

MUSEUMS AND GALLERIES ACT 1992

# The Board of Trustees of the Tate Gallery Annual Accounts 2009-2010

Presented to Parliament pursuant to section 9(8) of the Museums and Galleries Act 1992

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ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 22 JULY 2010

LONDON: The Stationery Office

HC 376

£9.75

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# Advisers

The principal address for the Board of Trustees of the Tate Gallery is:

Tate  
Millbank  
London  
SW1P 4RG

## Auditors

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

Subsidiaries:  
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Grant Thornton House  
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## Bankers and investment managers

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440 Strand  
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EC4M 7EG

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Brachers LLP  
5 Breems Buildings  
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EC4A 1DY

# Annual Report

## Aim and objectives

Tate's mission, drawn from the 1992 Museums and Galleries Act, is to increase the public's understanding and enjoyment of British art from the sixteenth century to the present day and of international modern and contemporary art.

The four aims listed by the Act are:

- care for, preserve and add to the works of art and documents in Tate's Collection;
- secure that the works of art are exhibited to the public;
- secure that the works of art and documents are available to persons seeking to inspect them in connection with study or research;
- generally promote the public's enjoyment and understanding of British art and of twentieth-century and contemporary art, both by means of Tate's Collection and by such other means as it considers appropriate.

Guided by this mission, four primary strategic objectives have been agreed for 2009-12 around Tate's key areas of focus: the art in Tate's care; the public audiences whom Tate serves; Tate's organisation and ways of working; Tate's future development.

When reviewing these objectives and planning future activities, reference has been made to the guidance contained in the Charity Commission's general guidance on public benefit. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Tate's four strategic objectives can be summarised as follows:

- to reflect a broader range of national, international and artistic views in Tate's research, Collection and programmes;
- to develop new audiences as well as deepen relationships with current audiences;
- to develop staff and Tate's internal culture, enhance Tate's financial stability and efficiency and be more sustainable;
- to lay the foundations for Tate's intellectual and physical development in the first quarter of the 21st century.

## Review of activities in 2009-10

The following summarises the achievements in relation to each of these aims in 2009-10.

### Art and ideas

#### Collection

The Collection is the centre of Tate, providing inspiration for Tate's programmes, research and audiences. Today there are interesting and dynamic art centres across the world and international art is ever more complex and interconnected. Increasingly the Collection reflects a broader range of national, international and artistic views, contributing to a reshaping of art history by reflecting local histories across the world. This year, with the support of the Middle East and North Africa Acquisitions Committee, Tate acquired a group of thirteen contemporary works by ten artists from Algeria, Lebanon, Turkey, Iran and Egypt. This complements existing initiatives in relation to Latin America and the Asia Pacific region. Important works were also acquired this year by artists including Juan Muñoz, Marisa Merz, Gilberto Zorio, Giovanni Anselmo, Pino Pascali, Chen Zhen and Santu Mofokeng. Last year Tate announced the acquisition of the *ARTIST ROOMS* collection, a national collection of contemporary art owned jointly with the National Galleries of Scotland. This year, the *ARTIST ROOMS* collection was enhanced by artists and collectors who made significant donations including works by Ed Ruscha and Ian Hamilton Finlay, and pledged works by Agnes Martin and Jannis Kounellis. Important photographic works were also acquired by artists including Keith Arnatt, Robert Frank, Guy Tillim and John Riddy. The British collection was also significantly enhanced. With the support of the Art Fund, Tate Members, Tate Patrons and the extraordinary generosity of the public, Tate acquired an important group of eight hand-coloured etchings by William Blake for the nation. In addition, the last work made before his death by the British artist Patrick Caulfield was acquired for the Collection.

## Programme

Tate's public programme comprises temporary exhibitions, Collection displays, events and other learning activities. The programme aims to grow public enjoyment and understanding of art by inspiring and challenging audiences and making art relevant to people's lives today, whether it is a renaissance work or a new commission. The programme of exhibitions in 2009-10 included, amongst others: *The Turner Prize*, *Richard Long: Heaven and Earth*, *Turner and the Masters*, *Tate Britain Duveens Commission: Eva Rothschild, Henry Moore and Chris Ofili* at Tate Britain; *Roni Horn aka Roni Horn*, *Futurism*, *Per Kirkeby*, *Pop Life: Art in a Material World*, *John Baldessari: Pure Beauty*, *The Unilever Series: Miroslaw Balka* and *Arshile Gorky: A Retrospective* at Tate Modern; *Colour Chart: Reinventing Colour 1950 to Today*, *Joyous Machines: Michael Landy* and *Jean Tinguely* and *Afro Modern: Journeys through the Black Atlantic* at Tate Liverpool; and *The Dark Monarch: Magic and Modernity in British Art* and *Dexter Dalwood and the Tate Collection* at Tate St Ives.

The innovative display of Tate's Collection is another key aspect of Tate's programme. This year's highlights included a free Collection exhibition *Classified: Contemporary Art* at Tate Britain, which featured many recent gifts and acquisitions of British art from the 1990s. Other recent gifts, including David Hockney's *Bigger Trees Near Watter 2007* also went on display. At Tate Liverpool, the DLA Piper Series: *This is Sculpture* opened. Co-curated with key figures in the cultural arena including the artist Michael Craig-Martin and designer Wayne Hemingway and featuring artists including Jacob Epstein, Henry Moore, Henri Matisse, Pablo Picasso, Yayoi Kusama and Cornelia Parker, the display takes an ambitious and innovative look at the history of modern and contemporary sculpture. Tate Liverpool's ground floor was also transformed this year with the display of Mark Rothko's nine *Seagram Murals*, shown for the first time since 1988 in Liverpool. Offering new perspectives on 100 years of British art and the St Ives colony, *The Dark Monarch* exhibition at Tate St Ives also included many works from the Tate Collection, demonstrating a new approach to the integration of exhibitions and Collection displays.

The first presentation of *ARTIST ROOMS* included displays by Gilbert and George and Ian Hamilton Finlay at Tate Britain; Anselm Kiefer, Jeff Koons, Jannis Kounellis, Ed Ruscha, Robert Therrien and Andy Warhol at Tate Modern; Sol LeWitt at Tate Liverpool and Lawrence Weiner at Tate St Ives.

## Research and scholarship

Scholarly research underpins all Tate's exhibitions and displays, as well as many other areas of the organisation. Tate's research remit is broad and encompasses not only art history but also fine art practice, visual culture, technical art history and conservation science, cultural theory and policy, education and museum studies. Tate now has four research centres, bringing together colleagues from across Tate and beyond with shared scholarly interests to develop research ideas. These include The Art Museum and its Future, British Romanticism, Creative Communities and Surrealism and its Legacies. Research projects were varied and included: *Art School Educated: Curriculum Development and Institutional Change in UK Art Schools 1960-2000*; *The Sublime Object: Nature, Art and Language*; *The Camden Town Group Online Catalogue*; *The Turner Bequest Online Catalogue*; *The Folk Art Research Network*; *The Inter-Media Art Research Network*; *Court, Country, City: British Art 1660-1735*; *Anoxic Display and Storage of Paper-Based Works of Art*; *Contemporary Art Research: Modern Paints*; *Matters in Media Art: Collaborating Towards the Care of Time-Based Media*; *Inside Installations: the Preservation and Presentation of Installation Art*; and *Tate Encounters: Britishness and Visual Culture*. The generous support of organisations including the Arts and Humanities Research Council, The Leverhulme Trust, the Getty Foundation, the European Union, as well as that of Tate's academic partners, ensures that Tate will continue to develop its new model of research and scholarship.

## Tate's audiences

### Visitors and the gallery experience

Tate, its Collection and its programme are a rich seam of inspiration for many people. Artists challenge audiences to look again and think again and help them to understand culture and the world they live in. This year over 7 million people visited Tate's galleries.

Tate animates its programme in many ways to promote understanding and enjoyment of the art it presents. This year Tate Media produced films to accompany many of Tate's exhibitions. These included interviews with the short-listed Turner Prize artists about their work and practice and documentaries shot on location around the world, including Chris Ofili in Trinidad, John Baldessari in Los Angeles, Miroslaw Balka in Poland and for the *Arshile Gorky* exhibition in Philadelphia. Tate's adult programme also included a rich range of offerings from talks, such as curator Professor David Solkin discussing *Turner and the Masters*, to courses on the philosophy of aesthetics, and symposia on new areas of art practice like *Rising to the Climate Challenge: Artists and Scientists Imagine Tomorrow's World*. Youth focused events included, amongst others: *Late at Tate* held monthly at Tate Britain, Tate Liverpool and Tate St Ives, *Twenty For Harper Road* and the "I-Dent" fashion event, in collaboration with University of the Arts London and the London College of Fashion, where students presented their Ofili-inspired collections.

Tate also provides a range of opportunities for children and families. The first ever fully interactive art exhibition staged at Tate in 1971 by the artist Robert Morris was reconstructed in the Turbine Hall at Tate Modern as part of *UBS Openings: The Long Weekend*. Inspired by the new wing of displays, *Energy and Process* exploring Arte Povera, Post Minimalism and their legacy of merging art and life using everyday materials and viewer participation, visitors enjoyed a weekend of music, performance and workshops that illuminated the spirit and ideas behind the movement. *Turbinegeneration*, a new project launched this year linked to the Unilever series of artist commissions, enables teachers and students around the world to interact with one another, exploring cultural issues and understanding through art over the internet. Local outreach projects such as *VerbalEyes* and *Find Your Talent*, working with students in schools, also continued this year. This year *VerbalEyes* focused on themes of travel, migration and exile and Brampton Primary School created a sculptural installation which was displayed in the South Duveen Galleries at Tate Britain during the summer. Artists also contribute significantly to Tate's learning programmes. This year artists Kimathi Donkor, Raksha Patel and Eleni Zagkaki worked with children in several communities over six months exploring themes of motion and material, as they captured their observations, experiences and sense of place in the shifting global make up of Britain's urban landscape.

### **Beyond Tate**

Today it is possible to access Tate anywhere, anytime and from any place. This year Tate online was enhanced through the launch of its own online video channel, offering over 1,300 films on art and artists. By March 2010, there were approximately 1.8 million monthly unique visitors to Tate's website. In addition to a rich offering of learning opportunities for children, young people and schools, Tate also continued to enhance the information available online about Tate's Collection, archive and programme. Working with the artist Miroslaw Balka, Tate produced an immersive, interactive site complementing the Unilever Series installation. The website was also developed into Tate's first iPhone application and won a prestigious Webby award. Tate's award-winning Tate Kids website was also enhanced, including new games and a treasure hunt in the Barbara Hepworth Sculpture Garden. Tate launched its iTunesU channel, in collaboration with Apple, which received over 300,000 downloads per month and also significantly expanded its social networking activity. By June 2010, Tate had over 100,000 followers on Twitter and its Facebook fans numbered 69,000. Tate also began development of *The Tate Movie Project*, the first of its kind – an animation film made by and for children, who will contribute their drawings and ideas via an interactive website and workshops across the country. Tate is collaborating with Aardman Animation, Fallon and the BBC. The project is supported by a significant grant from the Legacy Trust, as well as BP.

Tate's national programme, loans programme and touring exhibitions mean audiences are also able to experience Tate programme in galleries across Britain and the world. The *ARTIST ROOMS* collection was conceived as a national resource and this year Tate organised the first series of exhibitions and partnerships, with shows in 17 galleries across the UK. The Tate Connects national network of visual arts organisations was also expanded to include ten long-term partners. This year there was significant emphasis on leadership development, supporting organisational change and equipping partners and Tate to become sustainable in an uncertain financial climate. Partners also have special access to the Tate Collection, for example Damien Hirst's *Pharmacy* 1992 was at BALTIC in Gateshead in the autumn and the loan of a large number of early works by David Hockney from Tate, including *A Bigger Splash* 1967, contributed to the successful opening of Nottingham Contemporary. National projects such as the *Great British Art Debate* also continued in collaboration with Tyne and Wear Archives and Museums, Museums Sheffield and Norfolk Museums and Archaeology Service, bringing together collections in the exploration of art, identity and nationhood.

In 2009 Tate continued to develop international relationships, particularly in Asia Pacific and the Middle East. This included a programme on curatorial exchange in collaboration with the Sharjah Biennial and International Curators Forum. Tate also piloted *Tate Exchanges*, a programme which provides learning and development opportunities for staff and colleagues internationally, through a curatorial placement from the Hong Kong Heritage Museum. This year over 1,300 works were also loaned to 130 institutions in the UK and over 120 international institutions. Tate exhibitions also toured to over 10 countries including the USA, China and the United Arab Emirates.

## **Improving the organisation**

### **People and culture**

Around 1,300 dedicated and talented people make everything happen at Tate, working through Tate and Tate Enterprises. Tate is committed to developing the skills of its staff and to advancing skills within the sector. To this end, Tate continued to run a series of training initiatives including lunch-hour learning sessions, training programmes, placements, exchanges and internships. This year the popular Tate Manager programme was reviewed and enhanced. Following on from the visitor services review, Tate also implemented a cross departmental training programme covering the principles that underpin the service Tate provides to the public.



This was delivered to 120 front line staff including security officers, housekeeping, information, gallery and ticketing staff. 2009 also saw the end of the first year of the pilot for the national Creative Apprentices scheme which is aimed at sixteen to twenty-four year olds. As a result Tate Liverpool recruited two further apprentices in learning and visitor services.

### **Funding and supporters**

Tate relies on a wide variety of funding sources. In addition to public funding, Tate Members, Tate Patrons, trusts and individual donors all make valuable contributions.

The past year saw Tate continue relationships with long-term corporate partners as well as establishing new partnerships. Corporate supporters include Bloomberg, Sotheby's, Unilever, BP, DLA Piper, Rolex and McKinsey. In Liverpool, funds were raised from the European Regional Development Fund to deliver a programme of major exhibitions to drive international tourism to the area. Tate is also grateful for the support received from organisations such as the Legacy Trust, the Terra Foundation, the John Lyon's Charity, the 29 May Charitable Trust and the World Collections Programme.

Individuals provide vital support to Tate's Collection development, exhibitions, conservation and learning programmes. The support of Tate Patrons remained strong allowing Tate to acquire major works by David Lamelas and John Stezaker. Tate Members also contributed significantly, in particular by making a major contribution to the acquisition of several works by William Blake. Individual donors also made valuable contributions to Tate's exhibitions through Exhibition Supporter Groups for *Richard Long*, *Per Kirkeby*, *Chris Ofili*, *Henry Moore* and *Arshile Gorky*. Helping to broaden Tate's focus to represent modern and contemporary art from around the world, the Middle East and North Africa Acquisitions Committee was initiated. This year over £1.3 million was gifted through bequests which will be used to build the Collection.

Generating income through commercial activities is another important part of Tate's revenues. Working with artists to design unique and exclusive products and Christmas cards for Tate's shops is just one example of the initiatives which this year meant that Tate Enterprises Limited made a net contribution of £2,978,000 to the operations of Tate.

### **Operations and sustainability**

To ensure that every pound Tate receives, both public and private, goes as far as it can in support of the mission, Tate strives to embed efficiency, effectiveness and transparency into all its operations. This year Tate took forward plans for a new approach to the way it delivers visitor services in the galleries, to ensure Tate is open and inviting and that every visitor who comes to Tate feels welcome. The changes mean that staff will be able to engage more with visitors, sharing their expertise and knowledge and helping visitors to explore and enjoy Tate's galleries. Following on from the review of Tate's Collection Care division last year, the first stage of recommendations from the review were also taken forward, laying the ground work for more efficient and effective support for Tate's programme and the care of the Collection. Improvements were also made to staff accommodation, facilitating improved collaboration among teams at Tate. This year Tate also redesigned the *About Tate* section of its website and publication scheme, increasing transparency and making it easier for people to find the information they seek.

Tate aims to be a leader in museum sustainability. Working together with the Carbon Trust, Tate measured its carbon footprint (including art transport and crating) for the first time, set specific targets for carbon reduction and began to monitor and report on its performance; this will be reported in the Tate Report and on Tate's website in the future. Tate's electricity and gas usage in 2009-10 were significantly reduced, as was waste sent to landfill. Further reductions were achieved in procurement and operational efficiency measures were also put in place. In addition to reducing its own impact, Tate aims to lead and influence the international museum sector and share best practice within the cultural sector. Following the initiative of Tate and the Victoria and Albert Museum, leading international institutions agreed last year to move toward a relaxation of gallery environmental conditions and loan conditions.

### **Future development**

Although over 7 million people visited Tate this year, the galleries were only designed to hold between 4 to 5 million visitors. Art practice is also evolving and requires new and different spaces in which to show art. At the same time, audience expectation and demand for Tate's learning programmes is growing and changing. This year Tate continued to take forward three major capital projects to ensure it is able to meet its statutory objectives as well in this century as it has in the last. The projects underway will enable Tate to display more of the Collection and deliver a wider range of programmes and services for audiences, fulfilling the public's expectation of Tate as a world-class museum. In January, work on the Transforming Tate Modern Project began on site. A full programme of visitor information, signage and community engagement began and will continue

as construction goes forward. Progress also continued on the development plan for Tate Britain. The planning application was submitted in March 2010 for the Tate Britain scheme, which will improve the use of the gallery's spaces, provide better conditions for showing art, provide better visitor services and meet increasing demand for learning opportunities. Tate St Ives has also advanced plans for its development in Cornwall in collaboration with Cornwall County Council and the Penwith Housing Association.

## Fulfilment of Museums and Galleries Act aims

Tate's fulfilment of the Museums and Galleries Act aims is best reflected by its expenditure on charitable activities. Charitable activities expenditure is broken down into three main areas: gallery activities, gallery operations and Collections. Gallery activities comprise all those costs associated with the public programmes of the four Tate galleries and of the media programmes and website; this includes exhibitions, education and communications and marketing expenditure. Gallery operations comprises visitor services and operations costs. Collections comprises all those costs associated with the Tate Collection; this includes conservation, art handling, photography and acquisitions related expenditure.

## Trustees

Anish Kapoor retired as a Trustee during the year. Bob and Roberta Smith, Wolfgang Tillmans and Mala Gaonkar were appointed to the Board.

## Performance indicators

Performance indicators agreed with the Department for Culture, Media and Sport (DCMS) as part of the annual funding agreement process were achieved as follows:

<b>Performance indicators</b>	<b>Actual 2010 000s</b>	Actual 2009 000s
<b>Access</b>		
Number of actual visits	<b>7,125</b>	7,475
Number of unique users visiting the website	<b>18,860</b>	18,495
<b>Audience profile</b>		
Number of visits by children under 16	<b>1,048</b>	1,055
Number of visits by adult visitors from NS-SEC 5-8	<b>334</b>	558
Number of visits by UK adult visitors from an ethnic minority background	<b>257</b>	428
Number of visits by UK adult visitors with a long-term illness, disability or infirmity	<b>111</b>	114
Number of overseas visits	<b>3,224</b>	2,941
<b>Learning/outreach</b>		
<i>Children</i>		
Number of visits by children under 16 in formal education	<b>205</b>	280
Number of instances of children participating in on-site organised activities	<b>104</b>	111
Number of instances of children participating in outreach activity	<b>98</b>	4
<i>Adults</i>		
Number of instances of adults participating in on-site organised activities	<b>402</b>	289
Number of instances of adults participating in outreach activity	<b>354</b>	7
<b>Visitor satisfaction</b>		
Percentage of visitors who would recommend a visit	<b>94%</b>	90%
<b>Income generation</b>		
<i>Self-generated income</i>		
Admissions	<b>5,625</b>	7,194
Trading income	<b>26,705</b>	29,386
Fundraising (including capital)	<b>17,643</b>	27,037
Fees and other income	<b>8,586</b>	10,046
Donated works of art	<b>9,620</b>	64,017
	<b>68,179</b>	137,680
<b>Regional engagement</b>		
Number of UK loan venues	<b>130</b>	117

The decrease in visitor numbers, the number of visits by UK adult visitors from the socio economic group NS-SEC 5-8 and the number of visits by UK adult visitors from an ethnic minority background reflects the impact on Tate Liverpool in 2008-09 when Liverpool was European Capital of Culture and Tate Liverpool presented the very successful exhibition *Gustav Klimt: Painting Design & Modern Life in Vienna 1900*.

The decrease in visits by children under 16 in formal education and instances of children participating in on-site organised activities resulted from a strategic decision to produce fewer sessions but increase the length and improve the quality in line with the DCMS excellence agenda. In addition to improving the quality of Tate's offer of in-depth learning activities, Tate's new approach seeks to develop its offering of self-led and online learning programmes. Consistent with this strategy, the reduction in activity against the indicators highlighted was offset by a very significant increase in outreach activities in part resulting from 2009-10 being the first full year of *Turbinegeneration* which was launched part way through 2008-09. *Turbinegeneration* is an international schools project connected to the Unilever Series, which enables schools across the world to explore cultural issues through the language of art.

The increase in instances of adults participating in outreach activity relates to the DCMS funded Visual Dialogues programme at Tate Britain. This is a programme where groups of young people (aged 16 to 18) work in collaboration with artists and gallery staff to develop a range of interpretative resources and audience engagement programmes for works from the Tate Collection.

## Financial review

In line with relevant reporting requirements, the consolidated statement of financial activities combines income and expenditure, capital (including major capital projects) and acquisitions for the Collection (including donated works of art). In terms of controllable revenue and expenditure items in the income and expenditure statement, Tate has again managed to deliver a surplus in a volatile and challenging economic environment.

The consolidated statement of financial activities on pages 26 and 27 shows total incoming resources of £126,111,000 (£200,239,000 in 2008-09), the change mainly arising from the inflated donated works of art figure in 2008-09, which resulted from the *ARTIST ROOMS* donation. Of this amount £27,612,000 (£27,146,000 in 2008-09) was applied to the ongoing capital programme, £14,823,000 (£85,671,000 in 2008-09) to Collection acquisitions and £1,249,000 to endowments (£1,025,000 in 2008-09). The remaining £82,427,000 (£86,397,000 in 2008-09) comprises £82,444,000 (£87,432,000 in 2008-09) used to fund ongoing operations in the year, offset by the remaining £17,000 (£1,035,000 in 2008-09) funded from capital and collections reserves.

Tate received £55,987,000 of Grant in Aid from Parliament, (£53,954,000 in 2008-09), provided through the DCMS. Grant in Aid is made up of three elements:

- revenue grant used to support ongoing operations of £33,413,000 (£32,534,000 in 2008-09);
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £3,867,000 (£4,250,000 in 2008-09);
- Tate Modern capital grant used towards funding the new building at Tate Modern. DCMS is contributing £50 million towards the total cost of £215 million; to date £28,707,000 has been received, of which £18,707,000 was received in the current year (£10 million in 2008-09).

In 2008-09 Tate also benefited from Grant in Aid funding of £7,170,000 towards the consideration paid for *ARTIST ROOMS* and the associated accessioning and collection care costs.

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £70,124,000 for the year (£146,285,000 in 2008-09).

Resources expended include the costs of generating voluntary income, trading and other costs, investment management costs, costs of charitable activities and governance costs. The consolidated statement of financial activities on pages 26 and 27 shows total resources expended of £99,829,000 (£109,902,000 in 2008-09). Of this amount £17,357,000 (£22,439,000 in 2008-09) was applied to the ongoing capital programme, £28,000 (£31,000 in 2008-09) to Collection acquisitions and £82,444,000 (£87,432,000 in 2008-09) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £13,949,000 to the Collection (£96,709,000 in 2008-09). Of this figure, £9,620,000 has been donated by individuals either directly or in lieu of tax (£64,017,000 in 2008-09). Funding for purchased works of art has come from many sources, including the Lottery, Tate Members, Tate Patrons and self-generated income.

# Foreword

## Introduction

### **Presentation of the financial statements**

The accounts have been prepared in accordance with the Statement of Recommended Practice (the SORP) "Accounting and Reporting by Charities" (revised 2005) and in compliance with the Accounts Direction issued by the Secretary of State for Culture, Olympics, Media and Sport.

The consolidated statement of financial activities set out on pages 26 and 27 has been prepared in line with the SORP and shows incoming resources including income relating to capital projects. In accordance with section 4 of the Charities Act 2006, the Trustees have taken due regard to guidance published by the Charities Commission.

## History of body, statutory background, organisation and structure

### **History**

The Tate Gallery was founded at Millbank London in 1897. Although officially known as The National Gallery of British Art, it was commonly called the Tate Gallery after Henry Tate, with its name finally being officially changed in 1932. During the early and mid twentieth century the original building at Millbank was added to as Tate's Collection grew and expanded to include modern works.

The last two decades of the twentieth century saw considerable expansion of Tate with the Clore Gallery, housing the Turner collection opening in 1987 and Tate Liverpool opening the following year. Tate St Ives opened in 1993 and in March 2000 the Tate Gallery Millbank site was rededicated as Tate Britain. Tate Modern opened to the public in May 2000.

## Background

From its foundation in 1897 until 1917, the Board of Trustees of the National Gallery administered the Tate Gallery. A separate Board of Trustees for the Tate Gallery was first established by Treasury Minute of 24 March 1917, although all works of art remained vested in the Trustees of the National Gallery, whose Director remained responsible for the financial affairs of the Tate Gallery.

The Tate Gallery was established as an independent institution by the National Gallery and Tate Gallery Act, 1954. A new Treasury Minute of 5 February 1955 defined the scope of the Tate Gallery Collection and vested in its Board of Trustees the responsibility for the Collection and for the management of the Gallery.

The Museums and Galleries Act, 1992, which repealed the 1954 Act, established the Board of Trustees of the Tate Gallery as a corporate body and added it to the list of exempt charities under the 1960 Charities Act. An Order in Council enabling the new Act was issued on 1 September 1992.

In March 2000 the Trustees launched a new organisational identity, re-branding the Tate Gallery as Tate. For statutory purposes the corporate body remains the Board of Trustees of the Tate Gallery.

Tate is a non-departmental public body (NDPB) under the auspices of the Department for Culture, Media and Sport (DCMS). Tate is an exempt charity.

## Connected charities

Tate has three connected charities. These are independent and do not impact on Tate's operating policies, however they work closely with Tate and have the aim of helping Tate fulfil its mission for the public benefit.

*Tate Members:* founded in 1958 as The Friends of the Tate Gallery to raise money for the purchase of works of art for the Gallery, to support the work of Tate and to recruit members, thereby promoting the work of Tate to the general public. The Tate Members Council meets regularly to allocate its funds to Tate acquisitions and exhibitions and special projects on behalf of all Tate Members.

*Tate Foundation:* created in 2000 to further the charitable purposes of the Board of Trustees of the Tate Gallery through active fundraising, investment and membership schemes.

*The American Fund for the Tate Gallery and The American Patrons of Tate:* independent charities based in New York that support the work of Tate in the United Kingdom.

## Organisation and structure

In 2008, the membership of the Board was amended by Statutory Instrument to be composed of fourteen trustees, rather than the twelve set out in the Museums and Galleries Act 1992. Thirteen of these are appointed by the Prime Minister and one is a member of the National Gallery Board of Trustees. Correspondingly, one of Tate's Trustees sits on the National Gallery Board. In addition, the Museums and Galleries Act specifies that three of Tate's Trustees must be practising artists. Trustees are usually appointed for four years and may be reappointed for a further term (though it is current convention that artists serve only one term). Trustees elect a Chairman from among their number.

The 1992 Museums and Galleries Act defines the establishment, constitution, functions and property of the Board of Trustees. The role of the Board of Trustees is to determine policy and set the strategic direction for Tate. The Board oversees the management of the gallery, with the Trustees acting as guardians of the public interest. The Board decides on major acquisitions and resource allocations. It represents Tate externally, monitors the organisation's performance against its agreed objectives and targets and ensures the stewardship of public funds.

The Museums and Galleries Act 1992 allows the Board to establish sub-committees and councils to more efficiently undertake its activities. The Board is advised by a number of formal sub-committees. The sub-committees, whose members comprise both Trustees and non-Trustees, provide detailed expertise and help to advise the Board on specific areas of Tate's operations. Some sub-committees of the Board hold delegated authority from the Board to make specific decisions, while others are purely advisory. For example, the Collection Committee has the authority to decide on acquisitions up to a certain value, for ratification by the Board. Other sub-committees, such as the Finance and Operations Committee, operate purely in an advisory capacity to the Board and have no formal decision-making authority.

Trustees serving in the period 2009-10 were:

Helen Alexander, CBE  
Tom Bloxham, MBE  
The Lord Browne of Madingley (Chairman)  
Sir Howard Davies  
Jeremy Deller  
Professor David Ekserdjian  
Mala Gaonkar (appointed 8 March 2010)  
Anish Kapoor, CBE (retired 21 November 2009)  
Patricia Lankester  
Elisabeth Murdoch  
Franck Petitgas  
Monisha Shah  
Bob and Roberta Smith (appointed 20 July 2009)  
Wolfgang Tillmans (appointed 20 July 2009)

Trustees appointed or retiring after the balance sheet date were:

Gareth Thomas (appointed 1 April 2010)

The Tate Director, currently Sir Nicholas Serota, is appointed by the Board of Trustees with the approval of the Prime Minister. He is Tate's Accounting Officer and is responsible to the Board for the general exercise of the Board's functions. The Director has responsibility for the day-to-day organisation, management and staffing of Tate. The Director's Group, chaired by Tate's Director, takes responsibility for advising and steering policy and strategy across Tate. Divisional directors are responsible for ensuring this Tate-wide strategy is implemented in their departments. Day-to-day operational decisions are delegated to the divisional directors, who are assisted by executive groups consisting of heads of department and senior members of staff.

The directors serving in the period 2009-10 were:

Sir Nicholas Serota: Director, Tate  
Alex Beard: Deputy Director, Tate  
Julian Bird: Chief Operating Officer  
Sue Cambridge: Director of Finance  
Martin Clark: Artistic Director, Tate St Ives

Caroline Collier: Director, Tate National  
 Anna Cutler: Director of Learning (appointed 1 November 2009)  
 Stephen Deuchar: Director of Tate Britain (resigned 3 January 2010)  
 Rob Gethen Smith: Director of Information Systems  
 Will Gompertz: Director of Tate Media (resigned 11 December 2009)  
 Christoph Grunenberg: Director of Tate Liverpool  
 Adrian Hardwicke: Director of Visitor Services and Estates  
 John Nickson: Director, Emeritus, Tate Foundation  
 Andrea Nixon: Executive Director, Tate Liverpool  
 Mark Osterfield: Executive Director, Tate St Ives  
 Cheryl Richardson: Director of Human Resources  
 Kate Sloss: Director of Collection Care  
 Vicente Todolí: Director of Tate Modern (resigned 14 June 2010)  
 Rebecca Williams: Director of Development

## Conflicts of interests

The Board of Trustees is required to follow the principles established by the Nolan Committee in the conduct of public bodies. This includes the declaration of individual Trustees' interests. A Register of Interests is kept to identify any potential conflicts of interest between Trustees' and directors' private, professional, political and business activities (including those of close family and household members) and those of Tate. This is available on Tate Online and by written request.

## Recruitment, appointment and induction of Trustees

Tate Trustees are appointed on the basis of The Commissioner for Public Appointments' Code of Practice for Ministerial Appointments to Public Bodies, guidance for departments on adopting best practice in appointment procedures.

Trustee vacancies are advertised externally in the media, on Tate Online and on the Government-sponsored Public Appointments website in order to reach as diverse an audience as possible. All applicants must complete an application form and each application is then assessed against set criteria. The key stages of the appointment are overseen by a panel, which will normally include the Chairman of the Board, one or two Trustees and an Independent Assessor who is appointed by the DCMS. The responsibility for decisions lies with the selection panel, which makes its recommendations to the Minister for Culture, who in turn makes his own recommendation for appointment to the Prime Minister. The appointment is made and announced by the Prime Minister.

On appointment, Trustees are provided with a handbook for Tate Trustees and invited to attend an induction which covers roles and responsibilities of the Board, the statutory framework surrounding Tate, processes for managing conflicts of interests and information about Tate. Appropriate training is also offered to Trustees, depending on need and experience.

## Review of activities in 2009-10

A full review of activities is contained in the Annual Report on page 3.

## Future developments

Tate's mission is to increase public knowledge and understanding of British art from the sixteenth century to the present day and of international modern and contemporary art. Its strategy is designed to fulfil this mission. Over the next several years, the ambition is to realise this mission by pursuing the following:

- an ongoing sustained effort to build the Tate Collection systematically and strategically, with particular aims to:
  - reflect a broader international account of emerging art, with continued emphasis on Latin America, Asia Pacific, Eastern Europe and new focus on Middle East, Africa and South Asia;
  - extend representation of artistic practice including photography, media and performance;
  - strengthen representation of female artists;

- a programme of research and scholarship across the range of Tate's activities to build the intellectual leadership of Tate, broaden Tate's sphere of vision and deepen Tate's knowledge in key areas linked to the Collection;
- a commitment to presenting excellent public programmes in and well beyond Tate's galleries, embracing different perspectives, consolidating its distinctive contemporary outlook and contributing to the development of the UK's regional arts and culture infrastructure;
- reaching out to a broader range of audiences, locally, regionally, nationally and internationally, by facilitating extraordinary experiences through Tate's programme, Collection and services. Particular areas of focus being to:
  - inspire young people from an early age as well as audiences local to Tate's activities;
  - grow UK audiences beyond the galleries via the *Tate Connects* partners programme;
  - collaborate with international partners on touring exhibitions;
  - build upon the success of Tate Online as a channel with worldwide reach;
  - enhance Tate's facilities and staff to create excellent audience experiences;
- leading in museum sustainability practice and embedding sustainability in Tate's working culture and practices.

The following supporting activities underpin this ambitious development plan:

- a number of building projects, including the ongoing development of Transforming Tate Modern, to ensure that Tate is best able to fulfil standards of visitor service and to maximise the impact of its display, exhibition, education and interpretation programmes;
- building and maintaining strong, long-term relationships with the artistic community, Tate's supporters, donors and funding bodies by:
  - recruiting high quality non-executives;
  - continuing Tate's ambitious fundraising programme, with particular focus on Transforming Tate Modern funding objectives, Tate Patrons, individual giving and a wide range of public funding;
  - effectively managing relationships via an integrated Customer Relationship Management system;
- building on the strengths of the people who work for Tate, ensuring Tate is resourced for the future and can continue to attract the highest calibre staff by:
  - embedding Tate's culture and values across the organisation and in its working practices;
  - reviewing Tate's learning and development programme for staff at Tate;
  - investing in leadership and management development;
  - refining staff performance and development planning processes;
- ensuring efficiency and effectiveness through financial and operational rigour and further process improvements to reduce operating and overhead costs;
- generating revenue through Tate Enterprises, Tate Catering and Tate Media, in particular through the exploitation of intellectual property as well as physical assets and creative ideas.

## Employee involvement

Good communication is important between employees at all levels and Tate's aim is to give a sense of ownership and involvement for all those who work and contribute to the success of Tate. Tate operates a variety of formal and informal mechanisms to inform, engage and gather ideas and feedback from its employees.

Information is cascaded throughout the organisation through all staff briefings, divisional briefings, departmental meetings and individual one-to-one meetings with employees. Tate operates its own intranet, *TateNet*, which contains a wide variety of information from news and updates about what is happening within Tate to vacancies and more detailed information on Tate policies.

Tate recognises three trade unions; First Division Association (FDA), Public and Commercial Services Union (PCS) and Prospect. The trade unions negotiate pay and pay-related conditions of service for all employees other than divisional directors. This is complemented by *Tate Staff Council* (TSC), which is a consultative body that brings together senior managers, elected employee representatives from all sections of Tate and trade union representatives.

Tate is interested in understanding how employees feel about working for Tate and undertakes an Employee Survey periodically. Employees are encouraged to participate in these surveys as it helps to assess how Tate is performing as an employer and identify where improvements can be made. The last survey was carried out in 2006 and a further survey is planned for the coming year.

Improving communication and engagement within Tate's workforce is a priority. During 2010-11 Tate will appoint a dedicated Internal Communications Manager to lead on this important area.

## Disability and access

Tate's vision is to create a permeable institution, removing barriers to Tate's buildings, programmes and events and offering employment opportunities that are open to all. Tate's commitment to eliminating discrimination against disabled people and promote disability equality in a proactive way are set out in Tate's *Disability Equality Scheme* which was published in 2006. The aim of this scheme is to ensure that disability equality becomes a mainstream issue, which is considered in all key decisions made by the Board of Trustees, directors and managers and all staff. This relates both to the services offered to the public and staff, including employment.

Tate is committed to equality of opportunity for all its employees and potential employees, including people with disabilities and this commitment is embedded within all Tate's people policies and practices.

To monitor Tate's progress in this area, all those working for Tate are asked to provide diversity monitoring data. In March 2010 Tate employed seventeen staff who consider themselves to have a disability, as defined by the Disability Discrimination Act.

## Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 6.3 in 2009-10 (7.7 in 2008-09).

## Personal data related incidents

The Director of Information Systems at Tate maintains a record of all incidents that involve the loss, unauthorised disclosure or insecure disposal of personal data, whose release could cause harm or distress to the individuals concerned. The incident record includes the nature of incident, the nature of data involved, the number of people potentially affected and the steps taken to notify the individuals concerned. These incidents are reported to the Information Commissioner's Office. There were no personal data related incidents to report in 2009-10.

## Environmental policy

Tate's vision is to become a leader in museum sustainability practice and to influence the entire sector towards more sustainable environmental practice.

Tate's new sustainability strategy was approved by the Trustees in September 2008, meaning that for the first time, sustainability is included in Tate's overall vision. The strategy affects all of Tate's work, from the way it manages its buildings to the way it arranges transportation and events.

Tate's priorities are to: embed sustainability into the working culture of Tate; support research and leadership on sustainability issues that affect the sector; and inspire change in its networks and visitors, supporting societal shifts to a more sustainable society.

Tate has a good track record of environmental improvements. Individual sites, under the guidance of Facilities Management, have implemented efficiency improvements, where possible. This year Tate completed an analysis of its carbon footprint with the assistance of The Carbon Trust. Tate has also set high sustainable building standards for Transforming Tate Modern. Tate has a Sustainability Task Force comprised of senior level staff from around the organisation, which meets monthly to direct Tate's sustainability approach, as well as a Sustainability Delivery Team, which oversees project implementation. Tate's *Green Champions Network* and *Going Green* Intranet site continue to educate, encourage and motivate staff to contribute to making Tate more environmentally sustainable at a grassroots level.



## Social policy

Increased and more meaningful engagement with audiences and local community partners is central to Tate's strategic plan. The traditional method of delivering community partnerships by museums in the United Kingdom has been through educational and outreach programmes.

Tate's strategy for regeneration and community partnerships seeks to involve communities and encourage partnerships across the whole of Tate's business and activity. The strategy places Tate in the centre of the areas in which the galleries are situated. Tate regards itself as being socially responsible for the impact a major visitor attraction and business has on its locality and seeks to become involved in the ongoing development of those areas. Tate's work involves a broad range of relationships with businesses, cultural bodies, as a local employer, with tourists and residents. Tate works in a variety of local, national and international partnerships and aims to connect communities and audiences across these areas.

## Results for the year and financial position

A financial review is contained in the Annual Report on page 8.

Reserves and funds carried forward of £813,176,000 (£807,826,000 in 2008-09) are:

	<b>2010</b>	2009
	<b>£000</b>	£000
Revaluation reserve	<b>256,076</b>	287,260
Capital reserves	<b>273,652</b>	256,057
Works of art reserves	<b>250,717</b>	236,407
Other designated reserves	<b>17,212</b>	14,837
General reserve	<b>8,597</b>	8,431
Endowment funds	<b>5,775</b>	3,832
Other restricted reserves	<b>1,147</b>	1,002
	<b><u>813,176</u></b>	<u>807,826</u>

For more details on reserves, please refer to note 14. For pensions accounting, please refer to note 6.

## Fixed assets

Tate has property holdings in London, Liverpool, St Ives and Dean Hill, Salisbury.

The freeholds of the gallery and land at Millbank, London and the Barbara Hepworth Museum at St Ives, were transferred from the Secretary of State for the Environment to the Board of Trustees of the Tate Gallery on 14 December 1994. The Trustees hold the property on the Liverpool and Dean Hill sites on long leases. Tate St Ives was constructed for and is owned by Cornwall County Council; the Board of Trustees of the Tate Gallery manages the gallery on behalf of Cornwall County Council. Tate Modern is held under a finance lease entered into in October 1998, the principal elements of which are described in note 18 to the accounts. The Trustees purchased the freehold of the Collection Store at Southwark on 31 March 1999.

Additions to tangible fixed assets during the year of £21,781,000 (£16,227,000 in 2008-09) comprise £18,911,000 in relation to buildings and leasehold improvements and £2,870,000 on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £13,949,000 in the year (£96,709,000 in 2008-09) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £9,620,000 (£64,017,000 in 2008-09). All works of art acquired during the year have been capitalised in accordance with the HM Treasury Financial Reporting Manual, as detailed in note 8.

In accordance with Treasury requirements, with the exception of assets in the course of construction, long leasehold and assets categorised as other, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2009 by Drivers Jonas, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards. This results in a revaluation reserve which currently amounts to £256,076,000.

Tate Modern is held under a finance lease and until 2007-08, in accordance with the HM Treasury Financial Reporting Manual, the asset was revalued annually based on the present value of Tate's current obligations

under the lease. Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components: land, buildings and plant. The asset continues to be shown as long leasehold in note 8 to the accounts.

In March 2006 Tate was awarded a £7 million grant from the London Development Agency to facilitate the surrender by EDF Energy of the western half of the switch station to the south of Tate Modern, following its upgrade and relocation of its transformer equipment, work on which is now in progress. Of the £7 million grant, £6 million has been received to date. £1 million will be donated to aid cash flow and is ultimately repayable to the London Development Agency. This forms part of a £215 million capital project, which will enable Tate to bring the site of the derelict and unoccupied oil tanks, together with the western end of the switch house, into public use. During the year work commenced on the Transforming Tate Modern project, with preparatory works within the oil tanks and switch house areas of Bankside Power Station.

### Subsidiary undertakings

The results of Tate's trading subsidiary are summarised in note 9 to the financial statements, together with other consolidated companies.

### Collection fund

The origin of the fund goes back to 1995. Following the theft of two works by JMW Turner while on display in Germany, Tate received £24 million of insurance proceeds. Since this time funds have continued to be added.

In February 1999 the Trustees took the view that stolen works do normally reappear and therefore purchased title to the stolen paintings from the insurers at a price significantly below the original £24 million of proceeds. The purchase guaranteed that the works would be restored to the Turner Bequest should they re-emerge.

In December 2002, the paintings were restored to the Turner Bequest. During 2004-05 the Charity Commission agreed that the remaining funds were available for the general purposes of Tate and that Tate Trustees were free to use the funds for the benefit of the Collection as a whole.

At that time the Trustees decided to designate the funds as the Collection Fund. On designation £10 million was earmarked as a capital sum, the income from which will be used to purchase works of art to enhance the Collection. The balance of the fund will benefit the long-term care of the Collection including research, conservation and improving access to Tate's Collection Store in Southwark.

### Payment of creditors

Tate aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2009-10 66% (54% in 2008-09) of invoices were settled in 30 days or less. Tate has now implemented new systems and processes which will facilitate further progress towards meeting the target in the next financial year.

### Reserves policy

The Trustees annually review the reserves held. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The most recent review concluded that, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the charitable activities, a general reserve equivalent to two months' worth of charitable expenditure should be maintained. At the year end the general reserve was £8,597,000, equivalent to eight weeks' worth of charitable expenditure, excluding capital. All other reserves are maintained at a level appropriate for their intended purpose. For more information on reserves, please refer to note 14.

### Investments

An investment committee monitors the performance of the investment portfolio, and in the last year this committee has undertaken a review of the investment objectives given the upcoming needs of Tate for cash availability to fund its capital programmes. As a result of this, a revised investment policy was agreed in June 2010, along with the appointment of new investment managers. The investment policy in place during 2009-10 was governed by the Trustees Act 2000 and its objective was to sustain fund growth at a level equal to or above inflation using a "medium risk" investment strategy and generating an annual real rate of return of 5%. This objective was to be achieved by investing through a third party investment manager, Coutts Fund Managers, who advised on the investment strategy required to meet the objective.

During 2009-10 the investment portfolio generated an overall return of 24% (negative return of 13% in 2008-09).

## Auditors

Tate's principal auditor is the Comptroller and Auditor General. The audit fee for the year ended 31 March 2010 is £48,500 (£42,000 in 2008-09).

Signed

*Sir Nicholas Serota*  
Director, Tate

14 July 2010

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

14 July 2010

# Remuneration Report

## Membership

The Remuneration Committee, advising on contractual terms and remuneration for the Director, Deputy Director, Chief Operating Officer and divisional directors on an annual basis, is made up of the following Trustees: The Lord Browne of Madingley (Chairman), Sir Howard Davies, Elisabeth Murdoch and Franck Petitgas.

## Policy on the remuneration of senior managers

Annual pay increases for those members of staff who come under the scope of the Committee are determined on the basis of an assessment of performance against agreed objectives and with reference to internal and external market comparisons.

All senior employees are members of the Principal Civil Service Pension Scheme (PCSPS) with associated redundancy and retirement conditions.

## Policy on duration of contracts, notice periods and termination payments

Senior staff are permanent employees of Tate. Notice periods for Directors are six months; termination payments are in accordance with Tate contractual terms.

## Senior directors

In accordance with Treasury guidance per the Financial Reporting Manual (FRM) paragraph 5.2.2, all entities are required to prepare a Remuneration report containing certain information about the directors' remuneration. "Directors" shall be interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the entity. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity.

The Accounting Officer and the Audit Committee have decided that this requirement encompasses the Director, the Deputy Director and the Chief Operating Officer, whose emoluments and pension details are disclosed.

Tate considers that no other key management staff details need to be disclosed under this guidance for 2009-10.

The following paragraphs have been subject to audit.

The Director is eligible to receive a bonus of up to 15% of salary, of which an amount equivalent to the average annual pay increase across Tate can be consolidated into his salary.

Salary entitlements	<b>2009-10</b>	2008-09
	£	£
Sir Nicholas Serota, Director	a <b>160,537</b>	172,919
Alex Beard, Deputy Director	<b>130,000</b>	130,000
Julian Bird, Chief Operating Officer	<b>110,000</b>	110,000

a Includes a non-consolidated performance related bonus of £nil (2008-09: £12,382).

The Director, Deputy Director and Chief Operating Officer received no benefits in kind in the year (2008-09: nil).

	Accrued pension at end date at 31 March 2010 £	Real increase in pension at end date £	CETV at 31 March 2010 £	CETV at 31 March 2009 or start date £	Real increase in CETV £
Sir Nicholas Serota, Director					
Pension	58,915	2,007	1,333,000	1,289,000	43,000
Lump sum	176,745	6,020	–	–	–
Alex Beard, Deputy Director					
Pension	38,152	3,812	575,000	489,000	50,000
Lump sum	68,116	3,307	–	–	–
Julian Bird, Chief Operating Officer					
Pension	5,048	1,883	48,000	29,000	14,000
Lump sum	N/A	N/A	–	–	–

Sir Nicholas Serota, Alex Beard and Julian Bird are all members of the Civil Service defined benefit pensions scheme. As part of their membership, Sir Nicholas Serota contributes 1.5% and Alex Beard and Julian Bird contribute 3.5% of their annual salary to their pension.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pensions Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction in benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The real increase in CETV reflects the increase effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

CETV figures at 31 March 2009 as previously reported have been restated due to a change in the basis of calculation.

The Board of Trustees of the Tate Gallery, who hold overall responsibility for Tate, are not remunerated. Expenses paid are disclosed in note 6 to the accounts.

Signed

*Sir Nicholas Serota*  
Director, Tate

14 July 2010

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

14 July 2010

# Statement of Trustees' and Director's Responsibilities

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

In preparing the Tate accounts the Board of Trustees is required to:

- observe the accounts directions issued by the Secretary of State\*, 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 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 Tate will continue its operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for Tate. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he 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 Managing Public Money.

In so far as the Accounting Officer and Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Accounting Officer and Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed

*Sir Nicholas Serota*  
Director, Tate

14 July 2010

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

14 July 2010

\* a copy of which is available from: The Accounting Officer, Tate, Millbank, London, SW1P 4RG

# Statement on Internal Control

## 1 Scope of responsibility

The Accounting Officer and Trustees have responsibility for maintaining a sound system of internal control that supports the achievement of Tate's policies, aims and objectives, under the authority of the Board of Trustees, whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities prescribed in Managing Public Money, and ensuring compliance with the requirements of the Financial Memorandum.

## 2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; 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 Tate 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.

The system of internal control has been in place in Tate for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts and accords with Treasury guidance. No internal control processes have been either fully, or temporarily, suspended during the year.

## 3 Capacity to handle risk

The Risk Management Strategy and Policy, updated and agreed by the Audit Committee in November 2009, describes Tate's approach to risk management and the process to be adopted by managers in its implementation. The policy has been issued to all Directors and Heads of Department and is available on Tate's intranet.

The policy sets out the roles and responsibilities for risk management, including those for the Trustees, the Audit Committee and the Director's Group. The Trustees have responsibility for ensuring effective risk management processes are in place across Tate, the monitoring of which has been delegated to the Audit Committee. The actual risk management processes are the responsibility of Tate management and are embedded in the management process. The Chief Operating Officer has designated responsibility for risk management and the Head of Business Planning acts as the Tate Risk Manager to deliver this.

Risks are explicitly reviewed:

- as part of the annual planning and budget process,
- by the Audit Committee, an advisory body consisting of Trustees and co-opted members, which meets four times a year,
- at Director's Group meetings, with appropriate action being taken as necessary,
- at a divisional level and acted upon where necessary,
- by the capital project boards.

Risk management forms part of the internal audit annual review. The audit this year concluded that the Board can take substantial assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective.

The risk management internal audit review in 2009-10 concluded that Tate's risk maturity is 'Risk Defined' and Tate is looking, through improving processes as recommended by internal audit, to move to 'Risk Managed'. This assessment, as benchmarked by RSM Tenon in June 2009, is in line with similar organisations.

In order to be able to manage the risks associated with the capital programme together with the ongoing operation, the senior management team was restructured in 2007. In the current year a difficult economic climate has been managed through linking progress on the capital programmes to a series of key milestones and the start of a change management programme to ensure ongoing flexibility within the organisation in future.

## 4 The risk and control framework

The management of risk is embedded in policymaking, planning and delivery. The Risk Management Strategy and Policy sets out clear accountabilities for action and sets out a structured process for identifying, assessing, communicating and escalating and managing risks. The strategy and policy is signed off by the Audit Committee; it was last revised and agreed in November 2009.

Risk is reported at a Divisional and Tate wide level, including capital projects. Directors are responsible for maintaining a risk register for their Division. The most significant risks facing Tate are detailed in the corporate risk register, which is reviewed by the Director's Group and the Audit Committee on a regular basis. The risks have all been assessed and scored for impact and probability and a mitigation policy has been formulated taking into consideration risk appetite. Each risk is assigned a risk owner.

Risk Appetite is defined against the following risks Programme/Content, Regulation/Compliance, Reputation, Health and Safety, Security and Financial Risks. Risk Appetite is reviewed annually by the Director's Group and approved by the Audit Committee; it was last approved in November 2009. To ensure consistency and to allow risks to be ranked, impact and probability are defined in the policy; the definitions were reviewed in year, agreed by Directors and approved by the Audit Committee.

In Tate the main processes in place for identifying, evaluating, and managing risk are:

- ensuring that risk identification is an integral part of the annual planning and budgeting process with risks linked to objectives;
- performance against budget and objectives is regularly reviewed by the Trustees;
- key performance indicators are included in internal reports and regularly reviewed by Trustees;
- the existence of clearly defined capital investment procedures and formal project control disciplines;
- the Director's Group consider risk when assessing any major project and formally review significant risks before they are reviewed by the Audit Committee.

The management and control of information risk has been improved during 2009-10 with the introduction of a new IS security policy and improved IS infrastructure controls. A knowledge and information management project has also been initiated in the year, one of the aims of which is to ensure the integrity and security of Tate's information.

## 5 Review of effectiveness

The Accounting Officer and Trustees also have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and the executive managers within Tate who have responsibility for the development and maintenance of the internal control framework. Comments made by the external auditors in their management letter and other reports are also taken into account.

The Accounting Officer and Trustees have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee.

The Board of Trustees has contracted the internal audit service, which operates to standards defined in the Government Internal Audit Standards, to RSM Tenon. The work of the internal auditors is informed by an analysis of the risk to which the organisation is exposed and annual audit plans are based on this analysis. The analysis of risk and the internal audit plans are approved by the Audit Committee. Annually, the auditors provide a report on internal audit activity in Tate. The report includes the auditor's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement.

The Audit Committee maintains an oversight of Internal Audit by reviewing:

- progress reports at each meeting against the audit plan;
- internal audit reports and key findings;
- why audits were not performed or deferred; and
- progress on implementation of internal audit recommendations.



In addition, as part of the monitoring of the effectiveness of controls in place across the organisation:

- the Director's Group and the Audit Committee consider the top risks faced by the organisation and the progress against action plans required to manage the risks;
- management accounts are reviewed monthly by budget holders and quarterly re-forecasts are produced;
- capital projects are subject to scrutiny and approval by Trustees.

## 6 Significant internal control issues

There was one significant internal control issue arising in the year surrounding the inclusion of a work of art within the *Pop Life* exhibition held at Tate Modern in autumn 2009. This work of art was withdrawn from the exhibition following advice that its display and publication might breach the terms of the Protection of Children Act 1978 due to its content. The accompanying catalogue was also withdrawn and an edited version was subsequently released for sale by Tate Enterprises Limited. Additional internal procedures have now been put in place to ensure that enhanced escalation mechanisms exist, along with familiarisation of legal matters that might affect the selection of works of art for display or publication.

Signed

*Sir Nicholas Serota*  
Director and Accounting Officer, Tate

14 July 2010

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

14 July 2010

# 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 Tate for the year ended 31 March 2010 under the Museums and Galleries Act 1992. These comprise the consolidated statement of financial activities, the consolidated balance sheet and the Tate balance sheet, the consolidated cash flow 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 Director and auditor

The Board of Trustees and Director as Accounting Officer are responsible for preparing the annual report, which includes the remuneration report, and the financial statements in accordance with the Museums and Galleries Act 1992 and the Secretary of State for Culture, Olympics, Media and Sport's directions made thereunder and for ensuring the regularity of financial transactions funded by Parliamentary grants and Grant in Aid. These responsibilities are set out in the statement of Trustees' and 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 the Secretary of State for Culture, Olympics, Media and Sport's directions made thereunder. I report to you whether, in my opinion, the information, which comprises the foreword and performance indicators, included in the annual report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by grants and 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 Tate 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 Tate'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 Tate'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. This information comprises the annual report and the unaudited part of the remuneration report. 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 opinions

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 judgements made by Tate and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Tate'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 incoming and outgoing 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

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, Olympics, Media and Sport, of the state of Tate's and the group's affairs as at 31 March 2010 and of the 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 the Secretary of State for Culture, Olympics, Media and Sport's directions made thereunder; and
- information, which comprises the foreword and performance indicators, included within the annual report, is consistent with the financial statements.

## Opinion on regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by grants and Grant in Aid 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.

*Amyas C E Morse*  
Comptroller and Auditor General

Date 15 July 2010

National Audit Office  
157-197 Buckingham Palace Road  
Victoria

London SW1W 9SP



# Consolidated Statement of Financial Activities for the year ended 31 March 2010

	Notes	Income and Expenditure			Capital		
		2009-10 Un- restricted funds £000	2009-10 Restricted funds £000	2009-10 Total funds £000	2009-10 Un- restricted funds £000	2009-10 Restricted funds £000	2009-10 Total funds £000
<b>Incoming resources</b>							
<i>Incoming resources from generated funds</i>	2						
Voluntary income							
– Grant in Aid		33,413	–	33,413	3,867	18,707	22,574
– Donated works of art		–	–	–	–	–	–
– Other voluntary income		3,584	5,476	9,060	–	3,432	3,432
Activities for generating funds							
– Trading income	9	25,662	–	25,662	246	–	246
– Other activities for generating funds		5,737	–	5,737	–	–	–
Investment income	3	86	3	89	–	1,360	1,360
<i>Incoming resources from charitable activities</i>	4	7,691	100	7,791	–	–	–
<i>Other incoming resources</i>		675	–	675	–	–	–
<b>Total incoming resources</b>		<b>76,848</b>	<b>5,579</b>	<b>82,427</b>	<b>4,113</b>	<b>23,499</b>	<b>27,612</b>
<b>Resources expended</b>	6						
<i>Costs of generating funds</i>							
Costs of generating voluntary income		1,819	–	1,819	52	1	53
Fundraising trading: cost of goods sold and other costs							
– Trading costs		23,817	–	23,817	407	–	407
– Other costs of generating funds		2,735	–	2,735	30	–	30
Investment management costs		15	–	15	–	–	–
<i>Charitable activities</i>		46,982	5,762	52,744	2,717	14,147	16,864
<i>Governance costs</i>		638	–	638	–	3	3
<i>Other resources expended</i>		676	–	676	–	–	–
<b>Total resources expended</b>		<b>76,682</b>	<b>5,762</b>	<b>82,444</b>	<b>3,206</b>	<b>14,151</b>	<b>17,357</b>
<b>Net incoming/(outgoing) resources before notional costs</b>	5	<b>166</b>	<b>(183)</b>	<b>(17)</b>	<b>907</b>	<b>9,348</b>	<b>10,255</b>
Cost of capital	7	–	–	–	(7,486)	–	(7,486)
Net incoming/(outgoing) resources after notional costs		166	(183)	(17)	(6,579)	9,348	2,769
Reversal of notional costs		–	–	–	7,486	–	7,486
<b>Net incoming/(outgoing) resources before transfers</b>		<b>166</b>	<b>(183)</b>	<b>(17)</b>	<b>907</b>	<b>9,348</b>	<b>10,255</b>
Transfers between funds	14	–	54	54	–	–	–
Net incoming/(outgoing) resources after transfers		166	(129)	37	907	9,348	10,255
Gain/(loss) on investment assets	14	–	12	12	–	–	–
(Loss)/gain on revaluation of tangible fixed assets	14	–	–	–	364	(24,208)	(23,844)
<b>Net movement of funds</b>		<b>166</b>	<b>(117)</b>	<b>49</b>	<b>1,271</b>	<b>(14,860)</b>	<b>(13,589)</b>
Funds brought forward at 1 April 2009	14	8,431	125	8,556	28,369	514,948	543,317
<b>Funds carried forward at 31 March 2010</b>		<b>8,597</b>	<b>8</b>	<b>8,605</b>	<b>29,640</b>	<b>500,088</b>	<b>529,728</b>

All operations of Tate continued throughout both periods and no operations were acquired or discontinued in either period. There are no recognised gains or losses other than those shown above.

To provide better understanding of the accounts, Tate provides enhanced Statement of Financial Activities disclosure beyond the requirements of the SORP.

The analysis of expenditure between costs of generating voluntary income and charitable activities has been re-stated for 2008-09 to more appropriately reflect the allocation of costs; there are no other re-statements.

# Consolidated Statement of Financial Activities

## for the year ended 31 March 2010 *(continued)*

2009-10 Un- restricted funds £000	Collections		2009-10 Un- restricted funds £000	Total		2009-10 Total funds £000	2008-09 (restated) Total funds £000
	2009-10 Restricted funds £000	2009-10 Total funds £000		2009-10 Restricted funds £000	2009-10 Endowment funds £000		
-	-	-	37,280	-	-	<b>55,987</b>	53,954
-	9,620	9,620	-	9,620	-	<b>9,620</b>	64,017
36	3,866	3,902	3,620	12,774	1,249	<b>17,643</b>	27,037
797	-	797	26,705	-	-	<b>26,705</b>	29,386
-	-	-	5,737	-	-	<b>5,737</b>	6,216
362	134	496	448	1,497	-	<b>1,945</b>	8,605
8	-	8	7,699	100	-	<b>7,799</b>	10,388
-	-	-	675	-	-	<b>675</b>	636
<b>1,203</b>	<b>13,620</b>	<b>14,823</b>	<b>82,164</b>	<b>42,698</b>	<b>1,249</b>	<b>126,111</b>	200,239
2	1	3	1,873	2	-	<b>1,875</b>	1,549
-	-	-	24,224	-	-	<b>24,224</b>	27,276
-	-	-	2,765	-	-	<b>2,765</b>	2,795
18	7	25	33	7	-	<b>40</b>	47
-	-	-	49,699	19,909	-	<b>69,608</b>	76,939
-	-	-	638	3	-	<b>641</b>	660
-	-	-	676	-	-	<b>676</b>	636
<b>20</b>	<b>8</b>	<b>28</b>	<b>79,908</b>	<b>19,921</b>	-	<b>99,829</b>	109,902
<b>1,183</b>	<b>13,612</b>	<b>14,795</b>	<b>2,256</b>	<b>22,777</b>	<b>1,249</b>	<b>26,282</b>	90,337
-	-	-	(7,486)	-	-	<b>(7,486)</b>	(7,869)
1,183	13,612	14,795	(5,230)	22,777	1,249	<b>18,796</b>	82,468
-	-	-	7,486	-	-	<b>7,486</b>	7,869
<b>1,183</b>	<b>13,612</b>	<b>14,795</b>	<b>2,256</b>	<b>22,777</b>	<b>1,249</b>	<b>26,282</b>	90,337
(186)	(11)	(197)	(186)	43	143	-	-
997	13,601	14,598	2,070	22,820	1,392	<b>26,282</b>	90,337
2,219	130	2,349	2,219	142	551	<b>2,912</b>	(2,956)
-	-	-	364	(24,208)	-	<b>(23,844)</b>	141,784
<b>3,216</b>	<b>13,731</b>	<b>16,947</b>	<b>4,653</b>	<b>(1,246)</b>	<b>1,943</b>	<b>5,350</b>	229,165
29,384	222,737	252,121	66,184	737,810	3,832	<b>807,826</b>	578,661
<b>32,600</b>	<b>236,468</b>	<b>269,068</b>	<b>70,837</b>	<b>736,564</b>	<b>5,775</b>	<b>813,176</b>	807,826

# Consolidated Balance Sheet at 31 March 2010

	Notes	2010 £000	2009 £000
<b>Fixed assets</b>			
Tangible assets	8	525,613	541,296
Heritage assets	8	251,732	237,783
Investments	3	13,724	16,131
		<b>791,069</b>	795,210
<b>Current assets</b>			
Tate Modern security deposit	18	131,995	126,579
Tate Modern funds	18	7,837	12,170
Stocks	9	2,389	2,555
Debtors and prepayments	10	7,936	7,980
Cash and liquid resources	11	35,065	19,397
		<b>185,222</b>	168,681
<b>Creditors: amounts falling due within one year</b>	12	<b>(162,884)</b>	(18,552)
<b>Net current assets</b>		<b>22,338</b>	150,129
<b>Total assets less current liabilities</b>		<b>813,407</b>	945,339
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(231)</b>	(137,513)
<b>Total assets less liabilities</b>		<b>813,176</b>	807,826
Represented by:			
Restricted reserves	14	736,564	737,810
Unrestricted reserves			
Designated	14	62,240	57,753
General	14	8,597	8,431
<b>Total funds</b>		<b>807,401</b>	803,994
Endowments	14	5,775	3,832
<b>Total funds</b>		<b>813,176</b>	807,826

The financial statements on pages 26 to 50 were approved by the Trustees on:

Signed

*Sir Nicholas Serota*  
Director, Tate

14 July 2010

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

14 July 2010

*The notes on pages 31 to 50 form part of the accounts*

# Tate Balance Sheet at 31 March 2010

	Notes	2010 £000	2009 £000
<b>Fixed assets</b>			
Tangible assets	8	<b>524,773</b>	540,295
Heritage assets	8	<b>251,732</b>	237,783
Investments	3	<b>17,219</b>	19,626
		<b>793,724</b>	797,704
<b>Current assets</b>			
Tate Modern security deposit	18	<b>131,995</b>	126,579
Tate Modern funds	18	<b>7,837</b>	12,170
Debtors and prepayments	10	<b>9,939</b>	10,519
Cash and liquid resources	11	<b>30,548</b>	15,130
		<b>180,319</b>	164,398
<b>Creditors: amounts falling due within one year</b>	12	<b>(159,992)</b>	(15,809)
<b>Net current assets</b>		<b>20,327</b>	148,589
<b>Total assets less current liabilities</b>		<b>814,051</b>	946,293
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(231)</b>	(137,513)
<b>Total assets less liabilities</b>		<b>813,820</b>	808,780
Represented by:			
Restricted reserves	14	<b>736,539</b>	737,800
Unrestricted reserves			
Designated	14	<b>61,400</b>	56,751
General	14	<b>10,106</b>	10,397
<b>Total funds</b>		<b>808,045</b>	804,948
Endowments	14	<b>5,775</b>	3,832
<b>Total funds</b>		<b>813,820</b>	808,780

The financial statements on pages 26 to 50 were approved by the Trustees on:

Signed

*Sir Nicholas Serota*  
Director, Tate

14 July 2010

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

14 July 2010

*The notes on pages 31 to 50 form part of the accounts*



# Consolidated Cash Flow Statement for the year ended 31 March 2010

	Notes	2010 £000	2009 £000
<b>Net cash inflow from operating activities</b>	16(i)	<b>33,258</b>	42,451
<i>Returns on investments and servicing of finance</i>			
Interest received		<u>2,652</u>	<u>9,733</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>2,652</b>	9,733
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		<b>(24,581)</b>	(46,864)
Purchase of investments		<b>(2,366)</b>	(3,560)
Proceeds on disposal of fixed assets		<b>103</b>	–
Proceeds from sale of investments		<u>7,685</u>	<u>11,105</u>
<b>Net cash outflow from capital expenditure</b>		<b>(19,159)</b>	(39,319)
<b>Management of liquid resources</b>	16(ii)	<b>(19,526)</b>	(3,298)
<b>(Decrease)/increase in cash</b>	16(iii)	<b>(2,775)</b>	<u>9,567</u>

The notes on pages 31 to 50 form part of the accounts

# Notes to the Accounts

## 1. Accounting policies

### *Basis of accounting*

The financial statements are prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the inclusion of investments at market value. The accounts comply with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (the SORP), applicable accounting standards and the Government Financial Reporting Manual (the FReM). The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

The accounts have been prepared in accordance with the accounts direction given by the Secretary of State for Culture, Olympics, Media and Sport, with the approval of Treasury.

Tate's unconsolidated net incoming resources for the year were £25,972,000 (£90,738,000 in 2008-09).

### *Basis of consolidation*

The Tate financial statements consolidate the results of Tate and its wholly-owned subsidiaries Tate Enterprises Limited, Tate Gallery Publishing Limited and Tate Gallery Projects Limited. A separate statement of financial activities or income and expenditure account for Tate is not presented, as Tate has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005.

### *Incoming resources*

Incoming resources are shown net of Value Added Tax. In general, income is accounted for on a receivable basis. The following accounting policies are applied to income:

#### Voluntary income:

Grant in Aid from the Department for Culture, Media and Sport is recognised on receipt. Donated works of art are recognised as income based on an approximate value at the date of acceptance. Donation income, including lottery and grant income, is recognised as income when the conditions for its receipt have been met. Legacies are accounted for on receipt.

#### Activities for generating funds:

Sponsorship income is recognised as income when the conditions for its receipt have been met.

#### Investment income:

Dividend and interest income is recognised on a receivable basis.

#### Incoming resources from charitable activities:

Admissions and other charitable income is recognised on a receivable basis.

#### Deferred income:

Incoming resources relating to the future provision of services are deferred until the services are provided and entitlement to the income is earned.

### *Resources expended*

All expenditure is accounted for on an accruals basis and is classified on the following bases:

#### Costs of generating funds:

Comprises the costs associated with generating voluntary income, trading income and income raised from other activities.

#### Charitable activities:

Comprises the costs associated with the performance of: gallery activities (all those costs associated with the public programmes of the four Tate galleries and of the media programmes and website, including exhibitions, education and communications and marketing expenditure); gallery operations (visitor services and operations costs); the costs of maintaining the Collection (including conservation, art handling, photography and acquisitions-related expenditure); the Tate Modern lease costs.

#### Governance costs:

Comprises the costs of staff involved in governance (including legal and finance), as well as audit fees.

#### Support costs:

Comprises the costs of finance, human resources, information technology, estates and facilities and general administration and support. These costs are allocated to the various categories of expenditure based on the most appropriate method for each support department, as described in note 6.

#### *The Collection*

In accordance with FRS15 – Tangible Fixed Assets, additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition, where such a cost or value is reasonably obtainable. Such items are not depreciated or revalued as a matter of routine. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by Tate staff.

#### *Fixed assets*

The threshold for capitalisation of tangible fixed assets is as follows:

Tate	£10,000
Tate Enterprises Limited	£500

In accordance with Treasury requirements, with the exception of assets in the course of construction, long leasehold and assets categorised as other, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2009 by Drivers Jonas, independent property consultants. Revaluation of assets is undertaken on a quinquennial basis and material variations from historical cost are reflected in the balance sheet value and unrealised gains or losses are disclosed in the statement of financial activities. The cost of land and buildings includes interest and fees paid as a result of financing arrangements for assets in the course of construction.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected life. Following the formal revaluation in March 2009, the useful economic lives of the tangible fixed assets were revised to the following:

Land	– not depreciated
Buildings	– 50 to 100 years
Plant and fit-out	– 5 to 15 years
Other	– 2 to 10 years

#### *Investments*

Investments are stated at market value rather than at historical cost. Any unrealised gains or losses arising from this policy are disclosed in the statement of financial activities.

#### *Stock*

Stock is stated at the lower of cost or net realisable value.

#### *Cash and liquid resources*

Funds placed on money market deposit for more than one day are defined as liquid resources. Funds held in cash or in current or call accounts are defined as cash.

#### *Foreign currencies*

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end. Transactions in foreign currencies are translated at the rate ruling at the time of transaction. All exchange differences go to the statement of financial activities.

#### *Finance and operating leases*

Costs in relation to operating leases are charged to the statement of financial activities over the life of the lease.

The leasing agreement for Tate Modern (see note 18) transfers to the Trustees substantially all the benefits and risks of ownership of the asset and the asset is treated as though it has been purchased outright. The capital value of the leasing commitment is shown as obligations under finance leases. The asset is valued to reflect the values and lives of its individual components: land, buildings and plant.

#### *Pensions*

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, of which Tate is not able to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. 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)).

*Fund accounting*

Tate maintains general, designated, restricted and endowment funds as set out in note 14.

*Taxation*

Tate is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The taxable profits of Tate Enterprises Limited are paid to Tate under Gift Aid rules and no tax liability is expected for the year ending 31 March 2010.

*Financial Instruments*

As required by accounting standards, certain items are classified as financial instruments. Creditors under one year are accounted for at carrying value, as disclosed in note 12. Trade debtors are included at carrying values and all debts over six months old are provided for as doubtful debts. Investments are held at market value, as they are classified as available for sale since the funds are actively managed.

**2. Incoming resources from generated funds**

Voluntary income	<b>2010</b> <b>£000</b>	2009 £000
Grant in Aid	<b>55,987</b>	53,954
Donated works of art	<b>9,620</b>	64,017
Lottery and other public funding		
Arts and Humanities Research Council	<b>222</b>	80
Arts Council	<b>171</b>	57
Big Lottery Fund – Family Learning grant	<b>83</b>	–
City of Liverpool	<b>62</b>	–
Department for Culture, Media and Sport	<b>842</b>	160
Department for Business, Innovation and Skills	<b>139</b>	87
European Commission	<b>18</b>	32
European Regional Development Fund	<b>211</b>	82
Find Your Talent	<b>67</b>	–
Heritage Lottery Fund	<b>132</b>	–
London Development Agency	–	2,000
Museums, Libraries and Archives Council	<b>7</b>	–
National Heritage Memorial Fund	–	5,721
Total Lottery and other public funding	<b>1,954</b>	8,219
Donations from connected charities	<b>10,793</b>	10,463
Other donations	<b>4,896</b>	8,355
	<b>83,250</b>	145,008
of which the following is taken to (see pages 26 and 27)		
Income and expenditure	<b>42,473</b>	40,727
Capital	<b>26,006</b>	19,506
Collections	<b>13,522</b>	83,750
Endowments	<b>1,249</b>	1,025
Activities for generating funds	<b>2010</b> <b>£000</b>	2009 £000
Trading	<b>26,705</b>	29,386
Sponsorship	<b>4,244</b>	4,561
Other activities for generating funds	<b>1,493</b>	1,655
	<b>32,442</b>	35,602
of which the following is taken to (see pages 26 and 27)		
Income and expenditure	<b>31,399</b>	33,854
Capital	<b>246</b>	415
Collections	<b>797</b>	1,333

Included in Sponsorship income is £806,000 of barter advertising (£380,000 in 2008-09), computed at estimated cost value.

**3. Investments and investment income**

	<b>2010</b>	2009
	<b>£000</b>	£000
Bank interest	<b>1,461</b>	7,735
Income on quoted investments	<b>484</b>	870
	<b>1,945</b>	8,605
of which the following is taken to (see pages 26 and 27)		
Income and expenditure	<b>89</b>	870
Capital	<b>1,360</b>	7,147
Collections	<b>496</b>	588

Unrealised gains and losses are included in the statement of financial activities.

Investments total £13,724,000 (£16,131,000 in 2008-09).

	2009	Additions/ (disposals)	Realised and unrealised	<b>2010</b>
	Market value (restated)	in year	gains/(losses)	<b>Market value</b>
	£000	£000	£000	<b>£000</b>
Bank floating rate loan notes	2,503	(2,503)	-	-
Investment portfolio:				
UK fixed interest	6,111	(984)	(191)	<b>4,936</b>
Non-UK fixed interest	1,365	(591)	217	<b>991</b>
UK equities	3,930	(1,367)	1,909	<b>4,472</b>
Non-UK equities	1,754	220	977	<b>2,951</b>
UK money market deposits	468	(94)	-	<b>374</b>
Group investments total	16,131	(5,319)	2,912	<b>13,724</b>
Subsidiaries' issued share capital (at cost)				<b>3,495</b>
Tate investments total				<b>17,219</b>

All investments are held in order to provide an investment return.

£1,365,000 categorised as UK fixed interest in 2008-09 has been re-categorised as non-UK fixed interest based on information received from Tate's fund manager.

**4. Incoming resources from charitable activities**

	<b>2010</b>	2009
	<b>£000</b>	£000
Admissions	<b>5,625</b>	7,194
Other incoming resources from charitable activities	<b>2,174</b>	3,194
	<b>7,799</b>	10,388
of which the following is taken to (see pages 26 and 27)		
Income and expenditure	<b>7,791</b>	10,310
Capital	-	78
Collections	<b>8</b>	-

**5. Net incoming resources**

are stated after charging:

	<b>2010</b>	2009
	<b>£000</b>	£000
Auditors' remuneration		
Comptroller and Auditor General	<b>49</b>	42
Subsidiaries – audit, Grant Thornton	<b>30</b>	30
Subsidiaries – taxation advice, Grant Thornton	<b>4</b>	4
Taxation advice	<b>38</b>	41
Operating lease rentals		
Land and buildings	<b>538</b>	419
Vehicles and equipment	<b>59</b>	61
Depreciation	<b>13,517</b>	14,883
Impairment of fixed assets	–	611
Loss on foreign exchange transactions	<b>39</b>	–

In addition, £800 was paid to the National Audit Office to audit the London Development Agency grant return (£1,200 in 2008-09). £19,000 was paid for taxation advice relating to capital projects (£30,600 in 2008-09).

**6. Total resources expended**

	Staff	Other	Support	Depreci-	<b>2010</b>	2009
	costs	direct	costs	ation*	<b>Total</b>	Total
	£000	£000	£000	£000	<b>£000</b>	(restated)
						£000
<i>Costs of generating funds</i>						
Costs of generating voluntary income	857	114	851	53	<b>1,875</b>	1,549
Fundraising trading: cost of goods sold and other costs						
– Trading costs	9,604	14,317	–	303	<b>24,224</b>	27,276
– Other fundraising costs	1,811	430	493	31	<b>2,765</b>	2,795
Investment management costs	–	25	15	–	<b>40</b>	47
<i>Total costs of generating funds</i>	<u>12,272</u>	<u>14,886</u>	<u>1,359</u>	<u>387</u>	<b><u>28,904</u></b>	<u>31,667</u>
<i>Charitable activities</i>						
– Gallery activities	10,625	15,374	11,942	12,115	<b>50,056</b>	52,323
– Gallery operations	5,434	1,454	1,370	472	<b>8,730</b>	9,574
– Collections	4,625	1,474	1,285	543	<b>7,927</b>	8,100
– Lease cost	–	2,895	–	–	<b>2,895</b>	6,942
<i>Total charitable activities</i>	<u>20,684</u>	<u>21,197</u>	<u>14,597</u>	<u>13,130</u>	<b><u>69,608</u></b>	<u>76,939</u>
<i>Governance costs</i>	492	101	48	–	<b>641</b>	660
<i>Other resources expended</i>	470	–	206	–	<b>676</b>	636
<b>Total resources expended</b>	<u><b>33,918</b></u>	<u><b>36,184</b></u>	<u><b>16,210</b></u>	<u><b>13,517</b></u>	<b><u><b>99,829</b></u></b>	<u><b>109,902</b></u>

\*Includes any downward impact of asset revaluations, where applicable.

The analysis of expenditure between costs of generating voluntary income and charitable activities has been re-stated for 2008-09 to more appropriately reflect the allocation of costs; there are no other re-statements.

Direct costs of charitable activities include £2,895,000 (£6,942,000 in 2008-09) relating to the finance lease payment, which is offset by interest earned on the Tate Modern security deposit.

The Chairman and other Trustees received no remuneration; three Trustees (three in 2008-09) received reimbursement of travel and subsistence expenses amounting to £1,064 in 2009-10 (£1,772 in 2008-09).

## a) Support cost breakdown by activity

	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	<b>2010 Total £000</b>	2009 Total £000
<i>Costs of generating funds</i>							
Costs of generating voluntary income	62	63	115	545	66	<b>851</b>	666
Fundraising trading: cost of goods sold and other costs							
– Other fundraising costs	37	37	66	315	38	<b>493</b>	457
Investment management costs	15	–	–	–	–	<b>15</b>	15
<i>Total costs of generating funds</i>	<u>114</u>	<u>100</u>	<u>181</u>	<u>860</u>	<u>104</u>	<b>1,359</b>	1,138
<i>Charitable activities</i>							
– Gallery activities	721	544	1,311	8,617	749	<b>11,942</b>	11,008
– Gallery operations	192	293	349	336	200	<b>1,370</b>	1,409
– Collections	170	245	308	386	176	<b>1,285</b>	1,059
<i>Total charitable activities</i>	<u>1,083</u>	<u>1,082</u>	<u>1,968</u>	<u>9,339</u>	<u>1,125</u>	<b>14,597</b>	13,476
<i>Governance costs</i>	48	–	–	–	–	<b>48</b>	49
<i>Other resources expended</i>	206	–	–	–	–	<b>206</b>	207
<b>Total resources expended</b>	<u>1,451</u>	<u>1,182</u>	<u>2,149</u>	<u>10,199</u>	<u>1,229</u>	<b>16,210</b>	14,870
Basis of allocation	expend- iture	average FTE	expend- iture	depreciation charge	expend- iture		

## b) Staff costs

	<b>2010 £000</b>	2009 £000
Wages and salaries	<b>29,660</b>	30,125
Pension costs	<b>3,617</b>	3,730
Social Security costs	<b>2,264</b>	2,370
Redundancy costs	<b>1,447</b>	–
<b>Total employee costs</b>	<b>36,988</b>	36,225
Agency staff costs	<b>1,780</b>	1,967
	<b>38,768</b>	38,192

In addition, £1,326,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2009-10 (£1,070,000 in 2008-09).

No employee received any taxable benefits in kind during the year.

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

	<b>2010</b>	2009
	<b>No.</b>	No.
£60,000 – £64,999	<b>4</b>	7
£65,000 – £69,999	<b>3</b>	2
£70,000 – £74,999	<b>5</b>	2
£75,000 – £79,999	<b>3</b>	1
£80,000 – £84,999	<b>1</b>	2
£85,000 – £89,999	<b>1</b>	–
£95,000 – £99,999	<b>2</b>	4
£110,000 – £114,999	<b>1</b>	1
£130,000 – £134,999	<b>1</b>	1
£160,000 – £164,999	<b>1</b>	–
£170,000 – £174,999	<b>–</b>	1

Twenty-one of the twenty-two staff earning more than £60,000 are members of a defined benefit pension scheme.

The average number of full-time equivalent (FTE) staff during the year was 1,269 (1,315 in 2008-09). Included within this total are 15 FTE staff on temporary contracts (11 in 2008-09) and 48 FTE staff on fixed-term contracts (44 in 2008-09).

The breakdown of average FTE staff by occupational group was:

	<b>2010</b>	2009
	<b>No.</b>	No.
<i>Costs of generating funds</i>		
Costs of generating voluntary income	<b>37</b>	32
Fundraising trading: cost of goods sold and other costs		
– Trading	<b>547</b>	595
– Other	<b>59</b>	62
Investment management costs	<b>1</b>	–
<i>Charitable activities</i>	<b>601</b>	604
<i>Governance costs</i>	<b>5</b>	5
<i>Other resources expended</i>	<b>19</b>	17
	<b><u>1,269</u></b>	<u>1,315</u>

Two people retired early on ill-health grounds (nil in 2008-09); the total additional accrued pension liabilities to PCSPS in the year amounted to £11,408 (nil in 2008-09).

For 2009-10, employers' contributions of £2,310,000 were payable to the PCSPS (2008-09 £2,677,000) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £959,000 (£715,000 in 2008-09) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £153,000 (£152,000 in 2008-09), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date.

Past and present employees are covered by the provisions of the PCSPS. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. Tate recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the department recognises the contributions payable for the year.



Tate Enterprises Limited operates money purchase pension schemes provided by Norwich Union and Scottish Equitable. The assets of the schemes are held separately from those of the group in an independently administered fund. The amounts charged against profit represent the contributions payable to the schemes in respect of the accounting period. Pension contributions of £195,000 were made in the year (2008-09 £186,000).

## 7. Notional costs

Notional cost of capital is £7,486,000 (£7,869,000 in 2008-09), calculated as 3.5% of the average qualifying capital employed by Tate in the year. Qualifying capital excludes donated assets (including assets funded by donations), works of art, the designated and restricted Collection and acquisitions funds (including endowments) and the net Tate Modern finance lease creditor.

## 8. Fixed assets

Group	Land	Freehold buildings	Leasehold improvements	Assets in the course of construction	Plant and fit-out	Long leasehold	Other	Total tangible assets	Heritage assets – works of art
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2009	98,690	48,706	22,651	28,390	84,032	258,382	12,576	553,427	237,783
Additions at cost	–	220	166	18,525	1,578	–	1,292	21,781	13,949
Transfer of assets	–	–	–	(193)	–	–	193	–	–
Valuation of assets	4,885	(5,115)	(2,454)	–	(9,103)	(12,104)	–	(23,891)	–
Disposals	–	–	–	–	–	–	(481)	(481)	–
<b>Value at 31 March 2010</b>	<b>103,575</b>	<b>43,811</b>	<b>20,363</b>	<b>46,722</b>	<b>76,507</b>	<b>246,278</b>	<b>13,580</b>	<b>550,836</b>	<b>251,732</b>
Depreciation at 1 April 2009	–	794	17	–	428	–	10,892	12,131	–
Charge for the year	–	492	213	–	5,100	6,757	955	13,517	–
Valuation of assets	–	–	(2)	–	(45)	–	–	(47)	–
Disposals	–	–	–	–	–	–	(378)	(378)	–
<b>Depreciation at 31 March 2010</b>	<b>–</b>	<b>1,286</b>	<b>228</b>	<b>–</b>	<b>5,483</b>	<b>6,757</b>	<b>11,469</b>	<b>25,223</b>	<b>–</b>
<b>Net book value at 31 March 2010</b>	<b>103,575</b>	<b>42,525</b>	<b>20,135</b>	<b>46,722</b>	<b>71,024</b>	<b>239,521</b>	<b>2,111</b>	<b>525,613</b>	<b>251,732</b>
Net book value at 1 April 2009	98,690	47,912	22,634	28,390	83,604	258,382	1,684	541,296	237,783
<b>Tate</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Value at 1 April 2009	98,690	47,910	22,651	28,390	84,032	258,382	8,419	548,474	237,783
Additions at cost	–	220	166	18,525	1,578	–	1,047	21,536	13,949
Transfer of assets	–	–	–	(193)	–	–	193	–	–
Valuation of assets	4,885	(5,115)	(2,454)	–	(9,103)	(12,104)	–	(23,891)	–
Disposals	–	–	–	–	–	–	(331)	(331)	–
<b>Value at 31 March 2010</b>	<b>103,575</b>	<b>43,015</b>	<b>20,363</b>	<b>46,722</b>	<b>76,507</b>	<b>246,278</b>	<b>9,328</b>	<b>545,788</b>	<b>251,732</b>
Depreciation at 1 April 2009	–	–	17	–	428	–	7,734	8,179	–
Charge for the year	–	490	213	–	5,100	6,757	654	13,214	–
Valuation of assets	–	–	(2)	–	(45)	–	–	(47)	–
Disposals	–	–	–	–	–	–	(331)	(331)	–
<b>Depreciation at 31 March 2010</b>	<b>–</b>	<b>490</b>	<b>228</b>	<b>–</b>	<b>5,483</b>	<b>6,757</b>	<b>8,057</b>	<b>21,015</b>	<b>–</b>
<b>Net book value at 31 March 2010</b>	<b>103,575</b>	<b>42,525</b>	<b>20,135</b>	<b>46,722</b>	<b>71,024</b>	<b>239,521</b>	<b>1,271</b>	<b>524,773</b>	<b>251,732</b>
Net book value at 1 April 2009	98,690	47,910	22,634	28,390	83,604	258,382	685	540,295	237,783

In accordance with Treasury requirements, with the exception of assets in the course of construction, long leasehold and assets categorised as other, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2009 by Drivers Jonas, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards. Specialised property is valued at depreciated replacement cost and non-specialised property at market value for existing use.

Tate Modern is held under a finance lease and until 2007-08, in accordance with the HM Treasury Financial Reporting Manual, the asset was revalued annually based on the present value of Tate's current obligations under the lease. Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components; land, buildings and plant. The asset continues to be shown as long leasehold.

The financial effect of revaluing other fixed assets was considered to be immaterial and therefore they have been disclosed at their historical cost value.

The net book value at 31 March 2010 represents fixed assets for:

Group	Land	Freehold buildings	Leasehold improvements	Assets in the course of construction	Plant and fit-out	Long leasehold	Other	Total tangible assets – £000	Heritage assets – works of art £000
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Charitable activities	103,575	42,525	20,135	46,722	71,024	239,521	1,271	524,773	251,732
Other activities	–	–	–	–	–	–	840	840	–
	<u>103,575</u>	<u>42,525</u>	<u>20,135</u>	<u>46,722</u>	<u>71,024</u>	<u>239,521</u>	<u>2,111</u>	<u>525,613</u>	<u>251,732</u>

Tate's fixed assets are held to support charitable activities.

## 9. Subsidiaries

The Board of Trustees of the Tate Gallery owns the whole of the issued share capital of Tate Enterprises Limited (comprising 3,495,320 ordinary shares of £1 each), Tate Gallery Publishing Limited (comprising 100 ordinary shares of £1 each) and Tate Gallery Projects Limited (comprising 100 ordinary shares of £1 each).

### *Tate Enterprises Limited*

Tate Enterprises Limited's principal activities comprise the management and operation of restaurant, café and ancillary services for the benefit of visitors to Tate's galleries, the publishing and sale of books and other products and merchandise associated with the Collection and Tate activities, and the provision of education and some media services at all Tate sites.

The figures below are taken from the Tate Enterprises Limited accounts.

	2010 £000	2009 £000
Fixed assets	840	1,001
Current assets	8,149	8,526
Current liabilities	(6,162)	(6,996)
Net assets	<u>2,827</u>	<u>2,531</u>
Capital and reserves	<u>2,827</u>	<u>2,531</u>
	<u>2,827</u>	<u>2,531</u>

Current assets include stock of £2,389,000, comprising: work in progress £176,000; finished goods and goods for resale £2,213,000 (£2,555,000, comprising: work in progress £106,000; finished goods and goods for resale £2,449,000 in 2008-09).

	2010 £000	2009 £000
Turnover	27,960	31,134
Cost of sales	(10,694)	(12,411)
Gross profit	17,266	18,723
Administrative expenses	(14,005)	(15,434)
Trading profit	3,261	3,289
Interest receivable	13	114
Net contribution	<u>3,274</u>	<u>3,403</u>

The net contribution consists of £2,549,000 from publishing and retail operations (£3,318,000 in 2008-09), £503,000 from catering operations (£114,000 deficit in 2008-09) and £222,000 from education and media services (£199,000 in 2008-09). Turnover includes £1,023,000 of sales to Tate (£1,416,000 in 2008-09). Administrative expenses include £274,000 of expenditure recharged by Tate (£248,000 in 2008-09).

#### *Tate Gallery Publishing Limited*

Tate Gallery Publishing Limited is a wholly owned subsidiary of the Board of Trustees of the Tate Gallery. Tate Gallery Publishing Limited is a dormant company.

#### *Tate Gallery Projects Limited*

Tate Gallery Projects Limited is a wholly owned subsidiary of the Board of Trustees of the Tate Gallery. Its principal activities consist of fund-raising and project management in respect of the Tate Modern development project. Net assets have increased by £14,129 to £24,315 in the year.

### 10. Debtors

	Group		Tate	
	2010	2009 (restated)	2010	2009 (restated)
	£000	£000	£000	£000
Trade debtors	5,298	5,478	4,309	4,412
Amounts due from group companies	-	-	3,098	3,920
Other debtors	757	653	735	637
Prepayments and accrued income	1,881	1,849	1,797	1,550
	<b>7,936</b>	<b>7,980</b>	<b>9,939</b>	<b>10,519</b>

Tate is required to disclose the value of any year end debtor balances with other bodies within the Whole of Government Accounts (WGA) boundary; the 2008-09 balances have been re-stated to reflect this. There were year end balances held with the following:

	Group		Tate	
	2010	2009 (restated)	2010	2009 (restated)
	£000	£000	£000	£000
Balances with other central government bodies	2,410	1,477	2,410	1,477
Balances with local authorities	30	51	30	51
Balances with NHS Trusts	1	10	1	10
Balances with public corporations and trading funds	1	105	1	105
Total intra government balances	2,442	1,643	2,442	1,643
Balances with bodies external to government	5,494	6,337	7,497	8,876
	<b>7,936</b>	<b>7,980</b>	<b>9,939</b>	<b>10,519</b>

### 11. Cash and liquid resources

	Group		Tate	
	2010	2009	2010	2009
	£000	£000	£000	£000
held at/in:				
Government Banking Service	1,358	11,915	1,358	11,915
Floating rates	33,471	7,403	29,099	3,098
Cash and non-interest-bearing accounts	236	79	91	117
	<b>35,065</b>	<b>19,397</b>	<b>30,548</b>	<b>15,130</b>

Reconciliation to liquid resources (see note 16(iii))

	<b>2010</b>	2009
	<b>£000</b>	£000
Floating rates	<b>33,471</b>	7,403
Less: funds held in interest-bearing current or call accounts	<b>8,262</b>	637
Liquid resources (funds held on deposit)	<b>25,209</b>	6,766

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

	<b>Group</b>		<b>Tate</b>	
	<b>2010</b>	2009 (restated)	<b>2010</b>	2009 (restated)
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>5,353</b>	3,064	<b>4,112</b>	1,950
Amounts due to group companies	–	–	<b>190</b>	387
Taxation and social security	<b>1,218</b>	1,121	<b>527</b>	546
Other creditors	<b>1,485</b>	1,988	<b>1,208</b>	1,459
Accruals	<b>10,727</b>	6,561	<b>9,876</b>	5,715
Deferred income	<b>1,567</b>	2,687	<b>1,545</b>	2,621
Obligations under finance lease (note 18)	<b>142,534</b>	3,131	<b>142,534</b>	3,131
	<b><u>162,884</u></b>	<u>18,552</u>	<b><u>159,992</u></b>	<u>15,809</u>

Tate is required to disclose the value of any year end creditor balances with other bodies within the Whole of Government Accounts (WGA) boundary; the 2008-09 balances have been re-stated to reflect this. There were year end balances held with the following:

	<b>Group</b>		<b>Tate</b>	
	<b>2010</b>	2009 (restated)	<b>2010</b>	2009 (restated)
	<b>£000</b>	£000	<b>£000</b>	£000
Balances with other central government bodies	<b>1,745</b>	1,700	<b>1,053</b>	1,126
Balances with local authorities	<b>90</b>	1	<b>90</b>	1
Balances with NHS Trusts	<b>1</b>	8	<b>1</b>	8
Balances with public corporations and trading funds	<b>31</b>	90	<b>31</b>	90
Total intra government balances	<b>1,867</b>	1,799	<b>1,175</b>	1,225
Balances with bodies external to government	<b>161,017</b>	16,753	<b>158,817</b>	14,584
	<b><u>162,884</u></b>	<u>18,552</u>	<b><u>159,992</u></b>	<u>15,809</u>

## Creditors: amounts falling due after more than one year

	<b>Group</b>		<b>Tate</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>£000</b>	£000	<b>£000</b>	£000
Other creditors	<b>21</b>	–	<b>21</b>	–
Accruals	<b>210</b>	–	<b>210</b>	–
Obligations under finance lease (note 18)	–	137,513	–	137,513
	<b><u>231</u></b>	<u>137,513</u>	<b><u>231</u></b>	<u>137,513</u>

Tate has exercised an option to commute the Tate Modern finance lease in October 2010. This has resulted in a re-allocation from amounts falling due after more than one year to amounts falling due within one year. For further details please refer to notes 18 and 22.

**Deferred income**

	<b>Group</b>		<b>Tate</b>	
	<b>2010</b>	2009 (restated)	<b>2010</b>	2009
	<b>£000</b>	£000	<b>£000</b>	£000
Deferred income brought forward	<b>2,687</b>	4,103	<b>2,621</b>	4,094
Released in year	<b>(2,626)</b>	(3,911)	<b>(2,561)</b>	(3,903)
Deferred in year	<b>1,506</b>	2,495	<b>1,485</b>	2,430
Deferred income carried forward	<b>1,567</b>	2,687	<b>1,545</b>	2,621

Incoming resources relating to the future provision of services are deferred until the services are provided and entitlement to the income is earned.

**13. Operating leases**

At 31 March 2010 Tate had annual commitments under non-cancellable leases as follows:

<b>Group</b>	Land and buildings £000	Other £000	<b>2010</b> <b>£000</b>	2009 £000
Operating leases expiring within				
Two to five years	83	59	<b>142</b>	144
More than five years	455	–	<b>455</b>	336
	<u>538</u>	<u>59</u>	<u><b>597</b></u>	<u>480</u>
<b>Tate</b>	Land and buildings £000	Other £000	<b>2010</b> <b>£000</b>	2009 £000
Operating leases expiring within				
Two to five years	–	54	<b>54</b>	61
More than five years	455	–	<b>455</b>	336
	<u>455</u>	<u>54</u>	<u><b>509</b></u>	<u>397</u>

**14. Statement of funds**

<b>Group</b>	Opening funds £000	Transfers £000	Income £000	Gain/(loss)			<b>Closing funds £000</b>
				Expendi- ture £000	on revaluation £000	Gain on investment £000	
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	14,547	–	841	–	–	–	<b>15,388</b>
Buildings and equipment	28,369	–	4,113	(3,206)	364	–	<b>29,640</b>
Collection fund	14,837	(186)	362	(20)	–	2,219	<b>17,212</b>
	<u>57,753</u>	<u>(186)</u>	<u>5,316</u>	<u>(3,226)</u>	<u>364</u>	<u>2,219</u>	<b>62,240</b>
General funds	8,431	–	76,848	(76,682)	–	–	<b>8,597</b>
<b>Total unrestricted funds</b>	<u>66,184</u>	<u>(186)</u>	<u>82,164</u>	<u>(79,908)</u>	<u>364</u>	<u>2,219</u>	<b>70,837</b>
<b>Restricted</b>							
Tate Modern development	101,898	–	1,360	(9,751)	4,719	–	<b>98,226</b>
Buildings and equipment	125,790	–	22,139	(4,400)	2,257	–	<b>145,786</b>
Revaluation reserve	287,260	–	–	–	(31,184)	–	<b>256,076</b>
Works of art	221,860	–	13,469	–	–	–	<b>235,329</b>
Acquisition trust funds	877	(11)	151	(8)	–	130	<b>1,139</b>
Other funds	125	54	5,579	(5,762)	–	12	<b>8</b>
	<u>737,810</u>	<u>43</u>	<u>42,698</u>	<u>(19,921)</u>	<u>(24,208)</u>	<u>142</u>	<b>736,564</b>
<b>Endowments</b>	<u>3,832</u>	<u>143</u>	<u>1,249</u>	<u>–</u>	<u>–</u>	<u>551</u>	<b>5,775</b>
<b>Total funds</b>	<u>807,826</u>	<u>–</u>	<u>126,111</u>	<u>(99,829)</u>	<u>(23,844)</u>	<u>2,912</u>	<b>813,176</b>
<b>Tate</b>							
	Opening funds £000	Transfers £000	Income £000	Gain/(loss)			<b>Closing funds £000</b>
				Expendi- ture £000	on revaluation £000	Gain on investment £000	
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	14,547	–	841	–	–	–	<b>15,388</b>
Buildings and equipment	27,367	–	3,867	(2,798)	364	–	<b>28,800</b>
Collection fund	14,837	(186)	362	(20)	–	2,219	<b>17,212</b>
	<u>56,751</u>	<u>(186)</u>	<u>5,070</u>	<u>(2,818)</u>	<u>364</u>	<u>2,219</u>	<b>61,400</b>
<i>General funds</i>	10,397	–	54,500	(54,791)	–	–	<b>10,106</b>
<b>Total unrestricted funds</b>	<u>67,148</u>	<u>(186)</u>	<u>59,570</u>	<u>(57,609)</u>	<u>364</u>	<u>2,219</u>	<b>71,506</b>
<b>Restricted</b>							
Tate Modern development	101,888	–	1,360	(9,766)	4,719	–	<b>98,201</b>
Buildings and equipment	125,790	–	22,139	(4,400)	2,257	–	<b>145,786</b>
Revaluation reserve	287,260	–	–	–	(31,184)	–	<b>256,076</b>
Works of art	221,860	–	13,469	–	–	–	<b>235,329</b>
Acquisition trust funds	877	(11)	151	(8)	–	130	<b>1,139</b>
Other funds	125	54	5,579	(5,762)	–	12	<b>8</b>
	<u>737,800</u>	<u>43</u>	<u>42,698</u>	<u>(19,936)</u>	<u>(24,208)</u>	<u>142</u>	<b>736,539</b>
<b>Endowments</b>	<u>3,832</u>	<u>143</u>	<u>1,249</u>	<u>–</u>	<u>–</u>	<u>551</u>	<b>5,775</b>
<b>Total funds</b>	<u>808,780</u>	<u>–</u>	<u>103,517</u>	<u>(77,545)</u>	<u>(23,844)</u>	<u>2,912</u>	<b>813,820</b>

**Fair value reserve (investments) – movements**

	As at 1 April 2009 (restated) £000	Unrealised gains under fair value £000	Realised losses under fair value £000	As at 31 March 2010 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<b>Unrestricted</b>						
<i>Designated</i>						
Collection fund	(93)	2,060	(152)	1,815	15,397	17,212
<b>Total unrestricted funds</b>	(93)	2,060	(152)	1,815	15,397	17,212
<b>Restricted</b>						
Acquisition trust funds	(34)	129	(15)	80	1,059	1,139
Other funds	–	1	–	1	7	8
	(34)	130	(15)	81	1,066	1,147
<b>Endowments</b>	(280)	594	(53)	261	5,514	5,775
<b>Total funds</b>	(407)	2,784	(220)	2,157	21,977	24,134

See endowment funds section (below) for an explanation of the restatement.

The accounts comprise a number of individual funds that divide into distinct categories, which are defined below.

**Designated funds**

Funds designated for a particular use by the Trustees.

Designated funds and the purpose for which their income may be applied are:

- *Works of art* – funds applied towards the purchase of works of art for the Collection.
- *Buildings and equipment* – funds applied towards the purchase of equipment and building works.
- *Collection fund* – funds designated by the Trustees for the benefit of the Collection. The Collection fund comprises three elements: *JMW Turner Collection Fund*; *JMW Turner Scholarship*; *Collection Support*. On designation, £10 million was earmarked as capital and created the *JMW Turner Collection Fund*, £1 million was designated *JMW Turner Scholarship* and £7 million was designated for *Collection Support*. The income from the *JMW Turner Collection Fund* will be used to purchase works of art. *JMW Turner Scholarship* and *Collection Support* will be used to benefit the long-term care of the Collection, including research, conservation and improving access to Tate's Collection Store in Southwark.

**General funds**

Funds available for general use.

**Restricted funds**

Funds restricted for particular purposes either by the wishes of the donor or by the nature of the fund-raising appeal.

Restricted funds and the purpose for which their income may be applied are:

- *Tate Modern development* – funds raised from the Millennium Commission, English Partnerships, Southwark Borough Council, private and corporate donors towards the redevelopment of Bankside Power Station as Tate Modern.
- *Buildings and equipment* – the value of Tate's estate vested in the Board of Trustees by the Secretary of State for the Environment and adjusted for subsequent valuations and disposals; also, restricted funds, including money from lottery and other public sources, raised specifically for and applied to the purchase of equipment and building works.
- *Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values to arrive at a modified historical cost. The reserve applies to both restricted and unrestricted assets, but all of the reserve is restricted.

- *Works of art* – restricted funds, including money from the Heritage Lottery Fund, raised specifically for and applied to the purchase of works of art together with all donated works of art since 1 April 2001.
- *Acquisition trust funds* – a number of restricted trust funds for the purchase of works of art for the Collection, including:
  - *Knapping Fund* – for the purchase for exhibition in England, Scotland and Wales of paintings in any medium, or sculpture, by artists of any nationality living at or within twenty-five years of the time of purchase.
  - *Millwood Fund* – for the purchase of English pictures for Tate Modern.
  - *ARTIST ROOMS Fund* – for the purchase of works of art for the *ARTIST ROOMS* collection.
  - The expendable elements of the *Abbott Bequest*, *Gytha Trust*, *Evelyn*, *Lady Downshire's Fund*, *Themans Trust* and *Porter Kreitman Artists Book Fund* endowments.
- *Other restricted funds*:
  - The expendable element of the *Shenkman Fund* endowment.
  - Other funds which were set up and utilised during the year as a result of donations received for specific purposes.

### **Endowment funds**

Endowment funds are funds that the donor has stated are to be held as capital.

The endowment funds and the purpose for which their income may be applied are:

- *Abbott Bequest* – for the purchase of pictures and drawings by D G Rosetti or his contemporaries. The capital element of this endowment remains permanently intact and only the income can be spent.
- *Gytha Trust* – expendable endowment for purchases for the Collection. The capital portion of this endowment can be spent at the Trustees' discretion.
- *Evelyn, Lady Downshire's Fund* – permanent endowment for the purchase of modern paintings. The capital element of this endowment remains permanently intact and only the income can be spent.
- *Shenkman Fund* – to pay for commissions of works of art at Tate Modern Restaurant. The permanent endowment is represented by the indexed value of the initial donation; any excess is available to be spent.
- *Themans Trust* – permanent endowment for the purchase of paintings. The capital element of this endowment remains permanently intact and only the income can be spent.
- *Porter Kreitman Artists Book Fund* – permanent endowment for the purchase of artists' books. The capital element of this endowment remains permanently intact and only the income can be spent.

The Trustees approved the following transfer from the unrestricted designated *collection fund* reserve: £186,000 to the restricted *other funds* reserve to fund the Turner curator expenses.

Following a review of the Tate Trust Funds, the Abbott Bequest and the Shenkman Fund were found to be permanent endowments and have been re-classified as such in the accounts.



**15. Analysis of net assets between funds**

Funds balances at 31 March 2010 are represented by:

<b>Group</b>	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	<b>Total 2010 £000</b>	Total 2009 £000
Tangible assets	24,002	501,611	–	<b>525,613</b>	541,296
Heritage assets	15,388	236,344	–	<b>251,732</b>	237,783
Investments	9,910	627	3,187	<b>13,724</b>	16,131
Net current assets	21,768	(2,018)	2,588	<b>22,338</b>	150,129
Long term creditors	(231)	–	–	<b>(231)</b>	(137,513)
<b>Total net assets</b>	<b>70,837</b>	<b>736,564</b>	<b>5,775</b>	<b>813,176</b>	<b>807,826</b>

  

<b>Tate</b>	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	<b>Total 2010 £000</b>	Total 2009 £000
Tangible assets	23,162	501,611	–	<b>524,773</b>	540,295
Heritage assets	15,388	236,344	–	<b>251,732</b>	237,783
Investments	13,405	627	3,187	<b>17,219</b>	19,626
Net current assets	19,782	(2,043)	2,588	<b>20,327</b>	148,589
Long term creditors	(231)	–	–	<b>(231)</b>	(137,513)
<b>Total net assets</b>	<b>71,506</b>	<b>736,539</b>	<b>5,775</b>	<b>813,820</b>	<b>808,780</b>

**16. Cash flow information****(i) Reconciliation of operating surplus to net cash inflow from operating activities**

	<b>2010 £000</b>	2009 £000
Net incoming resources	<b>26,282</b>	90,337
Investment income	<b>(2,652)</b>	(9,733)
Depreciation	<b>13,517</b>	14,883
Impairment of fixed assets	–	611
Donations of works of art	<b>(9,620)</b>	(64,017)
Decrease/(increase) in stocks	<b>166</b>	(95)
Decrease in debtors	<b>44</b>	13,129
Increase/(decrease) in creditors	<b>5,521</b>	(2,664)
<b>Net cash inflow from operating activities</b>	<b>33,258</b>	<b>42,451</b>

**(ii) Reconciliation of net cash flow to movement in funds**

	<b>2010 £000</b>	2009 £000
(Decrease)/increase in cash in the year	<b>(2,775)</b>	9,567
Cash flow from management of liquid resources	<b>19,526</b>	3,298
<b>Change in funds resulting from cash flows</b>	<b>16,751</b>	12,865
Net funds at 1 April 2009	<b>158,146</b>	145,281
<b>Net funds at 31 March 2010</b>	<b>174,897</b>	<b>158,146</b>

**(iii) Analysis of movement in funds**

	2009	Cash flow	2010
	£000	£000	£000
Tate Modern security deposit	126,579	5,416	<b>131,995</b>
Tate Modern funds	12,170	(4,333)	<b>7,837</b>
Liquid resources	6,766	18,443	<b>25,209</b>
	145,515	19,526	<b>165,041</b>
Cash	12,631	(2,775)	<b>9,856</b>
	<u>158,146</u>	<u>16,751</u>	<u><b>174,897</b></u>

**(iv) Material non-cash transactions**

	2010	2009
	£000	£000
Donations of works of art	<b>9,620</b>	64,017

**17. Capital commitments**

Financial commitments were as follows:

	2010	2009
	£000	£000
Capital expenditure contracted for, but not provided in the accounts	<b>5,985</b>	6,096
Acquisition of works of art contracted for, but not provided in the accounts	<b>1,838</b>	2,358

**18. Tate Modern finance leasing structure**

The Board of Trustees of the Tate Gallery (Tate) has a finance lease arrangement for the development of Tate Modern at Bankside, the principal elements of which are described below.

Tate Gallery Projects Limited (TGPL) acquired the freehold of the site of Bankside Power Station in March 1996 for £11,439,000 with assistance from various sources including a substantial grant from the Urban Regeneration Agency; under the terms of this grant legal title to the property remained with Magnox Electric until the start of construction in August 1997 when title passed to TGPL.

TGPL is a wholly owned subsidiary of Tate and granted a 105-year head lease interest in the site of the Bankside Power Station to NatWest Markets Property Investments Limited (NWPIL) on 28 October 1997 for a premium of £11,385,000.

NWPIL commissioned TGPL to undertake the development of Bankside Power Station as the site of Tate Modern to a specification determined by Tate. The costs of construction were borne by TGPL and recovered from NWPIL in accordance with an agreed payment schedule.

Tate entered into a 105-year lease of the site of Bankside Power Station from NWPIL on 28 October 1997. Under the terms of the lease Tate commenced the payment of rent over a 35-year primary rental period on 1 October 2000. The level of rental payments takes account of NWPIL's investment in the property and interest charges accruing thereto. At the end of 2009-10 there were 92 years remaining on the lease.

Under the terms of the lease, Tate is obliged to hold a cash sum equivalent to 90% of the present value of its future rental and interest obligations as security for the performance of these obligations. This sum is described as Tate Modern security deposit on pages 28 and 29 to the accounts and is subject to a charge in favour of NWPIL. At the year end the deposit was £139,832,000 (2008-09 £138,749,000); 90% of the present value would be £131,995,000 (2008-09 £126,579,000), the balance of £7,837,000 (2008-09 £12,170,000) being referred to as Tate Modern funds on the balance sheet.

The rental obligations to which Tate is committed are:

	<b>2010</b>	2009
	<b>£000</b>	£000
In one year or less	<b>142,534*</b>	3,131*
Between one and two years	–	10,744
Between two and five years	–	34,602
Over five years	–	398,162
	<b>142,534</b>	<b>446,639</b>

\*restated to reflect current interest rates

The Tate Modern security deposit is financed by donations to the Tate Modern project from, inter alia, the Millennium Commission, the Urban Regeneration Agency ('English Partnerships'), and a number of private sector donors.

The finance lease structure secured a number of benefits to the project including improved project cash flow and the recovery of all input VAT on development expenditure.

Tate Modern is held under a finance lease and until 2007-08 was revalued annually based on the present value of Tate's current obligations under the lease. Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components: land, buildings and plant, totalling £239,521,000 (£258,382,000 in 2008-09). The asset continues to be shown as long leasehold in note 8 to the accounts, until the lease is commuted.

The lease agreement includes options to commute future rental obligations at various points in the primary rental period. The Trustees have decided to exercise the October 2010 option to commute the lease. This has resulted in a re-allocation of creditors between amounts falling due after more than one year to amounts falling due within one year. As this balance includes the expected commutation payment, the exercise of the option in October 2010 will result in a reduction of creditors of £142,534,000, offset by the elimination of the Tate Modern security deposit, the Tate Modern funds and a reduction in cash and liquid resources. For more information, please refer to notes 12 and 22.

During the year the lease finance charge was £2,895,000 (£6,942,000 in 2008-09).

## 19. Contingent liabilities

### London Development Agency grant

In March 2006 Tate was awarded a grant of up to £7 million from the London Development Agency (LDA) to facilitate the surrender by EDF Energy of the western half of the switch station to the south of Tate Modern, following its upgrade and relocation of its transformer equipment. As part of a £215m capital project to develop Tate Modern, this grant will enable Tate to bring the site of the derelict and unoccupied oil tanks, together with the western end of the switch house, into public use. The grant is being utilised to reimburse EDF Energy for the costs of the works required to free the land for surrender.

The grant is payable in instalments, with £6 million paid so far, and is conditional on Tate meeting set criteria by certain dates. As part of the agreement the LDA has taken a charge over part of the Tate Modern site. If the criteria are not met the grant must be repaid or the land subject to the charge passed over to the LDA. The key criteria are that Tate must obtain planning consent for the development by 30 June 2009 and the work must be completed by 31 December 2016. Planning consent has now been obtained.

There are no other contingent liabilities.

## 20. Related party transactions

Tate is a Non-Departmental Public Body whose parent department is the Department for Culture, Media and Sport (DCMS). The DCMS is regarded as a related party. During the year, Tate had a number of transactions in the normal course of business and at full arms length with the DCMS.

The National Gallery and Tate Boards have an agreement, reached in 1997 and renewed in 2002 and 2009, that the dividing line of the National Gallery's and Tate's responsibilities in respect of the scope of their Collections of Foreign art should be circa 1900. Accordingly a group of works has been lent by Tate to the National Gallery and vice versa.

As well as being Trustees of Tate: Helen Alexander is a director and chairperson of Tate Enterprises Limited; Professor David Ekserdjian is the National Gallery Liaison Trustee to the Tate Board of Trustees; Patricia Lankester is the Tate Liaison Trustee to the National Gallery Board of Trustees; Franck Petitgas is a Trustee and Chairman of Tate Foundation; Monisha Shah is a director of Tate Enterprises Limited.

The following transactions occurred between Tate and Bob and Roberta Smith in 2009-10:

- prior to being made a Trustee, Bob and Roberta Smith designed a set of building blocks, a Christmas card and a mini-print, *Make Art Not War*, for sale by Tate Enterprises. A payment was made by Tate Enterprises for the building blocks in August 2009, for which Charity Commission approval was both sought and granted; the fees for the Christmas card and mini-print were waived.
- before his appointment as Trustee, Bob and Roberta Smith's *Humiliate* was purchased from Hales Gallery and added to the Collection.

Sir Nicholas Serota is a director of Tate Foundation and since April 2006 has been a member of the Olympic Delivery Authority. Alex Beard and Julian Bird are directors of Tate Enterprises Limited.

During the year Tate Members made donations to Tate of £4,312,346 (£5,390,800 in 2008-09) and reimbursed Tate for staff costs and finance and ticketing charges totalling £831,449 (£803,677 in 2008-09). At the year end, debtors included £527,000 (£1,301,000 in 2008-09) and creditors included £1,000 (nil in 2008-09) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £5,959,560 (£4,023,957 in 2008-09) and reimbursed Tate for staff costs totalling £310,554 (£218,816 in 2008-09). Although Tate Foundation does not reimburse Tate for support costs, it estimated those costs during the year to be £68,426 (£69,199 in 2008-09). At the year end, debtors included £369,000 (£274,000 in 2008-09) and creditors included £24,000 (nil in 2008-09) in respect of Tate Foundation.

During the year the American Fund and American Patrons made donations to Tate of £521,231 (£1,187,676 in 2008-09). At the year end, creditors included £60,000 (£174,000 in 2008-09) in respect of the American Fund.

## 21. Financial instruments

As a significant proportion of the cash requirements of the charity are met through Grant in Aid received from the Department for Culture, Media and Sport, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments are cash relating to the running of the operation. The charity's main exposure is investments and debtors.

### Credit risk

Tate is exposed to a credit risk of £3,325,000 representing trade debtors (2008-09 £4,240,000), however the risk is not considered significant as major customers are known to Tate. All debtors over six months in age are provided for as doubtful debts totalling £188,000 (2008-09 £223,000).

Cash is held by Tate's bankers. The charity has not suffered any loss in relation to cash held by its bankers. See note 11.

### Liquidity risk

Tate manages liquidity risk through its reserves policy. Tate does not make use of long-term debt or borrowing facilities, with the exception of the Tate Modern finance lease (the details of which are set out in note 18). As a result it is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

### Market risk

Tate is not exposed to significant market risk from financial instruments. Tate had long term financial liabilities in respect of the finance lease for Tate Modern, the details of which are set out in note 18. Excluding interest earned on the Tate Modern security deposit, which is used to offset the finance lease payment, interest and investment income represents 0.5% of the total incoming resources for Tate (2008-09 0.7%). Tate is therefore not exposed to significant interest or investment risk.

### Foreign currency risk

Tate's exposure to foreign currency risk is not significant.

## **22. Post balance sheet events**

At the Trustees' meeting on 19 May 2010, a decision was taken to exercise the option to commute the Tate Modern finance lease in October 2010. This decision resulted in the re-allocation of creditors between amounts falling due after more than one year and amounts falling due within one year.

On 14 July 2010 the Trustees agreed to a written resolution to reduce the issued share capital of Tate Enterprises Limited from £3,495,320 to £2,495,320.

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that Tate provides to employees.

There were no other material post balance sheet events.

The annual report and accounts were approved by the Accounting Officer and Trustees on 14 July 2010 and authorised for issue on 15 July 2010.



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