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Chris Fenton

NATIONAL MUSEUMS OF SCOTLAND

STATEMENT OF ACCOUNTS

For the year ended 31 March 2004

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7. Financial results and appropriations

The combined financial results and appropriations are shown in the Consolidated Income and Expenditure Account on page 7. The accounts consolidate the results of NMS's wholly-owned trading subsidiaries. An Income and Expenditure Account for NMS alone is included at page 11.

NMS is required to operate within the financial limits prescribed in the Financial Memorandum, and to follow the recommendations of Government Accounting. Thus NMS is generally not permitted to borrow funds, and its powers to invest are circumscribed.

The Consolidated Income and Expenditure account reports an operating surplus of £0.01 million, which together with the release from the revaluation reserve of £0.47 million gives a retained surplus of £0.48 million. The retained surplus in NMS is exceptional, being due to delayed recruitment, and a delayed start to the Royal Museum and Granton developments. The entire surplus has been transferred to the Board Reserve for application to these developments and other capital projects identified by the Board.

The commercial company's turnover in 2003/04 was £1.4 million (2002/03 £1.6 million). The company made trading profits of £0.26 million (2003 £0.34 million) and paid gift aid to NMS amounting to £0.27 million (2003 £0.36 million).

Receipts and expenditure for the NMS group during the year to 31 March 2004 (2003) were as follows:

	2004	2003
	£000	£000
Grant-in-aid:		
-Income and Expenditure account	16,535	15,187
-Fixed asset investment	1,050	855
-Collection purchases	510	510
Other income:		
-Release from deferred income	3,496	3,259
-Trading companies	1,431	1,496
-Other	1,053	1,516
-Revenue-earning activities	8	26
-Grant-aided activities	65	106
-Interest income	68	73
Other capital receipts	36	137
Expenditure:		
-Staff costs	10,631	9,710
-Other operating charges	8,023	8,207
-Depreciation and permanent diminution in value	3,992	3,736

8. The status of land and buildings

NMS holds title to properties at Granton, the Museum of Flight, Leith Custom House and the former Dental Hospital. Title to the Royal Museum, the Museum of Scotland and property at Port Edgar is held by Scottish Ministers. NMS has full operational use of these assets and is responsible for their upkeep and maintenance, and there has been no change in this position during the year.

9. Significant changes to fixed assets

In the period, the group acquired tangible and intangible assets at a cost of £1.5 million, while Bristo Church, with a book value of £0.68 million, was sold. The disposal proceeds will be used to fund future development of the Royal Museum and the storage and workshop facilities at Granton. The sum of £0.95 million was spent on permanent galleries, £0.4 million on buildings, £0.09 million on equipment purchases, £0.09 million on intangible assets, and £0.58 million on additions to the collections.

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

No important event has occurred since 1 April 2004 to have a material effect on these accounts.

11. Names of Board members during the year

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

James A.G. Fiddes OBE, DUniv, MA, FRICS appointed 1 April 2001
Lesley Hart MBE MA MSc appointed 1 October 2003
Grenville S Johnston OBE, TD, KCSG, DL, CA reappointed 1 April 2002
Professor Michael Lynch PhD, FRSE, FSA (Scot) appointed 1 October 2002
Christina Macaulay MA reappointed 1 April 2003
Sir Neil McIntosh CBE, JP, DL reappointed 1 April 2003
Anne Maclean BA, DipAss, Home Office Letter of Registration in Child Care appointed 1 April 2001
Neena Mahal MA, DCG reappointed 1 April 2004
Professor Aubrey Manning OBE, DPhil, FRSE, FIBiol reappointed 1 April 2001
Professor James Murray BSc, ARCST, CEng, FIMechE, FIEE, FIMgt reappointed 1 April 2001
Ian Ritchie CBE, FEng, FRSE, FBCS appointed 1 October 2002
Ian Smith FFA, FCIA reappointed 1 April 2003
Lord Wilson of Tillyorn KT, GCMG, PhD, FRSE (Chairman since 1 April 2002)

The following served as members of the Audit Committee during the year: Grenville Johnston (Chairman), Sir Neil McIntosh, Ian Ritchie, and Lord Wilson (ex officio).

The Personnel and Remuneration Committee of the Board of Trustees considers senior staff remuneration issues. The following were members of the Committee during the year: Sir Neil McIntosh (Chairman), Professor James Murray and Christina Macaulay.

identified needs of the staff, appropriate to their level of responsibility and duties.

Risks are identified also at departmental level, and are evaluated for materiality and probability. Control mechanisms are identified and reviewed for effectiveness, and "ownership of the risks is assigned to individual managers.

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers in NMS who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

During the year the following processes were in place in NMS:

- Regular reports by internal audit, to standards defined in the Government Internal Audit Manual,, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of NMS's system of internal control together with recommendations for improvement;
- Implementation of a robust prioritisation methodology based on risk ranking;
- Maintenance of an organisation-wide risk register;
- establishment of key performance indicators;
- as appropriate, formal project management disciplines.

DIRECTOR.....

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and that, in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Opinions

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the National Museums of Scotland at 31 March 2004 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder;
- in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
Edinburgh

30 September 2004

NATIONAL MUSEUMS OF SCOTLAND

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 March 2004

		2004	2003
	Notes	£000	£000
Deficit for the year		(4,379)	(6,777)
Reversal of notional cost of capital		4,389	6,787
Unrealised gain on revaluation of fixed assets	10,23	<u>1,752</u>	<u>26,140</u>
Total recognised gains and losses during the year		<u><u>1,762</u></u>	<u><u>26,150</u></u>

The notes on pages 13 to 32 form part of these accounts.

NATIONAL MUSEUMS OF SCOTLAND

Consolidated Cash Flow Statement for the year ended 31 March 2004

		2004	2003
	Notes	£000	£000
Net cash inflow/(outflow) from operating activities	25	<u>1,084</u>	<u>57</u>
Returns on Investments and servicing of finance			
Interest received		<u>68</u>	<u>73</u>
Taxation:			
Corporation tax	1(h)	0	0
Capital expenditure and financial investment:			
Payments from purchase fund	24	(621)	(620)
Payments to acquire tangible and intangible fixed assets	10,12	(1,542)	(907)
Receipts from sale of tangible and intangible fixed assets		<u>600</u>	<u>0</u>
Total capital expenditure and financial investment		<u>(1,563)</u>	<u>(1,527)</u>
Cash outflow before financing		(411)	(1,397)
Financing:			
Government grants	19	1,050	854
Purchase fund	24	<u>546</u>	<u>647</u>
		<u>1,596</u>	<u>1,501</u>
Increase in cash in the period	26	<u>1,185</u>	<u>104</u>

The notes on pages 13 to 32 form part of these accounts.

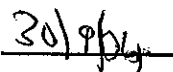
NATIONAL MUSEUMS OF SCOTLAND

Balance Sheet as at 31 March 2004

		2004	2003
		£000	£000
Fixed Assets			
Tangible assets	10	138,522	139,919
Collections	11	1,638	1,055
Intangible assets	12	131	99
Investment in subsidiary	13	500	63
		<u>140,791</u>	<u>141,136</u>
Current Assets			
Stocks	14	0	7
Debtors:			
-Receivable within 12 months	15	2,443	1,508
-Receivable after 12 months	15	0	88
Cash at bank and in hand	16	2,283	1,275
		<u>4,726</u>	<u>2,878</u>
Current Liabilities			
Creditors: Amounts falling due within one year	17	<u>(2,074)</u>	<u>(562)</u>
Net Current assets		<u>2,652</u>	<u>2,316</u>
Total Assets Less Current Liabilities		143,443	143,452
Creditors: Amounts falling due after more than one year	17	0	(31)
Provisions for liabilities and charges	18	<u>(200)</u>	<u>0</u>
Total Net Assets		<u>143,243</u>	<u>143,421</u>
Financed by:			
Capital and Reserves			
Unrestricted funds:			
Capital reserve	19	56,465	57,680
Donated assets reserve	20	15,158	15,807
General Fund	21	446	446
Board Reserve Fund	22	2,686	2,209
		<u>74,755</u>	<u>76,142</u>
Restricted funds:			
Revaluation reserve	23	68,378	67,094
Purchase Fund	24	110	185
		<u>68,488</u>	<u>67,279</u>
		<u>143,243</u>	<u>143,421</u>



Accountable Officer



Date

The notes on pages 13 to 32 form part of these accounts.

1. ACCOUNTING POLICIES (continued)

(e) Government Grants

Grant-in-aid is credited to income in the year in which it is received. Any portion relating to the acquisition of tangible fixed assets, intangible fixed assets or investments is credited to the capital reserve, which is written down over the expected useful lives of the assets acquired. The full amount of purchase grant is transferred to the purchase fund.

(f) Stocks

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

(g) Board Reserve Fund

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

(h) Taxation

NMS has been granted charitable status by the Inland Revenue.

In respect of 2003/04 the subsidiary companies will pay £270k by Gift Aid to NMS, thereby eliminating any liability of the subsidiaries to Corporation Tax in that year.

(i) Notional Costs

In accordance with accounting requirements, the Income and Expenditure Accounts include notional costs to reflect the full costs of NMS's activities. The calculation of the notional cost of capital is explained in note 30.

(j) Capital Receipts

Donations, Lottery and other non-government receipts are credited to income in the year in which they are received. Any portion which is applied to capital expenditure is credited to the donated assets reserve and amortised over the expected useful lives of the assets acquired and released to the Income and Expenditure Account over the corresponding period.

(k) Other Receipts

Donations are recognised in the financial statements only when received.

NATIONAL MUSEUMS OF SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES (continued)

deemed to be activities for generating funds. The other categories of expenditure are deemed to be activities in the furtherance of the museums objectives.

Indirect costs between expenditure categories are allocated on the basis of staff numbers in each category

2. GOVERNMENT GRANT-IN-AID

(See Notes 1(e), 18 & 23)

	Group and NMS	
	2004 £000	2003 £000
Grant-in-aid received:		
Running Costs	16,535	15,592
Major Capital	<u>1,050</u>	<u>450</u>
	17,585	16,042
Purchase Grant	<u>510</u>	<u>510</u>
Total received during year	<u>18,095</u>	<u>16,552</u>

3. OTHER GRANTS

	Group and NMS	
	2004 £000	2003 £000
Other grants received:		
Purchase fund receipts	<u>36</u>	<u>137</u>
Total grants transferred:		
Grant-in-aid transferred (see note 2):		
Capital reserve (note 18)	1,050	855
Purchase fund (note 23)	<u>510</u>	<u>510</u>
	<u>1,560</u>	<u>1,365</u>
Other grants transferred:		
Purchase fund	<u>36</u>	<u>137</u>
Total grants transferred to reserves	<u>1,596</u>	<u>1,502</u>

**NATIONAL MUSEUMS OF SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

7 EMPLOYEES

Staff costs during the year:

	Group		NMS	
	2004	2003	2004	2003
	£000	£000	£000	£000
Salaries	8,725	8,138	8,318	7,750
Social Security Costs	591	521	570	489
Pension Costs	1,047	1,008	1,031	977
Restructuring costs	200	-	200	-
Early Retirement	<u>68</u>	<u>43</u>	<u>68</u>	<u>43</u>
Total	<u>10,631</u>	<u>9,710</u>	<u>10,187</u>	<u>9,259</u>

Pension benefits are provided to NMS staff through the Principal Civil Service Pension Scheme, which operates two defined benefit schemes, and a defined contribution scheme ("Partnership") under the Stakeholder pension framework. Staff of NMS Enterprises Ltd are ineligible for membership of the PCSPS, but may join the NMSE Group Personal Pension Plan, a defined contribution scheme.

The defined benefit schemes provide benefits on a 'final salary' basis at normal retirement age of 60. The newer scheme, "Premium" was introduced in 2002, while the older scheme, "Classic" remains open only to existing members as at 1 October 2002. Benefits in the Premium scheme accrue at the rate of 1/60th of pensionable salary for each year of service. Members pay contributions of 3.5% of pensionable earnings.

Benefits in the Classic scheme accrue at the rate of 1/80th of pensionable salary for each year of service. Members pay contributions of 1½ % of pensionable earnings. Under both schemes, a lump sum equivalent to 3 years' pension is payable on retirement.

Pensions in both schemes increase in payment in line with the Retail Price Index. On death, pensions are payable to the surviving spouse (Classic) or partner (Premium) at the rate of half the member's pension. On death in service, the schemes pay a lump sum benefit of twice pensionable pay and also provide a service enhancement on computing the spouse's (partner's) pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health.

Pension contributions are paid to the Paymaster General at rates determined by the Government Actuary and advised by the Treasury. For 2003/04, these rates were 12% to 18.5% (2002/03: 12% to 18.5%).

The Partnership scheme is a defined contribution arrangement that conforms to the stakeholder framework. NMS contributes an amount between 3% and 12.5% of pensionable earnings, depending on age. In addition, NMS makes a contribution matching that of the employee, up to a limit of 3% of salary.

**NATIONAL MUSEUMS OF SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

7 EMPLOYEES (continued)

Other employee costs: Emoluments (£000s)	Number of Employees	
	2004	2003
60-70	2	-
50-60	3	6

The average full-time equivalent number of employees was:

	Group		NMS	
	2004	2003	2004	2003
Directorate	12	10	12	10
Finance & Resources	21	19	21	19
Facilities Management and Projects	105	103	105	103
Collections	106	105	106	105
Public programmes (including Visitor Services)	152	148	152	148
Marketing & Development	13	12	13	12
NMS Enterprises Ltd	<u>18</u>	<u>17</u>	<u>-</u>	<u>-</u>
	<u>427</u>	<u>414</u>	<u>409</u>	<u>397</u>

8. OTHER OPERATING CHARGES

	Group		NMS	
	2004 £000	2003 £000	2004 £000	2003 £000
Board expenses	15	17	15	17
Expenses – staff	247	235	247	235
Administration expenses	617	622	545	552
Internal audit	19	11	19	11
Other external charges	2,926	3,040	2,290	2,268
Loss on disposal of TMT	-	233	-	-
Fuel and utilities	694	582	694	582
Rents and rates	234	279	234	279
Furniture and Furnishings	119	40	119	40
Repairs and renewals	2,972	3,040	2,972	3,040
Operating leases	107	87	107	87
Loss on disposal of Bristo Church	52	-	52	-
Audit Fee	<u>21</u>	<u>21</u>	<u>18</u>	<u>17</u>
	<u>8,023</u>	<u>8,207</u>	<u>7,312</u>	<u>7,128</u>

NATIONAL MUSEUMS OF SCOTLAND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

9. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (continued)

Costs of generating funds are defined as the salaries, operating costs and attributable overheads of the Development department. Depreciation has been allocated to activities in proportion to the staff numbers involved. Administrative costs are defined as staff and operational costs of the Directorate and the Finance and Resources departments.

10. FIXED ASSETS

(See note 1(c))

Group

	Buildings	Leasehold Improvements	Permanent Galleries	Equipment	Totals
	£000	£000	£000	£000	£000
Cost or valuation					
1 April 2003	132,852	1,789	21,149	3,930	159,720
Additions	411		950	91	1,452
Disposals	(709)				(709)
Revaluations	2,873	42	(126)	(111)	2,678
31 March 2004	135,427	1,831	21,973	3,910	163,141
Depreciation					
1 April 2003	9,850	107	6,437	3,385	19,779
Charge for year	2,176	37	1,468	218	3,899
Disposals	(28)				(28)
Revaluations	1,045	3	(38)	(77)	933
31 March 2004	13,043	147	7,867	3,526	24,583
Net Book Value					
31 March 2004	122,384	1,684	14,106	384	138,558
1 April 2003	123,002	1,682	14,712	545	139,941

NMS

	Buildings	Leasehold Improvements	Permanent Galleries	Equipment	Totals
	£000	£000	£000	£000	£000
Cost or valuation					
1 April 2003	132,852	1,789	21,149	3,797	159,587
Additions	411		950	58	1,419
Disposals	(709)				(709)
Revaluations	2,873	42	(126)	(111)	2,678
31 March 2004	135,427	1,831	21,973	3,744	162,975
Depreciation					
1 April 2003	9,850	107	6,437	3,274	19,668
Charge for year	2,176	37	1,468	199	3,880
Disposals	(28)	0	0	0	(28)
Revaluations	1,045	3	(38)	(77)	933
31 March 2004	13,043	147	7,867	3,396	24,453
Net Book Value					
31 March 2004	122,384	1,684	14,106	348	138,522
1 April 2003	123,002	1,682	14,712	523	139,919

NATIONAL MUSEUMS OF SCOTLAND
 NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

12. INTANGIBLE ASSETS

	Group and NMS	
	2004	2003
	£000	£000
1 April	120	21
Software acquired during year	91	100
Revaluation	(15)	(1)
31 March	<u>196</u>	<u>120</u>
Amortisation:		
1 April	21	5
Charge for the year	52	17
Revaluation	(8)	(1)
31 March	<u>65</u>	<u>21</u>
Net Book Value:		
31 March	<u>131</u>	<u>99</u>

13. INVESTMENTS

	Group		NMS	
	2004	2003	2004	2003
	£000	£000	£000	£000
Opening balance 1 April	1	1	63	63
Repayment of initial capital investment	-	-	(63)	-
Issue of additional share capital	-	-	500	-
Closing balance 31 March	<u>1</u>	<u>1</u>	<u>500</u>	<u>63</u>

NMS Enterprises, a wholly-owned subsidiary of NMS, holds 600 ordinary shares of £1 each in the Scottish Book Source.

In March 2004, NMS increased its investment in NMS Enterprises to £0.5 million by the purchase of 499,998 shares of £1 each. At the same time the initial capital investment of stock worth £63,000 was repaid to NMS.

14. STOCKS
 (see Note 1(f))

	Group		NMS	
	2004	2003	2004	2003
	£000	£000	£000	£000
Stocks held for resale	<u>304</u>	<u>272</u>	-	<u>7</u>

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

**NATIONAL MUSEUMS OF SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

18. PROVISION FOR LIABILITIES AND CHARGES

		Group and NMS	
		2004	2003
		£000	£000
Restructuring costs	<u>200</u>	—	—
	<u>200</u>	—	—

19. CAPITAL RESERVE
(See Notes 1(e) and 2)

					Group and NMS			
					2004	2004	2004	2003
					£000	£000	£000	£000
					Utilised	Unutilised	Total	Total
Opening Balance 1 April	57,680	-	57,680	58,857				
Grant-in-aid transferred	1,050	-	1,050	854				
Asset disposal	(201)	201	-	-				
Released in year	<u>(2,265)</u>	<u>-</u>	<u>(2,265)</u>	<u>(2,031)</u>				
Closing Balance 31 March	<u>56,264</u>	<u>201</u>	<u>56,465</u>	<u>57,680</u>				

Assets having a historic net book value of £0.652 million were sold during the year and replaced with assets costing £0.451 million. The balance of the net book value of the assets sold, £0.201 million, is available for future fixed asset acquisitions.

20. DONATED ASSET RESERVE
(see Notes 1(j))

			Group and NMS	
			2004	2003
			£000	£000
Opening Balance 1 April		15,807	16,449	
Capitalisation of collection purchases		582	586	
Released in year		<u>(1,231)</u>	<u>(1,228)</u>	
Closing Balance 31 March		<u>15,158</u>	<u>15,807</u>	

**NATIONAL MUSEUMS OF SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

24. PURCHASE FUND
(see notes 2 and 3)

	Group and NMS	
	2004	2003
	£000	£000
Income		
Balance at 1 April	185	158
Scottish Executive Education Dept	510	510
Other contributions	<u>36</u>	<u>137</u>
	<u>731</u>	<u>805</u>
Expenditure		
Purchases	582	586
Fieldwork etc	<u>39</u>	<u>34</u>
	<u>621</u>	<u>620</u>
Balance at 31 March	<u>110</u>	<u>185</u>

**25. RECONCILIATION OF OPERATING DEFICIT TO NET CASH
OUTFLOW FROM OPERATING ACTIVITIES**

	Group	
	2004	2003
	£000	£000
Operating surplus	10	10
Interest received	(68)	(73)
Depreciation, permanent diminution in value and loss on disposal	4,042	3,791
Transfer from Donated Asset reserve and Capital reserve	(3,496)	(3,259)
Surrender of group tax relief	-	159
(Increase)/decrease in stocks	(32)	46
(Increase) in debtors	(1,176)	(187)
Increase/(decrease) in creditors	1,604	(430)
Increase in provisions for liabilities and charges	<u>200</u>	<u>0</u>
Net cash inflow from operating activities	<u>1,084</u>	<u>57</u>

29. RELATED PARTY TRANSACTIONS

The National Museums of Scotland is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Executive Education Department (SEED) which is regarded as a related party. During the year NMS has had various material transactions with SEED. None of the Trustees, members of key management staff or other related parties has entered into any material transaction with NMS during the year.

The National Museums of Scotland Charitable Trust ("NMSCT") exists, inter alia, to advance education in matters agricultural, archaeological, architectural, cultural, environmental, historical, industrial, military, scientific, and social. During the year the following trustees of NMS were also trustees of NMSCT: Professor James Murray and James Fiddes. NMS received £85k in grants and donations from NMSCT during the year (2003 £85k).

The following trustees were also members of the NMS Enterprises Board: Lord Wilson and Grenville Johnston.

30. COST OF CAPITAL

Notional interest is based on the following balances in respect of grant-aided activities at a rate of 3.5% (2002/03- 6%) applied to the average balance during the year.

	2004 £000	2003 £000
General fund	446	446
Capital reserve	56,465	57,680
Purchase fund	110	185
Revaluation reserve	<u>68,378</u>	<u>67,094</u>
	<u>125,399</u>	<u>125,405</u>
Average balance during the year	<u>125,402</u>	<u>113,113</u>
Notional interest at 3.5% (2003- 6%)	<u>4,389</u>	<u>6,787</u>

Guidance on appropriate rates is contained in the publication "Executive non-departmental public bodies: annual reports and accounts guidance". The rate of 3.5% is suggested as being appropriate to NDPBs which are not engaged in activities which compete directly with the private sector.

**NATIONAL MUSEUMS OF SCOTLAND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

34. NATIONAL FUND FOR AQUISITIONS

NMS administers on behalf of Scottish Ministers the National Fund for Acquisitions (NFA). Funds held by NMS for the NFA are not available for NMS's purposes and are not included in the Balance Sheet. Separate accounting arrangements are made for the fund.

	2004	2003
	£000	£000
Balance at 1 April	194	241
Grant received	200	200
Disbursements	<u>(302)</u>	<u>(247)</u>
Balance at 31 March	<u>92</u>	<u>194</u>