

MUSEUMS AND GALLERIES ACT 1992

Presented pursuant to Museums and Galleries Act 1992, c.44, Section 9(8)

# National Maritime Museum Annual Report and Accounts 2006-2007

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 23 JULY 2007

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**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT  
AND  
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

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## TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT FOR YEAR ENDED 31 MARCH 2007

### MUSEUM BACKGROUND

The National Maritime Museum (NMM) is the largest maritime museum in the world. Entry to Museum sites at Greenwich is free but charges are made for special exhibitions. It is open 362 days a year, and in 2006-'07 it welcomed more than 1.6 million visitors from across the world, its website attracted over 9 million users, nearly 9 thousand collections related and subject enquiries were answered, and some 221 thousand learners participated in educational programmes. The Museum receives funding from the taxpayer via Grant-in-Aid through the Department for Culture Media and Sport (DCMS), with additional income derived from trading activity and sponsorship.

#### History and Collection

The National Maritime Museum (Patron: His Royal Highness the Duke of Edinburgh) was opened to the public by King George VI on 27 April 1937 in its buildings at Greenwich, which until 1933 had housed the Royal Hospital School. The Queen's House was part of the Museum from the outset. The Royal Observatory, Greenwich (ROG) was an addition of 1953.

The Museum is unique in the architectural significance and setting of its main buildings. The 17th-century Queen's House, designed by Inigo Jones and probably the most important early classical building in England, is the keystone of the historic 'park and place' landscape of maritime Greenwich, which was designated a UNESCO World Heritage Site (WHS) in 1997. Flamsteed House (1675-76), the original part of the Royal Observatory, was designed by Sir Christopher Wren and was the first purpose-built scientific research facility in Britain.

The NMM has a number of storage outstations in south-east London close to its main site. It owns the freehold of two of these, one being the architecturally interesting Brass Foundry at Woolwich Arsenal attributed to Sir John Vanbrugh.

All the Museum buildings have been subsequently upgraded at various times and a full modern redevelopment of the main galleries, centring on what is now the Neptune Court, and funded in the main by the Heritage Lottery Fund, was completed in 1999 and reopened by Her Majesty the Queen. The Queen's House was refurbished in 2001 to become the heart of displays of art from the Museum's collection; the Queen's House was re-opened in this role by His Royal Highness the Prince of Wales. The major capital project *Time and Space* for the opening up of the entire Royal Observatory site for the benefit of the public was opened by Her Majesty the Queen in May 2007.

The Museum has the most important holdings in the world on the history of Britain at sea comprising more than 2 million items, including maritime art (both British and 17th-century Dutch), cartography, manuscripts including official public records, ship models and plans, scientific and navigational instruments, instruments for time-keeping and astronomy (based at the Observatory). Its British portraits collection is exceeded in size only by that of the National Portrait Gallery and its holdings relating to Nelson and Cook, among many other individuals, are unrivalled. It has the world's largest maritime historical reference library (100,000 volumes) including books dating back to the 15th century. An active loans programme ensures that items from the collection are seen in the UK and abroad. Through its displays, exhibitions and outreach programmes the Museum also explores our current relationship with the sea and the future of the sea as an environmental force and resource.

By virtue of its pairing with the Royal Observatory, the Museum enjoys a unique conjunction of subjects (History, Science, Arts), enabling it to trace the movement and accomplishments of people and the origins and consequences of empire. The outcome of the Museum's work is to achieve, for all its users at home and overseas, a greater understanding of British economic, cultural, social, political and maritime history and its consequences in the world today.

## **MISSION, RESPONSIBILITIES, OBJECTIVES AND VALUES**

The Museum's **Mission** is to:

**Illustrate for everyone the importance of the sea, ships, time and the stars, and their relationship to people.**

The Museum's **Responsibilities** are to safeguard and enhance the value of its Assets:

- its **collections**
- its **expertise**
- its **buildings**

The Museum's **Objectives** are to spread the benefits of those assets through:

- maximizing **access** and inspiration for its users
- satisfying its **stakeholders**, locally, nationally and internationally
- an effective **organisation** and sound financial management

In carrying out its programme, the Museum recognises the vital role played by its staff and volunteers; the institution **Values** in particular:

- good ideas and learning
- excellence in customer service
- teamwork and communication
- quality

## **1. CHAIRMAN'S FOREWORD**

On 22 May Her Majesty The Queen, accompanied by our Patron, HRH The Duke of Edinburgh opened the *Time and Space* development at the Royal Observatory. The project has completely revitalised the Royal Observatory site making it now totally accessible to our visitors. We are now able to present the extraordinary wonders of space in the Peter Harrison Planetarium, serve the growing demand from schools for accessible facilities for the study of modern astronomy in the Lloyd's Register Educational Trust Learning Centre and explain the ongoing quest to define our place in the universe in the new Weller Astronomy Galleries.

I am especially pleased to record the Board's immense gratitude to the many supporters of *Time and Space* who are named later in this Report.

The success of the project provided the culmination of Director Roy Clare's seven years with us. Roy has achieved a great deal during his time as Director and has made a major contribution to the evolution and growth of the Museum. It is apt that I take this moment on behalf of the Trustees and staff of the Museum to thank Roy and to wish him all the very best for the future. In parallel I am very grateful for the dedication and hard work of the Executive Board and the entire staff of the Museum.

Looking ahead, Trustees are considering the plans under progress for the paper and research collections here in Greenwich. The proposed facility, its surrounding programmes, and its vitally important digital strategy, will play the key role in the development of the National Maritime Museum as a truly global name and resource and will be our next funding challenge.

At the heart of our success this year, as in any year, are the vast range of stakeholders we work with. My thanks and appreciation goes to them all but I wish to take this opportunity of particularly welcoming the Museum's Founder Members into the new membership scheme. I trust all of our friends will identify with the achievements set out in this report and look forward with me to the future for the Museum.

## **2. ACTING DIRECTOR'S INTRODUCTION**

The key contribution to the progress of the Museum is made by the staff. They are vital in our eyes, as recognised by the Museum's Investor in People re-accreditation, and they are vital to our public, as recognised by the achievement of a further two London and National Customer Service awards this year. I am very grateful for their hard work and support.

Amongst their many achievements this year, outlined in this report, have been welcoming nearly a million visitors to the Royal Observatory, the Understanding Slavery Initiative, the new exhibition *Art for the Nation* in the Queen's House, three international conferences, and the award of an HLF Stage 2 pass for the National Museums at Chatham project.

Our financial performance has also been particularly strong and it is especially pleasing to see the success of our fundraising efforts for the *Time and Space* project in meeting virtually all the capital costs.

2006-'07 has also seen a great deal of work on the Museum's new Archive project which will increase access to and preservation of our paper based collections such as prints and

drawings, charts, ships plans and the many thousands of manuscripts that are the key to understanding the significance of Britain's maritime history. In parallel a digital strategy is being developed which will enhance both the on site and remote use of key materials from the collection. The Museum's digital strategy will work towards providing complete online, illustrated catalogues to all our collections, develop search strategies to enable cross-searching of catalogues, and targeted E-learning resources for a range of audiences all of which will position the National Maritime Museum as an international institution.

### 3. REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE 2006-'07

**The following section is a brief review of the activities and achievements of 2006-'07 and necessarily contains only a selection of the Museum's work over the year.**

The section is structured in accordance with the Trustees Responsibilities and Objectives but is also mapped to show how the Museum supports each of the four DCMS Strategic Objectives of:

1. *Further enhancing access to culture and sport for **children and young people** and giving them the opportunity to develop their talents to the full and enjoy the benefits of participation.*
2. *Increasing and broadening the impact of culture and sport, to enrich individual lives, strengthen **communities** and improve the places where people live, now and for future generations.*
3. *Maximising the contribution that the tourism, creative and leisure industries can make to the UK's **economy**.*
4. *Modernising **delivery** by ensuring our sponsored bodies are efficient and work with others to meet the cultural and sporting needs of individuals and communities.*

All the *Performance Measures* are taken from the Museum's Management Plan, which expands on the core targets agreed in the 2005-'08 Funding Agreement between the Museum and the Department for Culture, Media and Sport (DCMS).

#### 3.1. safeguarding and enhancing the value of its **assets: collections, expertise and buildings**

*Performance Measures:*

- The percentage of collections in acceptable environmental conditions was 54% (78% in 2006) in the summer period and 66% (39% in 2006) in the winter period. The difference between the two sets of data is due to insufficient data being collected in 2005-'06 due to monitoring system failures.
- The number of objects conserved was 1,278 (2,232 in 2006) and the number of objects assessed for conservation was 19,628 (4,971 in 2006). The number of objects conserved in 2005-'06 was higher than in 2006-'07 due to the *Nelson & Napoléon* exhibition.
- 2,146 digitised images were added to the database (1,378 in 2006).
- 341 potential acquisitions were considered, and 61 acquisitions made (some acquisitions consisting of groups of objects).
- 4 major conferences were held (4 in 2006) and proceedings from 2 conferences were published.



- 64 research papers (68 in 2006) were delivered by staff.
- There were 25 peer-reviewed scholarly publications, and 4 peer-reviewed articles were published in the Journal for Maritime Research.
- The Museum carried out £444,000 of Planned Prioritised Maintenance (PPM) (£332,000 in 2006) to time and budget on its historic buildings and estate, in line with a quadrennial survey and in accordance with its three-year future strategy and budget for PPM across the estate.
- The value of buildings and infrastructure stewardship amounted to £1,025,000 (£1,008,000 in 2006).

*Activities and Achievements include:*

**Acquisitions:**

*Cartography* - A 17th century pocket globe by Philip Lea. This is a very early example of an English pocket globe, showing in its cartography a very specific stage in our understanding of the world. It fills a gap in our world-class study collections.

*Atlantic collection* - A five-volume manuscript of '*The Journal of Llewellyn Penrose*' by William Williams, with thirty-six watercolour illustrations by Nicholas Pocock, et al. Won at auction for £30,000, the journal adds considerably to our Atlantic collections and is likely to be of great interest to researchers. It has been claimed to be the first American novel as it was probably written during Williams' thirty years in America so holds potential interest for literary scholars. The great value of the journal is, however, the illustrations by Nicholas Pocock.

*Antarctic collection* - An album of photographs from Ernest Shackleton's '*Quest*' expedition to the Antarctic of 1914-16.

*Titanic collection* - A set of 6 letters written by Marion Wright before and after the *Titanic* disaster, as well as newspaper cuttings and a contemporary copy of her account of the disaster written on board the *Carpathia*.

*Slavery* - The logbook of 1804 of the slave schooner *Juvena* by Robert Lewis, which was purchased at auction for £5,520. Currently in conservation, this item is planned for installation in the forthcoming Atlantic gallery in autumn 2007.

*Historic photographs* - 104 negatives, with 73 prints, of the Royal Naval post war weapons testing images have been accepted into the collection, enhancing an area that is poorly represented but very important to the context of ship design post war.

Our programme of asking lenders to make loaned items over as gifts that we wish to acquire has also begun to yield results: the most significant gifts being Colonel WRB May's donation of twenty-six drawings of shipping (1760s – 1780s) by Charles Gore, with an estimated market value of £30,000, and the UK Antarctic Heritage Trust kindly agreeing to convert their loan of relics from Captain Scott's Southern Party Antarctic expedition to outright gift.

**Collections Reform**

The Collections Reform programme has been funded since 2004-'05 by the DCMS, although this funding is no longer available at this stage. The NMM remains

wholeheartedly committed to improving the stewardship of our collections in order to increase public engagement and participation.

This year's activity has included the intellectual and commercial prioritisation survey of the Museum's 350,000 negatives (the survey results will play an important role in informing future cataloguing and conservation work for this collection) and a project plan for the assessment of the Ship Model collection was developed and taken forward. Phase one, the review of the initial list of models identified for potential dispersal was completed in February 2007. Phase two is well advanced and to date 157 ship models have been identified as potential candidates for dispersal or disposal.

Moreover, the Secretary of State for Culture, Media and Sport gave formal consent to the first group of dispersal and disposal recommendations from the Collections Reviews.

The above is not to say that the non-availability of specific funding for Collections Reform is without effect. For example, the NMM's sector-leading programme of collections evaluation and disposal/dispersal to other heritage organisations has now of necessity been cut back and staffing reduced. In addition potential efficiencies will be lost and our ability to rationalise storage (and costs) is now seriously hampered.

Nevertheless, on the strength of our commitment to reform, we are integrating as much as possible of this work into other core activities, but activity and output will noticeably reduce. This is doubly unfortunate as dispersal and disposal is a high profile topic, and the diminution of our leading programme is likely to have a dampening effect on dispersal and disposal sector-wide.

### **Expertise**

Plans have been developed for the Museum to contribute to the history of science MSc run by the University of London Centre for the History of Science, Technology and Medicine.

Museum staff will work with academics from Imperial College and University College, London, to provide a second semester option on the material culture of science and museology, using our collections and expertise. This will help to promote our collections as an academic research tool to the rising generation of scholars.

An award of £12,000 was gained from the Arts and Humanities Research Council for a series of workshops to establish an intellectual agenda for the Centre for Art and Travel.

### **Conferences**

- May 20 2006 – *Shipwreck in the Long Eighteenth century*, 50 delegates.
- July 13-14 2006 – *A War for Empire: the Seven Years War in context*, 120 delegates each day.
- November 16 2006 – *Navigational Instruments Symposium*, 36 delegates.
- March 30-31 2007 - *Exploring and Being Explored: Africa in the 19th Century*, 55 attendees each day.
- Eight *Empire Lectures* were held during October, attracting between 70 and 100 delegates to each. PalgraveMacmillan will be publishing the proceedings.

### **Publication resulting from conference**

*Trafalgar in History: A Battle and its Afterlife*, Ed. David Cannadine, published by Palgrave Macmillan. To follow from lectures delivered at the three day international conference 'Europe at War: The Trafalgar Campaign in Context', sponsored by the NMM, Institute of Historical Research, and the Maritime Institute of the University of Greenwich.

**Fellowships** – the following were in place in 2006-'07:

- **The Sackler Research fellowship:**  
Dr Willem F J Morzer Bruyns, *A critical catalogue of the octants and sextants in the ROG collection*.
- **Caird Senior Research fellowship:**  
Dr Claire Anderson, *Empire and migration: subaltern experiences of Indian Ocean voyages in the nineteenth century*.
- **Caird North American fellowship 2006:**  
Brian Arthur, *The Royal Navy and economic warfare in North America, 1812-15*.
- **Caird short-term research fellowships:**  
Martin Hubley, *Desertion, identity and the Royal Navy, 1745-1815*  
Marianne Czisnik, Landesumweltamt Brandenburg, *An examination of the Croker papers at NMM for an edition of Nelson's Letters to Lady Hamilton*.  
Daniel Brass, University of Sydney, *Critical edition of Robert Fitzroy's narrative of the Beagle voyage, 1831-36*.

### **Buildings**

- The Museum's Conservation Plan drawn up with the consultation of many stakeholders was approved by Trustees in May 2007. The Plan is an important document that will support many aspects of future Museum and wider World Heritage Site activity. Those responsible for ongoing preventative maintenance will use its content to inform their work: future capital development will also respond to, and be shaped by, its recommendations.
- The external redecoration and repair of Flamsteed House and the Meridian and Great Equatorial buildings was completed on time and on budget.
- The complete refurbishment of the 28" telescope gallery in the Great Equatorial Building was also completed. The works included complete stripping of the inside of the Onion Dome and internal redecoration of the dome, gallery walls and access staircases. Improvements have been made to the dome fabric and the opening and rotating mechanisms have been completely overhauled.
- A comprehensive re-lighting project which includes new track and modern energy efficient lighting fittings in the Queen's House was completed with minimal disruption to daily operations.
- The external repair and redecoration of the Brass Foundry was completed. The opportunity was taken to improve drainage and drill out 'scuppers' along parapets in response to the effects of heavy rainfall.
- For progress to completion of the £15million *Time and Space* project please see section 4. below.

### 3.2 maximising **access** and inspiration for its users

Links to the DCMS objective of: *Further enhancing access to culture and sport for **children and young people** and giving them the opportunity to develop their talents to the full and enjoy the benefits of participation.*

#### *Performance Measures:*

- There were a total of 10,813,675 Museum users; site visits, web visits and research enquiries (9,743,391 in 2006) compared to a Funding Agreement target of 9,175,000.
- The Museum received 1,633,592 visits to its sites (1,512,191 in 2006) compared with a Funding Agreement target of 1,425,000. This figure includes 256,906 over-60s (208,002 in 2006).
- 354,687 children visited (313,624 in 2006) compared with a Funding Agreement target of 290,000.
- The number of visits made to the Museum's websites in the year increased to 9,171,176<sup>#</sup> (8,217,504 in 2006) compared to a Funding Agreement target of 7,750,000.
- The number of learners participating in on-site and outreach educational programmes was 221,378 (238,466 in 2006) compared with a target of 205,000. Numbers were higher in 2005-'06 than in 2006-'07 due to the additional educational offering connected with the *Nelson & Napoléon* exhibition.
- The number of children in organised educational programmes both on-site and outreach was 119,126 (104,552 in 2006) compared to a Funding Agreement target of 85,000.
- Loans were made to 89 venues in the UK (107 in 2006) of which 83 were to venues in England compared to a target of 85. Loans were made to 21 international venues (31 in 2006) compared to a target of 28.
- The Museum remained open for an additional 59 hours over its 2001 baseline (59 hours in 2006).
- A further 5,307 collections records (against a target of 5,000) were made accessible via IT/ICT over the 2001 baseline (5,140 in 2006).

<sup>#</sup>after deduction of spiders/robots.

#### *Activities and Achievements include:*

##### **Exhibitions and Displays**

Following the major temporary exhibition *Nelson & Napoléon* in 2005, we adapted another gallery to house a display entitled *Nelson's Navy*. This permanent gallery opened to the public on 1 July 2006. The gallery looks at Nelson within the context of the Georgian Royal Navy: sections include Nelson and Trafalgar; the death and commemoration of Nelson and the Royal Navy (incorporating food and health, ships and weaponry, punishment and rewards, manning the Royal Navy and communication).

The *Art for the Nation* major re-display of the NMM's paintings collection in the Queen's House was opened by HRH Prince of Wales on the evening of 16 November 2006. The hang has been received well by critics and visitors.

A display of five of the Victoria Crosses in the collection opened to the public in the e-library on 22 August to commemorate the 150th anniversary of the medal.

### ***New Visions contemporary art programme***

NMM has worked with photographic artist Dan Holdsworth on a new display *At the Edge of Space, Parts 1-3*, which investigates the possibilities of human knowledge regarding time and space. Dan took new photographs of the Aurora Borealis in Iceland and the Andoya Rocket Range in northern Norway in preparation for this exhibition. His large-scale photographic exhibition opened to the public on 8 June 2006 and ran until 7 January 2007.

Lawrence Weiner's exhibition *Inherent in the Rhumb Line* opened to the public on 22 March 2007. He created new works for the NMM based on navigation to show alongside some of his existing work. He also devised the NMM's publicity poster for the exhibition which reads as a piece of art in its own right. Weiner is acknowledged as the 'father' of conceptual art and is one of the most influential living artists. The opening was attended by key players in the international art world and is attracting new audiences to NMM.

### **Travelling exhibitions**

The photographic exhibition, *Last of the Tall Ships: photographs by Alan Villiers 1903-82*, opened at the Suomenlinna Fortress in Helsinki on 16 October 2006.

*Skin Deep; a history of tattooing* safely returned from Shipley Art Gallery, Gateshead and moved to the Time and Tide Museum of Great Yarmouth Life, opening on 24 March 2007.

The New Visions exhibition *Dan Holdsworth: At the Edge of Space, Parts 1-3* toured to Stills, Edinburgh, and opened in Edinburgh on 17 February 2007.

### **Opening of the new Atlantic and Asian Galleries**

The Museum is committed to exploring its collections and narratives in new ways around the histories and legacies of empire, and in so doing addressing issues of cultural interpretation, cultural representation and cultural diversity. Within this programme this year saw work being in earnest on the Atlantic and Asian Galleries that will open in 2007 and 2009 respectively. The overall ambition is 'more than an exhibition' and the galleries will become part of a wider project and act as signposts to other work both at NMM and elsewhere. This other activity will include public programming and continuing audience engagement and consultation.

### **Understanding Slavery Initiative**

The Understanding Slavery website was launch at the NMM on Tuesday 20<sup>th</sup> June 2006. Minister for Culture, David Lammy, endorsed the project and the new website, describing it as a key historical moment in the development of museum education. The site has been very well received by formal and informal learning audiences. The project will continue to develop this main site as well as producing new print and digital material focused on units of study in the key stage 3 Citizenship curriculum to support teaching and learning particularly during 2007.

### **International Day for the Remembrance of the Slave Trade and its Abolition**

Wednesday 23 August 2006 was an evening to debate and celebrate the music and culture of struggle and resistance from slavery. A panel (Bonnie Greer, Chair, Faisal Abdu'Allah / Godfried Donkor / Keith Piper / Sonia Boyce) of leading artists were invited to respond personally and critically to items from the NMM's collection that

relate to the transatlantic slave trade and its abolition. This was followed by *Late Night: Celebration* with the legendary Jah Shaka and his sound system to celebrate revolution and freedom through the sounds of struggle and the music of resistance.

### **Formal learning programmes**

Bookings for the schools programme for the summer term 2006 were the highest ever, excluding the added numbers created in recent years by special exhibition admittance to schools. This has been the result of the addition of new sessions and workshops to both the primary and secondary age groups - including days themed around pirates and exploration.

### **The Marine Environment Education Initiative (MEEI)**

Several MEEI programmes have been launched during Nov 2006- Feb 2007. Weekly study days and video conferencing sessions, incorporating a range of learning approaches to encourage debate, are now on offer for Key Stage 3 students studying the Science, Geography and Citizenship curricula. Around 1300 students from 17 schools have booked into these sessions.

### **Publishing included**

- *Time Restored* by Jonathan Betts. Published in association with Oxford University Press, this is the first ever biography of Rupert T. Gould, polymath, horologist, and broadcaster, and during the 1920s and 30s the man responsible for restoring John Harrison's timekeepers.
- *River Class Frigates: A Technical and Social History* by Brian Lavery.
- *Art for the Nation*, edited by Geoff Quilley. A celebration of key oil paintings at the NMM to accompany the exhibition in November 2006, asserting the centrality of this extraordinary collection to British art and to the historical identification of Britain as a maritime nation.
- *One Common Enemy* by Jim McLoughlin with David Gibb - A thrilling account of one man's survival against the sea, enemy ships and the elements during the Second World War.
- *Sons of Sindbad*: this published on 11 October 2006 and a highly successful launch party with the Kuwaiti Ambassador in attendance.

### **WWW**

One highlight of the period was the usage and responses to the information put up on the website about the start/end of Ramadan. E.g. "Excellent idea and very helpful to all Muslims from an authoritative organisation".

The *Sail Safe – an introduction to safety at sea* online resource for young people has been completed and was launched on 20 August 2006 (International Lighthouse Day). The Sea Cadets and Royal Yachting Association (RYA) attended the launch to promote safe sailing and help invited young people to enjoy the Ocean Challenge game. The project has been funded by Trinity House and created in partnership with the RYA.

### **Collections Online**

The paintings in *Art for the Nation* have been highlighted in Collections Online in a new exhibition template. The new format provides large images of the paintings, with

browsable thumbnails and related contextual information. Almost 150 biographies of prominent artists have also been added to Collections Online.

Other progress included:

- 300 Franklin relics online.
- 500 Herschel Collection objects online.
- 100 ship models online.

### 3.3 satisfying **stakeholders**, locally, nationally and internationally

Links to the DCMS objective of: *Increasing and broadening the impact of culture and sport, to enrich individual lives, strengthen **communities** and improve the places where people live, now and for future generations.*

*Performance Measures:*

- The number of repeat visits was 591,173 (636,999 in 2006).
- Visitor satisfaction continues to remain high; 98% (98% in 2006) of visitors questioned stated that they would recommend the Museum to others and 100% (95% in 2006) of visitors had an overall impression of the Museum as at least satisfactory.
- There were 67,972 adult UK visits from under represented socio-economic groups 5-8 (a new measure) compared with a Funding Agreement target of 80,000 (which was based on a C2DE measure from previous years).
- The number of overseas visits was 938,052 (801,788 in 2006).
- The number of regional and international partnerships or links in place was 311 (263 in 2006), including 13 sustainable development partnerships.
- There was one Health & Safety incident per 28k visitor hours and one accident per 40k visitor hours spent on site. [New measures started in January 2006]
- There was one Health & Safety incident per 20k staff hours and one accident per 24k staff hours spent on site. [New measures started in January 2006]
- The percentage of staff experiencing vocational training was 27% compared to a target of 23% (22% in 2005).

*Activities and Achievements include:*

**Partnerships** with our stakeholders are a critical part of ensuring the relevance and reach of the NMM. Specific areas include academic reputation, maritime heritage and local (WHS) and international tourism; we are keeping faith with partnerships created for *SeaBritain 2005* and learning more about the new ones, especially those related to the Understanding of Slavery Initiative in 2007 and the Olympics in 2012 for which the NMM is a venue.

#### **Maritime Heritage**

National Museums at Chatham is a partnership between the National Maritime Museum, Chatham Historic Dockyard Trust and the Imperial War Museum. The new facility will hugely improve public access to internationally pre-eminent museum collections of maritime models with enhanced facilities for research and education as well as interpreting these and other collections in dynamic and thematic displays. It will provide a sustainable re-use for the early 19th Century No. 1 Smithery at The Historic Dockyard Chatham, a Scheduled Ancient Monument and Grade II\* listed building.

The National Museums at Chatham project was awarded an HLF Stage 2 pass on 20 June 2007 and the centre will now become a reality in 2010. A Stage 2 pass confirms the HLF grant of £4.975M and also releases £2M of funding from SEEDA (South East England Development Agency). The project has now raised £10.6M and a strong fundraising campaign is underway to raise the £3.3M required to complete the project.

### **Community Engagement**

The Museum celebrated Chinese New Year in February 2007 through a series of public events run in partnership with Chinese community organisations. Families were invited to explore the collections using an NMM highlight card of Lady Hamilton's Chinese vase and workshops provided the opportunity to discover more about Chinese culture through calligraphy and performance activities.

A Chinese Arts Festival followed in March 2007, run in partnership with Greenwich Chinese Community School, the seventh year of the partnership and the best year yet. Events were delivered with translations in Cantonese, Mandarin and English, it was attended by the Mayor of Greenwich and around 400 people attended, including the students of the GCCS.

A series of events were run throughout the Bicentenary weekend of 24 and 25 March 2007. On Saturday 24 March 'Liquid Histories' an evening of poetry and music was attended by around 190 people. This was a charged late night event. Highlights of the evening were a poetry set by John Agard, a specially written rap by musician Soweto Kinch, a visual performance by Gary Stewart and Trevor Mathison – presenting objects and manuscripts through an installation of projection and music. Faisal Abdu'Allah, previously a New Visions artist, returned to give a music set in response to the 2007 bicentenary.

INSET/ Professional development for teachers:

A total of 40 local stakeholders, including teachers, headteachers, consultants and advisors attended INSET focusing on approaches to teaching and learning about the transatlantic slave trade.

### **Youth consultation and engagement**

At the end of 2006 the Learning and Interpretation team welcomed groups of young people from youth centres across Greenwich to find out about and comment on the plans for the new Atlantic gallery. They also learnt about the history of the transatlantic slave trade through handling sessions. Feedback from these sessions will be incorporated in to approaches for programming later in 2007.

### **London 2012**

Planning for London 2012 continues with meetings taking place with the NMM's World Heritage Site partners, the Chief Officer for the Greenwich Council's 2012 unit, as well as with the first Trustee Sub Committee. The first meeting with the London Organising Committee for the Olympic Games representative responsible for the review of the venue overlay took place in mid-May 2007.

### **The Friends of the National Maritime Museum**

During 2006 the Friends' Council and the Museum's Trustees agreed to carry out a joint review into the future of the Friends' organisation. The resulting report recommended that the Museum should develop its own new comprehensive



membership scheme, and that the existing Friends should become the Founder Members of this scheme, integrated much more closely into the life of the Museum, with the management of the Friends brought in-house.

This was agreed by the Museum Trustees, and by the Friends' Council of management, coupled with the intention of winding up the Friends as a separate charitable organisation later in 2007. From April 2007, individual Friends are now Founder Members of the Museum's new Membership scheme.

The Museum is immensely grateful for the past support given by the Friends since their inception in 1982, including over £1.5m raised for the Museum over this period and the many acquisitions this has made possible. The new temporary exhibitions gallery, created by a final gift from the Friends, is named in their honour.

### **National Maritime Museum Cornwall**

The National Maritime Museum Cornwall (NMMC) is an independent, registered charity which the National Maritime Museum does not control. The entities have a range of interactions:

The National Maritime Museum has provided, on loan, the small boat collection exhibits for the NMMC.

The Trustees of the National Maritime Museum guaranteed a sum not exceeding £250,000 available to the NMMC during the period ending 21 October 2009 to cover shortfalls in partnership funding for the capital costs of the NMMC and the payment of running costs of the NMMC exceeding the income and reserves. Payments are recoverable within the lifetime of the guarantee from surpluses made by NMMC. NMMC invoked the guarantee in January 2004 and the guarantee has been taken up fully.

The National Maritime Museum has seconded two members of staff to NMMC as a long term arrangement.

### **Stakeholder Recognition**

#### *Customer Service*

Gallery Assistant Sharon Francis became the Museum's third winner of VisitLondon's Outstanding Customer Service award in three consecutive years. Sharon furthered her success in the Outstanding Customer Service category at regional level by being awarded silver at the England Excellence awards. This is the second time in three years that a member of the Visitor Services staff has been recognised nationally.

#### *Award from the Commission for Architecture and the Built Environment (CABE)*

The NMM has been awarded a CABE Festive Five Award for the excellent improvements in access to the Royal Observatory. The Festive Five Awards are an annual initiative by CABE to recognise and reward individuals, public sector organisations, and private companies whose forward thinking and high aspirations have promoted good architecture, inclusive design, urban design and public space.

#### *Dibner Award*

The new Time Galleries at the Royal Observatory won a prestigious award in October 2006 from the Society for the History of Technology. In presenting its Dibner award

for excellence in museum exhibits the Award Committee described the galleries as “a genuinely inspirational and engaging set of spaces, sensitively designed, rich with information and interest”.

#### *Investors in People*

In October 2006, the Museum was re-accredited by Investors in People. The first London National Museum to achieve the award in 2001, we have now been re-accredited twice. This re-accreditation is a particular achievement as the Investors in People standards have become more demanding since the Museum last went through the process. The assessor also particularly commented on how much the people she interviewed enjoy working at the Museum.

#### *Diversity and inclusion*

There has been a particular focus on diversity, particularly disability equality. We were the regional winners for the South-East of the Remploy ‘Leading the Way’ award for our inclusive employment practices.

### 3.4 effective **organisation** and sound financial management

Links to the DCMS objectives of: *Modernising delivery by ensuring our sponsored bodies are efficient and work with others to meet the cultural and sporting needs of individuals and communities* **and** *Maximising the contribution that the tourism, creative and leisure industries can make to the UK's economy.*

#### *Performance Measures:*

- The revenue Grant-in-Aid per user (site visits, web visits and enquiries) reduced to £1.36 (£1.46 in 2006).
- The revenue Grant-in-Aid per visit was £8.99 (£9.39 in 2006).
- Sponsorship, donations and grants generated £4.66 per visit (£4.22 in 2006). All other non-grant revenue per visit was £1.50 (£2.46 in 2006). [2006 figures included significant admissions income from the *Nelson & Napoléon* exhibition].
- Retail sales were £1.236 million (£1.354 million in 2006). [2006 figures include additional retail income from the *Nelson & Napoléon* exhibition].
- The Museum’s trading company, including corporate hire, achieved an income net of cost of sales of £1,255,176 (£1,166,961 in 2006) and a net profit of £570,281 (£434,283 in 2006).
- Commercial and Private lettings / events achieved a gross income of £316,228 (£230,545 in 2006).
- Catering commission income from both day visitors' outlets and events was £118,421 (£118,989 in 2006).
- Income from the wide range of Collections Services offered to the public was £560,567 (£677,904 in 2006). [2006 figures included significant publications income deriving from the *Nelson & Napoléon* exhibition].
- The Museum’s Corporate Membership scheme and loans to members achieved an income of £156,159 (£146,945 in 2006).
- The average number of days lost per employee through short-term sickness was 5.2 compared to a target of 5.25 (5.9 in 2006).
- £441k cash (£202k in 2006) and £3,880k (£202k in 2006) non-cash efficiency savings were achieved. A total of £4,321k against a Funding Agreement target of £972k.

*Activities and Achievements include:*

### **Commercial Forum**

A new Commercial Forum has been established to focus on cross-museum plans for profit and strategic long term planning to increase self-engendered income. The Forum has drafted its terms of reference and financial plans for 2007-'08.

### **Retail**

We reached year end with a sales total of £1,236k; this was 8% ahead of plan.

The NMM shop tested a "Print on Demand" scheme in July 2006; it delivered a profitable result and after analysing the August results a decision was made to keep the facility. The shop was partially redesigned to support the sale of prints and new products were brought in to enhance the gift range.

'Artist of the Month' was another pilot scheme successfully incorporated by the NMM shop, with several local artists invited to design and produce Museum-themed items for sale.

An updated version of the online shop was launched in November 2006; this enabled the online shop to achieve record profits over the Christmas period, showing a 159% growth over the same period in 2005.

A five-year sales and marketing plan was drawn up and fed into the Commercial Forum's strategic plan.

### **Catering**

We have officially appointed Digby Trout Restaurants to be our caterer at NMM as of 1 April 2007, with Caper Green supplying catering for the Royal Observatory café upon opening on 22 May 2007.

### **Development**

Following work on the shape, look and feel of the scheme; the new Patrons Programme was officially launched in October at the British Consul's residence in New York. The reception heralded the start of a week's fundraising in the USA, which resulted in our first two patrons signing up and a number of pledges from others, to be followed up. There are now nine Patrons.

### **Commercial Events**

June 2006 was the busiest month with 18 events. The highlight of June was the Siemens event which took place on the 29 June in the NMM. The event was a dinner for 250 guests followed by a pyrotechnic display in the grounds set to classical music. The income from this event, including commission was £11,400. The Events Business has continued to grow significantly in the financial year 2006-'07 generating in excess of £405,000 income for the Museum, a 35% increase in turnover in comparison to the previous year.

### **Collections Services**

- Picture Library - More images than ever before were sent electronically - either by email or via our FTP site. This is a crucial service to further open up our collections to the commercial and corporate market sectors.
- Playing cards featuring warships and liners are now in the shops, a joint licensing venture between NMM and IWM.
- Licensee Middlesex University Resources Ltd have produced five children's educational science kits based on the NMM collections. Six more kits based on the ROG collections are planned for summer 2007.

- A new licence has been signed with Wentworth Jigsaws. The new jigsaws feature the three NMM sites and complement the ranges already on sale within our shops.

### Business Continuity

Pandemic Flu planning - the Museum's Pandemic response plan has been well received by DCMS and is being circulated to other museums as best practice.

### ICT Infrastructure and Services

- ICT implemented a regular independent SQL health check to safeguard the NMM databases. The department also undertook a network security review and implemented recommendations to provide greater security from e-mail/msn borne viruses, hacking and spam attacks. Additional security measures include the provision of secure remote access by Virtual Private Network.
- The video conferencing suite was reinstalled and reconfigured to give excellent quality delivery.

### Efficiency

The National Maritime Museum is operated efficiently and effectively, within its risk envelope. Reforms over the last 9 years have seen it increase its outputs at a steady rate whilst its financial and workforce inputs have remained largely constant. Audiences have grown, both on site and on the website, as the Museum follows a trajectory of continuous improvement as demonstrated in the table below:

Key Measure	2001-'02	2002-'03	2003-'04	2004-'05	2005-'06	2006-'07
Total Grant in Aid	£12.6m	£13.7m	£14.0m	£15.7m	£15.2m	£17.1m
All other incoming resources	£5.3m	£5.2m	£4.5m	£6.4m	£9.6m	£9.0m
FTE employees	410	417	417	408	420	407
Visits	1.005m	1.208m	1.365m	1.533m	1.512m	1.633m
Website visits	2.071m	2.628m	4.089m	6.750m	8.218m <sup>#</sup>	9.171m <sup>#</sup>
Total Users*	3.107m	3.865m	5.479m	8.307m	9.743m	10.814m
Total Users per FTE	7,578	9,269	13,139	20,360	23,198	26,570
Total GIA £ per User	4.06	3.54	2.55	1.89	1.56	1.57
Revenue GIA £ per User	3.89	3.41	2.44	1.67	1.46	1.36

\* includes collections and subject related enquiries

<sup>#</sup> After deduction of spiders/robots.

- The Museum has a strong culture of seeking value for money across all its workflows and the effectiveness of procurement and other systems are regularly reviewed as part of its internal audit plan.
- Efficiency is a major driver in the forefront of the Museum's Collections Reform project and its work with partners - though the end of the specific funding for this work will mean that the pace of reform will necessarily slow.
- The Museum continues to maintain high standards in its Energy Management and has recently been Re-accredited by the Institute of Energy “Energy Efficiency Accreditation Award” for the period of 2007–'10.
  - The electricity consumption has reduced for the current period 2006-'07 when compared to the previous period of 2005-'06 by 3.13 % kWh.
  - The gas consumption has reduced for the current period 2006-'07 when compared to the previous period of 2005-'06 by 13.92 % kWh.

- The total reductions of CO2 emissions for this period 2006-'07 when compared to the previous period of 2005-'06 would be approximately 18,6817kg which is equivalent to 51,001 kg of carbon.
- The Museum places a high priority on building the capacity of its staff through training and development. It also operates a modest scheme that recognises and rewards staff to identify, plan and implement further efficiencies.

### **Sustainability and the Environment**

The Museum is committed to sustainable development best practice and to the continual improvement of its sustainability performance.

- The Museum plays an important role in raising awareness of wider environmental and energy consumption issues through its *Your Ocean* gallery. The gallery explores current thinking on such issues as climate change, over-fishing, pollution, conservation and the use of renewable energies, and debates these subjects in the context of local, national and international situations.
- We already stock fair trade items and are starting to examine the supply chain of many more of our retail products. For example, we have been carefully researching replacements for the plastic bags that we give visitors in our retail outlets. We have taken a view that we should finish our present stock of bags before replacing them, but thereafter we plan to use bags made from degradable plastic.
- All new staff at the Museum receive a presentation about our energy efficiency and sustainable development policies.
- All white office paper has recently been switched to 100% recycled content and, following a presentation from a Wrap paper consultant, we have started to source recycled paper for other printed materials that we produce.

### **The influence of climate change**

The Museum is in a low lying area of the Thames basin. According to the Environment Agency's website we are not however an area at risk of river flooding. Despite this, we have already experienced some localised flash flooding during storms last year which was dealt with very adequately through our emergency action plan.

Changes in climate may alter the environmental conditions that our objects are subjected to. This may require changes in the way we monitor, store and conserve our objects.

To mitigate these effects we have developed a disaster plan which includes our emergency reaction to the implications of extreme weather. We continue to raise awareness of climate change amongst our staff and encourage a sustainable approach. We have an energy efficiency and sustainability policy and we are in the process of changing many of our habits and processes to bring museum practices in line with these policies.

We impose a self inflicted hose pipe ban on all our lawns in the summer, even though our grey water is extracted from our own bore hole.

We encourage the use of public transport and encourage green transport via bike loans and safe cycle parking provision (being upgraded), car sharing benefits and restricted use of the car park. Flexible working patterns, including working from home where possible also assist in this approach.

We are using the Building Research Establishment Environmental Assessment Methodology (BREEAM) in assessing our next large build project – the Archive.

The NMM will measure its carbon footprint during 2007-'08 in conjunction with the DCMS initiative which is part of the Department's sustainable development plan.

**Enhancing our environment**

Our impact on our surroundings is carefully scrutinised and we adhere to the very high standards that are expected of us as a key part of a World Heritage site and delineated in the Conservation Plan. It is within our interest to keep these high standards and as such feel very much that, with all our enterprises and projects, we look to enhance the environmental and cultural surroundings of Greenwich.

#### 4. FUTURE PRIORITIES AND PROJECTS

The Museum's Strategic Plan assesses and analyses risk, the management of which:

- i generates the infrastructure improvements of Strategic Priorities I. and II and;
- ii recognises the imperative for success through partnerships with stakeholders of many kinds in Strategic Priorities III and IV, in order to deliver;
- iii the strategic ambition of Strategic Priority V

**SP I** to improve facilities and services for physical, intellectual and virtual access, for all ages and backgrounds, to the collections and subjects of timekeeping, navigation, and contemporary astronomy through major investment at the ROG, and to the art collections via the Queen's House.

The strategic risk analysis revealed that the principal short-term risk to the reputation of the Museum was the underdevelopment of the Royal Observatory site in the face of growing current visitor numbers and the threat that overcrowding poses to their satisfaction with the Museum's services and quality of offering. This risk has been managed through the *Time and Space* project - a £15million capital development that has now released the educational potential of the site and dramatically improved the public's access to the fields of timekeeping and contemporary astronomy. The *Time and Space* project was completed on time and opened to the public by Her Majesty The Queen on 22 May 2007. The project has succeeded in making the whole ROG site accessible to the public and the new galleries and state of the art planetarium provide a step change to the Museum's capability of exploring the subject of contemporary astronomy.

The Queen's House was re-configured in 2001 to ensure greater access to the art collections. Of significant new exhibitions exposing the Museum's art collections, *Art for the Nation* was opened in 2007 and *The Golden Age: The Sea in Dutch and Flemish art of the Stuart age* will be run in 2008. In addition, the ongoing *New Visions* programme of contemporary art are planned for the Queen's House galleries.

**SP II** to reform the Museum's stewardship of the paper-based and object collections and manage the associated storage risks.

The Museum's collections and its conservation services are split over a number of sites, and housed in far from ideal conditions. Current levels of stewardship and accessibility do not comprehensively provide the quality expected of a national and international institution. This risk is being managed through the *Collections Reform* Project. The collection storage aspects of the project are on track. These deal with both the paper-based and object collections. A disposal programme is now also underway in parallel with discussions within the United Kingdom Maritime Collection Strategy (UKMCS), which includes work on Collections Interface reviews and the Secretary of State has recently approved the first set of collection disposals all in accordance with the 1934 Act of Parliament.

However, continued progress at this pace is hampered by the non-availability, from 2007-'08, of specific collections reform funding. The effect of this is substantial; efficiencies are lost and our ability to rationalise storage and costs is now seriously hampered. See section 3.1 above.

**SP III** to develop joint projects with government and the wider regional, national and international cultural sector, enhancing the Museum's leadership of British maritime heritage.

The Museum has proven through *SeaBritain 2005* and the *National Museums at Chatham* project that partnerships are an effective multiplier of effort. Future plans will embrace new and different partners to increase the asset base and deliver the outcomes of the sector. Through local, regional, national and international partnerships, the Museum will provide leadership, maintain standards and grow expertise in its own specific area of maritime heritage and culture.

The Museum also anticipates cross-Whitehall input and support and will contribute to measures that can deliver joined-up thinking and action.

**SP IV** to sustain progress as a sector leader on workforce development and reward.

These strategic priorities, and the ambitious and exciting programmes they generate, require delivery by a skilled, knowledgeable, creative and motivated workforce. The Museum aims to work alongside partners, including DCMS, NMDC and the MLA, to bring about a shift in culture within the sector, while ensuring that its own workforce is fairly rewarded for its endeavours, with a particular emphasis on the lower paid.

The above four Strategic Priorities provide both the context and the enabling infrastructure and partnerships to pursue the further progress of the Museum through:

**SP V** to continue the evolution of the Museum by illustrating more effectively the cultural, economic, political and social importance of the sea, and involve a growing and more diverse national and international audience with these themes.

The Museum aims to deliver an imaginative series of inter-linked developments, which will respond to the needs of and focus on delivery to customers, users, visitors and stakeholders generally. This work sets the agenda for the Museum's ongoing evolution. It will:

1. address the ever-changing trajectory of the digital future by physical and virtual interactions with collections while bridging on- and off-site learning.
2. physically and intellectually reconfigure the existing displays and galleries.
3. invest in a significantly improved access interface, via a new library, reading room and educational spaces, to our paper-based (rare books, charts, manuscripts, prints and drawings) research collection. Internationally renowned architects and a consultant team have now been commissioned to work on a design to the point of an initial HLF submission in November 2007.
4. activate outreach programmes that will broaden our audience by extending local participation, work with the regions, and assist in increasing our international reach. In particular, programmes will be developed that will reach, through focussed marketing, and involve, through re-investment in displays and interpretation, currently under-represented UK groups. An increase in users from these groups will increase audience diversity and achieve growth in the overall UK audience.
5. work with others towards a 'foreign policy' for the Museum and the cultural sector, both within Europe and in the new and growing markets overseas.



The outcomes of this work will be to:

- i improve understanding of how Britain's relationship with the sea has fundamentally shaped histories, cultures and identities.
- ii push the boundaries of our subjects further while transforming our capacity to seek out, engage and develop a more diverse audience.
- ii enhance the Museum's international standing while acting as a force for local regeneration.
- iv update physical infrastructure, ploughing back resources released from efficiencies derived from the storage reform project.

## **5. STATUTORY BACKGROUND, STRUCTURE, GOVERNANCE AND MANAGEMENT**

The founding legislation is the National Maritime Museum Act 1934 which established the National Maritime Museum and a Board of Trustees, who are a body corporate by the name of the Trustees of the National Maritime Museum. The 1934 Act was amended by the National Maritime Museum Act of 1989 and the Museums and Galleries Act of 1992. The 1989 Act gave the Trustees the power to acquire and dispose of land and property. Titles to the main Museum properties and the collection stores have been transferred to the Trustees (see note 10 to the accounts). The Museum occupies and operates the Royal Observatory under a Royal Warrant dated 23 March 2004.

Monies are provided by Parliament to enable the Board of Trustees to carry out the objectives set out in the original and amended acts. The Management Statement and Financial Memorandum, issued by the Department for Culture, Media and Sport (DCMS) in September 2002, set out the conditions for the payment by DCMS of the Grant-in-Aid to the Trustees.

### **Structure**

Under the National Maritime Museum Act 1934, the National Maritime Museum is an exempt charity.

#### *Trading Company*

The National Maritime Museum established a trading company called National Maritime Museum Enterprises Limited (NMME) on 2 April 1985. The principal activity of the company is the running of the retail and corporate events operation and it also operates a franchise for the restaurants.

The result for the year is a profit on ordinary activities before tax of £570,281 (2006: £434,283).

The directors who served the company during the year were as follows:

Lord Sterling of Plaistow	(Chairman)
R A G Clare	(Retired 31 May 2007)
N C L Macdonald	
N J Reed	
N Spence	(Retired 11 May 2006)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Under the provisions of the Memorandum and Articles of Association of the company, no person holding the office of director may hold any salaried position in the company or otherwise receive remuneration, and the entire share capital is owned by the National Maritime Museum, which is the ultimate parent company.

#### *Trust Funds*

The Caird Fund was created under a trust deed dated 23 March 1942. The original capital was provided by Sir James Caird as a permanent endowment.

The Development Fund and the No 3 Trust Fund were set up for the development and benefit of the National Maritime Museum. Management of the Trust Funds is by their Trustees who are members of the Finance Committee itself responsible to the Trustees.

## **Governance and Management**

The Board of Trustees agree the Museum's Strategic Plan, Funding Agreement and the Management Plan that are prepared by the Director and the Executive Board. These documents set out the policy and resources framework within which the Museum discharges its duties and its key strategic and management objectives and targets. The Funding Agreement between the Museum and the Department for Culture, Media and Sport (DCMS) provides explicit and challenging statements of the underlying outputs and levels of performance that the Museum is required to deliver to achieve the Department's objectives. The Board of Trustees, the Board of Directors of National Maritime Museum Enterprises Ltd, and the Director as Accounting Officer are responsible for establishing and maintaining systems of internal control. They are committed to public service values, which include integrity, openness, accountability, and securing value for money. The Museum continues to review and update the existing systems (see the Statement on Internal Control on page 37), which the Boards and Accounting Officer believe to be appropriate for a public body. The systems of internal control are designed to meet the particular needs of the Museum and the risks to which it is exposed. By their nature, internal control systems can provide reasonable but not absolute assurance of effectiveness.

The Board of Trustees have corporate responsibility for ensuring the Museum fulfils the aims and objectives set out in legislation and governing documents and are accountable to Parliament.

The Director as Accounting Officer is accountable to Parliament and is personally responsible for safeguarding the public funds for which she has charge, for propriety and regularity in the handling of those public funds and for the day-to-day operations and management of the Museum. The Director acts in accordance with the Treasury documents *The Responsibilities of an NDPB Accounting Officer* and *Regularity and Propriety* and through the DCMS Accounting Officer.

The Museum is led and managed by the Director and the Executive Board and is structured to ensure delivery of the targets laid down in the Funding Agreement, the Management Plan and the respective performance agreements of directors and managers.

These targets cover outputs relating to the public's access to the collections, the themes the Museum explores and the quality of services it provides. The targets also cover financial performance and the efficiency and effectiveness of its operations. The Executive Board reviews performance against these targets monthly using the performance management system developed for the purpose. In turn, the Trustee Board receives reports quarterly. The Executive Board monitors the performance of all major projects through the Museum's Project Method.

Accountability, limits of authority and lines of reporting are clearly defined throughout the Museum's management. Annual performance targets are set for each member of staff. Well-developed information and reporting systems monitor progress against financial and non-financial targets. The Financial Information System provides networked access to the details of actual and committed expenditure for activity centre managers and summarised results for divisional directors.

## **The Board of Trustees**

The Board has four plenary meetings a year, and one or more extended strategic sessions. There are five committees of the Board and two of these, the Audit Committee and the Finance Committee, meet quarterly.

Beyond the demands of governance, Trustees' expertise and experience is drawn upon, to the benefit and assistance of the Museum, via the Informal Sub Committee (ISC) structure. Trustees serving on ISCs provide advice and guidance to the Executive and the ISCs report informally, through the Director, to the Board of Trustees. Currently these encompass the Academic, Astronomy, Collections, 2012 and Archive Collections Informal Sub Committees.

A register of Trustees' relevant interests is maintained and is available for the public to inspect on request to the Museum Secretary.

Trustees are not remunerated.

### *Methods used to recruit Trustees*

All recruitment and the appointment process itself is carried out in accordance with the Office of the Commissioner of Public Appointments' (OCPA) Code of Practice for Ministerial Appointments to Public Bodies and operates in accordance with the Delegated Appointment Procedure the Museum piloted with DCMS and the Board's (currently draft) Diversity Plan.

Advertisements are placed in media deemed appropriate for each case, ranging from national newspapers to the Museum's and the DCMS websites. A panel of Trustees, with an Independent Assessor representing OCPA, interviews shortlisted candidates and a recommendation is made to Ministers accordingly.

The Prime Minister makes the appointment to the Board and appointments or re-appointments are normally for four years.

### *Procedures for induction and briefing of Trustees*

The Chairman ensures that all members of the board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities. All Trustees have a copy of all relevant governance material and receive an induction course on appointment. New Trustees may also receive mentoring from members with experience. Trustees are normally appointed to provide the Board with their specific areas of expertise, knowledge and skills but training is always offered and available and committees such as the Audit Committee benefit from an annual sector-wide conference. In addition from time to time the Board receives specific briefings on matters such as Health and Safety and compliance procedures and individual Trustees are encouraged to take up departmental visits.

## **Audit Committee**

The purpose of the Audit Committee, a committee of the Board, is to give independent advice and guidance to the Board of Trustees and to the Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the Museum. The remit of the Committee reflects Government Internal Audit Standards and the code of practice on Audit Committees issued by the Treasury. The Chairman of the Audit Committee makes an annual summary report to the Board of Trustees and signs the Statement of Internal Control as the representative of the Board. At their meeting of February 2007, the Audit Committee reviewed its effectiveness.

### **Internal Audit**

The Museum engages an external company to provide an internal audit service reporting to the Audit Committee and Accounting Officer. Internal controls and systems are reviewed in accordance with the annual internal audit plan. The Audit Committee agrees the plan, and the results of the reviews are reported quarterly in detail to the Executive Board, the Audit Committee and annually in summary to the Board of Trustees.

### **Risk Management**

At the corporate level, strategic and major risks are identified and evaluated in the Museum's Strategic Plan, and these risks are re-assessed and validated quarterly by the executive and trustees. The Museum's Strategic Priorities are planned to manage these identified strategic risks.

Risks at operational level are identified and evaluated in a structured way following the procedures given in the Museum's *Code of Practice on Risk Management*. These risks are tabulated in the Management Plan and responsibilities for their management defined. As part of the Museum's project method procedures, the Executive requires project managers to identify and manage risks on all projects.

### **Employment policies**

The National Maritime Museum upholds equal opportunities and has maintained employment policies to ensure that staff or applicants for posts are not discriminated against on the grounds of gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin, religion, belief, disability or age.

Workforce development is a priority with training and capacity-building a significant part of the reward quadrant [working environment; personal development; job satisfaction; pay and benefits] at the Museum. This was recognised when the Museum achieved the Investors in People (IiP) standard in November 2001, receiving re-accreditation in 2003 and again in October 2006.

The Museum holds the Employment Service's Disability Symbol and in 2006-'07 5.2% disabled staff were employed by the Museum. The Museum established its Disability Equality Scheme in December 2006. A number of sheltered placement and other work experience initiatives are under way. The Museum has an active volunteer programme and undertakes secondments and exchanges both internally and externally at home and overseas. In addition to the being the regional winner of the Remploy 'Leading the Way' award for 2006 in recognition of our positive attitude regarding disability and inclusion, we were also highly commended in the Springboard Awards for Excellence 2006 for the Diversity in Employment Award.

The Museum is a sector leader in its human resources approaches, not least in dispensing with any formal retirement age in 2002. Approximately a third of employees are aged over 50 and just fewer than 5% are aged over 65. At the sector level, the Director of Human Resources chairs the National Museum Directors' Conference's (NMDC) HR Forum and is involved in a number of seminars examining best practice in our sector. The former Director Roy Clare chaired the NMDC Leadership Working Group and is a member of the Board of Creative and Cultural Skills (SSC) and the Museums, Libraries and Archives Council (MLA).

The Central Arbitration Committee declared the trade unions Prospect and PCS recognised for the purposes of collective bargaining in December 2006 following an application by those

unions and a subsequent ballot. The Unions and the Museum are working on a collective agreement for the purposes of collective bargaining and a facilities agreement in respect of pay, hours and holidays.

All staff are inducted formally and issued with contracts of employment and staff handbooks, which contain information on benefits, health, safety and welfare and are regularly updated.

### **Health and Safety**

It is Museum policy to assign great importance to the safety of employees and others, considering this as a management responsibility equal to that of any other management function.

In the design, construction, operation and maintenance of all plant, equipment and facilities, everything that is reasonably practicable is done to prevent personal injuries and ill health to employees, customers, visitors, contractors and members of the public. To this end the Board of Trustees and Executive Board of Directors provide, so far as is reasonably practical, such training and equipment as is necessary to enable employees to work safely.

The importance of employee involvement in health and safety matters and the importance of the positive role played by safety representatives, safety committees and representatives of employee safety are acknowledged.

All employees are required to co-operate fully in implementing this policy to comply in all respects with the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1999 and the accompanying arrangements contained within the Museum's Health and Safety Manual. Everyone throughout the organisation is expected to exercise all reasonable care for their own health and safety and that of others who may be affected by their acts or omissions.

The overall responsibility for the health, safety and welfare of the organisation and employees is vested in the Board of Trustees and Executive Board of Directors. The Executive Board receive a monthly report on Health and Safety matters and analysis of incidents which then goes forward to the Trustee Board for quarterly review.

This year the Health and Safety team have worked together to consolidate our Security and Health & Safety provision with a focus on the development of a more strategic planning process and operation. We have reviewed our reporting process, and new incident forms are in place and will link in to tables of incidents provided in quarterly reports. This allows for more accurate analysis at the quarterly meetings and will ensure actions are implemented consistently following investigations.

Relationships with the Shell Shipping Health and Safety team have proved to be particularly beneficial, and tools such as their Risk Assessment Matrix, as well as their wider knowledge and experience, continue to be of great use.

### **Payment of Creditors**

The National Maritime Museum follows the Better Payment Practice Code, which adheres to the Government wide standard of settling all valid bills within 30 days or within the terms of the contract. It has maintained a rate in excess of 90% for the settlement of valid supplier accounts within 30 days or in accordance with contract (90% in 2006).

**Audit**

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2006-'07. Baker Tilly UK LLP undertake the audit of National Maritime Museum Enterprises Limited and the Trust Funds. Total audit fees for the group were £44,000.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

**Going Concern**

The Boards believe that it is appropriate to continue to adopt the going concern basis in preparing accounts as the Museum has adequate resources to continue in operation.

**Presentation**

The Accounts have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992.

The Annual Report and Accounts are presented in accordance with the reporting requirements of the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities. As required by the SORP, the Statement of Financial Activities shows total incoming resources for the year, including income received for capital and future projects.

**Consolidated Accounts**

The National Maritime Museum account comprises the Grant-in-Aid Account, the Caird Fund, the Development Fund, the No 3 Trust Fund and the income from the American Fund of the National Maritime Museum and the Royal Observatory Greenwich. These accounts are consolidated with National Maritime Museum Enterprises Ltd (NMME) to form a Group account. The consolidated balance sheet shows both the Charity and the Group.

## **6. REMUNERATION REPORT**

Performance reviews and reward arrangements are tightly linked to the Museum's overall Management and Strategic plans and success and the Museum is considered leading edge among Government bodies in this respect.

Salaries form a significant cost at 68% of the Grant-in-Aid (72% in 2005-'06).

The development of performance management in the Museum has included the articulation of a business model and balanced scorecard developed from the NMM's mission, objectives and values, which include clear objectives, targets and measures of performance. There are increasingly tighter linkages between the business plan and directors' and staff individual performance agreements. Amongst directors and senior managers these performance agreements are divided into objectives and targets relating to overall, corporate and individual components with attachment of bonus potential according to these divisions. In the recent past there has been a wider use of a balanced scorecard approach and the adoption of risk management.

Each year the Trustee Remuneration Committee considers key inputs in coming to pay and bonus decisions. The Committee is chaired by a Trustee and comprises two other Trustees, a retained independent reward consultant and an independent volunteer reward consultant, the Director, and Director Operations & Human Resources as Secretary. The Committee considers the Museum's overall performance, any changes in roles or responsibilities, remuneration history and overall reward strategy and market trends and assessments of base pay, bonus levels and total remuneration. Judgements are informed by the Director's performance assessments. The chairman of the Remuneration Committee consults with the Chairman of Trustees on the Director's performance assessment.

The Director's contract of employment was open-ended with six months' notice period and no contractual termination payments, compensation for loss of office or provision of any compensation for early retirement. The pension contributions on behalf of the Director were to a Defined Contribution Scheme. There is therefore no Cash Equivalent Transfer Value.

See Note 9 to the Accounts for further information which has been subject to audit.



## 7. REFERENCE AND ADMINISTRATIVE DETAILS

Patron	HRH The Duke of Edinburgh KG KT
Chairman of the Board of Trustees	The Rt Hon The Lord Sterling of Plaistow GCVO CBE
Acting Director & Accounting Officer from 1 June 2007	Margarette Lincoln
Principal address	National Maritime Museum Romney Road Greenwich London SE10 9NF
Website	<a href="http://www.nmm.ac.uk">www.nmm.ac.uk</a>

### **The Board of Trustees**

During 2006–'07 members of the Board of Trustees were:

The Rt Hon The Lord Sterling of Plaistow GCVO, CBE, Chairman

and in order of first appointment:

His Royal Highness The Duke of York KG KCVO ADC  
Victor Benjamin (appointment ended on 11 September 2006)  
Ray Miles (appointment ended on 16 April 2006)  
Joseph Abrams OBE (appointment ended on 19 August 2006)  
Patricia Rothman  
Professor Dame Jocelyn Bell Burnell DBE  
Professor Martin Daunton  
Penny Haire (appointment ended on 14 November 2006)  
Councillor Jagir Sekhon OBE  
Nigel Macdonald  
Jan Kopernicki  
Alan Titchmarsh MBE VMH DL  
Mrs Gilly Drummond DL  
Sir John Guinness CB  
Admiral the Lord Boyce GCB OBE DL  
David Moorhouse  
Dr David Quarmby CBE

Brief biographies of the Trustees are available from [www.nmm.ac.uk](http://www.nmm.ac.uk) in the 'about us' section.

A Register of Interests is maintained and is available via the Museum Secretary.

## **The Executive Board**

On 31 March 2007 members of the Executive Board were:

Roy Clare	Director and Accounting Officer to 31 May 2007
Dr Margarett Lincoln	Director, Research and Planning Acting Director and Accounting Officer from 1 June 2007
Andy Bodle	Director, Operations and Human Resources
Angela Doane	Director, Collections
Norman Reed	Director of Finance and Enterprises
Stephen Riley	Director, Maritime Heritage

## **Other relevant organisations**

Auditors	Comptroller & Auditor General National Audit Office 157-197 Buckingham Palace Road London SW1W 9SP  Auditor of NMME and the Trust Funds: Baker Tilly UK Audit LLP Chartered Accountants & Registered Auditor Hanover House 18 Mount Ephraim Road Tunbridge Wells Kent TN1 1ED
Bankers	Royal Bank of Scotland 49 Charing Cross Admiralty Arch London SW1A 2ZD
Legal advisers	C.M.S. Cameron McKenna Mitre House 160 Aldersgate London EC1A 4DD
Investment Managers	Jupiter Asset Management Ltd 1 Grosvenor Place London SW1X 7JJ

## **8. SUPPORTERS OF THE NATIONAL MARITIME MUSEUM 2006-'07**

The Museum gratefully acknowledges the assistance of those listed below:

Department for Culture Media and Sport  
Heritage Lottery Fund  
Department for Education and Skills

### **Major Donors**

Lloyd's Register Educational Trust  
Science & Technology Facilities Council  
ReDiscover  
The DCMS/Wolfson Foundation Gallery Refurbishment Fund  
The Millennium Commission  
The Stavros S Niarchos Foundation  
The Peter Harrison Foundation  
The Weller Settlement Fund  
The Weston Foundation  
The Wolfson Foundation  
Trinity House

### **Donors**

The Art Fund, Arts Council England, CHK Charities, The Embassy of Denmark, Tessa & John Manser, Morgan Stanley International Foundation, Anthony Inder Rieden, Bruno Schroder, Society for Nautical Research, The Asprey Family Foundation, The Cowley Charitable Foundation, The Donald Forrester Trust, The Edinburgh Number 2 Charity Trust, The William Falconer Charitable Trust, The Friends of the National Maritime Museum, The Haberdashers' Benevolent Foundation, The Headley Trust, The Lord Iliffe, The Inchcape Foundation, The Inverforth Charitable Trust, The Joseph Strong Fraser Trust, The Kirby Laing Foundation, The Leathersellers' Company Charitable Fund, The Leverhulme Trust, The MacRobert Trust, The Mercers' Company, The Henry Moore Foundation, The Risby Charitable Trust, The Sackler Foundation, The Basil Samuel Charitable Trust, The Sir John Fisher Foundation, The Tanlaw Foundation, The Vandervell Foundation, The Veneziana Fund, Worshipful Company of Shipwrights.

### **Bequests**

Mr P J Murray Testamentary Trust, Mr Arthur Donald Fleming.

### **Donors to 'A Universal Appeal' to redevelop the Royal Observatory Greenwich**

Michael Brown, Caytrust Finance Company Ltd, James Gaggero, Maxi Gainza, Julia Harrison-Lee, Lady Hardy, Sir David Hardy, Lady Harris, Lee MacCormick Edwards PhD, Dr Robert Massey, John W. Oelsner, Captain CHH Owen RN, David Ross, Patricia Rothman, John Sharman, N. Squibb & Dr L. Mansfield, The Quarmby Fund, The Reeves Charitable Trust, The Shauna Gosling Trust, The Horace Moore Charitable Trust, The Society for Popular Astronomy, David Wells. And all those other donors, too numerous to mention, who have so generously supported the Universal Appeal and those who wish to remain anonymous.

### **Supporters of the American Fund of the National Maritime Museum and the Royal Observatory Greenwich (EIN 30-0190984)**

Courtney M Brown, C Richard Carlson, Edwin Goodman, Lee MacCormick Edwards PhD, John W Oelsner, The Carlson Family Trust, The Dmitro Foundation, The Gladys Kriebel Delmas Foundation.

### **Sponsors**

Accurist, Blackwall Green, The Crown Estate, Evergreen Shipping Agency (UK) Limited, Farrow & Ball, John Swire & Sons Limited, Maritime & Coastguard Agency, National Physical Laboratory.

### **Corporate Benefactor**

BP Shipping, Evans & Sutherland.

### **Corporate Members**

Accor UK, Braemar Seascop, Evergreen Shipping Agency (UK) Ltd, General Maritime Corporation, Hapag-Lloyd (UK) Ltd, Ince & Co, Liberty Syndicates, Lloyd's Register, Morgan Stanley & Co International plc, Shell International Trading and Shipping Co. Ltd, Swiss Re, The Baltic Exchange.

### **Associate Member**

Cheeswrights.

### **Corporate Loan Holders**

Conran Holdings plc - The Orrery Restaurant, Lloyd's of London, Mandarin Oriental Hyde Park Hotel, Morgan Stanley & Co International plc, Pemberton Greenish, Rathbone Brothers plc, Simpson, Spence and Young Ltd, The Leathersellers' Company.

### **Patrons**

Dayton Carr, Amelia Chilcott Fawcett, Stephan Frank, Gary and Beth Glynn, Lady Gosling, Howard and Patricia Lester, Robert Moore II, Clive Richards OBE DL, Susan T Zetkus.

### **Honorary Commodores** – awarded for outstanding support and commitment to the Museum:

Sir David Attenborough OM; Mr Richard Carlson; Sir David Hardy; Mr Peter Harrison; Mr Zvi Meitar M Jur; Libby Purves OBE; Dr David Quarmby CBE; Lord Rees of Ludlow; Professor NAM Rodger FBA; Mrs Coral Samuel CBE; Dava Sobel; Mr Peter Snow CBE; Dr David Starkey; Sir Arthur Weller CBE; Susan T Zetkus.

### **Donors to the Collection**

During the year artefacts were donated, bequeathed or given in lieu of tax to the Museum by the following:

Greater London Authority; Mr Neville Upham; United Kingdom Antarctic Heritage Trust; Uniqema; Defence Clothing and Textiles Agency; Mrs Helen Evans; Lady Diana Farnham; Mr Robert Miles; Adsteam Towage; Mr Richard Samuelson; Sir Kenneth Corfield; University of Bristol Theatre Collection; Mr CR Cotton; Mr Bryan James; Colonel WRB May; Defence Logistics Organisation; Royal Ocean Racing Club; National Physical Laboratory; Nooka Incorporated; Mr Nick Pilkington; Mr Tim Horsler; Mrs Patricia Riach; Mrs Margaret Murray Smith; Mr John Trelawney Ross; Peninsular and Oriental Steam Navigation Company; Mrs J Sear.

To all of whom the Trustees are most grateful.

## 9. FINANCIAL REVIEW

The Consolidated Statement of Financial Activities on page 43 shows Incoming Resources of £26,005k (£24,803k in 2006). Resources expended amount to £20,621k (£21,453k in 2006). The Museum thus achieved a surplus of £5,384k (surplus of £3,350k in 2006).

The surplus of £5,384k is a particularly strong performance, about £3,400k in excess of the budget for the year. The principle reason for the significant increase in incoming resources is the success of the fundraising campaign for the *Time and Space* redevelopment at the Royal Observatory Greenwich. The incoming resources for Other Voluntary Funds amounts to £5,282k (£4,923k in 2006) of which the vast majority is restricted to *Time and Space*.

Hence the surplus for the year does not represent an increase in uncommitted reserves.

The Grant-in-Aid allocated to the Museum from the DCMS has increased to a total of £17,088k (£15,236k in 2006) due to the additional capital funding predominantly used for Time and Space. The revenue element of Grant in Aid was £15,338k (£14,536k in 2006), of which the Museum has drawn down £15,258 k in 2006-'07 (£14,536k in 2006). The £80k (nil in 2005-'06) not drawn down relates to expenditure by the Historic Ships Unit which will now fall in 2007-'08. The funding split is detailed in Note 4 in the accounts.

The Museum's other income has decreased in total, reflecting the absence of a major charging exhibition (in 2005-'06 the Museum held *Nelson & Napoléon*). Similarly, the Museum's expenditure has decreased. Underlying core activity has been carried out in line with the Museum's efficiency programme seeing greater returns for each pound of expenditure. Income results have been in line with market conditions.

The Museum has continued to invest significantly, with funding assistance from DCMS, in the collections reform programme, a major strategic priority.

The *Time and Space* project has generated timing differences between the project budget and actual expenditure, but the overall project remains within its agreed financial outturn projection.

### Reserves Policies

The Museum reserves at 31 March 2007 amounted to £108,569k of which the greater part, (£76,269k represented by land and buildings and £14,092k of assets under construction) have no realisable value to the Museum.

The Museum policies concerning the level of free reserves are to:

- maintain sufficient liquid funds to meet liabilities as they fall due
- provide for the capital development programme
- provide for the collections development programme
- build up investments over time to provide additional income to cover non-commercial activities, notably including research and education
- maintain a fund to cover unforeseen circumstances

These policies are reviewed annually in the budgeting and planning process that sets the Museum's revenue and capital plans.

The Board of Trustees have designated reserves to provide funds for collections acquisitions £44k, to generate income to support the research and education activities of the Museum £1,692k, and to fund future Museum capital and revenue development programmes £5,427k. These designated funds total £7.16million.

The Board of Trustees considers that to be prudent the Museum should maintain working capital reserves equivalent to approximately three months of expenditure. At current activity levels this represents approximately £5.15million of available funds.

The Museum is experiencing sustained growth in its activities and operations and its future developments, such as Time and Space, completed in May 2007, will result in further capital and revenue expenditure. Accordingly in future years the level of working capital reserves required will grow beyond the current £5.15 million and further amounts of designated reserves may be needed.

The Board of Trustees requires the directors to manage the business and report on the activities without day to day recourse to these funds. Our funding level provides modest cover for unforeseen circumstances such as the income reduction arising from the downturn in tourist numbers experienced in the summer of 2005.

The combined total of designated reserves and prudent working capital is £12.31million whereas the Museum's free reserves, calculated as Net Assets less Fixed Assets less restricted and endowment funds amount to £9.64million (£10.43million 2006). The Museum, therefore, has free reserves which are £2.67million below the level the Trustees consider appropriate for prudent financial management.

Given the availability of the designated funds, the underlying reserves position is deemed acceptable for the currently identifiable requirements planned for the immediate future years, within the present forecasts for inflation.

### **Investment Policies**

As at 31 March 2007, the Museum holds investments valued at £3,925k all of which are within the Caird Fund, the Development Fund and the No3 Trust Fund. The investments are held predominantly as units in a variety of funds managed by Jupiter Asset Management Limited, with the objective of providing a balance of capital growth and income from dividends. The individual investment holdings reflect the requirement for income or growth of the underlying trust funds.

Investment performance in the year has continued the improvement of the previous two years but at a lower rate reflecting the general investment market trends. This performance has achieved an investment gain on revaluation of £267,000 (£745,000 gain in 2006). The result for the year represents capital growth of 7.2% (FT All Share Index 11.1%).

The overall investment returns have been satisfactory for the year as a whole.

### **Fixed Assets**

The net book value of fixed assets at the end of the year was £98,004k (£88,216k in 2006). Capital expenditure amounted to £9,388k in the year (£6,500k in 2006). Depreciation amounted to £3,109k (£3,025k in 2006).

The high levels of capital expenditure in this and the previous financial year reflect the investment being made in the *Time and Space* project at the Royal Observatory.

At 31 March 2007, the main Museum site and the Royal Observatory, Greenwich were revalued on a depreciated replacement cost basis, and the Brass Foundry and the Kidbrooke stores were revalued using the existing use basis. Independent valuers undertook these review revaluations and the results of the revaluation represent an increase in the gross book value of land and buildings of £2,165k. (See Notes 10 & 21.)

The Museum does not have ownership of the freehold to either the main Museum site or the Royal Observatory Greenwich and accordingly the site and buildings at Greenwich have no realisable value to the Museum. (See Note 10.)

**Donations in kind**

During the year artefacts to the value of £154k (£49k in 2006) were donated, bequeathed or given in lieu of tax to the Museum. [see Section 8 above]

Lord Sterling  
Chairman of the Board of Trustees

Margarette Lincoln  
Acting Director and Accounting Officer  
11 July 2007

## **10. STATEMENT OF THE BOARD OF TRUSTEES' AND THE DIRECTOR'S RESPONSIBILITIES**

Under Section 9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees of the National Maritime Museum are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Board's financial activities during the year and its financial position at the end of the year.

In preparing the Museum's accounts the Trustees are required to:

- observe the accounts direction\* issued by the Secretary of State for Culture media and Sport including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Museum will continue in operation.

The Accounting Officer of the Department for Culture, Media and Sport has designated the Acting Director as the Accounting Officer for the Museum. The Acting Director's relevant responsibilities as Accounting Officer including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the 'Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in Government Accounting.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Museum's auditors are unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

Lord Sterling  
Chairman of the Board of Trustees

Margarette Lincoln  
Acting Director and Accounting Officer  
11 July 2007

\* A copy of this is available from the Director of Finance, National Maritime Museum, Romney Road, London SE10 9NF



## **11. STATEMENT ON INTERNAL CONTROL**

### **Scope of responsibility**

The Accounting Officer and the Trustees (represented by the Chairman of the Audit Committee) have joint responsibility for maintaining a sound system of internal control which supports the achievement of the Museum's mission, responsibilities, objectives and policies whilst safeguarding public funds and the Museum's assets, for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to her under Government Accounting.

The Museum has a three-year Funding Agreement with its government sponsor body, the Department for Culture, Media and Sport, which includes targets to assist the Department in meeting its Public Service Agreement targets and identifies the most significant risks to achieving the Museum's objectives. Progress against Funding Agreement targets is monitored at least twelve times a year.

### **The purpose of the system of internal control**

The Museum's system of internal control is appropriate to the circumstances and business of the Museum and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the Museum's mission, responsibilities, objectives and policies; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### **Capacity to handle risk**

The Director has responsibility for leading and managing the work of the institution in achieving its mission and proposing strategies to meet its objectives and uphold its values; he reports to the Board of Trustees of the National Maritime Museum.

The Audit Committee gives independent advice and guidance to the Accounting Officer and the Board of Trustees on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control in the Museum and oversees the work of the internal auditors.

Staff are trained to identify, evaluate and manage risk as a practical module on the Museum's management and specialist development courses and the Museum's Code of Practice on Risk Management, see below, is accessible to all. The Museum's Code adheres to HM Treasury's best practice guidance *Management of Risk – Principles and Concepts*.

### **The risk and control framework**

#### **Risk Management Policy:**

The Museum's Risk Management Policy, endorsed by the Accounting Officer, Audit Committee and Board, says:

*The Museum will operate a systematic and effective process of risk management following the Museum's Code of Practice on Risk Management. This document will be updated as and when to take account of lessons learned and good practice.*

*The Museum will monitor and control both the process of risk management and the risks*

*themselves to ensure its continuing effectiveness; continuing value for money is being achieved; and that opportunities for the Museum's advancement are not being rejected.*

The Museum's Code of Practice on Risk Management sets out the structures and procedures for the identification, evaluation, ownership, monitoring and control of risk at all levels of business planning - from the corporate process to the setting of individual staff's objectives.

### **Identification and Evaluation**

At the corporate level major risks are identified and evaluated in the Museum's Strategic Plan, which is re-validated regularly.

Risks at operational level are identified and evaluated in a structured way following the procedures given in the *Code of Practice on Risk Management*. These risks are tabulated in the Management Plan and responsibilities for their management defined.

As part of the Museum's project method procedures, the Executive requires project managers to identify and manage risks on all projects.

### **Risk ownership**

The Finance Director is responsible for sponsoring and coordinating effective risk management procedures throughout the Museum.

Responsibility is assigned at the relevant and appropriate level. As part of the appraisal, performance management, and objective setting mechanism, Executive Board and managers' performance agreements contain explicit requirements for identifying, assessing and managing the risks in their area of work in order to provide a reasonable assurance that their contribution to the Museum's objectives are met in the most efficient and economical way. These are linked to the Management Plan.

The Museum's Project Method provides a mechanism for assigning the ownership of project risks. Specialist risk managers exist within the Museum dealing with, for example, Health and Safety and Security.

### **Monitoring and Control**

The Accounting Officer and Executive Board review performance against targets and objectives, and risks to that performance, on a monthly basis using a system of key performance and risk indicators established from the Strategic and Management Plans. In addition, the Executive requires regular reports from project managers on the steps they are taking to manage risks on key projects including, where appropriate, the application of Gateway Review procedures.

The Finance Committee and the Board of Trustees review these performance reports on a quarterly basis.

### **Review of effectiveness**

The Accounting Officer and the Trustees (represented by the Chairman of the Audit Committee) have joint responsibility for reviewing the effectiveness of the systems of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letter and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system

of internal control by the Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

**Internal Audit** - the Museum employs an Internal Audit service, which operates to the Government Internal Audit Standards. The Internal Audit service submits regular reports and advice to the Accounting Officer, which includes the Head of Internal Audit's annual statement of assurance supporting the work performed during the year. The remit of the Audit Committee also reflects Government Internal Audit Standards and Cabinet Office guidance.

**Executive Board** - each member of the Executive Board provides an annual assurance statement that confirms she or he has acted within the rules and procedures laid down by government for the operation of a public body and have sought to maximise value for money in all transactions.

The Museum views risk management as an active part of the management processes and will continue to develop and embed these systems, in line with the latest guidance and best practice.

The system of internal control has been in place in the National Maritime Museum for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

There have been no major internal control weaknesses.

Margarette Lincoln, Acting Director and Accounting Officer

11 July 2007

Nigel Macdonald, Chairman of the Audit Committee

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR  
GENERAL TO THE HOUSES OF PARLIAMENT**

I certify that I have audited the financial statements of the National Maritime Museum for the year ended 31 March 2007 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

**Respective responsibilities of the Board of Trustees, the Acting Director and auditor**

The Board of Trustees and the Acting Director, as Accounting Officer, are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, and for ensuring the regularity of financial transactions funded by Parliamentary grant (grant-in-aid). These responsibilities are set out in the Statement of the Board of Trustees' and the Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises Museum Background; Mission, Responsibilities, Objectives and Values; Chairman's Foreword; Acting Director's Introduction; Review of Activities, Achievements and Performance 2006-'07; Future Priorities & Projects; Statutory Background, Structure, Governance and Management; Reference and Administrative Details; and Financial Review, is consistent with the financial statements. I also report whether in all material respects the expenditure, income and resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the National Maritime Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the National Maritime Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the National Maritime Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Acting Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the National Maritime Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure, income and resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

#### **Audit Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, of the state of the National Maritime Museum and the group's affairs as at 31 March 2007 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and
- information given within the Annual Report, which comprises: Museum Background; Mission, Responsibilities, Objectives and Values; Chairman's Foreword; Acting Director's Introduction; Review of Activities, Achievements and Performance 2006-'07; Future Priorities & Projects; Statutory Background, Structure, Governance and Management; Reference and Administrative Details; and Financial Review, is consistent with the financial statements.

**Audit Opinion on Regularity**

In my opinion, in all material respects, the expenditure and income funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Report**

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

17 July 2007

**Consolidated Statement of Financial  
Activities for the year ended 31 March 2007**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2007 £'000	Total 2006 £'000
<b>Incoming Resources</b>						
<b>Incoming Resources from Generated Funds</b>						
Voluntary Funds						
- Grant in Aid		14,688	2,320	-	17,008	15,236
- Other		1	5,281	-	5,282	4,923
Total Voluntary Funds	4	14,689	7,601	-	22,290	20,159
Activities for Generating Funds		2,241	295	-	2,536	3,432
Investment Income	6	402	8	24	434	432
<b>Total Incoming Resources from Generated Funds</b>		17,332	7,904	24	25,260	24,023
<b>Incoming Resources from Charitable Activities</b>						
Safeguarding & Enhancing the value of its Assets	7	413	30	-	443	418
Maximising Access & Inspiration for its Users		40	-	-	40	182
Satisfying its Stakeholders; Locally, Nationally & Internationally		46	216	-	262	180
<b>Total Incoming Resources from Charitable Activities</b>		499	246	-	745	780
<b>Total Incoming Resources</b>		17,831	8,150	24	26,005	24,803
<b>Resources Expended</b>						
<b>Cost of Generating Funds</b>						
Costs of Generating Voluntary Funds		1,016	-	-	1,016	877
Costs of Activities for Generating Funds		1,757	-	-	1,757	2,050
Investment Management Costs		12	-	4	16	24
<b>Costs of Charitable Activities</b>						
Safeguarding & Enhancing the value of its Assets		10,980	2,512	-	13,492	13,194
Maximising Access & Inspiration for its Users		2,716	-	-	2,716	3,948
Satisfying its Stakeholders; Locally, Nationally & Internationally		1,079	372	20	1,471	1,218
<b>Governance Costs</b>	5	153	-	-	153	142
<b>Total Resources Expended</b>		17,713	2,884	24	20,621	21,453
<b>Net Incoming Resources before transfers</b>		118	5,266	-	5,384	3,350
<b>Transfers</b>						
Transfers between funds		7,616	(7,616)	-	-	-
<b>Net Incoming Resources before other Recognised Gains and Losses</b>		7,734	(2,350)	-	5,384	3,350
<b>Other Recognised Gains and Losses</b>						
Revaluation of Fixed Assets		-	3,513	-	3,513	3,665
Unrealised Gain (Loss) on Investments		240	4	23	267	745
Realised (Loss) on Investments		(6)	-	-	(6)	-
Cost of Capital Charge		(2,180)	-	-	(2,180)	(2,168)
<b>Net Movement in Funds</b>	8	5,788	1,167	23	6,978	5,592
Reversal of Cost of Capital Charge		2,180	-	-	2,180	2,168
<b>Total net movement in funds</b>		7,968	1,167	23	9,158	7,760
<b>Funds balance brought forward at 01 April 2006</b>		19,806	78,981	624	99,411	91,651
<b>Funds balance at 31 March 2007</b>		27,774	80,148	647	108,569	99,411

All operations of the Museum continued throughout the two years and no operations were acquired or discontinued in either year.

## Balance Sheets as at 31 March 2007

	Note	Group		Charity	
		2007 £'000	2006 £'000	2007 £'000	2006 £'000
<b>Fixed assets</b>					
Tangible Fixed assets	10	98,004	88,216	98,004	88,216
Investments	11	3,925	3,709	4,425	4,209
		<u>101,929</u>	<u>91,925</u>	<u>102,429</u>	<u>92,425</u>
<b>Current assets</b>					
Stock	13	413	501	153	210
Debtors	14	1,135	1,058	1,628	1,367
Cash at bank and in hand	22	3,913	4,044	2,944	3,260
Short-Term Deposit	22	4,061	4,074	4,061	4,074
		<u>9,522</u>	<u>9,677</u>	<u>8,786</u>	<u>8,911</u>
<b>Creditors: Amounts falling due within one year</b>	15	(2,730)	(1,916)	(2,561)	(1,717)
<b>Net current assets</b>		<u>6,792</u>	<u>7,761</u>	<u>6,225</u>	<u>7,194</u>
<b>Total assets less current liabilities</b>		<u>108,721</u>	<u>99,686</u>	<u>108,654</u>	<u>99,619</u>
<b>Provisions for liabilities and charges</b>	17	(152)	(275)	(152)	(275)
<b>Net Assets</b>		<u>108,569</u>	<u>99,411</u>	<u>108,502</u>	<u>99,344</u>
<b>Income Funds</b>					
Restricted funds	18	80,148	78,981	80,148	78,981
Unrestricted funds:					
Designated funds	19	25,253	16,145	25,186	16,078
General funds	19	2,521	3,661	2,521	3,661
		<u>107,922</u>	<u>98,787</u>	<u>107,855</u>	<u>98,720</u>
<b>Capital Funds</b>					
Endowments	20	647	624	647	624
<b>Total Funds</b>		<u>108,569</u>	<u>99,411</u>	<u>108,502</u>	<u>99,344</u>

Lord Sterling of Plaistow, Chairman of the Trustees

Margarette Lincoln, Acting Director and Accounting Officer

11 July 2007



**Consolidated Cash Flow Statement  
For the Year Ended 31 March 2007**

<b>Cash Flow Statement</b>	<b>Note</b>	<b>2007</b>	<b>2006</b>
		<b>£'000</b>	<b>£'000</b>
<b>Net cash inflow from operating activities</b>	<b>22</b>	8,611	5,309
<b>Returns on investments and servicing of finance</b>			
Interest received		434	432
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(9,234)	(6,451)
Payments to acquire investments		-	(151)
Proceeds from sale of investments		45	-
<b>Management of Liquid Resources</b>			
Decrease in short term deposits		13	2,010
<b>(Decrease) / Increase in cash</b>	<b>22</b>	<u>(131)</u>	<u>1,149</u>

## Notes to the Consolidated Accounts For the Year Ended 31 March 2007

### **1 Accounting Policies**

The accounts comply with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), applicable accounting standards, the requirements of the HM Treasury's Financial Reporting Manual, Charities Act 1993 and in the case of the subsidiary the Companies Act 1985, and Accounts Director issued by the Department for Culture, Media and Sport. The particular accounting policies adopted by the Museum are described below.

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

The accounts have been prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the inclusion of investments at market value. The Museum (Group) accounts includes the three Trusts (The Caird Fund, The Development Fund and The No. 3 Trust Fund), the American Fund of the National Maritime Museum and Royal Observatory, Greenwich and the trading subsidiary, National Maritime Museum Enterprises Limited (NMME). All figures shown as Charity are comprised of the Group results excluding NMME.

#### **(b) Incoming resources**

Income is classified under the headings of Incoming Resources from Generated Funds and Incoming Resources from Charitable Activities. Grant-in-aid from the Department for Culture, Media and Sport is recognised in the Statement of Financial Activities in the year that it is received. Lottery income is recognised as income when the conditions for its receipt have been met. Commercial income is recognised upon performance of services rendered in accordance with the contractual terms. Donations are recognised on a receipts basis or when the Museum becomes entitled to the funds. Other income is recognised where there is certainty of receipt and the amount is quantifiable.

#### **(c) Expenditure**

All expenditure has been accounted for on an accruals basis.

Expenditure is matched to the income classifications under the headings of Costs of Generating Funds and Costs of Charitable Activities with the additional classification of Governance rather than the type of expense in order to provide more useful information to users of the accounts. Governance costs include audit fees and a portion of administration costs.

Costs of Generating Funds and Costs of Charitable Activities comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources in accordance with SORP 2005.

#### **(d) Collection acquisitions**

In accordance with the HM Treasury's Financial Reporting Manual, additions to the collection (that is, Heritage Assets) acquired since 1 April 2001 are capitalised and recognised in the Balance Sheet at the cost or value of the acquisition, where such cost or valuation is reasonably obtained. Such items are not depreciated or revalued as a matter of routine.

#### **(e) Other tangible fixed assets**

The Museum capitalises the purchase of assets which cost more than £1,000 and which have lives beyond the financial year in which they are bought.

Land and buildings are professionally fully valued every five years; the last such valuation was undertaken as at 31 March 2004. In the years between full valuations of land and buildings a review based revaluation is undertaken. Other fixed assets, where material, are revalued each year using National Statistical Indices.

Depreciation is provided on all tangible assets, except freehold land and heritage assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis. For assets under construction, depreciation is not charged until the asset has been completed.

Indicative asset lives are as follows:

Buildings - Structure	100 years
Buildings - Plant & Machinery	20 years
Buildings - Fit out	20 years
Fixtures and fittings	4 years or 10 years
Equipment, Computers and vehicles	4 years

#### **(f) Investments**

Listed investments are classified as fixed assets and are valued at market price. The charity holds an unlisted investment in National Maritime Museum Enterprises Limited which is valued at historic cost.

#### **(g) Stock**

Stock is valued at the lower of cost and net realisable value.

#### **(h) Pension Schemes**

Pensions costs are accounted for as they are incurred.

##### **Principal Civil Service Pension Scheme (PCSPS)**

The PCSPS is an unfunded multi-employer defined benefit scheme. The National Maritime Museum is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

The Museum ceased offering membership to the PCSPS to new non-member employees on the 1 April 1994.

##### **Group Personal Pension Scheme**

The Museum offers membership of a group money purchase scheme into which the employer contributes between 8.5% and 10% of pensionable salary. The employee contributes between 1.5% and 3% of pensionable salary.

The Museum also provides, centrally, an insurance based cover for death in service and ill health benefits.

#### **(i) Early retirement costs**

Under the rules of the Principal Civil Service Pension Scheme the early retirement of officers is permitted with the agreement of the Museum. In these circumstances certain benefits arise for the employee. The Museum bears the cost of these retirement benefits for the period from the officer's retirement up to their normal retirement age under the Scheme's rules.

The total pension liability up to the normal retirement age of the officer is charged to the Statement of Financial Activities in the year in which the employee ceases employment and an increase in the provision for future pensions is made. The provision is released each year to fund the pension paid to the retirees until the date at which they normally would have retired.

#### **(j) Foreign currencies**

Unless material, foreign currency transactions are converted to or from Sterling at the Bank Rate available on the day of the transaction. For material transactions and where a movement in currency would present a risk to the Museum, this is minimised by securing the currency in advance of payment.

#### **(k) Fund accounting**

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum. Designated funds comprise unrestricted funds which have been set aside at the discretion of the Trustees for specific purposes. Restricted funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal. Permanent endowment funds are funds which the donor has stated are to be held as capital.

Transfers are made from Unrestricted funds to Restricted funds to cover restricted funds' deficits. Where restricted funds are received for specific capital or other projects, once expenditure is incurred, transfers are made to the appropriate fund.

#### **(l) Operating leases**

Rentals applicable to operating leases are charged to the Statement of Financial Activities of the period in which the cost is incurred.

## **2 Notional Cost of Capital**

In accordance with Treasury guidance, notional costs of capital are charged in the Statement of Financial Activities in arriving at a net incoming/(outgoing) resources figure. These are reversed so that no provision is included in the balance sheet.

The notional cost of capital has been calculated as 3.5% (3.5% - 2006) of the average capital employed in the year, less amounts equal to the assets funded by donations (including Heritage Lottery Fund grants).

### 3 Results of Trading Subsidiary

The Museum has a trading subsidiary National Maritime Museum Enterprises Limited whose principal activities are merchandising through the Museum shops and the organisation of commercial activities and events. The company donates its profit to the Museum through Gift Aid. A summary of its trading results is shown below. Audited accounts are filed with the Registrar of Companies.

<b>Profit and Loss Account</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Retail turnover	1,236	1,354
Cost of sales	(584)	(698)
Gross profit	652	656
Income from other commercial activities	603	511
Administrative expenses	(712)	(746)
Operating profit	543	421
Interest receivable and similar income	27	13
Profit on ordinary activities before taxation	570	434
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	570	434
Gift Aid donation to the Museum	(572)	(429)
(Loss) / Profit retained in the subsidiary	(2)	5

Other commercial activities include venue hire, corporate membership and artefact loans and the catering franchise commission.

Administrative expenses include charges of £604,000 (£603,000 - 2006) from the Museum.

<b>Balance Sheet</b>	<b>2007</b>	<b>2,006</b>
	<b>£'000</b>	<b>£'000</b>
Current Assets	1,335	1,150
Current Liabilities	(769)	(582)
Total current assets less current liabilities	566	568
<b>Capital and Reserves</b>		
Called-up equity share capital	500	500
Profit and loss account	66	68
	566	568

### 4 Voluntary Funds

£17,008,000 (£15,236,000 - 2006) of Grant in Aid has been received from the Department for Culture, Media and Sport (Request for Resources 1) during the year.

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowment</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating Expenditure	14,577	-	-	14,577	14,092
Pension Uplift	111	-	-	111	111
Capital Grant	-	1,550	-	1,550	500
Collections Reform Grant	-	400	-	400	200
Time & Space Capital Grant	-	200	-	200	200
Sea Britain Capital Grant	-	-	-	-	33
Historic Ships Unit	-	170	-	170	100
Total Grant in Aid	14,688	2,320	-	17,008	15,236
Capital Grant	-	186	-	186	1,110
Donations	1	1,333	-	1,334	1,485
Gifts in Kind	-	154	-	154	49
Heritage Lottery Fund	-	3,608	-	3,608	2,279
Total Voluntary Funds	14,689	7,601	-	22,290	20,159

Donated objects are artefacts given to the Museum with a value of £ 153,566 (£49,080 - 2006). Objects are valued by curators based on their expert knowledge and market value, i.e. previous auction results for comparable items.

### 5 Governance

Governance costs are made up of:	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
External Audit	32	32
Internal Audit	32	31
Apportionment of Support Costs	89	79
	153	142

## 6 Investment Income

Investment income is made up as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2007 £'000	2006 £'000
Dividends received	73	1	10	84	66
Interest received - Bank interest	132	2	-	134	104
Interest received - Fixed Term Deposits	197	5	14	216	257
Realised Gain on Investment	-	-	-	-	5
	402	8	24	434	432

## 7 Incoming Resources from Charitable Activities

Incoming Resources from Charitable Activities include the following:

	Safeguard & Enhance Assets £'000	Maximise Access £'000	Satisfy Stake- Holders £'000	Total 2007 £'000	2006 £'000
Car Parking	16	-	-	16	16
Conferences	9	-	-	9	18
Filming & Photography	50	-	-	50	42
Licensing	55	-	-	55	46
Open Museum	-	-	34	34	41
Reproductions, Plans & Print Sales	187	-	-	187	211
Research	38	-	-	38	31
Revenue Grant	-	-	-	-	118
Specific Purpose Government Grants (Strategic Commissioning)	-	-	216	216	84
Corporate Loans	-	6	-	6	32
Other	88	34	12	134	141
	443	40	262	745	780

## 8 Net Movement in Funds

Net movement in funds is arrived at after charging:

	2007 £'000	2006 £'000
Auditors' remuneration - for Museum (within Governance Costs)	32	32
Auditors' remuneration - for NMME and trusts (within Costs of Generating Funds)	12	17
Lease rental payments on land and buildings	153	152
Lease rental payment - other	17	17
Early Retirement Fund Spend	123	117
Loss on Sale of Assets	4	24
Depreciation	3,109	3,025

## 9 Analysis of Total Resources Expended

Cost allocation includes an element of judgement and the Museum has had to consider the cost benefit of detailed calculations and record keeping. To ensure accurate costs are kept the Museum adopts a policy of allocating costs to the respective cost headings throughout the year for projects or where the activity is self contained (for example, activities undertaken by the subsidiary), which means that the Activities include support costs where they are directly attributable.

The use of resources for costs not directly attributable to an activity have been allocated in accordance with resource use (based on activity income and direct expenditure divided by total income and direct expenditure), as follows:

	2007 %	2006 %
Voluntary Expenses	46	43
Activities for Generating Income	4	6
Investment Expenses	1	1
Safeguard and Enhance Assets	33	34
Maximise Access	8	9
Satisfy Stakeholders	5	3
Governance	4	4

Activities	Support Cost Allocation			Total 2007 £'000	Total 2006 £'000
	Directorate £'000	Finance £'000	HR £'000		
<b>Costs of Generating Funds</b>					
Costs of generating voluntary funds	3	513	148	352	877
Costs of activities for generating funds	1,668	45	13	31	1,757
Investment management costs	5	6	1	4	16
<b>Costs of Charitable Activities</b>					
Safeguard & enhance assets	12,757	372	107	256	13,492
Maximise access	2,538	90	26	62	2,716
Satisfy Stakeholders	1,359	56	16	40	1,471
<b>Governance</b>	64	45	13	31	153
<b>Total Resources Expended</b>	<b>18,394</b>	<b>1,127</b>	<b>324</b>	<b>776</b>	<b>20,621</b>
					<b>21,453</b>

<b>(a) Staff Costs</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries - Permanent Staff	8,716	8,530
Wages and salaries - Agency and Temporary Staff	114	462
Social security costs	797	776
Pension costs, less NOF Costs Capitalised £5,000 (2006 - £5,000)	696	651
Early retirement and termination costs	98	9
	<u>10,421</u>	<u>10,428</u>

The average number of employees (i.e. full-time equivalents) analysed by function and category of employment was:

	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	Staff	Temporary, Contract and Agency	Staff on Inward Secondment	Staff on Capital Projects	Total	Total
<b>Costs of Generating Funds:</b>						
Costs of Generating Voluntary Funds	-	-	-	-	-	-
Costs of Activities for Generating Funds	35	1	-	-	36	38
Investment Management Costs	-	-	-	-	-	-
<b>Costs of Charitable Activities</b>						
Safeguard & Enhance Assets	279	-	1	-	280	299
Maximise Access	30	2	-	1	33	34
Satisfy Stakeholders	20	5	-	-	25	20
<b>Administration/Support Costs</b>	31	1	-	1	33	29
	<u>395</u>	<u>9</u>	<u>1</u>	<u>2</u>	<u>407</u>	<u>420</u>

The number of senior employees, including the Director, whose emoluments as defined for tax purposes amounted to over £60,000 in the year were as follows:

	<b>2007</b>	<b>2006</b>
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	4
£75,001 - £80,000	2	-
£90,001 - £95,000	1	-
£120,001 - £125,000	-	1
£130,001 - £135,000	1	-
	<u>6</u>	<u>6</u>

Of the five employees earning over £60,000 per annum there are three for whom benefits are accruing under the defined benefits scheme (PCSPS), with the remainder accruing benefits under the defined contribution scheme. The total employer's contribution to the PCSPS was £42,826 (£41,022 - 2006) and to the NMM Group Personal Pension Plan was £21,407 (£13,983 - 2006).

#### Director's Emoluments

The Director, R A G Clare, is employed in a permanent capacity with a notice period of six months. There are no contractual termination payments.

The Director's total emoluments of £142,291 (£131,080 - 2006) comprised basic pay of £98,408 (£94,815 - 2006) and a non-consolidated bonus of £28,445 (£18,060 - 2006), employer's pension contribution to the NMM Group Personal Pension Plan on behalf of the Director of £9,841 (£9,481 - 2006) and benefits in kind of £5,597 (£8,724 - 2006).

#### The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme. The National Maritime Museum is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2006-07, employers' contributions of £265,000 were payable to the PCSPS (2005-06 £282,000) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands (the rates in 2005-06 were between 16.2% and 24.6%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2006-07 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

#### Group Personal Pension Scheme

The Museum offers membership of a group money purchase scheme into which the employer contributes between 8.5% and 10% of pensionable salary. The employee contributes between 1.5% and 3% of pensionable salary.

Employers' contributions of £392,000 were paid in 2006-07 (2005-06 £362,000) into the Group Personal Pension schemes. These are defined contribution schemes.

#### b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2006). Expenses reimbursed (for travel and subsistence) to five Trustees amounted to £530 (£483 - 2006).

**10 Tangible Fixed Assets**

	Freehold Land and Buildings £'000	Fixtures & Fittings £'000	Equipment (including Computers) £'000	Collection Acquisitions £'000	Motor Vehicles £'000	Asset under Construction £'000	Total £'000
Cost or valuation:							
At 1 April 2006	74,104	11,287	4,486	2,903	165	5,480	98,425
Additions	-	248	224	304	-	8,612	9,388
Disposals	-	(758)	(247)	-	(16)	-	(1,021)
Revaluation gain	2,165	-	-	-	-	-	2,165
At 31 March 2007	76,269	10,777	4,463	3,207	149	14,092	108,957
Accumulated depreciation:							
At 1 April 2006	-	7,146	2,964	-	99	-	10,209
Depreciation Charge for the year	1,348	1,000	731	-	30	-	3,109
Disposals	-	(757)	(244)	-	(16)	-	(1,017)
Revaluation Gain	(1,348)	-	-	-	-	-	(1,348)
At 31 March 2007	-	7,389	3,451	-	113	-	10,953
<b>Net Book Value at 31 March 2007</b>	<b>76,269</b>	<b>3,388</b>	<b>1,012</b>	<b>3,207</b>	<b>36</b>	<b>14,092</b>	<b>98,004</b>
Net Book Value at 31 March 2006	74,104	4,141	1,522	2,903	66	5,480	88,216

The freehold title to the main Museum site at Greenwich was transferred from the Secretary of State for the Environment to the Museum Trustees in July 1989. The Museum was granted rights to occupy and use part of the site of the Royal Observatory, Greenwich in a Royal Warrant dated 1953. On 23 March 2004 a new Royal Warrant was signed which granted rights to occupy and use the entire site of the Royal Observatory, Greenwich.

The Land and Buildings are professionally valued every five years; the last such full valuation was undertaken as at 31 March 2004, by external valuers, Gerald Eve, Chartered Surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors and FRS15 - The Financial Reporting Standards for Tangible Fixed Assets. In the years between full valuations a professional review valuation of the Land and Buildings is undertaken by the external valuers.

The Land and Buildings of the main Museum and the Royal Observatory, Greenwich have been revalued using the Depreciated Replacement Cost basis applicable to specialised buildings and on the basis that the Museum is a going concern. The revaluation of the Royal Observatory, Greenwich reflects the valuation of the entire site following the grant of the new Royal Warrant. The Brass Foundry and the Kidbrooke Stores have been revalued using the Existing Use Value basis applicable to non-specialised buildings.

**Legal and Statutory Constraints**

By the National Maritime Museum Acts 1934 and 1989, should the specialised buildings at Greenwich (not including the Royal Observatory, Greenwich) cease to be used for the purposes of the Museum, they shall be held in trust for the benefit of Greenwich Hospital. The Royal Warrant, by which the Royal Observatory, Greenwich is occupied, does not confer ownership rights to the property and so should the Royal Observatory Greenwich cease to be used for Museum purposes it would revert to the Crown. In consequence, the entire site and buildings at Greenwich have no realisable value to the Museum.

**Revaluation was carried on the following assets for 2006-07 :**

	Cost £'000	Revaluation £'000
Main site - Land and Buildings	48,000	68,800
Royal Observatory - Land and Buildings	700	5,270
The Brass Foundry - Land and Buildings	325	749
Kidbrooke Stores - Land and Buildings	1,260	1,450
	<b>50,285</b>	<b>76,269</b>

The closing revaluation figure is the sum of cost and the cumulative total of annual revaluations.

The financial effect of revaluing other tangible fixed assets was considered to be immaterial and therefore they have been disclosed at their historic costs.

**Capital expenditure commitments were as follows:**

	2007 £'000	2006 £'000
Authorised by the Board of Trustees, but not yet contracted	886	9,659
Contracted for but not provided in the accounts	2,722	248

Capital expenditure commitments mainly represent the Time and Space Project which commenced construction during 2004/05. The overall reduction in Capital Commitments and shift from Authorised to Contracted is because of the Time and Space's project life cycle; it was near completion on 31 March 2007.

	2007 £'000	2006 £'000
<b>Capital projects net income</b>		
As shown in the Statement of Financial Activities	7,027	5,334

## 11 Investments

Quoted Investments	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Market value at 1 April 2006	3,709	2,813	3,709	2,813
Additions	-	151	-	151
Disposal Proceeds	(45)	-	(45)	-
Loss on Disposal	(6)	-	(6)	-
Net Gain on revaluation	267	745	267	745
<b>Market value at 31 March 2007</b>	<b>3,925</b>	<b>3,709</b>	<b>3,925</b>	<b>3,709</b>
Historical cost as at 31 March 2007	2,435	2,485	2,435	2,485
Unquoted Investment:				
<b>Cost as at 31 March 2007</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>
<b>Total Investments</b>	<b>3,925</b>	<b>3,709</b>	<b>4,425</b>	<b>4,209</b>

The unquoted investment is in the trading subsidiary, National Maritime Museum Enterprises Limited - a company registered in England and Wales. The issued share capital consists of 500,000 £1 ordinary shares of which the Museum owns 100%.

## 12 Financial Instruments (FRS 13)

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the year, in creating or changing the risks the Museum faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months of the Balance Sheet date have been omitted from this note.

### Liquidity Risk

The National Maritime Museum receives the majority of its income by way of Grant in Aid and as a result there is little exposure to liquidity risk.

### Foreign Currency Risk

The National Maritime Museum has no exposure to foreign currency risk because no material transactions are carried out in foreign currencies.

### Interest Rates Risk

The National Maritime Museum has no borrowings and all cash deposits are for terms of less than three months, consequently there is no exposure to interest rate risk on its liquidity.

### Financial Assets

	Total £000	Floating Financial Assets £000	Fixed Financial Assets £000	Assets Earning Equity Return £000	Weighted Average Fixed Int Rate	Weighted Average Period for Which Rate Is Fixed
Year ended 31.03.07 Sterling	11,899	3,913	4,061	3,925	5.3%	3 Months
Year ended 31.03.06 Sterling	11,827	4,044	4,074	3,709	4.5%	3 Months

### Reconciliation to Accounts

	2007 £'000	2006 £'000
Cash	3,913	4,044
Investments (Current Assets)	4,061	4,074
Investments (Fixed Assets)	3,925	3,709
<b>Total</b>	<b>11,899</b>	<b>11,827</b>

## 13 Stock

Goods for resale	Group		Charity	
	2007 £000	2006 £000	2007 £000	2006 £000
	413	501	153	210

## 14 Debtors

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade debtors	213	228	153	153
Amount owed by subsidiary	-	-	571	384
Prepayments and accrued income	363	246	346	246
Taxation (VAT)	519	557	519	557
Other debtors	40	27	39	27
	<b>1,135</b>	<b>1,058</b>	<b>1,628</b>	<b>1,367</b>

Debtors includes £519,000 (2006: £557,000) due to other Central Government Bodies.

## 15 Creditors: Amounts falling due within one year

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade creditors	1,144	684	1,117	666
Other creditors	153	188	27	31
Taxation and social security	236	228	236	222
Accruals	1,197	816	1,181	798
	<b>2,730</b>	<b>1,916</b>	<b>2,561</b>	<b>1,717</b>

Taxation and social security consists of amounts owed to other Central Government Bodies.



## 16 Operating Leases

As at 31 March 2007 the Museum had obligations under non-cancellable operating leases which expire as follows:

	Group		Charity	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
<b>Buildings</b>				
- Between one and five years	153	152	153	152
<b>Total</b>	<u>153</u>	<u>152</u>	<u>153</u>	<u>152</u>
<b>Other</b>				
- Between one and five years	80	79	-	-
- After five years	1	2	1	2
<b>Total</b>	<u>81</u>	<u>81</u>	<u>1</u>	<u>2</u>

## 17 Provisions for Liabilities and Charges

	Balance		Balance	
	1 April	31 March	1 April	31 March
	2006	2007	2006	2007
	£'000	£'000	£'000	£'000
Early retirement - as described in the accounting policies	275	-	(123)	152
	<u>275</u>	<u>-</u>	<u>(123)</u>	<u>152</u>

Liabilities are independently calculated by Xafinity Paymaster Limited, the Museum's approved pension awarding Company.

## 18 Restricted Funds

The income funds of the Museum comprise of specific purposes grants and donations which remain unexpended:

	Balance					Balance	
	1 Apr 2006	Income	Expenditure	Gains	Transfers	31 Mar 2007	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Land and Buildings Fund	50,285	-	(1,348)	-	-	-	48,937
Revaluation Reserve	23,819	-	-	3,513	-	-	27,332
Capital Additions Fund	-	1,636	-	-	(1,636)	-	-
Special Purpose Fund	-	861	(861)	-	-	-	-
Collections Capital Fund	2,903	154	-	-	150	-	3,207
Time & Space Capital Fund	1,064	5,238	(172)	-	(6,130)	-	-
New Opportunities Capital Fund	739	-	(347)	-	-	-	392
American Fund of the National Maritime Museum, Greenwich	-	10	-	-	-	-	10
National Historic Ships Unit	32	170	(156)	-	-	-	46
No. 3 Trust Fund - Sackler Fund	75	78	-	-	-	-	153
No. 3 Trust Fund - Anderson Fund	59	3	-	4	-	-	66
No. 3 Trust Fund - Bosanquet Fund	5	-	-	-	-	-	5
	<u>78,981</u>	<u>8,150</u>	<u>(2,884)</u>	<u>3,517</u>	<u>(7,616)</u>		<u>80,148</u>

The Land and Buildings Fund was established in 1989 when the title to the main Museum site at Greenwich was transferred from the Secretary of State for the Environment to the Trustees.

In March 1999, the Royal Observatory, Greenwich was incorporated into the Land and Buildings Fund at a value of £700,000 reflecting the incomplete title held. In March 2004 a new Royal Warrant granted occupation rights to the entire site of the Royal Observatory, Greenwich and a revaluation adjustment of £4,250,000 was added to the Revaluation Reserve Fund.

The Revaluation Reserve represents the cumulative increase in value of land and buildings.

The Capital Additions Fund represents grants and donations for non-specific capital projects. The transfers to the Tangible Asset Fund have occurred during the year as a result of expenditure incurred.

The Special Purpose Fund represents the value of grants received by the Museum for a specific purpose, for example, funds received for use in a temporary exhibition.

The Collections Capital Fund was established on 1 April 2001 and represents the value of additions to the collections of the Museum. The positive transfer to the collections fund is an allocation of general funds for acquisition of collections.

The Time and Space Capital Fund was established in 2004 to reflect the value of grants and donations received and used for the re-development of the Royal Observatory, Greenwich. The transfer to the Tangible Asset Fund have occurred during the year as a result of expenditure incurred. The Museum has contributed unrestricted funds to this project in lieu of restricted pledges due to be received in 2007/08 and 2008/09.

The New Opportunities Fund was established in 2003 to reflect the value of lottery grant received and used for the content development of the Port Cities worldwide website.

The American Fund of the National Maritime Museum, Greenwich was established in January 2003 to facilitate the receipt of donations for the benefit of the National Maritime Museum at Greenwich from the United States.

The National Historic Ships Unit Fund was established in 2005 to support research, publications, training, recording and similar activities relating to the preservation of historic vessels. On an interim basis the Unit is funded by DCMS and is located on site at the National Maritime Museum.

### No. 3 Trust Fund - Restricted Funds

The Sackler Fund was established over a three year period from 1992 to support a research fellowship in areas directly related to the history of astronomy and navigational sciences. During the year fund was reviewed and reclassified.

The Anderson Fund was established in 1992 following receipt of a legacy to support a fellowship in naval and maritime history.

The Bosanquet Fund was established in 1959 by Henry Bosanquet to provide funding for the purchase of library books.

## 19 Unrestricted Funds

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

	Balance 1 April 2006		Income Expenditure £'000		Other Gains & (Losses) £'000	Transfers £'000	Balance 31 March 2007 £'000
Tangible Asset Fund	9,670	-	(1,418)	-	-	9,742	17,994
Collections Fund	44	-	-	-	-	-	44
Caird Fund	1,073	138	(45)	52	-	-	1,218
Development Fund	4,889	400	(4)	172	-	-	5,457
No. 3 Trust Fund	401	68	(5)	10	-	-	474
Trading Funds	68	1,839	(1,841)	-	-	-	66
<b>Designated Funds</b>	<b>16,145</b>	<b>2,445</b>	<b>(3,313)</b>	<b>234</b>	<b>9,742</b>		<b>25,253</b>
<b>General Funds</b>	<b>3,661</b>	<b>15,386</b>	<b>(14,400)</b>	<b>-</b>	<b>(2,126)</b>		<b>2,521</b>
	<b>19,806</b>	<b>17,831</b>	<b>(17,713)</b>	<b>234</b>	<b>7,616</b>		<b>27,774</b>

Transfers into the Tangible Asset Fund represent expenditure from restricted funds on ongoing capital projects. This includes expenditure on the Time and Space project which will be transferred to the Land and Buildings Fund when the project has been completed.

## 20 Endowments

	Balance 1 April 2006		Income Expenditure £'000		Investment Gains £'000	Transfers £'000	Balance 31 March 2007 £'000
Permanent endowments:							
The Caird Fund	474	17	(17)	23	-	-	497
The Sackler Fund (part of No. 3 Trust Fund)	150	7	(7)	-	-	-	150
	<b>624</b>	<b>24</b>	<b>(24)</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>647</b>

The Caird Fund was created under a trust deed dated 23 March 1942. The original capital was provided by Sir James Caird as a permanent endowment. The Committee for the time being is required to apply the income thereof in perpetuity for the purpose and benefit of the National Maritime Museum at Greenwich.

The Sackler Fund was created under a trust deed dated 01 December 1992. The original capital was provided as a permanent endowment. The Committee for the time being is required to apply the income thereof in perpetuity for the purpose of supporting a research fellowship in areas directly related to the history of astronomy and navigational sciences. During the year fund was reviewed and reclassified.

## 21 Analysis of Group Net Assets between Funds

Fund balances at 31 March 2007 are represented by:	Unrestricted Designated Funds £'000	Unrestricted General Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
	Tangible Fixed assets	18,136	-	79,868	-
Investments	2,998	-	280	647	3,925
Current assets	7,001	2,521	-	-	9,522
Creditors: Amounts falling due within one year	(2,730)	-	-	-	(2,730)
Provisions for liabilities and charges	(152)	-	-	-	(152)
<b>Group Net Assets</b>	<b>25,253</b>	<b>2,521</b>	<b>80,148</b>	<b>647</b>	<b>108,569</b>

Unrealised gains and losses detailed below have been included in the above balances.

Reconciliation of movements in unrealised gains on land and buildings:	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2007 £'000
Unrealised gains at 1 April 2006	-	23,819	-	23,819
Net gains arising on revaluation	-	3,513	-	3,513
Unrealised gains at 31 March 2007	-	27,332	-	27,332

Reconciliation of movements in unrealised gains on investments:	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2007 £'000
Unrealised gains at 1 April 2006	1,129	7	87	1,223
Net gain arising on revaluations	240	4	23	267
Unrealised gains at 31 March 2007	1,369	11	110	1,490

<b><u>22 Reconciliation of net incoming resources to net cash inflow from operating activities</u></b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Net incoming resources	5,384	3,350
Donated Objects	(154)	(49)
Depreciation charges	3,109	3,025
Investment income	(434)	(432)
Decrease/(Increase) in stock	88	(51)
Increase in debtors	(77)	(163)
Increase/(Decrease) in creditors	814	(278)
Decrease in provisions	(123)	(117)
Loss on Disposal of Fixed Assets	4	24
Net cash inflow from operating activities	<u>8,611</u>	<u>5,309</u>

<b>Reconciliation of increase in cash to movement in net funds</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
(Decrease)/Increase in cash in the period	(131)	1,149
Cash Outflow from changes in liquid resources	(13)	(2,010)
Change in net funds resulting from cash flows	<u>(144)</u>	<u>(861)</u>
Net funds at 1 April 2006	8,118	8,979
Net funds at 31 March 2007	<u>7,974</u>	<u>8,118</u>

<b>Analysis of net funds</b>	<b>At 1 April 2006</b>	<b>Cashflow 31 March 2007</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank	4,037	(131)	3,906
Pay Master General	3	-	3
Cash in Hand	4	-	4
Liquid resources - Short Term Deposit	4,074	(13)	4,061
Net funds	<u>8,118</u>	<u>(144)</u>	<u>7,974</u>

### **23 Related party transactions**

#### **a) The Department for Culture, Media and Sport**

The National Maritime Museum is a non-departmental public body whose parent department is the Department for Culture, Media and Sport. The Department for Culture, Media and Sport is regarded as a related party. During the year the Museum had a number of transactions in the normal course of business and at full arms length with the Department.

#### **b) The Heritage Lottery Fund**

The National Maritime Museum received lottery grants from the Heritage Lottery Fund (HLF) for which the Department is also regarded as the parent Department.

#### **c) The Trustees and Staff**

There were no material related party transactions with the Trustees, key managerial staff or other related parties during the year.

### **24 Contingent Liabilities**

The Museum had no contingent liabilities at the year end.

### **25 Post Balance Sheet Events**

R A G Clare stepped down as Director on 31 May 2007. The financial statements were authorised for issue by the Accounting Officer on 13 July 2007. There are no other post balance sheet events to report.

### **26 Control of the Consolidated Entities**

The consolidated accounts of the National Maritime Museum include the results of a trading subsidiary, National Maritime Museum Enterprises Limited (NMME), three Trust Funds and the American Fund of the National Maritime Museum, Greenwich. The Museum controls NMME through ownership of 100% of its issued share capital. Control of the Trust Funds arises from the Trust deeds which vest ownership of the assets, which are to be used for the benefit of the Museum, in the Trustees of the Funds. Monitoring of the performances of NMME and the Trusts is undertaken by the Trustees of the National Maritime Museum through quarterly Trustee, Board, and Finance Committee meetings. Day to day control is operated through the financial and management arrangements of the executive offices of the Museum. Accountability is to the Trustees of the Museum and to the Department for Culture, Media and Sport.

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