year			5,563,255		3,726,528
Cash and cash equivalents at end of year			4,128,315		5,563,255
Relating to:					
Cash at bank and in hand			3,542,535		5,003,266
Short term deposits included in current asset investments			585,780		559,989

MUSEUMS GALLERIES SCOTLAND (A COMPANY LIMITED BY GUARANTEE) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Charity information

Museums Galleries Scotland is a private company limited by guarantee incorporated in Scotland. The registered office and principal place of business is 33 Castle Street, Edinburgh, EH2 3DN.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 charity 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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Based on the reserves there is no going concern issue at this time, however the pension scheme asset/ 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. At 31 March 2024 the defined benefit scheme opening net asset of £4,237,000 has improved to a net asset of £4,476,000. At 31 March 2024 the unrestricted reserves are £1,160,916 (2023 : £1,097,851).

While grant funding for 2024-25 has been confirmed, uncertainty remains in terms of grant income for 2025-26, 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.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Directors in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies **(Continued)**

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Tangible fixed assets

Tangible fixed assets over £1,000 are initially capitalised at cost, plus any incidental costs of acquisition, and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office and computer equipment over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

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

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

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. The contributions are invested separately from the organisation's assets.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Having reviewed the organisation's membership of the Scheme the Trustees have no plans to leave the scheme in the near future and therefore have no plans to claim a right to any refund of surpluses within the scheme. The trustees judge that there is a minimum funding requirement within the scheme and as such the organisation would also not be entitled to a reduction in contributions from the Scheme. Inline with FRS102 no recognition of the surplus within the scheme has been recognised.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Income from grants and donations

	Unrestricted funds general 2024 £	Unrestricted funds general 2023 £
Grants	1,657,200	1,525,443
Grants receivable for core activities		
Scottish Government - Core Activities grants	1,650,000	1,524,003
Kickstart Income	-	1,440
People's Postcode Lottery	7,200	-
	<u>1,657,200</u>	<u>1,525,443</u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

4 Income from charitable activities

	Total 2024 £	Total 2023 £
Grant income - Restricted		
Scottish Government - Capital	700,000	200,000
Scottish Government - Grants Programme	800,000	900,000
Scottish Government - Museum Resilience	-	475,000
Scottish Government - Empire Slavery and Scotland's Museums	125,000	-
Scottish Government - Scotland's Year of Stories	3,155	265,551
Scottish Government - Discretionary Grants	-	1,300,000
Scottish Government - Delivering Change	75,000	
Visit Scotland - Scotland's Years of Stories	-	62,392
National Lottery Heritage Fund - Forum Connections	88,302	52,126
National Lottery Heritage Fund - Business Support Income	219,466	144,776
National Lottery Heritage Fund - Delivering Change	(11,367)	74,549
Art Fund - Great Escape Fund	(2,831)	39,268
Art Fund - Workforce for the Future	26,360	27,500
People's Postcode Lottery	105,445	105,445
People's Postcode Lottery - Workforce for the Future	37,355	44,555
	<u>2,165,885</u>	<u>3,691,162</u>
Other Income - Unrestricted		
Workforce development - training	5,069	7,835
Museums Galleries Practice Modern Apprenticeship Income	18,363	-
Digital Marketing Modern Apprenticeship Income	15,308	10,926
The Great Escape fee	3,640	3,640
Climate Income	-	180
Consultancy	2,460	-
Carbon Literacy Training	4,500	-
	<u>49,340</u>	<u>22,581</u>
Unrestricted funds - general	49,340	22,581
Restricted funds	<u>2,165,885</u>	<u>3,691,162</u>
Total income from charitable activities	<u>2,215,225</u>	<u>3,713,743</u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

5 Investment income	Total	Total
	2024	2023
	£	£
Interest receivable	113,815	59,643
Net interest on defined benefit pension scheme	203,000	-
	<u>316,815</u>	<u>59,643</u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

6 Expenditure on charitable activities

For the year ended 31 March 2024

	Core 2024 £	Grants 2024 £	Projects 2024 £	Total 2024 £
Staff costs	1,066,928	-	262,786	1,329,714
Programme costs	8,965	1,188	-	10,153
Depreciation and impairment	-	-	1,416	1,416
Staff development and recruitment	1,792	-	2,370	4,162
Travel and subsistence	-	-	2,810	2,810
Supplies and services	76,071	-	192,711	268,782
IT	26,975	-	2,078	29,053
Other costs	-	-	34,156	34,156
	<u>1,180,731</u>	<u>1,188</u>	<u>498,327</u>	<u>1,680,246</u>
Grants Awarded (see note 8)	-	1,910,432	-	1,910,432
Share of support costs (see note 9)	462,697	-	-	462,697
Share of governance costs (see note 9)	81,362	-	-	81,362
	<u>1,724,790</u>	<u>1,911,620</u>	<u>498,327</u>	<u>4,134,737</u>
Analysis by fund				
Unrestricted funds	1,699,790	-	-	1,699,790
Designated funds	25,000	-	-	25,000
Restricted funds	-	1,911,620	498,327	2,409,947
	<u>1,724,790</u>	<u>1,911,620</u>	<u>498,327</u>	<u>4,134,737</u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

7 Expenditure on charitable activities (continued)

For the year ended 31 March 2023

	Core	Climate	Digital	Resilience	Workforce Development	2023
	£	£	£	£		£
Staff costs	352,516	91,402	64,803	635,759	236,091	1,380,571
Direct Programme costs	168,146	-	28,677	144,940	57	341,820
Travel and subsistence	344	-	-	-	-	344
Supplies and services	55,140	-	-	-	-	55,140
Finance	29,698	-	-	-	-	29,698
	<u>605,844</u>	<u>91,402</u>	<u>93,480</u>	<u>780,699</u>	<u>236,148</u>	<u>1,807,573</u>
Grant funding of activities (see note 8)	2,258,570	562,775	16,232	3,112,409	501,536	6,451,522
Share of support costs (see note 9)	555,835	-	-	-	-	555,835
Share of governance costs (see note 9)	71,965	-	-	-	-	71,965
	<u>3,492,214</u>	<u>654,177</u>	<u>109,712</u>	<u>3,893,108</u>	<u>737,684</u>	<u>8,886,895</u>
Analysis by fund						
Unrestricted funds - general	856,706	91,402	64,803	635,759	236,091	1,884,761
Restricted funds	2,635,508	562,775	44,909	3,257,349	501,593	7,002,134
	<u>3,492,214</u>	<u>654,177</u>	<u>109,712</u>	<u>3,893,108</u>	<u>737,684</u>	<u>8,886,895</u>

Following the new strategy the charitable activities have been restated from 2024 as:

Core - Advice, advocacy and workforce development

Grants - Grant giving

Projects - Time limited project activity that is funded by grants beyond the core grant

The comparatives charitable activities are based on the previous strategy. Further to a review of the costs of the organisation the 2023 direct programme costs have been restated.

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

8 Grants Awarded

	2024
	£
Grants delivering against the Aims of Scotland's Museums and Galleries Strategy 2023:	
1 - Inclusion	255,870
2 - Health & Wellbeing	68,110
3 - Education	145,989
4 - Place	149,714
5 - Financial Resilience	204,220
6 - Climate Action	611,326
7 - Collaboration	284,097
8 - Fair Work	12,023
9 - Diversity	33,110
10 - Skills and Confidence	356,971
Underutilisation of grants previously awarded	(210,998)
	<u>1,910,432</u>

2023
£

For the year ended 31 March 2023

Grants delivering against the Aims of Going Further, the 2012-2022 Strategy for Scotland's Museums and Galleries:

1 - Maximising the Potential	85,435
2 - Strengthening Connections	660,091
3 - Empowering a Diverse Workforce	161,347
4 - Forging a Sustainable Future	5,772,999
5 - Fostering a Culture of Collaboration	8,634
6 - Developing a Global Perspective	30,000
Underutilisation of grants previously awarded	(266,984)
	<u>6,451,522</u>

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

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

9 Support costs

For the year ended 31 March 2024

	Support costs	Governance costs	2024
	£	£	£
Staff costs	139,639	36,282	175,921
Depreciation and loss on disposal	3,980	-	3,980
Recruitment	1,948	-	1,948
Staff development	27,939	-	27,939
Property	111,536	-	111,536
Admin	110,272	-	110,272
Supplies and Services	6,934	-	6,934
IT	69,980	-	69,980
Bank Charges	419	-	419
Full Cost Recovery Recharge to projects	(9,950)	-	(9,950)
Audit fees	-	12,000	12,000
Legal and professional	-	33,080	33,080
	<u>462,697</u>	<u>81,362</u>	<u>544,059</u>

For the year ended 31 March 2023

	Support costs	Governance costs	2023
	£	£	£
Staff costs	211,896	40,556	252,452
Depreciation	5,874	-	5,874
Recruitment	5,402	-	5,402
Staff development	25,551	-	25,551
Property	108,455	-	108,455
Admin	94,139	-	94,139
Supplies and Services	5,522	-	5,522
IT	100,543	-	100,543
Finance costs relating to defined benefit scheme	10,000	-	10,000
Bank Charges	974	-	974
Full Cost Recovery Recharge to projects	(12,521)	-	(12,521)
Audit fees	-	7,100	7,100
Legal and professional	-	24,309	24,309
	<u>555,835</u>	<u>71,965</u>	<u>627,800</u>

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

Following a review of the 2023 support costs it was identified that the project costs had been incorrectly classified as support costs; the support and direct costs for 2023 have been restated to reflect this.

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

10 Net movement in funds	2024	2023
	£	£
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	7,100
Depreciation of owned tangible fixed assets	5,396	5,874
	<u> </u>	<u> </u>

11 Directors

None of the Directors (or any persons connected with them) received any remuneration or benefits from the charity during the year.

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 £271,850 (2023 : £296,855).

12 Employees

The average monthly number of employees during the year was:

	2024	2023
	Number	Number
	36	39
	<u> </u>	<u> </u>

Employment costs

	2024	2023
	£	£
Wages and salaries	1,132,878	1,232,380
Social security costs	111,195	121,881
Pension costs - standard contributions defined benefit scheme	258,907	277,182
Pension costs - service costs adjustments (Note 18)	(46,000)	298,000
Childcare vouchers	2,655	1,580
	<u> </u>	<u> </u>
	1,459,635	1,931,023
	<u> </u>	<u> </u>

There were no payments in the year relating to termination of employment (2023: £28,322).

One employee earned between £70,000 and £80,000 in the year and was a member of the defined benefit pension scheme. (2023: One employee earned between £70,000 and £80,000 in the year and was a member of the defined benefit pension scheme).

No other employees earned over £60,000 (2023: No other employees earned over £60,000).

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

13 Tangible fixed assets

Office and computer equipment

£

Cost

At 1 April 2023	248,185
Additions	1,812
At 31 March 2024	249,997

Depreciation and impairment

At 1 April 2023	240,905
Depreciation charged in the year	5,396
At 31 March 2024	246,301

Carrying amount

At 31 March 2024	3,696
At 31 March 2023	7,280

14 Financial instruments

2024

£

2023

£

Carrying amount of financial assets

Instruments measured at fair value through profit or loss	585,780	559,989
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15 Debtors

2024

£

2023

£

Amounts falling due within one year:

Trade debtors	-	21,571
Other debtors	1,590	-
Prepayments and accrued income	230,263	1,384,922
	231,853	1,406,493

16 Current asset investments

2024

£

2023

£

Unlisted investments	585,780	559,989
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MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

17 Creditors: amounts falling due within one year

	2024	2023
	£	£
Other taxation and social security	26,277	27,384
Grants payable	2,365,283	4,817,895
Trade creditors	94,030	82,872
Other creditors	32,644	30,522
Accruals and deferred income	49,565	76,293
	<u>2,567,799</u>	<u>5,034,966</u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

18 Retirement benefit schemes

Defined benefit schemes

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 2024 amount to £258,907 (2023: £277,182). In the financial year to 31 March 2024 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 accounting 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 26th April 2024.

The 2024 valuation of the pension fund has increased from net asset of £4,237,000 at 31 March 2023 by £527,000 to a net asset of £4,764,000. In accordance with the financial reporting standards the asset has not been recognised.

As referred to in the Trustees' report; the volatility in the performance of the pension fund is under review by the Board.

Valuation

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:

Key assumptions

	2024	2023
	%	%
Discount rate	4.85	4.75
Expected rate of increase of pensions in payment	2.75	2.95
Expected rate of salary increases	3.25	3.45
	<u> </u>	<u> </u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

18 Retirement benefit schemes

(Continued)

Mortality assumptions

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:

	2024	2023
	Years	Years
Retiring today		
- Males	21.2	19.9
- Females	24.0	22.9
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	20.7	21.2
- Females	24.9	24.7
	<u> </u>	<u> </u>

Amounts recognised in the profit and loss account:

	2024	2023
	£	£
Current service cost	213,000	577,000
Net interest on defined benefit liability/(asset)	(203,000)	10,000
	<u> </u>	<u> </u>
Total costs	10,000	587,000
	<u> </u>	<u> </u>

Amounts taken to other comprehensive income:

	2024	2023
	£	£
Return on scheme assets excluding interest income	(566,000)	(21,000)
Actuarial changes related to obligations	74,000	(4,765,000)
Other gains and losses	214,000	-
Effects of changes in the amount of surplus that is not recoverable	527,000	4,237,000
	<u> </u>	<u> </u>
Total costs/(income)	249,000	(549,000)
	<u> </u>	<u> </u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

18 Retirement benefit schemes

(Continued)

The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:

	2024	2023
	£	£
Present value of defined benefit obligations	8,344,000	7,958,000
Fair value of plan assets	(13,108,000)	(12,195,000)
	<u>(4,764,000)</u>	<u>(4,237,000)</u>
Surplus in scheme	(4,764,000)	(4,237,000)
Restriction on scheme assets	4,764,000	4,237,000
	<u> </u>	<u> </u>
Total liability recognised	<u> </u>	<u> </u>

Movements in the present value of defined benefit obligations:

	2024
	£
Liabilities at 1 April 2023	7,958,000
Current service cost	213,000
Benefits paid	(350,000)
Contributions from scheme members	72,000
Actuarial gains and losses	74,000
Interest cost	377,000
	<u> </u>
At 31 March 2024	<u>8,344,000</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

	2024
	£
Fair value of assets at 1 April 2023	12,195,000
Interest income	580,000
Return on plan assets (excluding amounts included in net interest)	566,000
Benefits paid	(350,000)
Contributions by the employer	259,000
Contributions by scheme members	72,000
Adjustment for asset not recognised	(214,000)
	<u> </u>
At 31 March 2024	<u>13,108,000</u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

18 Retirement benefit schemes

(Continued)

The fair value of plan assets at the reporting period end was as follows:

	2024	2023
	£	£
Equity instruments	9,437,760	8,902,000
Property	1,048,640	854,000
Bonds	2,228,360	1,707,000
Cash	393,240	732,000
	<u>13,108,000</u>	<u>12,195,000</u>

The charity expects to contribute approximately £222,000 to its defined benefit scheme in the next financial year.

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

For the year ended 31 March 2024

	Movement in funds				Balance at 31 March 2024
	Balance at 1 April 2023	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Scottish Government (Grants Programme)	234,575	800,000	(879,486)	(38,376)	116,713
Scottish Government (Capital Fund)	-	700,000	(740,436)	40,436	-
Scottish Government (ESSM Fund)	99,108	125,000	(1,543)	(24,053)	198,512
Scottish Government (Museums Strategy)	17,418	-	(1,744)	-	15,674
Scottish Government (New Delivering Change)	-	75,000	(22,832)	-	52,168
PPL New Delivering Change	-	17,945	(35,890)	17,945	-
PPL Participatory Grants	105,445	87,500	(175,000)	(17,945)	-
Additional fixed term officer roles	74,307	-	(74,307)	-	-
NLHF Forum Connections	82,730	88,302	(169,326)	-	1,706
NLHF Business Support	-	219,466	(219,466)	-	-
NHLF Delivering Change	22,464	(17,922)	(28,595)	24,053	-
NHLF New Delivering Change	-	6,555	(6,555)	-	-
Art Fund - Digital	16,372	-	(14,312)	(2,060)	-
Great Escape Fund	2,522	(2,831)	309	-	-
Fixed Asset Fund	2,715	-	(1,416)	-	1,299
Art Fund Workforce for the Future	27,500	26,360	(9,087)	-	44,773
PPL Workforce for the Future	44,555	37,355	(27,203)	-	54,707
Scotland's Years of Stories	35,548	3,155	(3,058)	-	35,645
	<u>765,259</u>	<u>2,165,885</u>	<u>(2,409,947)</u>	<u>-</u>	<u>521,197</u>

MUSEUMS GALLERIES SCOTLAND
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

19 Restricted funds

(Continued)

For the year ended 31 March 2023

	Movement in funds				Balance at 31 March 2023
	Balance at 1 April 2022	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Scottish Government (Grants Programme)	164,531	900,000	(287,086)	(542,870)	234,575
Scottish Government (Capital Fund)	-	675,000	(762,872)	87,872	-
Scottish Government (Revenue Resilience Fund)	2,844,521	-	(2,883,154)	38,633	-
Scottish Government (Capital Resilience Fund)	82,511	-	67,644	(150,155)	-
Scottish Government (Discretionary Grant Fund)	450,000	1,300,000	(2,000,000)	250,000	-
Scottish Government (Summer Programme)	79,432	-	-	(79,432)	-
Scottish Government (ESSM Fund)	171,570	-	(49,998)	(22,464)	99,108
Scottish Government (Museums Strategy)	127,325	-	(109,907)	-	17,418
Scottish Government (Scotland's Years of Stories)	282,567	265,551	(532,039)	(16,079)	-
PPL Participatory Grants	-	105,445	-	-	105,445
Additional fixed term officer roles	74,307	-	-	-	74,307
NLHF Forum Connections	100,000	52,126	(69,396)	-	82,730
NLHF Business Support	-	144,776	(144,776)	-	-
NLHF Skills for Success	8,416	-	(8,416)	-	-
NLHF Delivering Change	-	74,549	(74,549)	22,464	22,464
Art Fund - Digital	45,000	-	(28,628)	-	16,372
AHRC	24	-	-	(24)	-
Great Escape Fund	-	39,268	(36,746)	-	2,522
Fixed Asset Fund	4,131	-	(1,416)	-	2,715
Art Fund Workforce for the Future	-	27,500	-	-	27,500
PPL Workforce for the Future	-	44,555	-	-	44,555
Visit Scotland - Scotland's Years of Stories	37,872	62,392	(80,795)	16,079	35,548
	<u>4,472,207</u>	<u>3,691,162</u>	<u>(7,002,134)</u>	<u>(395,976)</u>	<u>765,259</u>

MUSEUMS GALLERIES SCOTLAND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

19 Restricted 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 for revenue purposes.

Capital Fund: funding from the Scottish Government for providing grants for capital purposes.

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

Capital Resilience Fund: funding from the Scottish Government for providing grants for capital purposes.

Discretionary Grant Fund: funding from the Scottish Government for specific museums.

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.

Museums Strategy Fund: funding from the Scottish Government for developing and delivering the new National Museums Strategy.

Scotland's Year of Stories: funding from the Scottish Government to support museums to deliver projects as part of Scotland's Year of Stories.

Delivering Change: 2023 - funding from the Scottish Government, Peoples' Postcode Lottery and National Lottery Heritage Fund. This is a collective effort between MGS and partnering museums, galleries and community groups to restructure their organisations based on anti-oppressive principles.

PPL Participatory grants: grant funding to support museums to develop their participatory practice with communities

Additional fixed term officer roles: awarded by the Scottish Government to deliver additional programmes of work in 2021-23.

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.

NLHF Delivering Change: development grant to develop a 3 year project to support museums to make changes to their organisations and programming to help all people to access culture and prepare a full application

Art Fund: funding to deliver the Digital Literacy for Leadership programme.

MUSEUMS GALLERIES SCOTLAND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

19 Restricted funds

(Continued)

Fixed Asset Fund: Fixed assets purchased from grant funding.

Art Fund Workplace for the Future: grant funding to support employability project promoting cultural careers in primary schools in low SIMD areas.

PPL Work place for the Future: grant funding to support employability project promoting cultural careers in secondary schools in low SIMD areas.

Visit Scotland: Scotland's Year of Stories funding to support museums to deliver projects as part of Scotland's Year of Stories.

The Scottish Government agreed for transfers to be made between the different categories of grant programmes it funds to enable the most effective use of resources. Scottish Government also agreed that a proportion of restricted funds could be used to meet the costs of distributing funding and supporting project delivery.

20 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2022	Transfers	Balance at 1 April 2023	Resources expended	Transfers	Balance at 31 March 2024
	£	£	£	£	£	£
Discretionary Fund	10,721	24	10,745	-	-	10,745
MGS Websites Fund	16,000	-	16,000	-	10,000	26,000
ICH Fund	27,207	-	27,207	-	-	27,207
Sector Recovery Fund	-	25,000	25,000	(25,000)	-	-
Museums Support Fund	-	-	-	-	50,000	50,000
	<u>53,928</u>	<u>25,024</u>	<u>78,952</u>	<u>(25,000)</u>	<u>60,000</u>	<u>113,952</u>

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

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.

MGS Websites fund: Resources for future investment in refreshing the MGS website.

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 **Sector Recovery Fund** relates to funds received in 2021/22 to be utilised in 2023/24.

The **Museums Support Fund** has been created to support museums in crisis.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

21 Analysis of net assets between funds

	Unrestricted funds 2024 £	Designated funds 2024 £	Restricted funds 2024 £	Total 2024 £
Fund balances at 31 March 2024 are represented by:				
Tangible assets	2,398	-	1,298	3,696
Current assets/(liabilities)	1,158,518	113,952	519,899	1,792,369
	<u>1,160,916</u>	<u>113,952</u>	<u>521,197</u>	<u>1,796,065</u>

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £
Fund balances at 31 March 2023 are represented by:				
Tangible assets	4,565	-	2,715	7,280
Current assets/(liabilities)	1,093,286	78,952	762,544	1,934,782
	<u>1,097,851</u>	<u>78,952</u>	<u>765,259</u>	<u>1,942,062</u>

22 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £	2023 £
Within one year	52,470	62,964
Between two and five years	115,434	41,976
	<u>167,904</u>	<u>104,940</u>

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FOR THE YEAR ENDED 31 MARCH 2024

23 Related party transactions

In the current year, £9,975 was awarded to the University of Aberdeen where Abeer Eladany is a Curatorial Assistant.

In the current year, £11,967 was awarded to Fife Museums Forum. The application came from a contact at OnFife, (Fife Cultural Trust) where Christine McLean is Head of Cultural Heritage & Wellbeing

In the current year, £26,016 (2023: £81,500) was awarded to the Unicorn Preservation Society, where Matthew Bellhouse Moran is Director, Museum and Development.

In the current year, £9,461 was awarded to North Ayrshire Museums Forum. Rhona Arthur was formerly Head of Service, Connected Communities, North Ayrshire Council and responsible for North Ayrshire Heritage and lead officer for management fee to North Ayrshire Leisure Limited (KA Leisure)

In the current year, £50,000 (2023: £5,000) was awarded to the University of Glasgow (The Hunterian). Steph Scholten is Director of The Hunterian (University of Glasgow)

In the current year, £52,408 (2023: £157,960) was awarded to the National Mining Museum of Scotland where Mhairi Cross is CEO.

No directors are involved in decision making where an organisation they are involved with has 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. Mike Benson sits on the NLHF Scotland Committee.

24 Cash generated from operations	2024	2023
	£	£
Surplus/(Deficit) for the year	103,003	(3,883,566)
Adjustments for:		
Investment income recognised in statement of financial activities	(113,815)	(59,643)
Depreciation and impairment of tangible fixed assets	5,396	5,874
Difference between pension charge and cash contributions	(249,000)	308,000
Movements in working capital:		
Decrease in debtors	1,174,640	5,327,712
(Decrease)/increase in creditors	(14,555)	18,316
(Decrease)/increase in deferred income	(2,452,612)	60,391
Cash (absorbed by)/generated from operations	(1,546,943)	1,777,084

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

25 Analysis of changes in net debts

	2023 £	Cash flows £	2024 £
Cash at bank and in hand	5,003,266	(1,460,731)	3,542,535
Cash equivalents	559,989	25,791	585,780
	<u>5,563,255</u>	<u>(1,434,940)</u>	<u>4,128,315</u>