

National Maritime Museum Annual Report and Accounts 2017-2018

National Maritime Museum Annual Report and Accounts 2017-2018

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TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT
AND
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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i MUSEUM BACKGROUND

The National Maritime Museum was founded by Act of Parliament in 1934. It is the largest maritime museum in the world and it now includes the Royal Observatory, the Queen's House and the clipper ship Cutty Sark. The collective brand name for the four sites is Royal Museums Greenwich. The sites are open 362 days a year and in 2017–18 we welcomed some 2.56 million visits from Britain and around the world and 4.4 million to www.rmg.co.uk.

By the 1934 Act the Board of Trustees of the National Maritime Museum is a statutory corporation and an exempt charity. For management purposes the Museum is classed as an Executive Non-Departmental Public Body. In 2017–18 the Museum had an annual income of some £33.4m (including donated gifts of £145k and capital grants of £4.3m) and a staff of 504 full-time equivalents, under the Board of Trustees, the Director, and an Executive.

The Museum's total revenue income in 2017–18 of £27.3m constituted £13.5m from its self-engendered trading activity, donations and sponsorship; and £13.8m of funding from the taxpayer via Grant-in-Aid through the Department for Digital, Culture Media and Sport. Entry to the national maritime collection is free. Admission charges are made for special exhibitions, the Peter Harrison Planetarium, the Greenwich Meridian Line and the Time Galleries, and Cutty Sark.

History and Collection

The National Maritime Museum was opened to the public by King George VI on 27 April 1937. Previously (1807–1933) its main buildings at Greenwich, including the Queen's House, accommodated the Royal Hospital School. The Royal Observatory, Greenwich, was added to the Museum's estate and curatorial remit in 1953.

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

All the Museum buildings have been subsequently upgraded at various times. Modern redevelopment of the main galleries centres on what is now the Neptune Court. One of the first museum capital projects funded by the Heritage Lottery Fund, this was completed in 1999 and reopened by Her Majesty The Queen. The major Time and Space capital project at the Royal Observatory was opened by Her Majesty The Queen in May 2007.

In July 2011 the new Sammy Ofer Wing was opened by the Patron of the Museum, His Royal Highness The Duke of Edinburgh. This major architectural addition provided a new Museum main entrance from the Royal Park, state-of-the-art facilities for our research archive and a custom-built special exhibitions gallery.

In April 2012 Her Majesty The Queen reopened the fully conserved Cutty Sark to the public. At that time the Museum had the responsibility for the operational management of the ship under a Service Level Agreement with the then owner of the ship, the Cutty Sark Trust. At the end of July 2015 the ship was generously donated as a gift by the Trustees of the Cutty Sark Trust in to the national maritime collection held by the Museum.

The Museum's Endeavour project, started in 2014 and named to commemorate the 250th anniversary in 2018 of Captain Cook's voyage in HM Bark Endeavour, has provided new

open- plan staff accommodation which has in turn freed up space to allow the creation of four new galleries totalling 1,000m² to display an additional 1,100 collection items and radically improve and simplify visitor circulation around the Museum. The galleries will be opened to the public in autumn 2018.

The strategically significant element of the Endeavour project is the Prince Philip Maritime Collections Centre, completed in September 2017, which has consolidated and upgraded the collections storage and conservation functions on the Museum's Kidbrooke site near the main campus in Greenwich. It is a great step forward in the Museum's ability to store, preserve, conserve and make accessible the national collection.

The Museum's collection comprises more than 1.5 million items. There are some 40 thousand three dimensional objects – which include ship models, scientific and navigational instruments, and instruments for time-keeping and astronomy. There are some 70 thousand oil paintings and prints and drawings and some 1.4 million manuscripts, rare books, ships plans, sea charts and historic photographic negatives. Its British portraits collection is exceeded in size only by that of the National Portrait Gallery and its holdings relating to Nelson and Cook, among many other individuals, are unrivalled. The Museum has the world's largest maritime historical reference library including books dating back to the 15th century. An active loans programme ensures that items from the collection are seen in the UK and overseas. Through its displays, exhibitions and outreach programmes the Museum also explores our current relationship with the sea, and its future as an environmental force and resource.

By virtue of its sites and subjects, Royal Museums Greenwich enjoys a unique conjunction of subjects (History, Science, Arts) to work with its public at home and overseas to provide a greater understanding of British economic, cultural, social, scientific, political and maritime history, and its consequences in the world today.

ii MISSION, OBJECTIVE AND AIMS

The Museum's Mission is to:

enrich people's understanding of the sea, the exploration of space,
and Britain's role in world history.

The Museum's Objective is:

to discover more about humanity and the possibilities of human endeavour
by showing how we strive to explore our world and our universe.

The Museum's Aims are to:

1. Put audiences first.
Engage and inspire people through our collections, subjects and the visitor experience.
2. Value our heritage.
Care for and develop our unique collection and world historic sites.
3. Extend our reputation.
Maximise our impact on all audiences and stakeholders.
4. Strengthen our organisation.
Develop our staff, build our financial sustainability, and manage risks.

1. CHAIRMAN'S FOREWORD

As custodians of Britain's maritime heritage the Trustees and staff were honoured by the informal visit of our Patron HRH The Duke of Edinburgh to the Prince Philip Maritime Collections Centre in late 2017.

This new facility, named to recognise Prince Philip's unique involvement with us as Trustee from 1948 to 2000 and Patron since then, was completed in September 2017. Supported by a loan from the Department for Digital, Culture, Media and Sport, it is the most strategically important element of the Endeavour project since it solves our long-standing needs for efficient collection storage and provides state of the art conservation studios. Moreover, the Centre will realise our ambition to create an "open store" which makes accessible our total collection to researchers, the public, and schoolchildren and provides a window for people to witness our conservation work. I commend all those staff involved in safely moving some 37 thousand collection objects from our old rented stores to their new centralised location.

Our stewardship of the collection on behalf of the nation also received fresh intellectual impetus this year with the Board's review and approval of an updated Collections Development Plan and a new and dynamic Research Strategy. These are two key documents for the Museum which provide the focus for the work of specialist staff in relation to research and the collections and for ensuring that this work actively supports and informs the wider Museum's programmes: publications, events, galleries and exhibitions, to ensure that our work is more reflective of today's society.

April 2018 saw us making further important acquisitions into the collection. The painting *Ship of Fools* by contemporary American artist Kehinde Wiley was significant for the Museum as it is the first painting by Wiley to be acquired by a European public art collection. We are grateful to the Art Fund for the support of the acquisition and the painting is now on display in the King's Presence Chamber in the Queens House. In addition, I am delighted to report that, thanks to the generosity of Jay Kislak, the Jean Kislak Collection of Emma Hamilton related artefacts (many of which were on display in our *Seduction and Celebrity* exhibition of last year) will be coming into the national maritime collection.

It is a great pleasure for me to recognize and thank the generosity of Royal Museums Greenwich Members, Patrons and other supporters in funding both the new telescopes and major restoration work to the Altazimuth Pavilion in order to re-establish the Royal Observatory Greenwich as a working observatory once more.

We are now nearing the completion of the Endeavour project and looking forward to our four new galleries opening to the public in September 2018. It therefore gives me great pleasure to record the Trustees' huge gratitude to our many supporters for their understanding of what we wanted to achieve, their generosity, and their confidence in our ability to deliver this complex project. Our Development staff have achieved over £12m in fundraising support towards the project - a great achievement for a small team.

I should also like to thank the Trustees, who are all volunteers, for the great expertise and commitment they bring to the Museum. This year, Joyce Bridges, Carol Marlow, Gerald Russell, Eric Reynolds and I were appointed for second terms by the Prime Minister.

The Board of Trustees are very grateful to all the staff, volunteers and supporters who recognize the importance of what we do for the public and enjoy working with us to build upon our success.

Sir Charles Dunstone, CVO, Chairman of the Board of Trustees

20 June 2018

2. DIRECTOR'S STATEMENT

I am very pleased to report that Royal Museums Greenwich retained its place in the 2017 Association of Leading Visitor Attractions table as the UK's 10th most visited attraction and the highest visited attraction outside central London. Across all 4 sites RMG received 2.560 million visits in the 2017-18 financial year which was 5% above 2016-17. Cutty Sark won the 'Visitor Attraction of the Year' award at the annual UKinbound travel trade association awards. In its first full year since reopening the Queen's House art gallery saw its highest visitation in many years.

Our retail team had a record year in 2017-18 with income increased from 2016-17. Record income was achieved at the Royal Observatory north shop (up 22.3%) after its refurbishment, and at the National Maritime Museum with relocated shops. The Events team also had the highest ever level of profits achieved with an increase of some 40% versus last year and we achieved a record income from catering after streamlining from three providers to one. Since our level of Grant-in-Aid remains static these are all vital performance measures for the Museum and its future.

2017-18 has also seen the final element of the Endeavour project being brought to fruition. Our four new free galleries in the National Maritime Museum are undergoing their fit-out works ready for object installation and opening in autumn 2018.

The galleries element of the Endeavour project fulfils our determination to simplify visitor circulation around the maritime galleries, to complete key gaps in our displays and to present Britain's maritime history in a more coherent way for our visitors. The four new galleries Polar Worlds; Tudor and Stuart Seafarers; Sea Things, and Pacific Encounters focus on the inspirational human themes which are so central to the story of Britain and the sea, and will enable an additional 1,100 artefacts from the national collection to be on display.

In parallel, a huge amount of very successful work is going in to three Heritage Lottery Fund inspired Activity Plans which enables us to engage actively with communities and incorporate views from a range of visitors including traditionally underserved communities and further reach out to local audiences. As part of this programme a number of local and national partnerships have been established to engage organisations on a long-term basis and work across audiences and sectors to ensure organisational change is sustainable - I congratulate the Learning and Interpretation team for its ambition and hard work on this.

I am disappointed to have to report that an industrial dispute from a small number of staff over new terms and conditions that we have tried very hard to resolve has resulted in two industrial actions this year – though the Museum remained open to the public on both days.

Royal Museums Greenwich is unique among national museums in that its estate forms the core of the Greenwich World Heritage Site. The financial burden on the Museum of the standard of upkeep that the WHS requires for our local and overseas visitors is significant. It was therefore particularly pleasing that 2017-18 saw external recognition of our efforts in this arena by the presentation of two landscape awards. We received a Green Flag Award, an accreditation for the Museum's grounds, and the British Association of Landscape Industries Award for Grounds Maintenance in the Free Public Access category (with Ground Control Ltd) which is one of the most sought after and respected awards in the landscape industry.

It has been a great year. Thank you all.

Dr Kevin Fewster, A.M., Director

20 June 2018

3. Review of Activities, Achievements and Performance

The following section is a brief review of the activities and achievements of 2017-18 so necessarily contains only a selection of the Museum's work over the year. The section is structured in accordance with the Museum's four Aims.

AIM 1: PUT VISITORS FIRST

Engage and inspire people through our collections, subjects and the visitor experience.

Endeavour Project Galleries

- Good progress is being made with the Endeavour Galleries fit out work in the East Wing. The Ahoy! children's gallery had to be closed until early November to allow the installation of the bridge that will link the Great Map with the Pacific Encounter gallery. The fit-out continues at pace with Polar Worlds nearest completion. The Tudor and Stuarts Seafarers Gallery cabinetry is in place with casework being installed. Pacific Encounters setworks are being installed ahead of schedule and the large object, a Fijian Drua (double hulled boat), has now been craned in. The final gallery to be fitted out Sea Things will begin construction soon.
- We worked with over 20 community groups in the development of the new galleries.

Endeavour Programme Activity Plan

- Outreach exhibitions linked to our Heritage Lottery Fund (HLF) Endeavour Exhibitions are now open at Chatham Historic Dockyard, NMM Cornwall and Time and Tide Museum Great Yarmouth. A similar partnership exhibition at the Beacon Museum Whitehaven closed in early July. Our pop-up shop in Lewisham Mall closed on 9 July, having welcomed over 18,000 visits in its 4 month season.
- Over the past year the Museum has been working with colleges, community groups, organisations and schools to co-curate and respond to objects that will be featured in our new Sea Things gallery. Project participants have had the opportunity to select, investigate and interpret an object of their choice from the collection. Their selected object, as well as their interpretation, will be shared with visitors in Sea Things once it opens. As part of this project we've engaged with a variety of people to ensure that the insights we have gathered are as varied and diverse as the objects in the gallery. We've worked with members of the Caribbean Social Forum, residents of the Queen Victoria Seamen's Rest, a special educational needs group from London South East Colleges, pupils from Invicta Primary School, an English for speakers of other languages class from East Coast College, the Marine Society and the Sea Cadets.
- As part of our Endeavour Galleries HLF funded outreach programme, a van was kitted out to tour around England to promote the Museum and encourage people to engage in creative sea-story collecting activities which will feed into content for the new Sea Things gallery. Between June and August 2017 the "Maritime Memories Machine" van travelled to 52 venues and 16 cities across England

Exhibitions & Programmes

Insight Astronomy Photographer of the Year

- The 2017 Awards and exhibition opening took place at ROG on 14 September. Over 3,800 awe inspiring images were submitted from 79 nationalities and taken in 91 countries. The 2017 overall winning photograph was taken by a Russian photographer.

Death in the Ice - The Mystery of the Franklin Expedition

- An exhibition developed by the National Maritime Museum with the Canadian Museum of History (Gatineau, Canada), in partnership with Parks Canada Agency and in collaboration with the Government of Nunavut and the Inuit Heritage Trust. Death in the Ice which was

a partnership with the Canadian Museum of History opened on the 14th of July 2017 and continued to 7 January 2018.

The Great British Seaside

- The Great British Seaside: photography from 1960's to the present and sponsored by Walls ice cream opened 23 March 2018 amidst cold weather and rain but with great reviews and continues until 30 September 2018.

Portraits of Chinese Junks

- The Director officially opened this exhibition of historic photographs from Museum's extensive collection in Ningbo, China, on 9 July 2017 as part of the Chinese Maritime Museums conference at which he was a key note speaker.

Touring Exhibitions

- Insight Astronomy Photographer of the Year has confirmed venues for 2018: New York Hall of Science, Queens, New York; Vero Beach, Florida; and the Cooper Gallery, Barnsley, England.
- Death in the Ice: opened at the Canadian Museum of History in March 2018, and will run until September. Confirmed venues for 2018–19 are Mystic Seaport, Connecticut and the Anchorage Museum, Alaska.

Library and Archives

- The annual Caird Library Open Day was held on 21 October to coincide with Trafalgar Day. In total there were 255 visitors looking at a range of material including Nelson-related manuscripts, family history resources, rare books and atlases. Volunteers were also on hand to talk about the work they undertake on library collections and members of the Learning Team hosted a handling session.
- A new digital resource was launched in partnership with Ancestry making available over 220,000 records of sailors who were admitted to Dreadnought Seaman's Hospital in Greenwich between 1820-1930. All the transcriptions were done by RMG volunteers working online and the resource is particularly interesting and useful as it has many records of seamen from India and Asia.
- On 20th March after a year-long application process we heard from The National Archives our application for archive accreditation had been successful. Archive Service Accreditation is the UK standard for archive services and is administered by the National Archives. This is recognition for the Museum's significant investment in our archive services in recent years. It means that we have been externally recognised for our good performance in all aspects of governance and management, collections management, and provision of services to all users.

Public Programme

- We partnered with the Chinese Embassy for the second year in a row to deliver an exciting day of events celebrating Chinese New Year. 2018 is the year of the Dog and some 700 people enjoyed the performance or engaged with the workshops and storytelling activities. It was the best attended day since we began the programme over 10 years ago.
- We launched LGBTQ+ history month in February with an evening programme called OUTing the Past, a variety of speakers delivered talks that presented LGBTQ+ perspectives on maritime related themes. The Queen's House late event which featured a range of activities related to LGBTQ+ stories in the house sold out.

Schools programme

- In March we hosted a literacy conference to celebrate the Stories from the Sea partnership with Time and Tide Museum. It was attended by a range of museum professionals, teachers and creative practitioners and was introduced by the Area Director, South East, Arts Council England who announced a further 2 years of funding for the Museums and Schools Programme.

Public Astronomer

- Marek Kukula did remote work from Portland. In addition, Marek is a prime contributor to the well-received Stargazing series on the BBC World Service and was the subject of an interview in the book 'We Can't Stop Thinking About Space', published to accompany a joint exhibition by Tate Liverpool and Modern Art Oxford.

Planetarium

- A new version of Space Safari, our most popular show for very young visitors, is now complete, has been tested with audiences and will be launched in September 2018. The new show is entitled Ted's Space Adventure. This live curriculum linked show is specifically designed for pupils aged 3-7, but is also suitable for families or groups with children aged 0-7. Our website makes the point that "Visitors should be aware that school shows are designed for and attended by large numbers of excited school children and may be noisy."

Visitor Experience

- Visitor feedback - as well as exit surveys undertaken throughout the year, in 2017-18 a new system was put into place to glean freestyle feedback and other data from public visitors including from Social Media and Trip Advisor. These Visitor Insight reports are reviewed on a monthly basis by the Executive and the Trustee Board on a quarterly basis to work on improvement to the visitor experience wherever feasible.
- Our Travel Trade team won the Silver Chinese Tourism Welcome Award at the China Outbound Tourism Research Institute 2017 Awards. This award recognises the great progress we are making with the Chinese market. Chinese visitors to RMG are up 74% year on year and Chinese visitors comprised 8.3% of all our overseas visitors in 2017-18.
- We are now running charged special guided tours at Queen's House and the National Maritime Museum, which are being delivered by our front of house team, and charged at £10 per head with discounts online and for Members, groups, and the travel trade.
- Cutty Sark character actors are now daily with an audience of 7,714 people between 1 January and 31 March. 10 language audio tour has been developed and we are engaging with audio tour companies to go live before summer.
- On 31 December 1,700 Americans taking part in London's New Year's Parade Band visited the Royal Observatory along with other visitors making it one of the busiest days of the year.
- During February Half Term (12-17 Feb), families made their own vehicles and raced them on a track in an activity created in partnership with the Cutty Sark learning team, RIBA and Tate Harmer Architects. It was an excellent Half Term, with almost 2000 more visitors on the ship than last year.

AIM 2: VALUE OUR HERITAGE

Care for and develop our unique collection and world historic sites

Endeavour project

- The Prince Philip Maritime Collections Centre building was handed over to the Museum by the contractor on 18 August and was followed by the move in of the Conservation and Collections Departments then the Collection itself in the final quarter of the year.

Significant acquisitions included:

- *Ship of Fools* by Kehinde Wiley. It is a large oil painting that depicts a group of four migrants in a rickety boat with a tree trunk growing where the mast would be. Like many of the artist's other works, *Ship of Fools* responds to an old master painting: in this case, Hieronymus Bosch's panel of the same name in the collection of the Louvre. *Ship of Fools* makes visible not only the problems that confront contemporary migrants, but also the invisible legacies that informed maritime history and indeed the genre of marine painting. Kehinde Wiley (born 1977) is an American artist with studios in Brooklyn, China, and Senegal.

The Armada portrait of Queen Elizabeth I

- The six month conservation project on the portrait by Elizabeth Hamilton-Eddy, Senior Paintings Conservator, has been successfully completed and this superb new acquisition went back on public display in the Queen's House in mid-October. Attendances to the Queen's House that quarter were 35% above the equivalent quarter before the House closed for refurbishment. The rehang has been supported by a series of talks and events. The project received good press coverage in the Guardian, Daily Telegraph etc. The video has been well received on social media with over 125,000 viewings.

Collections storage and movement

- The transfer of 36,683 objects and 2,387 linear metres of library collections stored at the now vacated Laurence Trading Estate store to the new Prince Philip Maritime Collections Centre began on the 8th January 2018 and completed on time and on budget on the 30th April 2018. The new facility gives the Museum the ability to store our textiles, globes and fine and decorative art collections in optimal conditions. The move process was carefully planned by Collections Management and rigorously and positively reviewed by Internal Audit in October 2017.

Cutty Sark ship maintenance

- The ship's lifeboats were successfully returned and craned back into position on the main deck of *Cutty Sark* after their off-site conservation work which began in late September 2017.
- The tender for the restoration and re-gilding of *Cutty Sark's* gingerbread was awarded. The first post-tender meeting took place at the beginning of April 2018, with the stern gingerbread being removed throughout April and taken away for work to commence.
- New mast lighting illumination has been installed aboard *Cutty Sark*. The new system is more energy efficient and will also be easier to maintain as it is located lower in the rigging than the former system.
- *Cutty Sark's* signal cannon has been restored and returned to the ship, sitting on the poop deck.

Conservation

- The Conservation Department Museums Greenwich moved to its new location in the Prince Philip Maritime Collections Centre in August 2017. The move was the culmination of several years of planning, turning our vision into reality. The conservation studios at Kidbrooke have dedicated studios for key conservation disciplines: frames, objects, paintings, paper and textiles. In addition to these five studios there is a designated chemistry laboratory, a conservation photographic studio, and a fabrication space supported by a machine shop and woodmill. The added bonus is a large object studio that enables conservators to work on a range of objects from very heavy items such as cannons to very large but light-weight objects such as flags.

Curatorial Expertise

- There were a number of conferences, study days and lectures held during the period including the Conservation of Historic Interiors conference, the Antiquarian Horological Society AGM and conference, the Queen's House Lecture Series – The Artists of Greenwich, the World in Miniature conference, Mapping the Past; Exploiting the Future conference and the National Day of Stitch/Embroidery workshop responding to the Tudor paintings in the Queen's Presence Chamber.
- The final event linked to the Arts and Humanities Research Council (AHRC)-funded Joseph Banks Network was a conference on 14-15 September held at the Royal Society and Royal Botanical Gardens, Kew. There were 90 delegates with speakers from across the world. A lecture series on Joseph Banks was also being held at the Museum during September and October to reach out to a wider audience. The series formed the public engagement element of the Joseph Banks AHRC Network project which has been running for nearly 18 months, in partnership with UCL, The Royal Society, The National Portrait Gallery, The Natural History Museum and Royal Botanic Gardens, Kew
- During September there was a series of evening events in the Queen's House entitled Henry VIII and the English Reformation: Cause and Effect. There were 3 lectures by David Starkey, Jerry Brotton and Simon Thurley and an evening of music composed by Thomas Tallis
- Two Arts and Humanities Research Council collaborative doctoral students Georgina Rannard and Erica McCarthy have successfully completed their doctorates on 'Seventeenth-Century Cartography - 'Empire and useful knowledge: mapping and charting the British Atlantic World, 1660-1720' and 'Sculpture and the Sea: figureheads, ship decoration and Britain's maritime worlds' respectively. They were supervised by curatorial staff
- On 5-6 October the UK Maritime Heritage Forum (organized by RMG annually) took place in Hull, the 2017 UK City of Culture, with over 100 delegates from maritime museums and historic vessels from all over the UK. The conference focused, amongst other things, on using maritime heritage as a force for economic regeneration. It was co-organized with Hull Maritime Museum and partially sponsored by Hull City of Culture.
- Two key documents for both the Research and Information Department and the Museum have been compiled and produced in draft during the period. Senior Curators Christine Riding and Quintin Colville have led on the Collection Development Policy and Research Strategy respectively. Both documents went to an extraordinary meeting of the Collections and Research Committee for approval on 6 February 2018 and were approved by the Board of Trustees on 26 April 2018.

AIM 3: EXTEND OUR REPUTATION

Maximize our impact on all audiences and stakeholders

Marketing & Web

- The new Royal Museums Greenwich brand strategy and brand identity started to be rolled out on 1 April 2018 across our marketing, communications and signage.
- New research agency DJS delivered enhanced visitor research, including incorporating feedback from non-English speakers for the first time.
- New visitor guides have been developed for Cutty Sark and the Royal Observatory, with top-10 things to do at each site and across RMG. These will also be translated into key languages for our overseas visitors.
- A campaign to target international tourists – "Don't be a tourist; be an explorer" – in summer 2017 promoted the Royal Observatory and Cutty Sark through out of home and print placements. This was supported by small campaigns which ran from June to August 2017 which encouraged US, French and German visitors to come to Royal Museums Greenwich. We continued to work with our Chinese specialist marketing agency to

continue to build our presence in China and 2017 has been another strong year for attracting that audience.

- Significant improvements to our website went live in December. These include a new landing page for RMG museums, ticketing options more clearly communicated, improved navigation and greatly improved capacity to utilize videos. A new online shop site also went live before Christmas, with sales up nearly 40% compared to the previous year.
- Our social media channels were streamlined to have a single account per channel resulting in a social media following growing to c. 158k at the end of March 2018, achieving an annual growth of 25% across all channels, and a growth of 11% in the months from December to March.

Media coverage

- The Great British Seaside –Reviews have been positive including a 4 star review in the Daily Telegraph, Time Out and the Londonist. Media coverage has included the Observer double-page spread; Guardian online image gallery and article; Evening Standard, the Daily Telegraph, The Times; Critics Choice in the Observer, FT, Sunday Telegraph and Waitrose magazine; the Sunday Times, Guardian, Telegraph, Daily Express, The Sun, Country Life, BBC South East News, specialist sector, arts and photography media, and consumer and local media.
- ROG Astronomers - the astronomy team continue to reach local, national and international audiences, making frequent appearances on TV and radio including: BBC 1 'Breakfast', Channel 5 News, ITV News, Channel 4's 'Sunday Brunch', BBC Radio 2, BBC World Service, BBC London radio, LBC and BBC regional radio. The astronomers have also been interviewed and quoted across national print and online media such as: Guardian, Telegraph, Independent I, Daily Mail, Daily Express, The Sun, Mirror, Evening Standard, Metro and BBC, Sky and ITV news online.

Science Presenter Network Conference

- On 7 September 2017 the ROG Astronomy Education team ran the first ever Science Presenter Network Conference. The conference focussed on people who present in science centres, observatories, and the like with the aim of sharing best practice and good ideas. The event was sold out (100 delegates), attracting people from across Britain. The network has spawned regional hubs in the UK, with others springing up in the Netherlands, Mexico and elsewhere.

International Congress of Maritime Museums

- Our staff member, Sally Archer, has been reappointed as Hon. Secretary General of ICMM for a second two year term. Sally and the Director attended the biennial ICMM congress in Valparaiso, Chile, 14-20 October. The Director also delivered a lecture at the British Embassy in Santiago.

National Maritime Museum Cornwall

- The National Maritime Museum Cornwall (NMMC) is an independent, registered charity which the National Maritime Museum does not control. Its website www.nmmc.co.uk gives an indication of its varied and interesting programme. The National Maritime Museum has provided, on loan, the small boat collection exhibits for the NMMC, and many other objects on display in its galleries.

National Historic Ships

- A £403k grant has been awarded by the Heritage Lottery Fund to implement Skills for the Future Programme for National Historic Ships Shipshape Heritage Training Partnership 2 project.

Recognition through Awards

- Cutty Sark has won the 'Visitor Attraction of the Year' award at the annual UK inbound awards. This accolade will help raise the profile of Cutty Sark to the international market and tour operators and comes in advance of the introduction of Cutty Sark's multi-lingual audio tour later in 2018. RMG'S partner, Visit Greenwich, was awarded 'Destination Marketing Organisation of the Year' on a highly successful night all round for Greenwich.
- David Taylor, a long serving member of our Events team, has received the "Unsung Hero Award" at the annual Hire Events national awards ceremony. The Queen's House was a finalist for Best Wedding Venue and Cutty Sark a finalist in the Best venue in the Community category.
- Other awards were: Museums + Heritage Awards – the conservation of the Armada portrait was shortlisted for the Restoration or Conservation category – and the Association of Independent Museums Awards Accreditation – Conservation Volunteers qualification.

AIM 4: STRENGTHEN OUR ORGANISATION

Develop our staff, build our financial sustainability, and manage risks.

Human Resources

- Introduced a revised Staff Recognition and new Long Service Awards on 1 August
- Organised our annual Volunteers dinner on 26 June with over 120 attending – four volunteers were presented with long service awards
- Provided more than 200 Front of House staff and volunteers with Welcome to Excellence and Lead, Motivate and Succeed programmes
- Instigated Volunteer talks for the Queen's House
- Provided a new tranche of Diversity training - commencing with Deaf Awareness
- Delivered Managing for Good Mental Health to coincide with National Mental Health Awareness week.
- A new tranche of conservation volunteers working were recruited - making them the second largest volunteer team in the Museum and achieved recognition from the Association of Independent Museum Awards as a centre able to deliver Level 3 Cultural Heritage Qualification to our conservation volunteers at the Prince Philip Maritime Collections Centre, Kidbrooke
- Provided a staff lunch time talk on Emotional Well Being as part of commitment to London Mayor's office link to the Healthy Workplace Charter
- Continued Front of House training in Welcome International with a specific focus on the Chinese market.

Admissions

- Despite bad weather in February and March impacting visitor numbers, visitor numbers to Royal Museums Greenwich ended the financial year up 5% versus last year. The main increase was at the Queen's House which had a record year. Visitor numbers at the National Maritime Museum NMM were down by 4% as a result of the closure of the popular Ahoy! Experience for 2 months in autumn so that we could carry out elements of the building work for our four new galleries.

Commerce

- Retail had a record year in 2017-18 with a particularly strong performance at the Royal Observatory shop, which was up 22.3% and had exceeded the £1m level in sales by January 2018 - the first time the shop has ever exceeded £1m.

- NMM shops also had a record year taking over £700k for the first time and were up 6% versus last year due to the new shop locations. However, the performance was impacted adversely during the Ahoy! and Parkside café closures.
- The introduction of Chinese Union Pay this year has proved successful in light of the changing visitor profile at the Royal Observatory in particular. Average Union Pay transaction values are four times higher than for other cards.

Catering

- Benugo took over catering at all sites on 8 May (Cutty Sark from 1 April), adopting the new brand and providing a greater, more consistent and better catering offer and a higher commission rate.

Photography & Picture Library

- Digitisation work included the Gibson shipwreck photography archive with 700 digitised to date; Estate Plans; 100 prints & drawings for the Ships portrait collection; and the 82 figureheads from the Cutty Sark collection photographed.

Publishing

- The Museum published two books under its own imprint this year: Treasures of Royal Museums Greenwich edited by Robert Blyth, Senior Curator of World and Maritime History and The Great British Seaside exhibition book.
- The following books were published in association with RMG: Captain Cook and the Pacific by Nigel Rigby and John McAleer published by Yale University Press; Insight Astronomy Photography of the Year 2017 published by Collins; 2018 Guide to the Night Sky by Storm Dunlop and Wil Tirion published by Collins; Sir John Franklin's Erebus and Terror Expedition: Lost and Found by Gillian Hutchinson, published by Adlard Coles; Death in the Ice : The Shocking Story of Franklin's Final Expedition by Karen Ryan, published by the Canadian Museum of History; Marine Chronometers at Greenwich by Jonathan Betts, published by Oxford University Press; The Cutty Sark Pocket Manual written by Cutty Sark curator Louise Macfarlane and General Manager Arron Hewett, published by Bloomsbury; British Warship Recognition: Volumes IV, V and VI by Richard Perkins, published by Seaforth; Explorers by Penelope Arion and Tory Gordon-Harris and Night Sky by Giles Sparrow, published by Scholastic.
- Stargazing - Beginners Guide to Astronomy, by ROG Astronomers Tom Kerss and Radmila Topalovic, published by Collins in autumn 2016 was the number one bestseller in Popular Astronomy for Amazon UK this year.

Sales & Events

- Travel Trade income grew in 2017-18 by 6%. All trade contracts have been renegotiated for the 2018-19 financial year to improve our commission levels.
- In the last quarter of 2017-18 alone, Cutty Sark theatre had four stand-up comedy nights, two dance events (a Burns Night ceilidh and a St Patrick's Day ceili), one opera, one silent disco, one folk music concert and one large Dry Berth concert. April-June 2018 is now on sale with nine events, including comedy, folk rock concerts, classical music, a silent disco and a dance event. And in July there are thirteen dates currently confirmed for July's Edinburgh Previews Season, with two further dates awaiting confirmation.
- We have secured agreement with the National Trust enabling its 6 million members to receive a 50% discount on admission to Cutty Sark which was featured in the 2018 National Trust handbook from January 2018.

Development

Corporate Partnerships

- It is very pleasing to report that Insight Investment renewed its sponsorship of Insight Astronomy Photographer of the Year.
- By the end of the financial year, the total income from Corporate Partnerships and Memberships was £508k against an original target of £500k.

Membership

- Membership numbers continue to rise and we finished the year with an income increase of 15% over the previous year. New Members are predominantly families
- We will be moving to paperless direct debit, in conjunction with the new ticketing software, which will have a positive impact on renewals going forward and help to ensure the continued upward trend of members.

American Friends of Royal Museums Greenwich

- At the end of December Mr Jay Kislak finalised his gift of the Jean Kislak Collection of Emma Hamilton related artefacts to the American Friends.
- In March, 31 winning images from the Insight Astronomy Photographer of the Year 2017 competition went on display at the New York Hall of Science. This is the first time the images have been on public display in the US. In May 2018 a larger number of images, also from the 2017 competition, will go on display at the Vero Beach Museum of Art in Florida. The Development Team is working to combine the opening at Vero Beach with a number of small events to raise the profile of American Friends of Royal Museums Greenwich, and to encourage new members.

The Patrons and Members' Appeal for the restoration of the Altazimuth Pavilion

- The total raised for the appeal in the end was an excellent £170,000 (against a target of £50,000). This means that the whole project was fully funded by external sources. Work is currently being carried out with a view to reopening the building with the new telescopes to the public in late June 2018.

Fundraising

- Lloyd's Register Foundation has agreed to fund for 5 years a new curatorial post focussing on contemporary maritime matters. This is the first time an RMG curatorial post has been fully funded by external sponsorship. Lloyd's Register Foundation will fund the full salary plus operating budget (£500k over 5 years)
- The fundraising campaign for the Endeavour project was completed in accordance with its target at Q3 2017-18 having raised just over £12m towards the new galleries and the Prince Philip Maritime Collections Centre. Please see section 9. for a list of both our new and our loyal supporters.

Finance, IT and Special Projects

- All Current suppliers reviewed to ensure compliance with new legislation regarding 'off-payroll' working in the public sector; implementation of new procedure for new suppliers
- Recruited a new Finance Administrator for one year through the University of Greenwich industrial placement scheme
- Conducted a pre-tender exercise for a replacement purchase-to-pay system together with the Imperial War Museum and National Portrait Gallery
- Completed a programme of preventative maintenance for all gallery interactives introduced to reduce problems caused by ageing hardware and software.
- Completed project management of the Prince Philip Maritime Collections Centre and the Endeavour project galleries basebuild (now in their fit-out phase).

RMG Management Agreement Performance Indicators at Year end 2017-18

Management Agreement Performance Indicator	2016-17	2017-18
Number of visits to the Museum	2,440,681	2,560,150
Total amount of charitable giving ¹	£10,981,926	£5,711,000
Ratio of charitable giving to grant-in-aid	69%	34%
Number of unique website visits	4,302,629	4,442,213
Visits by children under 16	537,022	569,085
Number of overseas visits ²	764,073	1,598,580
Number of facilitated and self-directed visits to the Museum by visitors under 18 in formal education	168,784	166,654
Number of instances of visitors under 18 participating in on site organised activities ³	123,511	93,704
% of visitors who would recommend a visit	99%	94%
Admissions income (net of VAT)	£5,706,775	£6,083,593
Trading income (net profit)	£1,525,786	£1,538,257
Number of UK loan venues	59	89
Number of objects conserved	1,688	1,532
No. of peer-reviewed publications	20	15
Number of research projects undertaken/ongoing	14	9
% area of stores and galleries that are sustainably BS5454 compliant	61% summer 53% winter	63% summer 58% winter

¹ as per DCMS guidance: Definition is any money or gift received from an individual, charity or private company in one of the following forms: bequests, legacies, donations and capital grants from individuals, charities, foundations, trusts and private companies; income raised through sponsorship and income from membership schemes. It does not include any money received from a publicly funded organisation, central government grants, investment income or lottery grant funding. In 2017-18 Heritage Lottery Fund support (not included in the above charitable giving figure) amounted to £444k.

² The increase in overseas visits reflects local trends and an increase in accuracy of data.

³ The reduction from the previous year is largely due to the closure of the Ahoy! children's gallery and the trend to overseas visitors who are generally adult only.

Efficiency tables

Key Data	2013-14	2014-15	2015-16	2016-17	2017-18
Total Grant-in-Aid (GiA) ¹	£16.4m	£16.6m	£15.3m	£15.8m	£15.8m
All other incoming resources	£12.4m	£12.0m	£13.5m	£106.3m ²	£17.4m
FTE employees	491	498	476	500 ³	504
Visits	2.488m	2.343m	2.403m	2.441m	2.560m
Website visits	4.733m	4.451m	4.362m	4.303m	4.442m

Efficiency Ratios

Total Users ^{4.}	7.232m	6.802m	6.770m	6.748m	7.005m
Total Users per FTE	14,338	13,659	14,193	13,496	13,899
Total GiA £ per User	£2.26	£2.44	£2.26	£2.34	£2.26
Revenue GiA £ per User	£2.03	£2.10	£2.00	£2.01	£1.97
Total GiA £ per Visit	£6.58	£7.08	£6.37	£6.47	£6.17
Revenue GiA £ per Visit	£5.90	£6.11	£5.65	£5.56	£5.39

^{1.} the Grant-in-Aid figures exclude the restricted funds for the National Historic Ships Unit (£215k in 2017-18)

^{2.} of which heritage assets comprise £74m

^{3.} increase in staff numbers this year mainly due to the Endeavour project

^{4.} comprises visits, website visits, and collections enquiries

4. SUSTAINABILITY REPORT

Commentary on Sustainability Performance

The Museum, its staff, volunteers and visiting public are very much committed to sustainable development and we have been working on a number of initiatives for many years. We will continue striving to maintain this approach and break new ground in the future. The Museum introduced a Sustainability section in its Annual Report in 2007-08 and has continued and expanded on this since.

From 2011-12 all central Government bodies that fall within the scope of the 'Greening Government Commitments' and which produce Annual Reports and Accounts in accordance with HM Treasury's Government Financial Reporting Manual (FReM) are required to produce a sustainability report. This is the fourth report compiled under that guidance. Further details may be found at http://www.hm-Treasury.gov.uk/frem_sustainability.htm

Summary of Performance

The Museum has a working group, the Sustainable Development Group, dedicated to researching, promoting and reporting on a wide range of sustainability issues. The greatest contribution the Museum can make towards sustainability within the environment is in energy efficiency and we have been working in this area to improve performance since 1995. We have also raised public awareness via our exhibitions, displays and programmes which have covered environmental matters.

Sustainability is enshrined within the Museum's Corporate Plan and reported on via an established performance management system. Great strides have been taken over the years in reducing energy, water and finite resource consumption and on the reduction of waste.

The Museum first agreed a sustainable development policy in October 2006. Since that date many sustainable initiatives have come to fruition. An action plan was first set out in 2009-10 in order to gain agreement to common goals throughout the Museum to help implement future actions efficiently and effectively. The Museum took account of DCMS's action plan for sustainability in the development of its own. The Policy was reviewed, updated and linked to the Corporate Plan and other related policies in December 2015. The Museum's next corporate plan 2018-22, currently being worked up, will feature strategies and objectives on sustainability.

The Museum was an active member of the DCMS sponsored Museums and Galleries Energy Consortium (MAGEC) – now defunct - and the sector's Sustainable Exhibitions Group. The Museum achieved Energy Accreditation from the Carbon Trust in 2008 and reaccreditation in 2011. This was a voluntary scheme and has been replaced by a mandatory Energy Savings Opportunity Scheme (ESOS) which the Museum entered into in early 2016.

The Museum joined with local partners, the Old Royal Naval College and the University of Greenwich in a Green Impact Scheme run under the auspices of the National Union of Students and tapping into funding and expertise from the NUS/University resulting in a bronze award achieved in November 2015.

In the new Endeavour galleries due to open in September 2018 we have specified that all fit out materials must be from sustainable sources and that lighting must be LED. As regards base build, the design seeks to reduce energy use as far as reasonably practicable despite introducing conditioning. This is achieved via new roof insulation, new thermal wall linings, window blocking on the second floor galleries and through efficient choices of air handling units, chillers and plant as well as the installation of a controls system to enable better

systems management. Despite these considerable new services, the Museum is linking with current Mechanical and Electrical (M&E) provision and re-using core service routes, ensuring that the new Exploration Wing is integrated with the rest of the Museum's estate as well as being more sustainable financially and practically.

At Kidbrooke, grant funding was awarded to implement a landscaping scheme, improve the biodiversity of the site landscape and to provide car and cycle parking and DDA compliant access to the new Prince Philip Maritime Collections Centre. The scheme comprises soft landscaping which adds interest and colour to the site and provides green screening from the A2 road as well as providing pleasant surroundings for local residents, visitors, volunteers and staff. There is an adjacent newt reserve which is rare in that it is home to all three species of indigenous newt. The Museum maintained a newt run to this habitat and introduced newt mitigation measures required in planning. Special provision of a habitat for the Great Crested Newt, an endangered species in particular, is included in this scheme. Hard landscaping includes a BREEAM 'excellent' rating with a covered cycle park, tarmacked car park and access road providing level access to the loading bay, and paved pathways for visitor access to the new site. The scheme was implemented in autumn 2017 in time for the opening. Also as part of the BREEAM rating we have a water attenuation tank, photovoltaic cells on the roof feeding into the electricity grid, ultraviolet blinds on the windows, an ultra-airtight building, usage of the same furniture as the Museum to achieve an economy of scale and easy replacement as well as identical IT, fire and security systems for the same reason. We reused a lot of conservation and photography equipment and furniture from Feathers Place.

In June 2017 the Museum hosted an event for Chargemaster PLC, the UK's leading provider of electric vehicle charging points. The company kindly installed a charge point at the Museum free of charge as a legacy item.

Redundant projectors from the Wave installation in the Voyagers gallery were successfully recycled in August to fix long-standing problems with interactives at ROG.

A new product and staff offer for all RMG employees and volunteers was introduced in March 2018. The Retail team worked with Ecoffee Cup to produce a branded eco-friendly reusable cup made from natural, sustainable bamboo fibres, meaning there is no plastic aftertaste, and it is also fully biodegradable and dishwasher safe. These help reduce our consumption of single use plastic and especially take-away coffee cups, which are not recyclable. Our on-site caterers are supporting this initiative by offering any tea or coffee at greatly reduced prices to any member of staff that brings along any reusable take-away cup to our cafés.

The Estates & Facilities Department, together with site and events management and the shipkeepers of Cutty Sark replaced the mast lighting this year which is more energy efficient saving up to a fifth compared to the previous installation at a much better quality and which is more easily and cost effectively maintained doing away with the requirement to involve riggers. The new installation went live in April after lengthy preparatory work.

Area		2017-18 Performance	
		Actual	Target
Greenhouse Gas emissions (Scopes 1, 2 and 3 Business Travel excluding international air travel)		3,574 tonnes of CO2 equivalent	<3,000 tonnes of CO2 equivalent
Estate Energy	Consumption	9.4 million kWh	<9.0 million kWh
	Expenditure	£660,000	£667,500

Estate Waste	Consumption	223 tonnes	<280 tonnes
	Expenditure	£43,454	£40,000
Estate Water	Consumption	18,168 m ³	<15,000m ³
	Expenditure	£53,635	£54,500

Note: Scope 3 Business Travel includes domestic flights only. Figures for other forms of travel are unavailable.

Summary of Future Strategy

The previous opening of the Ship Model store in Chatham and the Sammy Ofer Wing in Greenwich greatly increased the Museum's footprint to which was added the clipper ship Cutty Sark. The current Endeavour Project will impact on three of the Museum's outstations, the Royal Observatory and the Park Row and East Wings of the Museum. This again requires a new benchmark to be established and a revitalised approach to the reduction of waste, use of water and finite resources, and with a continued improvement on energy efficiency. This latter is the key area where positive impact is possible and the budget dedicated to this activity will be maintained. We will ensure also that adequate data is collected to improve upon areas of this report and to enable accurate setting of future targets. The Museum will actively seek to reduce travel costs and continue to promote recycling and composting. Overall the Sustainable Development Group will continue, having been refreshed together with the new Staff Forum, to enable staff to contribute ideas and have a voice in future decisions.

Greenhouse Gas (GHG) Emissions

Between 1999 and 2009 the Museum reduced its carbon footprint from 3842 tonnes CO₂ to 3072 tonnes CO₂. Since the opening of the new Sammy Ofer Wing our carbon footprint increased to 3422 tonnes CO₂. In recent years the Museum Estate's carbon footprint decreased, assisted by abnormally mild winters but more recently has increased significantly due to the addition of the Cutty Sark footprint, extensive building works across the site and the new Prince Philip Maritime Collections Centre which will be slightly balanced against the departure from two stores offsite. As these works complete a new benchmark (3574 tonnes CO₂ in 2017-18) will be established and reduction targeted accordingly.

Waste

The Museum's policy as far as possible is to minimise the amount of waste to landfill and to maximise the recycling of waste. In addition we aim to compost as much of our bio-degradable waste as we can. Staff have suggested and therefore greatly co-operated in recycling programmes within offices and catering outlets where bins have been strategically placed. The Museum recycles garden waste via composting 12 tonnes annually and it is estimated that around half of all other waste is recycled. There is construction and general waste which is regularly skipped with targets set for reduction. This has increased during the Endeavour Project temporarily. 2 tonnes of hazardous waste comprising electrical and electronic removal cost £2,400 (20 tonnes at cost of £329,000 in 2016-17, comprising in addition large scale asbestos removal). All strip-out work in these projects is monitored to ensure that the majority can be recycled. All redundant furniture has been recycled.

Use of Resources

The key area where a difference can be made is in energy efficiency where the Museum has accreditation and a self-imposed target to reduce energy consumption by 5% annually. It is worth noting that we have been working towards greater energy efficiency since 1995.

A report on the use and cost of Utilities is compiled annually for consideration by the Estates team, the Executive and Trustees.

The Museum was a member of the Green500 scheme which is now defunct but the action plan arrived at under that scheme remained for the Sustainable Development Group to set future targets. Lighting is energy efficient and in places utilises controlled presence detection ensuring they are on only when needed. Lighting is also daylight linked, dimming and brightening naturally. Use of LED lighting has been introduced and steadily increased site-wide, including the Park Row Wing improvements recently completed. Programmes of energy efficiency are in place including the progressive upgrading of lighting systems. During this year the meridian line laser was replaced to be more efficient and cost effective.

Climate Change Adaption and Mitigation

The Museum is committed to reducing energy usage, waste and the use of finite resources. The use of public transport is encouraged for both visitors and staff, and cycling and facilities including secure racks, showers, lockers and bike loans are available for staff. Use of the car park is managed and discouraged amongst staff. The impact of climate change via increased, more sudden and more severe storms is assessed and managed. The threat from flooding via surface water or overflow from the Thames is similarly assessed and managed. Regular emergency planning exercises take place in this regard which cover initial response, salvage and business continuity requirements.

Biodiversity and Natural Environment

The local natural environment is an important factor in estate management decisions. The varied existence of trees, grass, formal planting and natural flora is managed to preserve the natural biodiversity.

In July 2017 the Museum was awarded the Green Flag accreditation for our well managed estate and green spaces at the first attempt. In September 2017 the Museum together with its contractor Ground Control Ltd received the British Association of Landscape Industries (BALI) award for Grounds Maintenance in the Free Public Access category.

A water borehole replaces the previous one capped during the development of the Sammy Ofer Wing and this uses 'grey' water to flush WCs, etc. 2016-17 saw a reduction in grey water usage due to the building works to 9,423 m³ per annum (down from 11,000 m³ in 2015-16) and usage now is just under 8,000 m³ in 2017-18. Large volumes of rainwater are drained from hard surfaces and stored within an underground tank. Rainwater is then pumped to the surrounding landscaping for irrigation. The new landscape itself has been designed to minimise the use of treated water. The majority is covered in drought tolerant grass and turf which will not require irrigation. The planting on the terrace incorporates drought resistant species reminiscent of those in maritime cliff top locations. The Museum as a matter of policy does not irrigate its lawns allowing nature to take its course and save on water consumption.

There is a newt reserve adjacent to the Museum's Kidbrooke outstation which is rare in that it is home to all three species of indigenous newt. Estates activity is mindful of this habitat when carrying out works nearby. The Museum maintained a newt run to this habitat during development of the site and obtained a licence to commence the major building project after installing the newt mitigation measures required. A bat survey was also undertaken prior to project commencement revealed no bats roosting in the buildings.

Sustainable Procurement including Food

The Museum aims to procure and manage its current assets in the most efficient way possible. The Museum has introduced network printing for example which reduces the number of printers per member of staff and also reduces paper usage whilst improving

information security. The default printing option is double-sided and monochrome again to reduce usage of paper and other resources. All paper used in copying is recycled.

Programmes to improve the procurement of sustainable products in retail and catering operations are well-advanced and enthusiastically embraced by staff. Attention is paid to Fair Trade and to the use of local contractors and suppliers where possible and where European procurement rules permit in order to promote local industry and reduce transport and travel costs. Sub-contractors are aware of these policies and contribute towards them, in some cases taking a lead. The current term contractors for the Museum's Mechanical & Electrical services were in good part selected on their sustainability credentials which it was deemed would greatly assist the Museum in our energy saving endeavours.

Sustainable Construction

The Sammy Ofer Wing which opened in July 2011 was constructed to BREEAM (BRE Environmental Assessment Method) standards where the rating is 'good'. This development has included a number of sustainable features such as the form of inter-seasonal heating and cooling widely used in Holland and growing in usage in the UK, the Aquifer Thermal Energy Storage (ATES) System. This stores heat removed from the building in summer and uses it to heat it in the winter. Conversely cool from the winter is stored and used for cooling in the summer which makes heating and cooling very energy efficient with an aspiration to be energy neutral over time. This involves two boreholes, each 300mm in diameter and 80 metres deep, one being the hot well, the other the cold well. Further work on optimisation of ATES took place last year and completed early this year.

The fact that the Special Exhibitions Gallery is underground reduces fluctuations in temperature which is more energy efficient and the archive spaces which are normally energy intensive have very good insulation and humidity is buffered by the use of clay in the walls reducing the amount of plant required. The central boiler plant is more energy efficient than the previous boilers and heat not just the new wing but the whole main site. The controls are connected to the existing BEMS.

The architects for the Kidbrooke store element of the Endeavour Project were specifically selected in part on their demonstrable sustainable development experience and credentials and an 'excellent' BREEAM rating has been achieved. Contributing towards this rating are an attenuation tank for water, UV blinds on the windows to reduce 90% transmission, 'level 2' airtightness of the building, utilisation of the same furniture, security systems, fire systems and IT organisation wide to achieve an economy of scale and ease of maintenance and transfer, the thermal performance of the building lessens M&E environmental conditioning costs and the re-use of much of the conservation and photography equipment and fixtures. The completion of this building and the removal from the estate of two less energy efficient buildings will have a very positive impact overall in time.

Where possible materials have been recycled, for example surplus York stone from the courtyard before the old restaurant was removed as part of the Sammy Ofer Wing project was re-used in the landscaping of the Meridian and Astronomer's Gardens at the Royal Observatory Greenwich and surplus was provided to a neighbouring institution of similar heritage, the Old Royal Naval College. Similarly, joinery of significant heritage value that became redundant as part of the SOW project was re-used on site in the East Wing Boardroom, or re-used in the Royal Armouries in Leeds and a new museum in Oxford. Any remaining was recycled via specialist heritage joiners.

People

The existence and activities of the Museum touches the lives of many people worldwide of all backgrounds and ages, through visitors to site who enjoy the displays and varied public programmes to a great number of users interacting with the Museum via publications and the website. A large number of local and national suppliers and contractors depend in whole or in part on the Museum for their living.

See section 6 of the Annual Report for more detail on employment policies.

The Sustainable Development Group consults staff widely on its work and canvasses opinion and ideas. Many of the successful sustainable approaches have been suggested and acted upon by the staff and volunteers. The latest ideas include the use of tablets for Trustee and Executive meetings rather than paper, provision of codes for Trustees, staff and volunteers to greatly reduce paper usage for complimentary tickets and official notification of corporate changes by email rather than letter where possible. Vacancy Filler, an electronic recruitment system has been installed in HR, vastly reducing paperwork and consumption.

Environmental Management System (EMS)

The Museum does not have an Environmental policy such as BS 14001, although we do have a Sustainability Policy approved by the Executive and Trustees which covers all the main issues and which is reviewed from time to time.

Sustainability and Governance

The Museum's Corporate Plan includes a milestone 'to explore innovative Green and sustainable initiatives across the Museum'. An action plan was drawn up in 2009-10 and has been reviewed and updated by the Sustainable Development Group, most latterly in November 2015. Progress is reported via the established performance management system, reporting performance against targets monthly and annually as well as quarterly via a balanced scorecard. The results of this process are considered in planning future activity to maintain a useful cycle of business improvement. Separate specific reports are made annually on particular issues, for instance the Annual Utilities Report is compiled by the Museum's Estates & Facilities Management Department for review by the Executive and if appropriate Trustee Boards. The new Corporate Plan 2018-22 currently in draft has a strategy to 'build on our sustainability to ensure it is part of everything that we do'.

Data is collected via information held by the Estates & Facilities Management and Finance & IT Departments principally be they budgetary or records of usage. All data collected is auditable and available for inspection and it is presented with reference to the guidance outlined within paragraph 1 of this section.

5. FUTURE PRIORITIES

Corporate Planning

The 2014 to 2018 Corporate Plan Stimulating Curiosity was approved by the Board of Trustees in September 2014. The Plan was revisited in summer 2016 and revalidated or amended in light of the context at that time and the Trustees' strategic direction.

Stimulating Curiosity was developed to provide a clear and stimulating approach to directing the Museum's work and to provide a memorable, upbeat and powerful way for all to access the purpose of the Plan and the developments planned for the period.

Throughout the four years of 2014–18 the major driver of change and progress at Royal Museums Greenwich has been the very significant Endeavour project. That project is now nearing completion with the four new maritime galleries scheduled to open in September 2018 therefore the 2017-18 year has seen work starting on a new Corporate Plan which will take the Museum's thinking and activity from 2018 to 2022 and beyond.

Entitled Building on our Success the new Corporate Plan will build on the achievements and progress of the "Endeavour period". Trustees have recognised that in the medium term future the financial context is one that is likely to see a decline in the availability of capital support and at best a static revenue Grant-in-Aid which in turn requires the Museum to pursue new income strategies while maintaining free admission to the national collection.

2025 marks the 350th anniversary of the foundation of the Royal Observatory at Greenwich. Trustees are agreed that over the years ahead the main focus and priority will be on this world-famous site.

We are aiming that by 2025 the Royal Observatory will be recognised throughout the world as the foremost authority on time and space while its world-class experience will delight all those who visit and inspire the next generation of astronomers and physical scientists.

Building on our Success will also include the other sites of Royal Museums Greenwich: the National Maritime Museum, Cutty Sark and the Queen's House and many pan-Museum improvements. In particular the 150th anniversary of the construction and launch of Cutty Sark will be a springboard for us to celebrate the life of the ship with new programmes and activities and to think carefully about how its long-term maintenance needs can be met.

Consultation with stakeholders will take place over summer 2018 with the intention of a final detailed discussion and approval by Trustees at the Board's September 2018 meeting. The Plan is destined to be published before the end of 2018 in time to inform the 2019-20 budgeting and divisional planning round.

The Enrichment Project

In the immediate future, however, the 2018-19 year will see the completion of the Enrichment project and its parallel way-finding project. In order to create an improved visit for our public the £1.2m project is going to:

1. apply the visitor-centred ethos of the Endeavour project to the main welcome, orientation and circulation spaces of the National Maritime Museum site;
2. respond to the new visitor circulation routes made possible by the opening of the East Wing with an up-to-date wayfinding scheme;
3. ensure that the design quality of the non-gallery public spaces at the NMM is enhanced to match that of our four new East Wing galleries;

4. re-interpret the large objects in the Streets of 'Neptune Court' to foreground the Museum's master narratives of Leisure and Seaside, Exploration and Adventure, Ceremony and Royalty, Migration, Speed and Competition, Industry, and Trade.

Forthcoming Exhibitions

The major exhibition for 2018–19 is Insight Astronomy Photographer of the Year opening in October 2018 which will be expanded and newly sited to celebrate the popularity of this awesome competition in its 10th anniversary year.

Our major exhibition for 2019–20 marks the fiftieth anniversary of Neil Armstrong's "one small step" – the moment when the Moon ceased to be a distant, unattainable light in the sky and instead became a place, where humans had walked and left their footprints. Half a century on from this historic achievement Royal Museums Greenwich is staging a major exhibition (17 July 2019 to 5 January 2020) that aims to place the Apollo lunar landings into the broader context of humanity's age-old obsession with our closest cosmic neighbour, the Moon. Moonstruck will show how scientific study and exploration have always been intertwined with artistic, religious and political interpretations of the Moon; and take stock of current and future plans to return there.

6. WORKFORCE AND EMPLOYMENT

Employment policies

The Museum strives to be a good employer. Attention is paid to holistic reward approaches. It has a strong record on improving the work environment, job satisfaction and development opportunities and pension arrangements. We successfully introduced pension auto-enrolment on our staging date on 1 November 2013 and completed our re-enrolment exercise three years following implementation on 1 November 2016.

The Museum is also very supportive in times of need, providing generous sick absence benefits, return to work policies and procedures, medical retirement assistance, occupational health referrals and Health and Safety assessments. There is a Staff Welfare Officer, employee assistance programmes (with the addition from last year of online cognitive behavioural therapy) and trained and supportive management and professional HR back up. In addition, schemes to promote health and wellbeing such as yoga, stress relieving massages, life drawing, walking days and other social activities exist. In March 2013 the Museum was accredited with the first stage of the London Healthy Workplace Charter. Long term no smoking policies are in existence. Sheltered placement, work experience, industrial placements, internships and just under 400 volunteering opportunities are promoted throughout the year. There are also charitable and health society benefits plus the provision of employment and job security to 600 people plus, locally, nationally and from overseas. The Museum also undertakes secondments and exchanges both internally and externally.

The Museum values the diversity of its workforce, upholds equal opportunities and has maintained employment policies to ensure that staff or applicants for posts are not discriminated against on the grounds of gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin, religion, belief, disability or age. 14% of the Museum's employees are Black, Asian and Minority Ethnicity (BAME) (13% in 2016-17). The Museum holds the Employment Service's Disability Symbol. In 2017-18, 5% of staff employed by the Museum considered themselves to have a disability (5% in 2016-17).

The percentage of female staff is 57% (58% in 2016-17) and the percentage of female Executive Board members is 33% (33% in 2016-17). The Museum reported its Gender Pay Gap (GPG) by the due deadline. The mean GPG is +2.25% and the median GPG is -0.5%. 83% of staff have declared a religious belief (87% in 2016-17) and 9% of staff are self-declared lesbian, gay, bisexual or transgender (LGBT) (7% in 2016-17).

We believe that we are a leader in our human resources approaches, not least in dispensing with any formal retirement age in 2002. Over a third of employees are aged over 50 and 6% are aged over 65 (5% in 2016-17). At the sector level, the Director of Human Resources chairs the National Museum Directors' Council's (NMDC) HR Forum.

Workforce development is a priority with training and capacity-building a significant part of the reward quadrant (working environment; personal development; job satisfaction; pay and benefits) at the Museum. This was recognised when the Museum achieved the Investor in People standard in November 2001, receiving regular re-accreditation since, the last being in November 2015. Unfortunately, overall budgeting constraints have resulted in the reduction of the training and development budget from 2014-15 to 2017-18. However, it is still maintained at around 1% of the total paybill and thus far all needs identified via appraisal and training needs analyses have been met.

Based on outturns to 31 March 2018, in 2017-18 the average number of days lost per employee through short term sick absence was 5.91 days (5.16 in 2016-17) whilst the average

number of days lost per employee through long term (over 28 days) sick absence was 4.45 days (3.34 in 2016–17). The average number of days lost per employee through total sickness (long and short term combined) was 10.35 days (8.5 in 2016–17).

The Central Arbitration Committee declared the trade unions Prospect and PCS recognised for the purposes of collective bargaining in December 2006 following an application by those unions and a subsequent ballot. The Unions and the Museum reached an agreement for the purposes of collective bargaining in respect of pay, hours and holidays and also have a facilities agreement. Following a period of consultation, in December 2013, the Museum reached a single union agreement with Prospect.

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

In 2017-18 the staff recognition scheme was revamped and a long service recognition scheme was introduced.

Volunteers

The Museum has an active volunteer programme run by 1 FTE employed staff with support from the wider HR team and volunteers themselves. The increase in numbers of volunteers and in volunteer hours has been remarkable since these appointments. Record numbers of volunteers peaked at more than 500 during the year 2013-14 due in large part to an e-volunteer crew list project and decreased thereafter at project's end, these peaks and troughs continuing with each project. During 2017-18 the Museum benefitted from an average number of 329 volunteers (392 at year's end in 2017); in all, volunteers gave 38,530 hours in 2017–18 (41,735 hours in 2016–17) at a value estimated in the region of more than £385,000 (a decrease of £32,000 from 2016–17). The Museum became an accredited centre with AIM this year in order to offer our conservation volunteers the opportunity to complete a Level Three Diploma in Cultural Heritage – Conservation Pathway.

Organisational Communication

The Museum regards effective communication as essential. The objective is to ensure that all staff and volunteers are kept fully informed on all issues that directly affect them. Although everyone in the Museum has a contribution to make it is the particular role of team leaders and line managers to be the main communicators by creating a continuous flow of information through and across the organisation.

Director's Cross-Museum Briefing - the Director and the managers and staff dealing with selected themes speak to the entire staff and volunteers broadly on a monthly basis to provide a brief on specific areas, progress or projects. This approach was refreshed during 2016–17.

Volunteer Event – the Museum holds a special event for volunteers annually to which all are invited. The purpose of this is to express the Museum's sincere thanks for all that the volunteers do and also to brief volunteers on current issues and future plans as well as serve as a networking event.

TMs (temporary memoranda) – cover a wide range of issues and are signed by members of the Executive Board and Senior Management Team. All TMs are published on the Intranet and in paper form for noticeboards.

Intranet – available to all staff it details policies, management meetings and organisational programmes and information of use to staff and volunteers generally.

Team Briefing – the principal method used by the Museum to pass on information to all employees is team briefing. The cycle begins in the first week of every month with the briefing document compiled by the Communications Department having agreed its content with the Executive. Each Director is then tasked with briefing their Managers who in turn pass the information on to their teams. By the end of the next week everyone in the Museum should share the same information. The briefing document also appears on the Intranet. Volunteers and Front of House staff have their own specific newsletter in addition.

Notice Boards – are strategically placed in sites or functional areas. They may only be used for official or authorised communication purposes.

Staff Lunches – are informal meetings for communication in which Directors and senior managers can speak directly with cross-sectional groups of staff over a sandwich lunch. The object of these meetings is to give staff a chance to communicate directly with senior management on a wide range of issues, but on an informal basis. Added to these is New Starters' Coffee when new staff meet monthly with the Executive before one of their meetings.

Staff Engagement Surveys – are conducted from time to time to allow confidential feedback to be provided to the Trustees and Executive via a professional third party. These are considered and recommendations are acted on, usually via cross-sectional working groups of staff or sub groups of the Senior Management Team. The most recent survey was carried out in November 2013 and the results have been considered, promulgated and an action plan agreed and for the most part implemented during 2016–17 with the remainder carrying forward to 2017-18.

Staff Forum – formed as a consequence of the 2015 staff engagement survey this comprises a cross-section of representatives at varying levels drawn from all departments and is designed to facilitate communication Museum-wide. Representatives of the Forum meet regularly with the Executive and Senior Management Team and have presented to Trustees.

Trade Unions – Since December 2013 the Trade Union Prospect has been recognised for the purposes of collective bargaining on pay, hours and holidays. Meetings take place as and when required.

Health and Safety

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

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

The importance of employee involvement in health and safety matters and the importance of the positive role played by safety representatives and the Health and Safety Committee are acknowledged.

All employees are required to co-operate fully in implementing this policy to comply in all respects with the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1999 and the accompanying arrangements contained within the

Museum's Health and Safety Policy. Everyone throughout the organisation is expected to exercise all reasonable care for their own health and safety and that of others who may be affected by their acts or omissions.

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

The Health & Safety function is managed by a NEBOSH-qualified Departmental Head and an experienced NEBOSH-qualified Health & Safety Advisor. The Director of Operations & HR also holds a relevant qualification and chairs the Health & Safety Committee. Specialist members serve on the Committee to represent particular hazards such as radiological protection, laser safety, asbestos and other risks in the Collections together with an employee representative, and representatives for sites and other functions.

The Trade Union (Facility Time Publication Requirements) Regulations 2017
 Regulation 8: Information to be published

Table 1 Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
8	7.37

Table 2 Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	4
1-50%	4
51%-99%	0
100%	0

Table 3 Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

First Column	Figures
Provide the total cost of facility time	£1,230.39
Provide the total pay bill	£14,858,939
Provide the percentage of the total pay bill	0.01%

Table 4 Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours	0% (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100
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7. REMUNERATION AND STAFF REPORT

Introduction

The information in this report relates to the Director (Accounting Officer) and Senior Executives (Directors) of the National Maritime Museum. No remuneration is paid to the Trustees of the Museum.

Function of the Remuneration Committee

The Committee reviews the performance of the Director and the Senior Executives annually against their objectives, receives independent advice on market comparators and other matters and then decides in the case of the Senior Executives the level of pay and performance-related pay they should receive and recommends to the Chairman of Trustees in the case of the Director, Royal Museums Greenwich the appropriate level of pay and performance-related award.

The Committee also considers any matter relating to employees as the Director and Board of Trustees may refer to it.

Membership

The Committee consists of three Trustees who are appointed by the Trustee Board:

Joyce Bridges, CBE
Admiral Sir Mark Stanhope, GCB, OBE, DL
Gerald Russell

Ex officio Officer: Dr Kevin Fewster, AM, FRSA (Director)
Secretary: Anne Read, Chartered MCIPD (Head of HR)
External Advisers: Brian McEvoy and Alan Hurst

The Chairman of the Committee is also appointed by the Trustee Board and the quorum of the Committee is two out of three Trustees.

The Director and the Head of Human Resources attend meetings of the Committee.

No individual is present when their remuneration or performance is being discussed.

Performance Assessment

A key element of the Museum's reward system for the Director and the Senior Executives is that base pay is set below market levels but performance-related pay potential allows for competitive reward based on performance and contribution. The aim of the reward system is to create incentives which identify and reward excellent performance fairly rather than assuming that such performance will be inevitable and so allowing little differentiation between exceptional and adequate performance.

The individual performance agreements of Directors and senior management are in turn linked with the operating plans of the Museum (which reflect the mission, objectives and values of the Museum). They thus reflect objectives and targets relating to both individual and corporate components, and the performance-related pay potential reflects the combination of these different elements. The range of performance-related pay available is from 0%-30% of salary and in the case of the Director, Royal Museums Greenwich 0%-20% of salary.

Annual pay awards approved by the Museum require HM Treasury approval before they can be made, which must be obtained via the Department for Digital, Culture, Media and Sport.

Increasingly, Public Sector Pay policy insists that pay awards should be performance driven, whilst urging pay restraint.

Service Contracts

The Director and Senior Executives have open-ended rolling employment contracts: the notice period is six months for the Director, Royal Museums Greenwich, and three months for other Directors. Other than notice periods, there are no contractual termination payments, compensation for loss of office or any provision of compensation for early retirement except for directors within the Civil Service Pension Scheme. Pension contributions on behalf of the directors, other than in the Civil Service Pension Scheme, are made to defined contribution schemes.

The following information is subject to audit.

Executives' Remuneration

The salary and pension entitlements set out below include gross salary, performance-related pay, benefits in kind and any other allowances to the extent that they are subject to UK taxation. The emoluments were as follows:

Single total figure of remuneration	2017-18 all figures £'000				2016-17 all figures £'000			
	Salary	Performance payment	Pension benefits (to nearest £1k)*	Total	Salary	Performance payment	Pension benefits (to nearest £1k)*	Total
Dr Kevin Fewster, Director & Accounting Officer	130-135	25-30	-	160-165	120-125	20-25	-	145-150
Andy Bodle, Director Operations and Human Resources	75-80	15-20	13	110-115	75-80	15-20	25	120-125
Mike Sarna, Director, Collections and Public Engagement	75-80	15-20	-	95-100	70-75	15-20	-	90-95
Anupam Ganguli, Director, Finance & IT	90-95	20-25	-	115-120	90-95	20-25	-	110-115
Kate Seeckts, Director, Development	75-80	15-20	-	95-100	75-80	15-20	-	95-100
Richard Wilkinson, Director, Enterprises (until 18 October 2016)	-	-	-	-	65-70 (85-90 FTE)	5-10	-	70-75
Eleanor Harris, Director, Visitor Experience and Enterprises	75-80	15-20	-	95-100	15-20 (75-80 FTE)	0-5	-	20-25

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

There were no benefits in kind.

For 2017-18 total payments to Key Management Personnel amounted to £726,028 (£727,480 in 2016-17) including bonuses and other payments.

2017-18 Mid-Point of Band of Highest Paid Director's Total Remuneration (£'000) 162.5 Median Total Remuneration 18 Remuneration Ratio 1:8.9	2016-17 Mid-Point of Band of Highest Paid Director's Total Remuneration (£'000) 147.5 Median Total Remuneration 19 Remuneration Ratio 1:7.9
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Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The mid-point of the band of remuneration of the highest-paid director in the National Maritime Museum in the financial year 2017-18 was £162,500 (2016-17, £147,500). This was 8.9 times (2016-17, 7.9 times) the median remuneration of the workforce, which was £18,360 (2016-17, £18,795).

In 2017-18, nil (2016-17, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £0 to £161,000 (2016-17, £0 to £148,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits

The National Maritime Museum operates two pension schemes; a group personal pension scheme and the Civil Service Pension Scheme full details of which are given in note 7 to the accounts.

All directors are members of the group personal pension scheme other than Andy Bodle who is a member of the Civil Service Pension Scheme.

	Accrued pension at pension age as at 31/3/18	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV funded by employer	Employer contribution to group personal pension
	£'000	£'000	£'000	£'000	£'000	Nearest £1,000
Dr Kevin Fewster	-	-	-	-	-	13
Andy Bodle	35-40 plus lump sum of 115-120	0-2.5 plus a lump sum of 0-2.5	878	812	12	-
Mike Sarna	-	-	-	-	-	8

Anupam Ganguli	-	-	-	-	-	9
Kate Seeckts	-	-	-	-	-	8
Eleanor Harris	-	-	-	-	-	8

Cash Equivalent Transfer Value (CETV)

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 member's 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 pension 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 member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is 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.

Compensation for loss of office

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages for 2017/18	Total number of exit packages for 2016/17
0 - 24,999	1	-	1	9
25,000 - 49,999	-	-	-	-
50,000 - 99,999	-	-	-	-
Total	1	-	1	9
Total resource cost (£)	4,790	-	4,790	57,651

There were nil departures under the terms of the Civil Service Compensation Scheme in 2017-18. 1 member of staff received a statutory redundancy payment which was below £5,000.

Sir Charles Dunstone
Chairman of the Board of Trustees

Kevin Fewster
Director and Accounting Officer
20 June 2018

8. REFERENCE AND ADMINISTRATIVE DETAILS

Patron of the Museum: HRH The Duke of Edinburgh, KG, KT

Chairman of the Board of Trustees: Sir Charles Dunstone, CVO

Director and Accounting Officer: Dr Kevin Fewster, AM

Principal address: National Maritime Museum
Park Row
Greenwich
London SE10 9NF

Website: www.rmg.co.uk

The Board of Trustees of the National Maritime Museum

During 2017–18 the Board of Trustees comprised:

Sir Charles Dunstone, CVO, Chairman

Professor Alison Bashford (to 30 September 2017)

Eleanor Boddington

Joyce Bridges, CBE

Dr Aminul Hoque, MBE

Professor Chris Lintott

Carol Marlow

Jonathan Ofer (to 11 September 2017)

Jeremy Penn

Eric Reynolds

Gerald Russell

Admiral Sir Mark Stanhope, GCB, OBE, DL

Brief biographies of the Trustees are available from www.rmg.co.uk

The Executive

During 2017–18 members of the Executive were:

Dr Kevin Fewster, AM Director and Accounting Officer

Andy Bodle Director, Operations and Human Resources

Anupam Ganguli Director, Finance and IT

Eleanor Harris Director, Visitor Experience and Enterprises

Mike Sarna Director, Collections and Public Engagement

Kate Seeckts Director, Development

A Register of Interests is maintained and is available for inspection by application to the Museum Secretary. The Register of Interests is completed by each Trustee, each Executive and those members of staff who make decisions on significant procurement.

Other relevant organisations:

External Auditors of National Maritime Museum
Comptroller & Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London, SW1W 9SP

External Auditor of National Maritime Museum Enterprises Ltd
haysmacintyre
Chartered Accountants and tax advisors
26 Red Lion Square
London, WC1R 4AG

Internal Auditors
Moore Stephens LLP
150 Aldersgate Street
London, EC1A 4AB

Bankers
Royal Bank of Scotland
62-63 Threadneedle St
London, EC2R 8LA

HSBC
275 Greenwich High Road
Greenwich
London, SE10 8NF

Legal advisers
Farrer & Co
66 Lincoln's Inn Fields
London, WC2A 3LH

Stone King
Boundary House
91 Charterhouse Street
London, EC1M 6HR

CMS Cameron McKenna
Mitre House
160 Aldersgate
London, EC1A 4DD

9. SUPPORTERS OF ROYAL MUSEUMS GREENWICH 2017–18

Government

Arts Council England
The Department for Digital, Culture, Media and Sport
The Heritage Lottery Fund

Major Supporters

The Art Fund
Charles Dunstone Charitable Trust
Michael J Edwards
The Fidelity UK Foundation
The Foyle Foundation
Kristian Gerhard Jebsen Foundation
LIBOR Fund
Lloyd's Register Foundation
Mark Pigott, KBE, KStJ, FRSA
The Sackler Trust
The Wolfson Foundation
and other supporters who wish to remain anonymous

Trusts and Foundations

American Friends of Royal Museums Greenwich
The Aurelius Charitable Trust
Baltic Charitable Fund
British Antarctic Territories
Charles Skey Charitable Trust
The Lois Cumbers Charitable Foundation
DCMS Wolfson Museums and Galleries Improvement Fund
The Edinburgh Trust No2
The Ellis Campbell Foundation
Heritage of London Trust
Inchcape Foundation
Joseph Strong Frazer Trust
John Armitage Charitable Trust
Dr Lee MacCormick Edwards Charitable Foundation
The Maritime Educational Foundation
The Swire Charitable Trust
Transglobe Expedition Trust
United Kingdom Antarctic Heritage Trust
Viridor Credits Environmental Company;;
The Wellcome Trust
The Worshipful Company of Arts Scholars

Donors

Sir David Hardy
Ravi K Mehrotra, CBE
Tim Newling
Ian Ridpath
Mr. and Mrs. Timothy Sanderson
David M. Wells
and donors to the RMG Patrons and Members' Appeal

Bequests

Victor J N Dolling
George Brian Hodson
Keith Donald McBride
Marilyn LR Peterson
John Solway

Sponsors

Boeing United Kingdom Limited
Clyde & Co
HSBC
Insight Investment
MarineGuard Systems Ltd.
Unilever

Corporate Members

The Baltic Exchange; DP World; Howe Robinson Partners; ING Bank UK; Hutchison Westports Ltd; Liberty Speciality Markets; Lloyd's of London; Lloyd's Register Foundation; Meantime Brewing Co Ltd; Novotel Greenwich; Saga.

Corporate Loan Holders

Simpson Spence and Young Ltd

Life Patrons

Michael Brown; Rear Admiral Sir Jeremy de Halpert, KCVO, CB; Gregory Edwards, William Falconer; Charles Hoare Nairne; Anthony Inder Rieden; Alan Marsh; John Martin; Jamie Matheson; Dr Ravi Mehrotra, CBE; Timothy Newling; Jason Pilalas*; Professor Vaughan Pomeroy; John Redman; Clive Richards, OBE, DL; Ian Ridpath; Paddy Rodgers & Harriet Drake; Dick van Meurs; And others that wish to remain anonymous.

*Donations made to the American Friends of Royal Museums Greenwich

Patrons

John Asprey; Sir Franklin and Lady Berman; William Berry; H C Bowen Smith*; Deborah Loeb Brice*; Alexander Bulazel*; Anthony Butler; C. Richard Carlson*; Andrew Crisford; Simon Davidson; James Day; John and Laura Denholm; Klaus Diederichs; Nicholas Edmiston; Robert Elliott; Michael Else; Richard Everitt; Dr Kevin Fewster, AM; Nicholas Fisher; Lieutenant Commander P. Fletcher; David Hartnett; David Heathcoat-Amory; Richard Hunting, CBE; Robert Iliffe; Lord Digby Jones of Birmingham; Commander Peter J. Linstead-Smith, OBE, RN; Bill Loschert; John Manser; Pamela Marsh; David Minkin Charitable Foundation*; Robert Moore II*; John Morrow; Lady Juliet Mountevans; Alan Parker, CBE; Jeremy Penn; Merrick Rayner; Eric Shawyer; James Sherwood*; Chrissy Shipley; Rear-Admiral D. G. Snelson, CB, FNI; Nigel Squibb & Lesley Mansfield; John Tucker; David Ure; Anthony Watson; Andrew Webley; David M. Wells*; Lawson Willard*; And others that wish to remain anonymous.

*Donations made to the American Friends of Royal Museums Greenwich

Honorary Commodores – awarded for outstanding support and commitment to the Museum.
The Honorary Commodores are:

John Anderson, OBE; Sir David Attenborough, OM; Victor Benjamin; C. Richard Carlson; Sir Robert Crawford, CBE; Professor Martin Daunt, FBA; Dr Stephen Deuchar, CBE; William Edgerley; Sir David Hardy; Peter Harrison, CBE; Aud Jebsen; Nigel Macdonald; Zvi Meitar M

Jur; David Moorhouse, CBE; Sammy Ofer, KBE; Mark Pigott, KBE, KStJ, FRSA; Libby Purves, OBE; Dr David Quarmby, CBE; Lord Rees of Ludlow, OM, FRS; Professor NAM Rodger, FBA; Dr Mortimer Sackler, KBE; Dame Theresa Sackler, DBE; Coral Samuel, CBE; Peter Snow, CBE; Dava Sobel; Dr David Starkey, CBE, FSA; Lord Sterling of Plaistow, GCVO, CBE; Sir Arthur Weller, CBE; Lord Wolfson of Marylebone; and Susan T Zetkus.

Donors to the Collection

American Friends of Royal Museums Greenwich; Cambridge University Library; Bridget Crowley; Crest Nicholson Plc; Sheila Gorman; Maiden Rescue Ltd; Clare Parry; Nina Reid

To all of whom the Trustees are very grateful.

10. FINANCIAL REVIEW

Presentation of Accounts

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

The Annual Report and Accounts are presented in accordance with the reporting requirements of the Statement of Recommended Practice (SORP FRS102), Accounting and Reporting by Charities and the Government Financial Reporting Manual.

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

Consolidated Accounts

The consolidated Accounts of the National Maritime Museum comprise the Museum itself and its wholly owned subsidiary National Maritime Museum Enterprises Limited (NMME).

Financial policy

In accordance with Financial Reporting Standard 102 grants and donations receivable are recognised when receipt is probable, values can be measured reliably, and there are no conditions attaching to its receipt that limit its recognition.

In line with Government objectives the Museum seeks to ensure that optimum use is made of all resources during the financial year and, in so far as it is consistent with its objectives, seeks to maximise non-Exchequer resources generated through commercial activities.

Overview of Financial performance for the year

Statement of Financial Activities

Total Income and Endowments decreased from £123m to a more normalised amount of £33.4m. Last year's figures were distorted by the exceptional combination of a donation of heritage assets valued at £73.5m from the Ministry of Defence and fundraising of £20.3m for the acquisition of the Armada portrait and for the Endeavour galleries.

The Museum received £16m in Grant in Aid from the Department for Digital, Culture, Media and Sport (with £215k being ring-fenced for National Historic Ships UK) which represented 48% of total income. Grant in Aid included £500k, part of the additional amount of £1.4m, receivable over 4 years, towards the construction of the four Endeavour galleries. The balance of £17.4m was generated through the Museum's fundraising and commercial activities.

Donations of £5.4m were received in the year with £4.3m donated towards the Endeavour galleries and £430k from the Heritage Lottery Fund for the second phase of the NHS-UK Ship Shape Training Project and the Travellers Tails learning programme associated with the acquisition of the George Stubbs' paintings of the Kangaroo and Dingo in 2016.

The Membership scheme continued to grow, generating £395k, an increase of £53k and it now has over 28,000 members.

The Museum enjoyed great critical success with its temporary exhibition programme which included the conclusion of 'Emma Hamilton: Seduction & Celebrity', 'Franklin: Death in the

Ice' and the opening of 'The Great British Seaside', the latter attracting sponsorship from Wall's.

Total admission income, which also included the Royal Observatory, the Peter Harrison Planetarium and Cutty Sark, was £6.1m, an increase of £377k, with most of the increase being generated from the Cutty Sark and the Royal Observatory due to the success of the Museum's continuing initiative to attract overseas and other tour groups.

Investment income was £100k, down £4k compared to last year due to the reduction in bank interest as fewer funds were held on deposit because retained reserves were used to complete the Museum's new storage and conservation centre, the Prince Philip Maritime Collections Centre which was completed in September.

Expenditure in the year was £30.9m (2016-17: £31.2m). The largest reduction lies in Valuing our Heritage as last year included expenditure for the refurbishment of the Queen's House which was not repeated this year.

Total staff costs were £14.7m, an increase of 1.5% compared to the previous year and represented 47.7% of total expenditure (2016-17: 46.6%). Staff numbers increased by 4.

Trading subsidiary

The Trustees of the National Maritime Museum own 100% of the share capital of National Maritime Museum Enterprises Limited which carries out trading and other commercial activities on behalf of the Museum.

The net trading profit at £1.5m was in line with the prior year. Retail sales increased by £286k due to the increased visitor numbers and shopping opportunities; venue hire did not perform as well as expected due to the challenging corporate market.

At the end of the year the net trading profit was donated to the Museum through the gift aid scheme.

Balance Sheet

Reserves Policy

Annually the Trustees review and approve the level of readily available (ie free) reserves to ensure that it is appropriate to the scale, complexity and risk profile of the Museum. This review takes into account the fact that almost 50% of the Museum's incoming revenue resources are from Grant in Aid. The level of free reserves is set to provide what is considered to be sufficient contingency for a shortfall in income from the Museum's other funding and any cash flow risks (whether due to timing or other factors) on capital projects or other unforeseen liabilities. The annual budget is formally reviewed each quarter and adjustments made to reflect any change in circumstances.

Access to the Museum's historic reserves is subject to Treasury budgetary rules under the 'Museums' Freedoms' implemented in November 2014.

Reserves at 31 March 2018

Although there is no specific target in place for General Reserves the Trustees consider that maintaining the balance at year end of free reserves at £2.5m, unchanged from last year, is adequate. The Trustees are satisfied with the overall level of Reserves in the Museum.

The split of Reserves can be summarised as follows:-

	£m
Fund representing endowments to the Museum, by way of heritage assets, gifts, grants, donations and amounts held in the Caird and No.3 Trust Fund	105.4
Surplus on revaluation of land and buildings representing the difference between cost/valuation and revaluation at 31 st March 2018	67.4
Funds which are restricted by virtue of specific conditions or legal restrictions relating to their application	4.0
Funds representing assets acquired by way of gifts/donations or use of the Museum's core grant in aid	100.6
Restricted or Designated funds for a specific project or purpose in the future	13.4
Restricted or Designated Funds set aside for the future preservation of the Cutty Sark	1.0
Unrestricted (free) reserves over which there are no restrictions or specific future spending intentions	2.5
	294.3

Full details of these funds and their purpose are given in Notes 19-21 of the Accounts.

Investment policy

The Museum holds funds for charitable purposes in the form of:-

- Specific endowments
- Funds representing the accumulated reserves resulting from income from designated and specific purposes and
- Accumulated unrestricted income

The Museum's investment policy is to maintain a balance between capital appreciation and income generation to meet the needs of the Museum whilst taking account of donors' requirements where funds have been donated to the Museum for specific purposes.

The investments are held as units in a variety of funds managed by Rathbone Investment Management Limited.

Investment performance

Investment income at £100k was marginally below last year. The Museum has equity investments of £5m and also holds £4.1m in cash or short term deposit accounts, accumulated from donations and self-generated income. These amounts, plus the significant contribution from Grant in Aid, considerably reduce the Museum's exposure to liquidity or cash flow problems; credit risk is also deemed to be low.

Tangible Fixed Assets

A full revaluation of the Prince Philip Maritime Collections Centre and the East Wing of the main Museum site (where the Endeavour galleries are being developed) was carried out at year end by external valuers, Gerald Eve, Chartered Surveyors. The remaining elements of

the estate were revalued using a desk top valuation method. There was an increase in the net book value of the land and buildings of £23.1m. Note 10a gives full details of the Museum's Tangible Fixed Assets which stand at £187m at year end. The site and buildings have no realisable value.

Heritage Assets

During the year the Museum purchased Heritage Assets worth £14k and received donations of gifts in kind of £145k.

External Audit

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2017-18 which are audited by the National Audit Office on behalf of the Comptroller & Auditor General. Total audit fees for the group were £51k, comprising £39k for the consolidated accounts (incorporating the three Trust Funds) audited by the National Audit Office and £12k for NMME audited by haysmacintyre.

Payment of Creditors

The Museum pays 85% (2016-17: 79%) of its suppliers within 30 days. Suppliers are paid in accordance with their contractual terms unless there is a dispute.

Going Concern

A Comprehensive Spending Review was undertaken at the end of 2015, the outcome of which was more favourable than had been originally indicated with no further reductions to Revenue Grant in Aid implemented for the four year life of the Review but conditional on efficiency savings of 1% per year being achieved.

Capital Grant in Aid has been confirmed for 2018-19 only, with additional funds of £1.4m receivable over four years for Endeavour of which £1m has already been received.

The Executive Board continues to take the appropriate actions to control costs and seek other sources of income to ensure that any potential future reductions in Grant in Aid will not materially affect the financial stability or operations of the Museum. The Trustees, therefore, are of the opinion that it is appropriate for the accounts to be prepared on the going concern basis.

Sir Charles Dunstone
Chairman

Kevin Fewster
Director and Accounting Officer
20 June 2018

11. STATEMENT OF THE RESPONSIBILITIES OF THE BOARD OF TRUSTEES AND THE DIRECTOR AS ACCOUNTING OFFICER

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

In preparing the Museum's accounts the Trustees are required to comply with the requirements of FReM and in particular to:

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

The Accounting Officer of the Department for Digital, Culture, Media and Sport has designated the Director as the Accounting Officer for the Museum. The Director's relevant responsibilities as Accounting Officer including his responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records, and for safeguarding the Museum's assets, are set out in Chapter 3 of Managing Public Money published by HM Treasury.

The Director as Accounting Officer hereby confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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

Sir Charles Dunstone, CVO
Chairman of the Board of Trustees

Kevin Fewster
Director and Accounting Officer
20 June 2018

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

12. GOVERNANCE STATEMENT

This Governance Statement, for which the Accounting Officer takes personal responsibility, and the Board of Trustees, represented by the Chairman of the Audit Committee, take corporate responsibility, manifests how their duties have been carried out in the year.

It is designed to give the reader a clear understanding of the dynamics and control structure of the Museum. It records the stewardship of the organisation and encompasses discussion of both corporate governance and risk management. Supplementing the accounts, it provides a sense of the Museum's resilience to challenges and any residual vulnerability.

1. The Governance Framework

1.1 Statutory and management background

The founding legislation is the National Maritime Museum Act 1934 that established the National Maritime Museum and a Board of Trustees, who are a body corporate by the name of the Trustees of the National Maritime Museum. The 1934 Act was supplemented by the National Maritime Museum Act of 1989 and the Museums and Galleries Act of 1992.

Grant-in-Aid is provided by Parliament to enable the Board of Trustees to carry out the objectives set out in the original and amended Acts. The practices and procedures of the Museum comply with the requirements of the Management Agreement which defines and manages its status as an Arm's Length Body, agreed with the Department for Digital, Culture, Media and Sport in June 2014, updated in February 2017, and HM Treasury's 'Managing Public Money' and the conditions therein in relation to the Grant-in-Aid and public funds.

The approach to governance that the Board of Trustees of the National Maritime Museum follows is intended to ensure that appropriate principles of Corporate Governance are followed effectively. There are a number of interrelated aspects:

The selection, support and motivation of a suitable management team, coupled with the development and implementation of effective strategies to deliver the objectives of the Museum, reflecting appropriate and agreed priorities, is central to effective governance. So is the maintenance of a creative culture of excellence that is subject to on-going constructive challenge by the Board of Trustees. These elements allow a framework of interlocking personal objectives to be set and monitored, using accurate and timely management information, and allow effective internal and external communication.

All this, including the setting of priorities, reflects on-going processes enabling the Board of Trustees to identify and assess the changing risks that the Museum faces (including its reputation for academic excellence and research) and developing appropriate management responses to those risks including maintaining appropriate security and effective systems of internal control.

1.2 Governance Framework

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

The Board of Trustees, the Board of Directors of the trading company National Maritime Museum Enterprises Ltd, and the Director as Accounting Officer are responsible for establishing and maintaining systems of internal control in line with the Corporate governance in central government departments: code of good practice (see also section 10 on page 52 below). They are committed to public service values, which include integrity, openness, accountability, and securing value for money. The Museum continually reviews

and updates the existing systems of internal control that are designed to meet the particular needs of the Museum and the risks to which it is exposed. By their nature, internal control systems can provide reasonable but not absolute assurance of effectiveness.

The Director as Accounting Officer is accountable to Parliament and is personally responsible for safeguarding the public funds for which he has charge, for propriety and regularity in the handling of those public funds and for the day-to-day operations and management of the Museum as set out in Chapter 3 of Managing Public Money by HM Treasury.

1.3 Structure

National Maritime Museum

Under the National Maritime Museum Act 1934, the Board of Trustees is a statutory corporation entitled the Trustees of the National Maritime Museum. As listed in Schedule 3 of the Charities Act 2011, the Trustees of the National Maritime Museum is an exempt charity.

Trading Company

The National Maritime Museum established a wholly owned trading company called National Maritime Museum Enterprises Limited (NMME) on 2 April 1985. The principal activities of the company are that of operating retail, catering, events and other associated activities within the National Maritime Museum.

1.4 The Board of Trustees in 2017–18

As a non-executive board, the Trustees are collectively responsible for the management and control of the Museum. In 2017–18, the Trustees contributed their voluntary service to the public's benefit at six formal Board meetings and many other committee meetings. In addition to these, the Trustees also attended advocacy and other events during the year and made frequent contributions of advice and guidance to the Museum within their areas of specialism.

	Term	From	To	Attendance		
				Board	Audit	Others*
Chairman						
Sir Charles Dunstone	2nd	21.11.2013	20.11.2021	6/6		2/2
Trustees in order of first appointment						
Eleanor Boddington	2nd	08.04.2010	07.04.2018	2/5	3/3	1/2
Professor Chris Lintott	2nd	24.06.2010	23.06.2018	6/6		5/5
Joyce Bridges	2nd	12.09.2013	11.09.2021	6/6	3/3	2/2
Carol Marlow	2nd	12.09.2013	11.09.2020	4/6		6/9
Jonathan Ofer	1st	12.09.2013	11.09.2017	0/1		
Eric Reynolds	2nd	12.09.2013	11.09.2021	6/6		7/7
Gerald Russell	2nd	12.09.2013	11.09.2019	6/6	3/3	2/2
Professor Alison Bashford	1st	01.02.2015	30.09.2017	2/3		1/1
Jeremy Penn	1st	01.02.2015	31.01.2019	6/6		
Admiral Sir Mark Stanhope	1st	01.02.2015	31.01.2019	5/6	3/3	4/5
Dr Aminul Hoque	1st	05.09.2016	04.09.20	5/6		1/1

* see 1.7 below

1.5 Conflicts of interest

In common with other public bodies, the Museum has a policy of arrangements under which potential conflicts of interest can be recognized and managed. The purpose of these arrangements is to avoid any danger of Trustees being influenced, or appearing to be influenced, by their private interests in the exercise of their public duties.

A Register of Interests is maintained and is available for inspection by application to the Museum Secretary. The Register of Interests is completed by each Trustee, each Executive and those members of staff who make decisions on significant procurement.

In addition, a standing item of all Board and committee meetings requires Trustees to declare interests if they or close family members have an interest, pecuniary or otherwise, in any matter being considered. The Board or Committee will then decide whether it is appropriate for the Trustee to participate or withdraw from the meeting. There were no such withdrawals required in 2017–18.

Related party transactions are declared and recorded within the Annual Account in note 25.

1.6 Trustee Appointments and Induction

The Chairman and the Nominations Committee identify the skills and expertise needed to reflect the strategic needs of the Museum. Ministers agree the role specification for the recruitment of new Trustees and are kept informed throughout the process. The appointment process itself is carried out by the Department for Digital, Culture, Media and Sport (DCMS). From 1 January 2017 this is in accordance with the Cabinet Office Governance Code on Public Appointments the regulation of which is carried out by the Commissioner for Public Appointments.

Advertisements are placed in media deemed appropriate for each case but always include the Museum's own website and the Public Appointments website operated by the Cabinet Office.

A selection panel Chaired by a senior DCMS officer with a DCMS appointed Independent Panel Member and the Chairman of Trustees shortlist then interview the shortlisted candidates and recommendations are made to Ministers accordingly.

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

In 2017–18 the Trustees Jonathan Ofer and Professor Alison Bashford stood down.

In 2017–18 Sir Charles Dunstone; Joyce Bridges, Carol Marlow, Eric Reynolds and Gerald Russell were reappointed by the Prime Minister for second terms as Trustees.

The Chairman ensures that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties and responsibilities. All Trustees receive a Trustee Governance Pack which includes the staff handbook and all relevant governance material and receive a day-long induction course on appointment.

Trustees provide the Board with their specific areas of expertise, knowledge and skills but training is always offered and available. In addition, from time to time, the Board receives specific briefings on matters such as Health and Safety and compliance procedures and individual Trustees are encouraged to take up departmental visits and meet with members of the Executive, managers, staff and volunteers.

1.7 In 2017–18 the Board's Committee structure was:

Audit Committee

This Committee, which includes an independent non-Trustee member, gave independent advice and guidance to the Board of Trustees and to the Director as Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of

assurances provided in respect of risk and control in the Museum. The remit of the Committee reflects the standards of HM Treasury's Audit Committee Handbook. The Audit Committee usually meets some two weeks before each Trustee Board so that it can communicate any Board level issues at that point as well as assessing the Museum's strategic risk register before it goes forward to the Board.

In line with best practice, the Audit Committee undertook a self-assessment of its effectiveness by completing a formal questionnaire in February 2016 by the then five members of the Audit Committee. The self-assessment indicated an effective and robust Committee but the Committee will return to the exercise in 2018-19.

Remuneration Committee

This Committee determines and recommends to the Chairman the Executive reward and performance packages and advises the Chairman on his assessment of the Director's remuneration.

Nominations Committee

The Chairman and the Nominations Committee identify the skills and expertise needed to reflect the strategic needs of the Museum then request recruitment campaigns accordingly from the Department for Digital, Culture and Sport.

Collections and Research Committee

The Committee oversees strategies for the stewardship of collections and the development of research at the Museum in the context of its overall strategic objectives. The Trustees Fellowships & Awards Sub-Committee offers guidance and made decisions on selecting candidates for Museum fellowships and selecting candidates for the Caird Medal.

Cutty Sark Advisory Committee

Oversees strategies and provides advice and guidance for: the stewardship of the ship and collections with a particular focus on the conservation, maintenance and upkeep requirements of the ship.

Enterprises Committee

The Committee is specifically tasked with exploring and advising the Executive on ways of increasing amounts of self-engendered income.

1.8 The work of the Trustee Board in 2017-18

In 2017-18 the significant work of the Board and its committees included:

- monitoring the governance and costs of the Endeavour project and ensuring the progress of its various elements including the successful move in Spring 2017 of 36,700 collection objects and 2,400 linear meters of archive materials to the new Prince Philip Maritime Collections Centre
- approving an updated Collections Development Policy and the new Research Strategy which will take us through the years ahead
- acquiring for the national collection the painting Ship of Fools by the contemporary American artist Kehinde Wiley; and the Collection of Emma Hamilton related artefacts
- approving a new staff recognition scheme and recognition for long service
- approved an Executive proposal to implement the London Living Wage - the intention is to achieve this over the next four years subject to affordability and sustainability
- working with the Executive on the next Corporate Plan for the 2018-22 period entitled "Building on our Success" in which preparing the Royal Observatory for its 350th anniversary in 2025 would be prioritized

- reviewing and noting the recommendations of the Strategic review of DCMS-sponsored Museums and the separate Mendoza Review of museums in England
- agreeing the exhibitions and galleries 5 year programme update and the budget and programme for the new Enrichment project (see section 5. Future Priorities)
- agreeing to the disposal of and compensation for a parcel of unneeded land at the Kidbrooke site
- approving, in accordance with the agreed criteria, transfers of items out from the collection
- adopting the annual report from National Historic Ships UK
- the scrutiny and approval of the budget and business plans for 2018–19

The minutes of Trustee Board meetings are available at www.rmg.co.uk/work-services/what-we-do/policies-procedures/foi/how-we-work/trustee-board-minutes. The Board has received no ministerial directions.

2. The Board's performance, including its assessment of its effectiveness

The Board's performance in terms of outputs and outcomes is briefly outlined in section 1.8 above and further documented in Section 3 Activities, Achievements and Performance above of the Annual Report.

At the end of its 2016–17 meeting cycle the Board agreed to review formally its performance at its September 2017 meeting which is two years on from adopting the modified governance arrangements which have been previously reported. The Board reviewed the results of the self-assessment questionnaire at its November 2017 meeting. The Board considered the assessment provided a consistent and collective view that the Board was performing well in its statutory role and its wider Trusteeship of Royal Museums Greenwich – as was being evidenced by the Museum's continuing improvements and resultant reputation.

3. Matters from the Audit Committee reports

The minutes from the Audit Committees are circulated to Trustees prior to the Board's quarterly meetings.

The Chairman of the Audit Committee makes an annual report to the Board on the previous year's Audit Committee business.

With respect to its 2017–18 Audit Committee work, the Committee had no matters of high risk or significance arising from the internal audit reports to bring forward to the Board of Trustees. There were, however, a number of recommendations as a result of the reports substantially all of which have already been implemented and the remainder are in the course of implementation. There were no matters of Health and Safety to bring specifically to the Board in 2017–18 and no seven-day injuries to report. The Board of Trustees sees the prior quarter's Health and Safety incidents in its Board papers.

At each of its meetings, the Audit Committee reviews the strategic risk register to identify how strategic risks are being mitigated by management and what new risks are emerging. This review also determines the work programme for internal audit the results of which are reported in section 5 below (Internal Audit). The Audit Committee also reviews the management's progress in enacting recommendations made in previous internal audit reports. On an annual basis, the Committee's work includes approving the Annual Report and Accounts for the year as delegated by and on behalf of the Board and any matters arising from the audit of those accounts by the National Audit Office and the Museum's wholly owned trading subsidiary which is audited by haysmacintyre. The Audit Committee

also deals with one-off items including emergency planning, anti-fraud matters, and any procurement complexities that may arise.

Whistleblowing

At its meeting in February 2016 the Audit Committee reviewed the Museum's Anti-Fraud/Bribery/Theft Policy and found the effectiveness of the whistleblowing arrangements and procedures therein to be satisfactory. The policy will be reviewed again in February 2019.

Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR)

At its meetings in 2017-18 the Audit Committee and then the Board in April 2018 has been kept abreast of Managements' programme to achieve reasonable assurance that the Museum would be compliant by 25 May 2018.

The Audit Committee

There were no changes to the Committee members in 2017-18.

4. The quality of data used by the Board and why the Board finds it acceptable
Data and information used consists of financial and non-financial performance measures. Financial data is provided by the Financial Information System from which is produced the monthly management accounts and comparisons with budgets. These together with a commentary are provided to the Board on a Quarterly basis. Budgets are reviewed quarterly and reset according to the Museum's priorities. Revised forecasts are undertaken at Q2 and Q3 then agreed by the Board as necessary. The Executive reviews financial performance against these targets each month.

Non-financial performance measures enable the Board to monitor progress against the milestones set in the corporate plan and the targets set in the divisional business plans. Results of progress against the non-financial targets or performance indicators set in the divisional business plans are provided by data collectors across the Museum then collated into monthly performance reports. The bulk of measures are collected electronically from counting systems and a series of returns made at divisional level.

Notes and commentaries of progress against corporate plan milestones are provided by divisional directors and reviewed at three Trustee Board meetings per year.

Visitor feedback- as reported earlier, as well as exit surveys undertaken throughout the year, in 2017-18 a new system was put into place to glean freestyle feedback and other data from public visitors including from Social Media and Trip Advisor. These Visitor Insight reports are reviewed on a monthly basis by the Executive and the Trustee Board on a quarterly basis to work on improvement to the visitor experience wherever feasible.

The Board considers the standard of this data and information in terms of quality, accuracy and timeliness commensurate with its responsibilities in maintaining systems of internal control but when necessary the Board requests additional clarification or additional information. This data and information is reinforced by Internal Audit.

5. Internal Audit

Internal Audit is provided by Moore Stephens who work to the Public Sector Internal Audit Standards in order to give an independent appraisal function for the review of activities within the Museum as a service to Management, the Director as Accounting Officer and the Board via the Audit Committee.

At the beginning of each financial year the internal auditors review with management those activities which are or are likely to be of the highest risk to the Museum achieving its objectives and these form the basis for the internal audit programme which is then presented to the Audit Committee for review and approval.

During 2017–18 the internal audit reporting work encompassed:

1. Cutty Sark – a health check of the operation – estate management, security, business planning and budgeting
2. Endeavour project – preparation for the collections move to the new storage and conservation facilities
3. Endeavour project – exhibition base build and fit-out
4. Digital strategy – which requires careful strategic planning which is properly integrated into broader business planning and provides value for money
5. Budgeting process
6. Estates Management – proactive and reactive management of the estate.
7. A short review of the IR35 process

At Audit Committee meetings the internal auditors present their reports giving their opinion on the adequacy and effectiveness of the system of internal controls, recommendations for improvement and management's responses to those recommendations.

The results of these reviews form the basis of the internal audit annual assurance statement given below and recommendations made by internal audit are followed up at each meeting of the Committee using the management's audit tracker which is itself updated for each meeting.

All recommendations made by the auditors to strengthen internal controls in the 2017–18 year have been implemented or are in the process of being implemented by management.

During the course of the year the internal audit programme is updated as further or new risks emerge and the amendments to the programme agreed with the Audit Committee.

The internal auditors provide an annual statement of assurance to the Accounting Officer and the Trustee Board on the work performed in the year. In respect of the 2017–18 year, the Head of Internal Audit reported that:

There is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved.

6. External Audit

The external audit of the 2017–18 accounts of National Maritime Museum Enterprises Limited was carried out by haysmacintyre.

The consolidated accounts of the Museum are audited by the National Audit Office on behalf of the Comptroller and Auditor General.

Both sets of auditors discuss with Management and the Audit Committee areas of risk when compiling their audit planning documents. Following the audits, recommendations made in respect of internal controls and accounting effectiveness are reviewed with management and action taken.

7. Matters arising in the year

We are able to confirm that there have been no significant internal control problems in the National Maritime Museum for the financial year ended 31 March 2018 and up to the date of this report.

8. The Museum's corporate governance

8.1 Scope of Responsibility

The Accounting Officer (the Director) and the Trustees (represented by the Chairman of the Audit Committee) have joint responsibility for maintaining a sound system of internal control which supports the achievement of the Museum's mission, responsibilities, objectives and policies whilst safeguarding public funds and Museum's assets, for which the Accounting Officer is formally responsible, in accordance with the responsibilities assigned to him under "Managing Public Money" and the Management Agreement between the Museum and the Department for Digital, Culture, Media and Sport.

The Museum is led and managed by the Director and the Executive with the support of the Senior Management Team and is structured to ensure delivery of the targets laid down in the Corporate Plan, Management Agreement, the Divisional Business Plans and the respective performance agreements of divisional directors and managers.

These targets cover outputs relating to the public's access to the collections, the themes the Museum explores and the quality of services it provides. The targets also cover financial performance and the efficiency and effectiveness of its operations. The Executive reviews performance against these targets monthly using the performance management system developed for the purpose. In turn, the Trustee Board receives reports on a quarterly basis for interrogation. The Executive monitors the performance of all major projects, such as the Endeavour project (for which the Executive is the Project Board) on a monthly/quarterly basis, or by exception reporting.

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

The Director and each member of the Executive completed a formal annual Assurance Report, sighted by the Audit Committee, certifying that, during the 2017-18 Financial Year, the systems of internal control used within their areas of responsibility had been sound and had been followed.

8.2 External engagement

In line with the Management Agreement, in September 2017 and in March 2018 the Director of Finance and the Museum Secretary conducted a meeting with senior officers from the Department for Digital, Culture, Media and Sport. Progress on the Endeavour project was briefed in detail and other aspects of the Museum's performance and its strategic risks were discussed.

8.3 Risk Management

The Museum views risk management as an active part of its management processes and operates a comprehensive system of risk identification, assessment, addressing, reviewing and reporting.

Risk Policy

The Museum's Risk Management Policy, updated in November 2016, recognises that the Trustees, together with the Executive Board, have overall responsibility for the management of risk in the Museum but a framework of senior level delegation and responsibility is essential if risk management is to be effective.

Risk Tolerance or risk appetite

The Museum's policy states that the concept of risk appetite is key to achieving effective risk management and has to be understood before considering how risks can be addressed. The Museum's risk tolerance is the amount of risk it is prepared to tolerate in a particular circumstance. Agreement of the risk tolerance is an important element in the organisation's risk management framework, as it provides the yardstick by which the Museum can assess the strength of the present controls against the risk rating applied to a particular risk, to ensure that the residual risk remaining - once these controls have been applied - falls within the risk appetite. When considering threats, risk tolerance defines the level of exposure to risk which the Museum can either justify or tolerate in pursuit of its objectives and then comparing the cost (financial or otherwise) of constraining the risk with the cost of exposure and finding the appropriate balance. When considering opportunities, risk tolerance defines how much the Museum is prepared to put at risk in order to obtain the benefits of the opportunity and then comparing the value (financial or otherwise) of potential benefits against the potential loss. Some risk is unavoidable and may not be within the ability of the Museum to manage to a tolerable level e.g. terrorism, flood. In such cases the Museum puts into place contingency plans.

The Policy includes specific criteria to identify the probability and impact (high, medium and low) of risks and to evaluate the effectiveness of mitigating actions (strong, medium, weak) to arrive at the net risk. A heat map is also generated to graphically show the effect of the mitigations in the alleviation of gross to net risk.

Trustees both at Board meetings and within the Audit Committee, review the strategic risk register both as to content and ability for the Museum to mitigate those risks. In addition, any activities of an unusual nature are considered by Trustees before the Museum is exposed to any significant risk.

Identification and Evaluation

Risk registers are used as a record for all identified risks relating to the achievement of one or more of the Museum's objectives. The Museum has multiple risk registers: a Strategic Risk Register; one for each department; registers for major capital projects and exhibitions and registers for cross-Museum activities such as Health and Safety, security and data management. At Departmental level, risks are monitored by the Senior Management Team which consists of the Heads of Departments.

Risk Ownership

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

Specialist risk managers exist within the Museum dealing with Health and Safety, Security and Data Management.

9. Risk assessment - Current and Future Risks

At a corporate level strategic risks are identified, evaluated, or re-evaluated by the Executive on a quarterly basis. These risks, their management and any current issues are then brought to the Audit Committee for further consideration and then to the Board, again quarterly.

The Board has a risk management strategy which comprises:

- i a quarterly review of the risks that the charity and its subsidiary, NMME, face;
- ii establishment of policies, systems and procedures to mitigate those risks; and
- iii implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

In 2017–18 this work has identified the following principal risks for both the charity and its subsidiary: the profitability of the financial operating model of the Cutty Sark; completion of the Endeavour galleries on time and on-budget; theft, vandalism or loss of the collections; potential impact of Brexit on visitor numbers and staff recruitment and retention; and, catastrophic business disruption as a consequence of fire, cyber-crime or terrorism.

The financial sustainability risk of the Cutty Sark is managed by maximising commercial opportunities, budgeting for and delivering operating surpluses, accurate overhead cost allocations and overall cost control and identifying and delivering efficiencies, appropriate on-going maintenance, and setting up of a "sinking fund" to cover long term maintenance needs of the ship when they fall due.

The risks of the base-build and fit-out phases of the four Endeavour galleries, now nearing completion, were managed through proper project governance and reporting, general stakeholder engagement, and monitoring the resource requirements of the project.

Collections audits and security reviews mitigate the risks of theft and loss of collections. During the year an increased risk to collections as a consequence of moth infestation was identified. Overall numbers for moths in the London and the UK remain high and the risk continues across the sector. The Museum's year-on-year numbers show a slight decline in moths across sites, and monitoring and cleaning regimes are in place.

The risks from fire, cybercrime and terrorism are managed through: clear emergency procedures; constant review and practice of recovery and business continuity plans; a fire safety strategy; first-aid training; and, continued liaison with counter-terrorism police and emergency services.

Restructure of the Museum's front-of-house teams resulted in two days of industrial action and there is a risk of further strike action.

Information risk

In December 2010 the Museum adopted an Information Security Policy which was updated in 2016. This policy sets out the guidelines which all staff must comply with in order for the Museum to meet the requirements set out in the HMG Security Policy Framework of 2008 and other data handling and other legislative requirements, for the secure management of information. It applies to all information used, received or created whilst carrying out the business of the Museum. In 2017-18 the statement of assurance made by all Information Asset Owners was upgraded to encompass their work towards DPA 2018 and GDPR compliance. The Museum is not aware of suffering any lapses of protective security (including personal data incidents) during 2017–18 or previous years and has made no such report to the Information Commissioner's Office.

During the year the Museum has been working towards achieving the Basic level of Cyber Essentials Assurance Accreditation. All the issues arising from the audit carried out by an external company have been actioned, and the self-assessment questionnaire submitted for final assessment to the accreditation body. The Museum achieved accreditation on 11 June 2018.

Additionally, the Museum is now working towards achieving the Cyber Essentials Plus level in 2018-19

10. The Board's assessment of compliance with the Corporate Governance Code
For the reasons given in this Governance Statement, the Board and Accounting Officer are of the opinion that the Museum complies with the Corporate governance in central government departments: code of good practice as appropriate for a public body of the Museum's size, scale and scope of activities.

Gerald Russell
Trustee and Chair of the Audit Committee

Kevin Fewster
Director and Accounting Officer
20 June 2018

13. THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the National Maritime Museum for the year ended 31 March 2018 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated and Charity Statements of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the National Maritime Museum's affairs as at 31 March 2018 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the National Maritime Museum and the group in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Trustees and Accounting Officer

As explained more fully in the Statement of the Responsibilities of the Board of Trustees and the Director as Accounting Officer, the Trustees and the Director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs

(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the National Maritime Museum's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the National Maritime Museum's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Trustees and the Director are responsible for the other information. The other information comprises information included in the Trustees' and Accounting Officer's Annual Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my

responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Secretary of State directions made under the Museums and Galleries Act 1992.
- in the light of the knowledge and understanding of the group and the National Maritime Museum and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustees' and Accounting Officer's Annual Report; and
- the information given in the Trustees' and Accounting Officer's Annual Report which we provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse Date 3 July 2018
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Consolidated Statement of Financial Activities
For the year ended 31 March 2018

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	Total 2018 £'000	Total 2017 £'000
Income and Endowments						
Donations and Legacies						
- Grant in Aid		15,305	715	-	16,020	16,020
- Other		230	5,199	-	5,429	95,753
Total Donations and Legacies	2	15,535	5,914	-	21,449	111,773
Other Trading Activities						
- Trading Income	3	3,942	380	-	4,322	4,149
- Other	4	637	-	-	637	675
Total Other Trading Activities		4,579	380	-	4,959	4,824
Income from Investments	5	93	1	6	100	104
Income from Charitable Activities						
Putting Visitors First and creating inspiring experiences		6,295	-	-	6,295	5,707
Valuing our Heritage, caring for and developing our unique collection		274	-	-	274	279
Extending our Reputation, reach and impact		300	-	-	300	290
Total Income from Charitable Activities	6	6,869	-	-	6,869	6,276
Total Income and Endowments		27,076	6,295	6	33,377	122,977
Expenditure						
Expenditure on Raising Funds						
Costs of Raising Donations and Legacies		1,641	-	-	1,641	1,724
Costs of Other Trading Activities						
- Trading Costs	3	2,234	400	-	2,634	2,477
- Other		6,690	-	-	6,690	6,622
Total Cost of Other Trading Activities	7	8,924	400	-	9,324	9,099
Investment Management Costs		72	-	-	72	74
Expenditure on Charitable Activities						
Putting Visitors First and creating inspiring experiences		2,428	258	-	2,686	2,791
Valuing our Heritage, caring for and developing our unique collection		11,482	3,613	-	15,095	15,792
Extending our Reputation, reach and impact		1,830	214	18	2,062	1,680
Total Expenditure	7	26,377	4,485	18	30,880	31,160
Net Gains/(Losses) on Investments		(10)	(1)	(2)	(13)	779
Net Income/(Expenditure)		689	1,809	(14)	2,484	92,596
Transfers						
Transfers between funds	19,20	(3,465)	3,465	-	-	-
Net Income/(Expenditure) before other Recognised Gains and Losses		(2,776)	5,274	(14)	2,484	92,596
Other Recognised Gains and Losses						
Gains/(Losses) on Revaluation of Fixed Assets		-	10,577	-	10,577	4,031
Total Net Movement in Funds	9	(2,776)	15,851	(14)	13,061	96,627
Reconciliation of Funds						
Funds balance brought forward at 1 April 2017		19,204	261,364	694	281,262	184,635
Funds balance at 31 March 2018		16,428	277,215	680	294,323	281,262

All recognised gains and losses have been included in the accounts.

All operations of the Museum 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.

The notes on pages 60 to 75 form part of these accounts.

**Charity Statement of Financial Activities
For the year ended 31 March 2018**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	Total 2018 £'000	Total 2017 £'000
Income and Endowments						
Donations and Legacies						
- Grant in Aid		15,305	715	-	16,020	16,020
- Other		230	5,199	-	5,429	95,753
- Gift Aid donation from NMME		1,538	-	-	1,538	1,526
- Recharges NMME		154	-	-	154	149
Total Donations and Legacies		17,227	5,914	-	23,141	113,448
Other Trading Activities						
- Trading Income		-	-	-	-	-
- Other		698	-	-	698	715
Total Other Trading Activities		698	-	-	698	715
Income from Investments		89	1	6	96	100
Income from Charitable Activities						
Putting Visitors First and creating inspiring experiences		6,295	-	-	6,295	5,707
Valuing our Heritage, caring for and developing our unique collection		274	-	-	274	279
Extending our Reputation, reach and impact		300	-	-	300	290
Total Income from Charitable Activities	6	6,869	-	-	6,869	6,276
Total Income and Endowments		24,883	5,915	6	30,804	120,539
Expenditure						
Expenditure on Raising Funds						
Costs of Raising Donations and Legacies		1,641	-	-	1,641	1,724
Costs of Other Trading Activities		-	-	-	-	-
- Trading Costs		-	-	-	-	-
- Other		6,751	-	-	6,751	6,660
Total Cost of Other Trading Activities		6,751	-	-	6,751	6,660
Investment Management Costs		72	-	-	72	74
Expenditure on Charitable Activities						
Putting Visitors First and creating inspiring experiences		2,428	258	-	2,686	2,791
Valuing our Heritage, caring for and developing our unique collection		11,482	3,613	-	15,095	15,792
Extending our Reputation, reach and impact		1,830	214	18	2,062	1,680
Total Expenditure		24,204	4,085	18	28,307	28,721
Net Gains/(Losses) on Investments		(10)	(1)	(2)	(13)	779
Net Income/(Expenditure)		669	1,829	(14)	2,484	92,597
Transfers						
Transfers between funds	19,20	(3,465)	3,465	-	-	-
Net Income/(Expenditure) before other Recognised Gains and Losses		(2,796)	5,294	(14)	2,484	92,597
Other Recognised Gains and Losses						
Gains/(Losses) on Revaluation of Fixed Assets		-	10,577	-	10,577	4,031
Total Net Movement in Funds	9	(2,796)	15,871	(14)	13,061	96,628
Reconciliation of Funds						
Funds balance brought forward at 1 April 2017		19,145	261,364	694	281,203	184,575
Funds balance at 31 March 2018		16,349	277,235	680	294,264	281,203

The notes on pages 60 to 75 form part of these accounts.

Balance Sheets as at 31 March 2018

	Note	Group		Charity	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed Assets					
Tangible Fixed Assets	10.a	186,666	170,720	186,666	170,720
Intangible Fixed Assets	10.b	341	439	341	439
Heritage Assets	12	100,644	100,485	100,644	100,485
Investments	13	5,048	5,523	5,548	6,023
		<u>292,699</u>	<u>277,167</u>	<u>293,199</u>	<u>277,667</u>
Current assets					
Stock	15	396	397	82	85
Debtors: Amounts falling due within one year	16	5,139	8,961	6,370	10,181
Short-Term Deposit	24	512	1,188	512	1,188
Cash at bank and in hand	24	3,635	2,241	1,759	382
		<u>9,682</u>	<u>12,787</u>	<u>8,723</u>	<u>11,836</u>
Current liabilities					
Creditors: Amounts falling due within one year	17	(3,158)	(4,715)	(2,758)	(4,323)
Net current assets		<u>6,524</u>	<u>8,072</u>	<u>5,965</u>	<u>7,513</u>
Debtors: Amounts falling due after one year	16	712	1,879	712	1,879
Creditors: Amounts falling due after one year	17	(5,612)	(5,856)	(5,612)	(5,856)
Net Assets		<u>294,323</u>	<u>281,262</u>	<u>294,264</u>	<u>281,203</u>
Income Funds					
Restricted funds:					
Fair Value Reserve	19	58	54	58	54
Revaluation Reserve		67,731	57,154	67,731	57,154
Other Restricted Funds		209,426	204,156	209,426	204,156
Total Restricted Funds		<u>277,215</u>	<u>261,364</u>	<u>277,215</u>	<u>261,364</u>
Unrestricted funds:					
Fair Value Reserve	20	2,036	2,061	2,036	2,061
Designated Funds		11,891	14,682	11,832	14,623
General Funds		2,501	2,461	2,501	2,461
Total Unrestricted Funds		<u>16,428</u>	<u>19,204</u>	<u>16,369</u>	<u>19,145</u>
Capital Funds					
Fair Value Reserve	21	190	182	190	182
Endowment Funds		490	512	490	512
Total Endowment Funds		<u>680</u>	<u>694</u>	<u>680</u>	<u>694</u>
Total Funds		<u>294,323</u>	<u>281,262</u>	<u>294,264</u>	<u>281,203</u>

Sir Charles Dunstone, Chairman of the Trustees 20 June 2018

Dr Kevin Fewster, Director and Accounting Officer 20 June 2018

The notes on pages 60 to 75 form part of these accounts.

**Consolidated Cash Flow Statement
For the year ended 31 March 2018**

Statement of Cash Flows	Note	2018 £'000	2017 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	23	<u>10,877</u>	<u>13,392</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments	5	100	104
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment			
Total Asset Additions	10	(10,373)	(13,659)
Total Purchased Heritage Assets	12	(14)	(9,530)
Proceeds from sale of investments	13	1,441	1,040
Purchase of investments	13	(979)	(759)
Management of Liquid Resources			
Increase/(Decrease) in short term deposits	24	676	1,973
Increase/ (Decrease) in cash		<u>1,728</u>	<u>(7,439)</u>
Cash flows from financing activities:			
Repayments of borrowing	17	(336)	-
Cash inflows from new borrowing		-	5,199
Net cash provided by (used in) financing activities		<u>(336)</u>	<u>5,199</u>
Reconciliation of increase in cash to movement in net funds			
(Decrease)/Increase in cash in the period	23	1,394	(2,240)
(Decrease)/Increase in liquid resources in the period	23	<u>(676)</u>	<u>(1,973)</u>
Change in cash and cash equivalents in the reporting period		718	(4,213)
Cash and cash equivalents at the beginning of the reporting period	23	3,429	7,642
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the reporting period	24	<u>4,147</u>	<u>3,429</u>

The notes on pages 60 to 75 form part of these accounts.

Notes to the Consolidated Accounts For the year ended 31 March 2018

1 Accounting Policies

The accounts comply with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102), applicable accounting standards, the requirements of the HM Treasury's Financial Reporting Manual, Charities Act 2011 and in the case of the subsidiary the Companies Act 2006, and Accounts Direction issued by the Department for Digital, Culture, Media and Sport (DCMS). The charity is a public benefit entity. The particular accounting policies adopted by the Museum are described below.

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the required valuation methods for financial instruments. The Museum (Group) accounts includes the three Trusts (The Caird Fund, The Development Fund and The No. 3 Trust Fund) and the trading subsidiary, National Maritime Museum Enterprises Limited (NMME). All figures shown as Charity are comprised of the Group results excluding NMME. The accounts are consolidated on a line-by-line basis.

(b) Income

Income is classified under the headings of Donations and Legacies and Income from Charitable Activities. Grant-in-aid from the DCMS is recognised in the Statement of Financial Activities in the year that it is received. Lottery, Grant, Donations and legacies are recognised in the SOFA when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Grants and other income that are awarded subject to specific performance conditions and non capital income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met. Commercial and trading income including sponsorship is recognised upon performance of services rendered in accordance with the contractual terms. Admissions and Membership income is recognised as the Museum becomes entitled to the income. All other income is recognised where there is probability of receipt and the amount is quantifiable.

(c) Expenditure

All expenditure has been accounted for on an accruals basis.

Expenditure is matched to the income classifications under the headings of Expenditure on Raising Funds and Expenditure on Charitable Activities rather than the type of expense in order to provide more useful information to users of the accounts.

Expenditure on Raising Funds and Expenditure on Charitable Activities comprise direct expenditure including direct staff costs attributable to the

Where costs are unable to be directly attributed they are allocated to activities on a basis consistent with use of the resources in accordance with SORP FRS102. The use of resources for costs not directly attributable to an activity are allocated in accordance with resource use (based on activity income and direct expenditure divided by total income and direct expenditure).

Costs for the Directorate, Finance Department, Human Resources Department and the IT department which are not directly attributable are allocated across Expenditure on Raising Funds and Expenditure on Charitable Activities calculated as a percentage of the total income and expenditure.

This allocation includes an apportionment for the following expenditure:

- Salaries - including Pensions and Social Security
- Staff Recruitment
- Staff Training and Development
- Professional Consultancy Fees
- Professional Legal Fees

(d) Collection acquisitions (Heritage Assets)

In accordance with HM Treasury's Financial Reporting Manual, additions to the collections (that is, heritage assets), acquired since 1 April 2001 are capitalised and recognised in the balance sheet at the cost or value of the acquisition, where such cost or value is reasonably obtainable and reliable. Objects that are donated to the Museum are valued by curators based on their knowledge and market value where available. Heritage assets are not depreciated or revalued as a matter of routine as depreciation is not required on heritage assets which have indefinite lives.

In respect of the collections that existed at 31 March 2001, reliable information on cost or valuation is not available and cannot be obtained at a cost commensurate with the benefits to the users of the financial statements. Therefore such assets are not recognised in the balance sheet.

An overview of the collection is given in Note 12.

(e) Tangible fixed assets

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

All fixed assets are reported at cost less accumulated depreciation, except in the following instance:

Land and buildings are professionally fully valued every five years; a full valuation was undertaken as at 31 March 2017. In the years between full valuations of land and buildings a review based revaluation is undertaken. The next full valuation is due to be undertaken for the year ended 31 March 2022.

No revaluation is undertaken for other tangible fixed assets as it is considered that depreciated cost value is appropriate.

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

Fixed assets are depreciated from the date of acquisition to the date of disposal.

Indicative asset lives are as follows:

Buildings - Structure	50 years or 100 years
Buildings - Plant & Machinery	20 years
Buildings - Fit out	20 years
Fixtures and fittings	2 years, 4 years or 10 years
Plant & Equipment	4 years
Computers	4 years
Vehicles	4 years

Impairment of fixed assets

An assessment of whether there is objective evidence of impairment is carried out for all fixed assets at the balance sheet date. A fixed asset is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future recoverable value of the asset that can be reliably estimated. Where there is objective evidence that an impairment loss exists, impairment provisions are made to reduce the carrying value to the present estimated recoverable value.

(f) Financial instruments

Financial assets

The Museum only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of DCMS loans which are subsequently measured at amortised cost using the effective interest method.

The Museum classifies its financial assets in the following categories: receivables and available-for-sale. The classification depends on the purpose for which the financial asset was acquired.

i. Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Museum has no intention of trading these receivables. Receivables consist of trade and other debtors and are recorded at their carrying values, in recognition that these assets fall due within 1 year.

ii. Available for sale financial assets

Available for sale ("AFS") financial assets are mainly investments that the Museum does not plan to hold until maturity.

Investments that are treated as AFS financial assets are stated at fair value (market value). Given that these investments are small in relation to the Museum's overall reserves, it is the Museum's policy to keep valuations up to date. As a result, the Statement of Financial Activities only includes those unrealised gains or losses arising from the revaluation of the portfolio throughout the year. Disclosure is made in Note 13 of the difference between historical cost and the sale proceeds of the investments sold during the year.

Investments that are intended to produce a return, but are available to be spent within a 12 month period are treated as Current Asset investments. All other investments, which are intended to produce a long term return, and are not intended to be spent within the next 12 months, are treated as Fixed Asset investments.

Impairment of financial assets

An assessment of whether there is objective evidence of impairment is carried out for all financial assets or groups of financial assets at the balance sheet date. A financial asset, or group of financial assets, is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

Where there is objective evidence that an impairment loss exists on receivables carried at amortised cost, impairment provisions are made to reduce the carrying value to the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The charge to the Statement of Financial Activities represents the movement in the level of provisions, together with any amounts written off, net of recoveries in the year.

Financial liabilities

Trade, other creditors and accruals are recorded at their carrying value, in recognition that these liabilities fall due within 1 year. The museum has no exposure to interest rate risk on its financial liabilities as the interest rate on the DCMS loan is fixed for the entire repayment period.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

(g) Stock

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

(h) Pension Schemes

Pensions costs are accounted for as they are incurred. The Museum operates a defined contribution pension scheme and the assets of the scheme are held separately from those of the company in an independently administered fund with Scottish Widows plc. Some past and present employees of the Museum are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described at note 7a. The Museum 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 Museum recognises the contributions payable for the year.

(i) Early retirement costs

Principal Civil Service Pension Scheme (PCSPS)

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

Group Personal Pension Scheme

There are no early retirement benefit costs incurred by the Museum under the Group Personal Pension Scheme.

(j) Foreign currencies

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

(k) Fund accounting

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

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

(l) Leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities of the period in which the cost is incurred. The Museum holds no finance leases.

(m) Taxation

The Museum is a Non Departmental Public Body Exempt Charity and under Section 505 ICTA 1988 is exempt from income taxation on charitable activities.

2 Donations and Legacies

£16,020,000 (£16,020,000 - 2017) of Grant-in-Aid has been received from the Department for Digital, Culture, Media and Sport during the year.

		Unrestricted	Restricted	Endow-	Total	Total
		Funds	Funds	ment	2018	2017
		£'000	£'000	Funds	£'000	£'000
Operating Expenditure		13,580	-	-	13,580	13,580
Capital Grant		1,725	500	-	2,225	2,225
National Historic Ships UK		-	215	-	215	215
Total Grant in Aid	Note 25	15,305	715	-	16,020	16,020
Donations		230	939	-	1,169	690
Donations - Capital Projects		-	3,671	-	3,671	9,262
Donated Objects	Note 12	-	145	-	145	73,529
Heritage Lottery Fund	Note 25	-	444	-	444	1,148
Heritage Lottery Fund - Capital Projects	Note 25	-	-	-	-	11,124
Total Donations and Legacies		15,535	5,914	-	21,449	111,773

Donated objects are artefacts given to the Museum with a value of £145,275 (£73,529,329 - 2017). Objects are valued by curators based on their expert knowledge and market value, i.e. previous auction results for comparable items.

During the year the Museum received donations for Capital Projects with a value of £3,670,578 (£20,386,000 - 2017).

This note discloses the totality of the donated resources receivable by the museum during the year and their disposition. The museum provides enhanced disclosure in the Statement of Financial Activities beyond the requirements of the SORP in order to allow readers of the accounts to distinguish between the ongoing revenue income and costs of operating the museum, and the impact of donations in support of capital expenditure and collection acquisitions. The value of such donations is often material, and can vary significantly from year to year. Donations and grants in support of capital expenditure and collections acquisitions are recognised in the SOFA when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. But the associated capital expenditure is depreciated over the expected useful life of the asset, and heritage assets are not depreciated at all. The mismatch between the treatment of funding and expenditure gives the misleading appearance of an increase in funds during the year, and of a consequent reserve carried forward to the future, when in reality the funding has already been used, often to acquire an inalienable asset. Aggregation of capital and revenue funding therefore disguises the funding of running costs, limiting any assessment of future financial performance.

3 Results of Trading Subsidiary

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

Profit and Loss Account

	2018	2017
	£'000	£'000
Trading income	2,668	2,383
Cost of sales	(1,163)	(1,007)
Gross profit	1,505	1,376
Income from other commercial activities	1,654	1,766
Administrative expenses	(1,625)	(1,619)
Operating profit	1,534	1,523
Interest receivable and similar income	4	3
Profit on ordinary activities before taxation	1,538	1,526
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	1,538	1,526

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

Administrative expenses include charges of £154,075 (£148,650 - 2017) from the Museum.

Profits on ordinary activities after taxation of £1,538,257 (£1,525,786 - 2017) will be distributed as Gift Aid to the Charity.

Balance Sheet

	2018	2017
	£'000	£'000
Current assets	2,504	2,477
Current liabilities	(1,945)	(1,918)
Total current assets less current liabilities	559	559

Capital and Reserves

	2018	2017
	£'000	£'000
Called-up equity share capital	500	500
Profit and loss account	59	59
	<u>559</u>	<u>559</u>

Reconciliation of results of trading subsidiary to the consolidated Statement of Financial Activities

	2018	2017
	£'000	£'000
Trading income	2,668	2,383
Income from other commercial activities	1,654	1,766
Trading income per SOFA	<u>4,322</u>	<u>4,149</u>
Administrative expenses & cost of sales	2,788	2,626
Intercompany transactions	(154)	(149)
Trading costs per SOFA	<u>2,634</u>	<u>2,477</u>
Investment income	4	3
Intercompany transactions	-	-
Investment income included within SOFA	<u>4</u>	<u>3</u>

4 Activities for Generating Funds - Other

Income from Other Trading Activities - Other is made up as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	2018 £'000	2017 £'000
Conferences & Event Attendance	32	-	-	32	30
Events Theatre Hire	-	-	-	-	59
Membership	395	-	-	395	342
Publications	53	-	-	53	53
Miscellaneous Other	157	-	-	157	191
	<u>637</u>	<u>-</u>	<u>-</u>	<u>637</u>	<u>675</u>

Admissions Income has been reclassified to note 6, Income from Charitable Activities through implementation of SORP FRS102 and alignment to our corporate aims. Theatre hire is now classified as admissions income as the Museum manages the box office for theatre events

5 Investment Income

Investment income is made up as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	2018 £'000	2017 £'000
Dividends receivable	87	1	6	94	80
Interest receivable - Bank interest	6	-	-	6	16
Interest receivable - Fixed Term Deposits	-	-	-	-	8
	<u>93</u>	<u>1</u>	<u>6</u>	<u>100</u>	<u>104</u>

Investment income received by the Museum's three Trust accounts is allocated to the funds proportionately based on the prior year's closing fund balances.

All investment income received by the Museum and its trading subsidiary, National Maritime Museum Enterprises Limited, is treated as unrestricted.

6 Income from Charitable Activities

Income from Charitable Activities include the following:

	Value Our Heritage £'000	Put Visitors First £'000	Extend Our Reputa- tion £'000	Total Funds 2018 £'000	2017 £'000
Admissions	-	6,084	-	6,084	5,707
Licensing	197	-	-	197	205
Education and Pubic Programmes	-	-	288	288	160
Recharges	46	-	-	46	42
Reproductions, Plans & Print Sales	11	-	-	11	28
Research	6	-	-	6	4
Touring Income	-	-	12	12	130
Other	14	211	-	225	-
	<u>274</u>	<u>6,295</u>	<u>300</u>	<u>6,869</u>	<u>6,276</u>

Income received from Car Parking, Filming & Photography is shown in Note 4 Activities for Generating Funds: Miscellaneous Other.

7 Analysis of Total Expenditure

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

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

	2018	2017
	%	%
Costs of Raising Donations and Legacies	36	36
Costs of Other Trading Activities	14	13
Investment Management Costs	1	1
Putting Visitors First and creating inspiring experiences	15	14
Valuing our Heritage, caring for and developing our unique collection	30	33
Extending our Reputation, reach and impact	4	3

	Direct Activities £'000	Support Cost Allocation					Total 2018 £'000	Total 2017 £'000
		Director- ate £'000	Govern- ance £'000	Finance £'000	HR £'000	IT £'000		
Expenditure on Raising Funds								
Costs of Raising Donations and Legacies	258	396	22	287	333	345	1,641	
Costs of Other Trading Activities	8,787	154	9	111	129	134	9,324	
Investment Management Costs	34	11	1	8	9	9	72	
Expenditure on Charitable Activities								
Putting Visitors First	2,103	167	10	121	140	145	2,686	
Valuing our Heritage	13,956	326	19	236	274	284	15,095	
Extending our Reputation	1,899	47	2	34	39	41	2,062	
Total Resources Expended	27,037	1,101	63	797	924	958	30,880	

(a) Staff Costs	Staff on Capital Projects		2018 £'000	2017 £'000
	Staff	Projects		
Wages and salaries - Permanent Staff	12,320	187	12,507	12,126
Wages and salaries - Agency and Temporary Staff	221	-	221	158
Social security costs	1,088	18	1,106	1,073
Pension costs	1,107	17	1,124	1,108
Early retirement and termination costs	5	-	5	58
	14,741	222	14,963	14,523

For 2017-18 total payments to Key Management Personnel amounted to £726,028 (£727,480 in 2016-17) including bonuses and other payments. No Consultancy Staff were used during the year, therefore no tax assurances were required.

Volunteers gave the Museum 38,530 hours in 2017-18. The generally accepted practice is that voluntary effort equates to around £10 per hour given, which on this basis equates to a valued contribution equivalent to £385,300

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

	Staff	Temporary Contract & Agency	Staff on Capital Projects	Total 2018	Total 2017
Expenditure on Raising Funds					
Costs of Raising Donations and Legacies	11	-	-	11	10
Costs of Other Trading Activities	212	1	-	213	198
Expenditure on Charitable Activities					
Putting Visitors First and creating inspiring experiences	32	3	-	35	25
Valuing our Heritage, caring for and developing our unique collection	160	3	8	171	187
Extending our Reputation, reach and impact	26	8	-	34	36
Administration/Support Costs	36	5	-	41	44
	477	20	8	505	500

The number of senior employees, including the Director, whose emoluments for the year (including taxable benefits in kind) amounted to £60,000 or over in the year was as follows:

	2018	2017
£60,000 - £70,000	5	6
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	3	3
£100,001 - £110,000	-	-
£110,001 - £120,000	2	1
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£150,001 - £160,000	-	-
£160,001 - £170,000	1	-
	<u>12</u>	<u>12</u>

Of the twelve employees with earnings over £60,000 per annum there is one for whom benefits are accruing under the defined benefits scheme (PCSPS), with the remainder accruing benefits under the defined contribution scheme. The total employer's contribution for this individual to the PCSPS was £19,418 (£18,945 - 2016-17). Contributions to the NMM Group Personal Pension Plan were £119,291 (£112,422 - 2016-17).

The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme. The National Maritime Museum is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

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

For 2017-18, employer's contributions of £78,048 were payable to the PCSPS (£76,637 - 2017) at one of four rates in the range 20.0% to 24.5% per cent of pensionable pay, based on salary bands. The Scheme 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 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Group Personal Pension Scheme

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

Employers' contributions of £1,045,819 were paid in 2017-18 (£1,031,228 - 2017) into the Group Personal Pension scheme. This is a defined contribution scheme.

Other Personal Pension Scheme

Nil contributions were paid to other private pension schemes on behalf of individuals.

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

Additional information on staff costs is provided in the Remuneration Report on page 28.

b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2017). Expenses reimbursed (for travel and subsistence) to four Trustees amounted to £3,085 (£3,485 - five Trustees 2017).

8 Governance

Governance costs represent part of the meeting of the Strengthen our Organisation objective and include	Group	Charity	Group	Charity
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
External Audit	51	39	49	39
Internal Audit	24	24	20	20
	<u>75</u>	<u>63</u>	<u>69</u>	<u>59</u>

The Charity external audit fee of £39,000 (£39,000 - 2017) does not include any fees for non-audit work.

External and internal audit fees for the audit of the Museum and Trusts are included in Governance. External audit fees for the audit of NMME of £11,710 have been included within Activities for Generating Funds - Trading Costs.

9 Total Net Movement in Funds

	2018 £'000	2017 £'000
Net movement in funds	13,061	96,627
Net movement in funds includes the following charges:		
Auditors' remuneration - for Museum and Trusts	39	39
Auditors' remuneration - for NMME (within Activities for Generating Funds - Trading Costs)	12	10
Lease rental payments on land and buildings	293	394
Lease rental payment - other	10	8
Loss/(Gain) on Disposal of Assets	14	172
Depreciation	5,086	5,258

10.a Tangible Fixed Assets

	Freehold Land and Fixtures & Buildings		Plant & Equipment	Computer & Network Equipment	Motor Vehicles	Assets under Construc- tion	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:							
At 1 April 2017 (as previously stated)	152,831	22,645	5,750	3,309	158	11,179	195,872
Transfer between categories	-	(250)	251	-	-	(1)	-
Balance at 1 April 2017 (restated)	152,831	22,395	6,001	3,309	158	11,178	195,872
Additions	5,568	1,223	343	99	-	3,041	10,274
Disposals	-	(283)	(49)	(5)	-	-	(337)
Transfers Between Asset Class	10,201	79	11	-	-	(10,291)	-
Revaluation gain/impairment	7,305	-	-	-	-	-	7,305
At 31 March 2018	175,905	23,414	6,306	3,403	158	3,928	213,114
Accumulated depreciation:							
At 1 April 2017 (as previously stated)	-	16,496	5,359	3,192	105	-	25,152
Transfer between categories	-	7	(5)	(2)	-	-	-
Balance at 1 April 2017 (restated)	-	16,503	5,354	3,190	105	-	25,152
Depreciation Charge for the year	3,272	1,207	330	72	23	0	4,904
Disposals	-	(283)	(49)	(4)	-	-	(336)
Revaluation gain	(3,272)	-	-	-	-	-	(3,272)
At 31 March 2018	-	17,427	5,635	3,258	128	-	26,448
Net Book Value at 31 March 2018	175,905	5,987	671	145	30	3,928	186,666
Net Book Value at 31 March 2017	152,831	6,149	391	117	53	11,179	170,720

During the year some Fixtures & Fittings were reclassified as Equipment, this has no effect on the Museum's net assets or on the net movement in funds.

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

The Land and Buildings have been professionally valued at 31 March 2018 by external valuers, Gerald Eve LLP, Chartered Surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors and FRS102 - The Financial Reporting Standards for Tangible Fixed Assets. There was a full valuation of the Prince Philip Maritime Collections Centre (PPMCC) at Kidbrooke and the Endeavour Galleries Basebuild which were both completed in year, for all other buildings this was a review based interim valuation. The next full valuation is due to take place for the year ending 31 March 2022.

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

All depreciable fixed assets are depreciated from the date of acquisition to the date of disposal or to the end of their useful economic life.

Legal and Statutory Constraints

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

Revaluation

A review based valuation was carried out on the following assets for 2017-18, with the exception of the PPMCC and the Endeavour Galleries basebuild (part of the main site) which had a full revaluation:

	Cost £'000	Revaluation £'000
Main site - Land and Buildings	82,608	118,415
Royal Observatory - Land and Buildings	14,158	21,315
The Brass Foundry - Land and Buildings	331	1,137
Prince Philip Maritime Collection Centre - Land and Buildings	12,921	19,546
Cutty Sark Canopy - Land and Buildings	9,446	15,492
	119,464	175,905

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

No revaluation has been undertaken for other tangible fixed assets as it is considered that depreciated cost value is appropriate.

10.b Intangible Fixed Assets

	Software Licenses £'000	Developed Website £'000	Software £'000	Assets under Construc- tion £'000	Total £'000
Cost or valuation:					
At 1 April 2017	371	427	61	-	859
Additions	22	73	4	-	99
Disposals	-	-	(17)	-	(17)
At 31 March 2018	393	500	48	-	941
Amortisation:					
At 1 April 2017	281	130	11	-	422
Provided during the year	53	117	12	-	182
Disposals	-	-	(4)	-	(4)
At 31 March 2018	334	247	19	-	600
Net Book Value at 31 March 2018	59	253	29	-	341
Net Book Value at 31 March 2017	91	298	50	-	439

Expenditure on Intangible Assets is expected to increase and therefore a separate asset note has now been included. Historic expenditure on some in-use assets, for example the main NMM admissions systems, has not been reclassified as these assets are of insignificant net book value. All new Intangible Assets are considered to have a useful life of 4 years.

11 Capital Expenditure Commitments

	2018 £'000	2017 £'000
Contracted for but not provided in the accounts	2,370	6,418

The commitments relate to the creation of four new galleries, a new ticketing software, the galleries enrichment programme and estates capital works.

12 Heritage Assets

The FRS102 Standard requires that where information on cost or value is available, heritage assets should be reported in the balance sheet separately from other tangible assets. However where this information is not available, and cannot be obtained at a cost which is commensurate with the benefit to users of the financial statements, the assets will not be recognised in the balance sheet.

In the opinion of the Trustees, reliable information on cost or valuation of the collection held at 31 March 2018 is not available for the Museum's collections owing to lack of information on purchase cost, the lack of comparable market value, the diverse nature of the collections and the volume of items held. As the costs of carrying out such a valuation far exceeds the benefits to the users of the accounts, the collections pre March 2001, are not reported in the balance sheet.

The NMM Collections

The Museum has the most important holdings in the world related to the history of Britain at sea, including maritime art (both British and 17th-century Dutch), cartography, manuscripts including official public records, ship models and plans, scientific and navigational instruments, instruments for time-keeping and astronomy (based at the Observatory).

Its portraits' collection is only exceeded in size by the National Portrait Gallery's and its holdings related to Nelson and Cook, among many other individuals, are unrivalled. It has the world's largest maritime historical reference library (100,000 volumes) including books dating back to the 15th century.

Overall the total collection comprises some 3 million items (this figure includes material not catalogued in Mimsy XG database such as the Library working collection, manuscripts, post 1900 charts and historic photographic prints) sub-divided into 25 collection categories: Archaeology, Applied and Decorative Arts, Coins, Medals and Heraldry, Ethnography, Relics and Antiquities, Tools and Ship Equipment, Cartography, Fine Arts, Science and Technology, Weapons and Ordnance, Photographs and Film, Ship Plans and Technical Records, Boats and Ship Models, Caird Library and archive.

The following provides an approximation of the spread and extent of collections:-

- 100,000 books
- 397,500 items in the Manuscripts Collection
- 90,000 sea charts
- 4,000 oil paintings
- 70,000 prints and drawings
- 1 million Ship Plans
- Up to 1 million Historic Photographs
- 280,000 negatives
- 44,500 3D objects: Including small craft, ship models, coins and medals, decorative art, figureheads, relics, horological instruments, uniforms, weapons etc.

The Museum's collections are used to illustrate for everyone the importance of the sea, ships, time and the stars and their relationship to people, which is interpreted through four major research areas: maritime and decorative art; maritime science and technology, maritime and world history, and the history of maritime Greenwich.

Structure for the Management and Care of the Collections

The NMM has in place a comprehensive framework of policies and procedures for the management and care of its collections assets.

The primary requirements of managing the collections are undertaken by the three departments: Collections Management; Conservation & Preservation, Research & Information.

The day-to-day activities of these departments are shaped by the NMM's statutory responsibilities, strategic priorities and Government initiatives that underpin these.

Collections Management Department; comprising Registration, Documentation & Audit and Storage & Movement.

The department is responsible for managing loans in and out of the Museum and transporting, installing and decanting collections on display and in temporary exhibitions.

The Department underpins the Museum's core remit to look after its collections and provide responsible stewardship, through acquisitions, documentation and audit programmes, management of collections information, management of collections stores and collections security programmes.

The department also provides expertise in support of the Museum's key capital projects.

The Registration section is responsible for managing processes, risk and logistics for loans and the acquisition of collection objects and other cultural artefacts, upholding standards and public accountability and advising on relevant applicable law and the regulatory environment.

The Documentation and Audit section is responsible for the inventory and audit activities across collections, leading on collection disposal, management of the collections databases, provision of documentation advice, guidelines and provision of documentation management and support for key Museum projects.

The Storage and Movement section is responsible for planning, scheduling and managing the movement of collections across sites and to other organisations and for installing exhibitions and displays across the Museum. It is also responsible for managing the Museum's offsite and on-site storage facilities and for the planning and implementation of stores' projects.

Conservation and Preservation Department

The main purpose of the Conservation and Preservation Department is to care for the collections, ensure they are suitable for display and that they can be handled safely. Most of their work is related to reducing the risk of damage to objects, extending their life expectancy whilst ensuring they can be accessed and enjoyed.

Policies governing the management and collections care activities

The NMM maintains a suite of policies which combine to create a Collections Management Manual in order to ensure continuity of practice and standardisation of procedure and policies, and ensure we have a centralised location for all policies and procedures relating to collections management and documentation.

Acquisitions and disposals are made in accordance with the principles detailed in the NMM's Collections Development Policy which can be accessed via the link www.rmg.co.uk/sites/default/files/Collection_Development_Policy_2012-2017.pdf.

The NMM has rigorous acquisition and disposal processes in accordance with the legal and ethical framework required to meet recognised professional standards. Recommendations for acquisition are made by the Collections Development Committee to the Museum Director, and where appropriate, to the Board of Trustees, depending on the financial value, sensitivity or significance of the potential acquisition. Disposals follow the same process with the difference that all are considered by the Board of Trustees and all disposals other than duplicates require consent from the Secretary of State for Digital, Culture, Media and Sport.

The NMM undertakes to catalogue Object, Archive and Library collections in accordance with National and International standards. These are outlined in the Museum's Collections Management Manual.

Collections Auditing

The rolling NMM Collections Auditing Programme forms an important part of the Museum's ongoing risk management programme with results informing a range of other management strategies including knowledge management, security and staff training.

Staff undertake a physical inspection of objects against their locations and match these results to those on our Museum databases, and through this monitor the location controls in place within the Museum sites. This process also allows staff to check the basic catalogue information on these objects or add record photographs.

Audits are prioritised according to known risks and business needs.

The NMM also has a suite of policies governing the conservation and preservation of collections including a Conservation Policy, Lighting Policy, Environmental Preservation Policy and an integrated approach to managing insects and pests (IPM).

Collections Care and Storage

Storage Estate:

The National Maritime Museum has a large and varied collections storage estate which includes a number of offsite facilities; the Prince Philip Maritime Collections Centre, Kidbrooke and the Brass Foundry. In addition we have collections held at the No.1 Smithery, Chatham Historic Dockyard Trust (a partnership with CHDT and the Imperial War Museum), and large objects in commercial storage at the Science Museum Store at Wroughton, Gander & White and Cadogan Tate. Onsite stores include the SOW Archive and strongrooms.

The operations of the stores are managed by the Collections Management team in collaboration with Conservation, Curatorial and Estates colleagues and through the quarterly Stores Management meetings. No.1 Smithery Quarterly Management Board meetings are held, chaired by the Head of Collections Management.

Prioritised Approach to Collections Care:

The NMM conducts a biannual collections store survey to identify and prioritise areas for improvement. This is coupled with weekly gallery inspections and one collection survey per year in a particular area. The data from these surveys informs strategies for collections care.

In addition to the three survey/inspection programmes outlined above the NMM has an active programme for identifying and monitoring vulnerable objects; many of these contain hazardous materials. Quarterly Hazards Group Meetings are held chaired by the Head of Conservation and Preservation.

Provision of suitable building conditions:

The Museum's buildings provide adequate protection in terms of their condition and design to ensure the safe keeping of the collection.

The Museum's various buildings and grounds are managed by the in-house Estates Department. The annual planned maintenance programme is informed by the quadrennial condition survey carried out by independent Mechanical & Electrical Engineering (M&E) and Building & Civil Engineering (B&CE) consultants.

An ongoing maintenance plan is prepared and with this overview the next year's budget is determined. This allows annual flexibility which may be necessary due to changed priorities or a changed financial climate informed by a longer term strategy.

Day-to-day maintenance issues are dealt with on an ongoing basis to ensure the buildings do not fall into disrepair or require more major and costly intervention.

Loans

Loans Out Policy

Although the Museum is only able to display a small proportion of its collections at Greenwich at any one time, it is committed to making it accessible to the widest audience. Every year the NMM contributes high-quality objects to exhibitions and displays in Britain and abroad through its extensive loans programme. The Museum lends material to an increasing variety of borrowers such as museums and galleries, government and public buildings, corporate institutions.

Loan requests are assessed by the Registration Section and by the Loans Committee. The factors that are taken into consideration are timeliness, internal use for requested objects, conflicting loan requests, condition of objects and suitability for travel, availability of resources to prepare the loan and how the loan improves access to the collection.

Financial Information on Acquisition of Heritage Assets

Cost or Valuation:	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000
As at 1 April	10,084	14,993	16,128	17,426	100,485
Collection Addition - Purchased	4,747	510	295	9,530	14
Collection Addition - Donated	162	625	1,003	73,529	145
As at 31 March	14,993	16,128	17,426	100,485	100,644

Collection additions (donated) £145,275 included rare books, diaries and papers, marine chronometers and watches.

Cutty Sark

It is the policy of the National Maritime Museum not to capitalise *Cutty Sark* with the museum's heritage assets as this ship is in effect inalienable, held in principle in perpetuity and is irreplaceable. Any financially based valuation would be misleading to the value and historical significance involved. The Museum has a clear duty to care for and make available this asset for the enjoyment and education of the public as far as possible, commensurate with the long term care of this ship.

13 Investments

Quoted Investments

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Market value at 1 April 2017	5,523	5,025	5,523	5,025
Additions	979	759	979	759
Disposal Proceeds	(1,441)	(1,040)	(1,441)	(1,040)
Gain/(Loss) on Disposal	(4)	48	(4)	48
Net Gain/(Loss) on revaluation	(9)	731	(9)	731
Market value at 31 March 2018	5,048	5,523	5,048	5,523

Historical cost as at 31 March 2018

Unquoted Investments:

Cost as at 31 March 2018	-	-	500	500
Total Investments	5,048	5,523	5,548	6,023

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

14 Financial Risk Management

FRS102, Financial Instruments, requires disclosure of the role which financial instruments have had during the year, in creating or changing the risks the Museum faces in undertaking its activities.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Museum's expected purchase and usage requirements and the Museum is therefore exposed to little credit, liquidity or market risk.

Financial Assets

	Total £000	Floating Financial Assets £000	Fixed Financial Assets £000	Assets Earning Equity Return £000	Weighted Average Fixed Int Rate	Weighted Average Period for Which Rate Is Fixed
Year ended 31 March 2018 - Sterling	9,195	3,635	512	5,048	0.0%	3 Months
Year ended 31 March 2017 - Sterling	8,952	2,241	1,188	5,523	1.0%	3 Months

The interest rate on floating financial assets is determined by the bank and market conditions.

Reconciliation to the Balance Sheet

		2018 £'000	2017 £'000
Cash	Floating Financial Assets	3,635	2,241
Investments (Current Assets)	Fixed Financial Assets	512	1,188
Investments (Fixed Assets)	Assets Earning Equity Return	5,048	5,523
Total		9,195	8,952

Liquidity Risk

The National Maritime Museum receives the majority of its operating income by way of Grant in Aid and as a result there is little exposure to liquidity risk. This is managed through the reserves policies as established by the Trustees.

The Museum has sufficient investments, designated funds and unrestricted funds to cover its current liabilities.

Credit Risk

The Museum is exposed to credit risk of £413,250 of trade debtors. This risk is not considered significant as major customers are familiar to the Museum. Bad and doubtful debts are provided for on an individual basis. Write offs in the year for bad debts amounted to £44 (£499 - 2017).

The Museum is exposed to credit risk of £4,518,000 of Accrued Grant Income. The risk is not considered significant as the donors are all established foundations and charities. The remainder of the Museum's activity is funded by self-generated income and funds given for restricted purposes such as capital projects. Projects are only progressed when income is certain.

Cash is held by the Museum's bankers. The Museum has not suffered any loss in relation to cash held by bankers.

Foreign Currency Risk

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

Investment Income Risk

The National Maritime Museum has a Loan from DCMS repayable over 25 years and all cash deposits are for terms of up to four months.

The museum has no exposure to interest rate risk on its financial liabilities as the interest rate on the DCMS loan is fixed for the entire repayment period. Its financial assets are held in fixed term deposit accounts with maturity of one month or less, or in funds or assets that can be readily traded, and so have no fixed interest rate.

15 Stock

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Goods for resale	396	397	82	85

16 Debtors

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year				
Trade debtors	413	1,399	118	1,119
Amount owed by subsidiary	-	-	1,538	1,526
Prepayments	225	295	220	295
Taxation (VAT)	397	1,107	397	1,107
Accrued income	5	24	5	2
Accrued Grant income	3,806	6,074	3,806	6,074
Other debtors	293	62	286	58
Balance falling due within one year	5,139	8,961	6,370	10,181
Amounts falling due after one year				
Accrued Grant Income	712	1,879	712	1,879
Balance falling due after one year	712	1,879	712	1,879
Total	5,851	10,840	7,082	12,060

Accrued Grant income includes £4,518,000 of income due from restricted grant funding for specific projects to be undertaken by the Museum in 2018-19 and future years.

Other debtors includes £39,658 of unrepresented credit card income (£13,602 - 2017).

17 Creditors

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year				
Trade creditors	95	2,040	87	2,035
Other creditors	124	75	25	42
DCMS Loan and Interest	336	298	336	298
Taxation and social security	282	299	282	299
Accruals	1,999	1,610	1,955	1,536
Deferred income	322	393	73	113
Balance falling due within one year	3,158	4,715	2,758	4,323
Balance falling due after one year				
DCMS Loan and Interest	5,612	5,856	5,612	5,856
Balance falling due after one year	5,612	5,856	5,612	5,856
Total	8,770	10,571	8,370	10,179

During 2015-16 DCMS approved a loan to the Museum totalling £6,100,000 towards the development of the Prince Philip Maritime Collections Centre. The first repayment on the loan was due and paid in April 2017. Interest is being accrued at an indicative rate of 1.02%.

The movement on the deferred income account is as follows:

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Deferred income at 1 April	393	567	113	348
Released in year	(393)	(556)	(113)	(337)
Deferred in year	322	382	73	102
Deferred income at 31 March	322	393	73	113

18 Operating Leases

As at 31 March 2018 the Museum had obligations under non-cancellable operating leases which are due as follows:

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Buildings				
- Within one year	293	394	293	394
- In the second to fifth year	362	1,077	362	1,077
- After five years	846	1,259	846	1,259
Total	1,501	2,730	1,501	2,730
Other				
- Within one year	10	8	10	8
- In the second to fifth year	13	16	13	16
- After five years	-	-	-	-
Total	23	24	23	24

19 Restricted Funds

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

	Balance 1 Apr 2017 £'000	Income £'000	Expendi- ture £'000	Gains/ (Losses) £'000	Transfers £'000	Balance 31 March 2018 £'000
Land and Buildings Fund (Incl. Cutty Sark Canopy)	95,677	-	(3,272)	-	9,913	102,318
Revaluation Reserve	57,154	-	-	10,577	-	67,731
Special Purpose Funds	-	1,755	(600)	-	(1,155)	0
Collections Capital Fund	100,485	145	-	-	14	100,644
Acquisitions Fund	-	24	-	-	-	24
Cutty Sark Preservation Fund	638	-	-	-	-	638
Endeavour Galleries Fund	6,384	2,868	-	-	(5,276)	3,976
Altazimuth Conservation Fund	-	141	-	-	(31)	110
National Historic Ships UK Fund	3	720	(290)	-	-	433
Activities Fund	866	606	(288)	-	-	1,184
No. 3 Trust Fund - Sackler Caird Fund	78	36	(35)	(1)	-	78
No. 3 Trust Fund - Anderson Fund	74	-	-	-	-	74
No. 3 Trust Fund - Bosanquet Fund	5	-	-	-	-	5
Total Restricted Funds including Fair Value Reserve	261,364	6,295	(4,485)	10,576	3,465	277,215

The above fund includes a balance of £58,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2018.

The Land and Buildings Fund represents the value of the land and buildings on transfer from the Secretary of State for the Environment to the Trustees of the Museum, the incorporation of the Royal Observatory, Greenwich partly in 1999 and fully in 2004, plus subsequent additions at cost, less depreciation for the year and net of the outstanding loan balance owed to DCMS.

The Revaluation Reserve represents the difference between the original cost and valuation of the land and buildings at year end.

Special Purpose Funds represent grants and donations received by the Museum for specific purposes.

The Collections Capital Fund represents assets either donated or purchased for the Museum's collection and is the value of capitalised heritage assets at the point of accession.

The Acquisitions Fund represents grants and donations received by the museum for specific future heritage asset purchases.

Cutty Sark Preservation Fund is the transfer of cash funds from the Cutty Sark Trust which is held as a restricted fund for the conservation of the ship *Cutty Sark*.

The Endeavour Galleries Fund represents donations and grants raised for the Endeavour Galleries capital works project.

The Altazimuth Conservation Fund represents donations and grants raised for the Altazimuth Pavilion capital works project.

The National Historic Ships UK Fund supports research, publications, training, recording and similar activities relating to the preservation of historic vessels. This fund includes a grant from HLF for a two year Shipshape Heritage Training Partnership programme.

The Activities Fund represents grants raised for activities based around the Endeavour Galleries, both the Armada and Stubbs acquisitions, Maritime Impacts project and the Cutty Sark Theatre.

The Sackler Caird Fund (part of the No.3 Trust Fund) was established to support a research fellowship in areas directly related to the Museum's collections or in particular related subjects.

The Anderson Fund (part of the No.3 Trust Fund) supports a fellowship in naval and maritime history.

The Bosanquet Fund (part of the No.3 Trust Fund) provides funding for the purchase of library books.

The Fair Value Reserve (for Restricted, Unrestricted and Endowment Funds) represents the difference between the historical cost of the investments and their market value at 31 March 2018.

Description of main transfers between funds

The Land and Buildings Fund movement provides for a transfer for additions of land and buildings paid for from the Designated General Fund.

The Collections Capital Fund movement provides for the relocation of the purchase of Heritage Assets from the General Fund.

						Balance
	1 Apr 2017	Income	Expendi-	Gains/	Transfers	31 March
	£'000	£'000	ture	(Losses)	£'000	2018
			£'000	£'000	£'000	£'000
20 Unrestricted Funds						
Designated Funds						
Tangible & Intangible Asset Fund	12,228	-	(1,829)	-	703	11,102
Designated Capital	-	1,725	-	-	(1,725)	-
Cutty Sark Preservation Fund No. 2	300	-	-	-	81	381
Caird Fund	1,301	15	(45)	(7)	-	1,264
Development Fund	2,242	69	(23)	(2)	(1,780)	506
No. 3 Trust Fund	613	4	(1)	(1)	-	615
Trading Funds	59	4,326	(2,788)	-	(1,538)	59
Total Designated Funds	16,743	6,139	(4,686)	(10)	(4,259)	13,927
General Funds	2,461	20,937	(21,691)	-	794	2,501
	19,204	27,076	(26,377)	(10)	(3,465)	16,428

The above fund includes a balance of £2,036,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2018.

The Tangible & Intangible Asset Fund represents the value of the fixed assets (excluding land and buildings) plus subsequent additions at cost.

Designated Capital represents funding received from DCMS for capital expenditure.

Cutty Sark Preservation Fund No. 2, the Trustees have decided to designate £81,000 in the year to put towards the long term conservation of the ship.

The Caird Fund is available for use at the discretion of the Trustees for the purpose and benefit of the Museum.

The Development Fund is designated for development projects at the Museum.

The No.3 Trust Fund (except to the extent that funds are endowment or restricted) is for the purpose and benefit of the Museum at the discretion of the Trustees.

Trading Funds represent the value of reserves held in the Museum's trading subsidiary.

Description of main transfers between funds

The Tangible Assets Fund movement mainly provides for a transfer from Designated Capital reserves for spend on fixed assets during the year.

The Designated Capital fund movement provides for the transfer of the capital Grant in Aid received which has been used for the purchase of tangible assets during the year.

The transfer out of the Trading Funds represent the transfer of the profit as Gift Aid to the Charity.

21 Endowments	Balance 1 Apr 2017 £'000	Income £'000	Expendi- ture £'000	Invest- ment Gain £'000	Balance 31 March 2018 £'000
Permanent endowments:					
The Caird Fund	531	6	(18)	(2)	517
The Sackler Fund	163	-	-	-	163
	694	6	(18)	(2)	680

The above fund includes a balance of £190,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2018.

The Caird Fund is a capital sum the income of which is to be used for the purpose and benefit of the Museum.

The Sackler Fund (part of the No.3 Trust Fund) is a capital sum which is used to support a research fellowship in areas directly relating to the history of astronomy and navigational sciences.

22 Analysis of Group Net Assets between Funds

Fund balances at 31 March 2018 are represented by:	Unrestricted Designated Funds £'000	Unrestric- ted General Funds £'000	Restric- ted Funds £'000	Endow- ment Funds £'000	Total 2018 £'000
Heritage Assets	-	-	100,644	-	100,644
Tangible Fixed assets	16,617	-	170,049	-	186,666
Intangible Assets	341	-	-	-	341
Investments	4,211	-	157	680	5,048
Current assets	1,528	2,501	5,653	-	9,682
Debtors: Amounts falling due after one year	-	-	712	-	712
Creditors: Amounts falling due within one year	(3,158)	-	-	-	(3,158)
Creditors: Amounts falling due after one year	(5,612)	-	-	-	(5,612)
Group Net Assets	13,927	2,501	277,215	680	294,323

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

Reconciliation of movements in unrealised gains on land and buildings:

	Unrestric- ted Funds £'000	Restric- ted Funds £'000	Endow- ment Funds £'000	Total 2018 £'000
Unrealised gains at 1 April 2017	-	57,154	-	57,154
Net gain arising on revaluation	-	10,577	-	10,577
Unrealised gains at 31 March 2018	-	67,731	-	67,731

Reconciliation of movements in unrealised gains on investments:

	Unrestric- ted Funds £'000	Restric- ted Funds £'000	Endow- ment Funds £'000	Total 2018 £'000
Unrealised gains at 1 April 2017	2,081	24	144	2,249
Net gains arising on revaluations	(6)	(0)	(2)	(8)
Unrealised gains at 31 March 2018	2,075	24	142	2,241

23 Reconciliation of net incoming resources to net cash inflow from operating activities

		2018 £'000	2017 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		2,484	92,596
Adjustments for:			
Donated Objects	Note 2	(145)	(73,529)
Depreciation & amortisation charges	Note 10a & b	5,086	5,258
(Gains)/losses on investments		13	(779)
Investment income	Note 5	(100)	(104)
(Increase)/Decrease in stock	Note 15	1	(96)
(Increase)/Decrease in debtors	Note 16	4,989	(9,486)
Increase/(decrease) in creditors	Note 17	(1,801)	4,559
Cash inflows from new borrowing	Note 17	-	(5,199)
Repayments of borrowing	Note 17	336	-
Loss on Disposal of Fixed Assets & Intangible Assets	Note 10	14	172
Net cash inflow from operating activities		10,877	13,392

Reconciliation of increase in cash to movement in net funds

	2018 £'000	2017 £'000
(Decrease)/Increase in cash in the period	1,394	(2,240)
(Decrease)/Increase in liquid resources in the period	(676)	(1,973)
Change in net funds resulting from cash flows	718	(4,213)
Net funds at 1 April 2017	3,429	7,642
Net funds at 31 March 2018	4,147	3,429

24 Analysis of net funds

	NMM £'000	Trusts £'000	Charity £'000	NMME £'000	2018 Group £'000	2017 Group £'000
Held at Commercial Banks	944	803	1,747	1,873	3,620	2,224
Petty Cash	-	-	-	-	-	1
Cash in Hand	12	-	12	3	15	16
	956	803	1,759	1,876	3,635	2,241
Liquid resources - Short Term Deposit	6	506	512	-	512	1,188
Net funds	962	1,309	2,271	1,876	4,147	3,429

25 Related party transactions

The National Maritime Museum is a Non-Departmental Public Body whose parent department is the Department for Digital, Culture, Media and Sport.

a) The Department for Digital, Culture, Media and Sport

The Department for Digital, Culture, Media and Sport is regarded as a related party. During the year the Museum had a number of transactions in the normal course of business and at full arm's length with the Department. There were no outstanding balances at the end of the year.

		2018 £'000	2017 £'000
Grant in Aid received		13,795	13,795
Capital Grant in Aid received		1,725	1,725
Capital Grant in Aid received - Restricted		500	500
Total received from DCMS	Note 2	<u>16,020</u>	<u>16,020</u>

b) The Heritage Lottery Fund

The National Maritime Museum received lottery grants from the Heritage Lottery Fund in the year of £444,136 (£11,405,914 - 2017). The HLF shares the same parent Department (DCMS) and is therefore a related party. There was an outstanding balance of £3,753,968 (£326,000 - 2017) at the end of the year.

		2018 £'000	2017 £'000
Restricted Grants received from the Heritage Lottery Fund	Note 2	444	1,148
Capital Grants received from the Heritage Lottery Fund		-	11,124
Total Heritage Lottery Grants		<u>444</u>	<u>12,272</u>

c) The Arts Council England

The National Maritime Museum received grants from the Arts Council England in the year of £48,767 (£Nil - 2017). The ACE shares the same parent Department (DCMS) and is therefore a related party. There was an outstanding balance of £4,876 (£Nil - 2017) at the end of the year.

d) The Trustees, Staff and Other Related Parties

During the year the National Maritime Museum has had various material transactions with other entities, as set out below:

Related Party	Nature of Relationship	Value of income received during the year £'000	Value of expenditure during the year £'000	Nature of transaction
Royal Museums Greenwich Foundation	E Boddington and Jeremy Penn, Trustees of the related party, served as Trustees during the year	1,694		Grants received & expenditure recharges
University of Oxford	C Lintott, Professor for the related party, served as a Trustee during the year.	26		Grants received & income from image used
National Museum of the Royal Navy	C Marlow, Trustee of the related party, served as a Trustee during the year.	5		Staff development & training
BBC	C Lintott, presenter for the related party; C Marlow, a family member is an Advisor for the related party, served as Trustees during the year.	3		Income from image use
Society for Nautical Research	K Fewster, Member of the related party, served as a Director during the year. H Cunliffe, Member of the related party, served as a senior manager during the year.	1		
Museums Association	C Marlow, a family member is a mentor for the related party, served as a Trustee during the year. K Fewster, a Member of the related party, served as a Director during the year.		7	Conference and membership costs
Trinity House	C Marlow & Sir M Stanhope, Members of the related party, served as Trustees during the year. K Fewster, Member of the related party, served as a		5	Event Hire Fee
		1,729	12	

At the year end there is a creditor balance of £Nil with the above related parties.

There were additional related party transactions conducted with various parties which fall below our materiality threshold (£1,000). These transactions resulted in income of £1,089 and expenditure of £691

Additional information on key management remuneration is provided in the Remuneration Report on page 28.

26 Contingent Liabilities

The Museum had no contingent liabilities at the year end.

27 Post Balance Sheet Events

These financial statements were authorised for issue, on the date given on the Audit Certificate, by the Accounting Officer and the Board of Trustees.

There are no other post balance sheet events to report.

28 Control of the Consolidated Entities

The charity accounts consist of the National Maritime Museum and its three Trusts Funds: Caird, Development and No3. The consolidated group accounts consist of the National Maritime Museum, its three trust funds and also include the results of a trading subsidiary, National Maritime Museum Enterprises Limited. The Museum controls NMME through ownership of 100% of its issued share capital. Control of the Trust Funds arises from the Trust deeds which vest ownership of the assets, which are to be used for the benefit of the Museum, in the Trustees of the Funds. Monitoring of the performances of NMME and the Trusts is undertaken by the Trustees of the National Maritime Museum through quarterly Trustee, Board, and Audit Committee meetings. Day to day control is operated through the financial and management arrangements of the executive offices of the Museum. Accountability is to the Trustees of the Museum and to the Department for Digital, Culture, Media and Sport.

The Royal Museums Greenwich Foundation is separate charitable company, run by its own board of Trustees and therefore is not consolidated into the Museum's accounts.

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