

National Maritime Museum Annual Report and Accounts 2010-2011

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**TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT
AND
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

CONTENTS

i Museum Background	1
ii Mission, Aims and Values	2
1. Chairman's Foreword	3
2. Director's Statement	4
3. Review of activities, achievements and performance 2010-'11	6
4. Future priorities	25
5. Statutory background, structure, governance and management	27
6. Remuneration Report	35
7. Reference and administrative details	39
8. Supporters of the National Maritime Museum	41
9. Financial Review	43
10. Statement of the Board of Trustees' and the Accounting Officer's Responsibilities	47
11. Statement on Internal Control	48
12. The Certificate and Report of the Comptroller and Auditor General	54
13. Consolidated Statement of Financial Activities	56
14. Balance Sheets as at 31 March 2011	57
15. Consolidated Cash Flow Statement	58
16. Notes to the Consolidated Accounts	59

i MUSEUM BACKGROUND

The National Maritime Museum at Greenwich (NMM) is the largest maritime museum in the world. It includes the Queen's House and Royal Observatory, Greenwich (ROG). The Museum is open 362 days a year and in 2010–11 it welcomed nearly 2.5 million visits from around the world: its website also attracted over 10 million users, 15 thousand collections-related and subject enquiries were answered, and some 408 thousand learners participated in educational programmes. The Museum receives funding from the taxpayer via Grant-in-Aid through the Department for Culture Media and Sport (DCMS), with additional income derived from trading activity and sponsorship. Entry to the national maritime collection is free, although charges are made for special exhibitions, the Peter Harrison Planetarium, the Greenwich Meridian Line and the Time Galleries.

History and Collection

The National Maritime Museum (Patron: His Royal Highness The Duke of Edinburgh) was opened to the public by King George VI on 27 April 1937. 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 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 (1675–76), the original part of the Royal Observatory, was designed by Sir Christopher Wren and was the first purpose-built scientific research facility in Britain.

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

All the Museum buildings have been subsequently upgraded at various times. 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 Queen's House was refurbished in 2001 to display changing aspects of the Museum's large and significant art collection: the House was re-opened in this role by His Royal Highness the Prince of Wales. The major *Time and Space* capital project was opened by Her Majesty the Queen in May 2007.

This month the Sammy Ofer Wing will be opened by the Patron of the Museum, His Royal Highness The Duke of Edinburgh. This major architectural addition in many ways completes work on its Museum campus. It provides a new Museum main entrance from the Royal Park, state-of-the-art facilities for our pre-eminent research archive and a custom-built special exhibitions gallery. The new wing would not have been possible without the extraordinary gift of £21m by Sammy Ofer, KBE, the international shipping magnate and philanthropist, and the further support of the Heritage Lottery Fund and the Department for Culture, Media and Sport.

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

By virtue of its pairing with the Royal Observatory, the Museum enjoys a unique conjunction of subjects (History, Science, Arts), enabling it to trace the movement and accomplishments of people and the origins and consequences of empire.

The outcome of the Museum's work is to achieve, for all its public at home and overseas, a greater understanding of British economic, cultural, social, scientific, political and maritime history, and its consequences in the world today.

ii MISSION, AIMS AND VALUES

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

illustrate for everyone the importance of the sea, ships, time and the stars, and their relationship to people

and to achieve the goal that the NMM be recognized as a place and organization of excellence – 'the best in class'.

The Museum's **Primary Aims** and *Values* are

- 1. To stimulate curiosity in all our users – the trigger for discovery and learning**
- and be *Intriguing*.
- 2. To provide stakeholders and users with a sense of ownership – 'Our Museum'**
- and be *Conversational*.
- 3. To ensure inspired development and stewardship of our collection and buildings**
- and be *Positive*.
- 4. To build an organization that responds to the challenges ahead and makes the most of its opportunities**
- and be *Flexible*.

1. CHAIRMAN'S FOREWORD

I am very pleased to begin this Annual Report by stating that we will be greatly honoured by our Patron, HRH The Duke of Edinburgh, opening our major building project, the Sammy Ofer Wing, on 12 July 2011. This is a very significant occasion in the Museum's history, and will also recognize the strength of international arts philanthropy and sponsorship. The design, construction and operation of the new wing has greatly occupied all of us since 2008: this was when Sammy Ofer made his most substantial gift, thereby helping us create a spectacular contemporary environment that will enable all our visitors better to understand the importance of the maritime world in our lives today. Sadly, Sammy himself did not live to see the completed building but he took great pleasure in seeing the new wing, with our hopes and aspirations, taking shape. We are grateful for the continuity provided by his family and in particular his two sons, Eyal and Idan, who are taking a huge interest in the Museum.

Thanks to the high standards of the professional and construction teams involved, and to key individuals of the Museum team and the wider staff, we have completed this wonderful new building to a superb quality, on budget, and some ten months ahead of the original project programme.

The Sammy Ofer Wing is not only the culmination of over three years of effort but also the beginning of a new era for the Museum. The new facilities it gives us will enable us to revitalize many of our galleries, commence a rolling programme of exciting and stimulating exhibitions, allow unprecedented access to our research collections and massively improve our visitor facilities and programmes. Overall, it generates a profound transformation in our public engagement and opens up new horizons and fresh vistas, both for our visitors to Greenwich and our online users. Now, we can look forward to exploiting both modernized buildings and the full potential of our collections for the benefit of the public.

This year some 1.572 million people visited the world-famous Greenwich Meridian at the Royal Observatory. Since we suspended admission charges in 2001 visitor numbers have quadrupled to the present levels. While this is a great success story in itself, it also substantially increases wear and tear on the heritage buildings. In parallel, the Museum needs to ensure that it has the resources to manage this number of visitors, while continually improving their experience and maintaining the Observatory's vulnerable historic fabric and the displays it holds. In November 2010, we took the decision that the only responsible and practical course of action we could adopt was to return to charging admission for Flamsteed House (1675-76) and the Greenwich Meridian Line.

2012 will see several significant events for Greenwich. As I write, the equestrian test event for the Olympic Games is under way in the Royal Park: it gives us the clearest picture yet of the scale of the undertaking to come next year and the attention it will bring to our part of London.

For Greenwich itself, 2012 will be an historically significant year as HM The Queen confers Royal Borough status as part of the Diamond Jubilee celebrations, in which both Greenwich and the Thames will play such an important part. Our commemoration of the Jubilee will be the special exhibition, *Royal River*, which opens in April 2012 to coincide with the Museum's own 75th anniversary. *Royal River* will be an exemplar of the kind of high-quality exhibition that we now have the space, environmental conditions and facilities to offer. It will bring together an extraordinary wealth of objects from the Royal Collection and other institutions,

many of which have never before been seen in public, bringing to life the varied and sometimes surprising royal uses of the Thames, which was for centuries London's greatest 'street'.

In addition, the restoration and conservation of *Cutty Sark* will be completed. We have been assisting the *Cutty Sark* team as their project moves from the conservation of the ship itself towards public re-opening of this beautiful icon of Britain's maritime and technological endeavour, both as a spectacular visitor attraction and as river gateway to Greenwich.

So there is much to look forward to in 2012, when the eyes of the world and the attention of our visitors, will be upon the Museum, the Maritime Greenwich World Heritage Site, and the new Royal Borough as a whole.

In the meantime, the Trustees and I greatly appreciate the massive amount of work that has been achieved this year in the run-up to the opening of the Sammy Ofer Wing. It therefore gives me great pleasure to thank all those involved – staff, executive, management, volunteers, sponsors and stakeholders – in bringing this superb Museum to such a peak of readiness.

Lord Sterling, Chairman of the Board of Trustees

4 July 2011

2. DIRECTOR'S STATEMENT

Despite the inevitable very considerable disruption across our main site throughout the year owing to construction of the Sammy Ofer Wing, in 2010–11 the Museum attracted record attendances of over 2.45 million site visits - 2% above the previous year's record high. Both the Maritime Galleries and Queen's House welcomed record numbers of visitors, while the Royal Observatory was just 11,000 visitors shy of its best-ever total. The Peter Harrison Planetarium at the Observatory also attracted a record audience of 172,000 from both general visitors and booked school groups. Moreover, this year's profit from our commercial and enterprises division was £424k compared to £419k for 2009–10, which in the current economic context is a very satisfactory result.

The 2010 Astronomy Photographer of the Year awards, in which we are partnered by *Sky at Night* magazine, were announced at the Observatory on 9 September. We received 479 entries from 25 countries and the judges commented that their standard was even higher than the previous year's inaugural field.

Partnerships are vital to our success and our sustainability. Our regional partnership project in No. 1 Smithery at Chatham, with the Imperial War Museum and Chatham Historic Dockyard, opened successfully in late July. Press response was good and since the opening the Dockyard has experienced a 25% increase in its visitor numbers. The significant logistical task of moving 3,354 ship models from our Greenwich store into the new facilities at No. 1 Smithery has been successfully completed and the Model Research Centre opened to researchers on 12 May.

On the wider stage, the Exhibitions Department co-convened, and I co-chaired, a very productive meeting in Amsterdam on 5 November of the six major European maritime museums, to discuss future opportunities and strategies for exhibition sharing and collaboration. Continuing with the partnership theme, it gives all of us especial pleasure to report that the Garfield Weston Foundation has given us a major grant for our new gallery 'Voyagers: Britons and the Sea' in the Sammy Ofer Wing; that our 2012 exhibition, *Royal River*, will be sponsored by Barclays; and that our 75th-anniversary Patrons' programme has now grown to 32 committed and enthusiastic individual supporters, all of whom we greatly welcome.

During the year our team of volunteers increased by 41% to a record 165. With all the opportunities for volunteering implicit in new facilities of the Sammy Ofer Wing we hope this number will increase again following its opening. We are very grateful to all our volunteers for being so generous with their time and for their commitment to the Museum in taking on those additional roles which we could otherwise simply not afford.

As described in the corporate plan, this is the most exciting and significant period for the National Maritime Museum since it opened in 1937, but none of our achievements would be possible without such a skilled, dedicated and hard-working team. Congratulations to everyone here, and to all our stakeholders, for working through such a pivotal year and for all that will flow on from this in 2012.

Finally, much of our new 'Voyagers' gallery is devoted to the personal reminiscences of those whose lives have been influenced by the sea. People's individual stories are one of the ways that history and objects can be brought to life, and made relevant to a contemporary audience. We believe this approach also exemplifies the spirit of the new values which we have adopted towards our public: to be *intriguing* and *conversational* in the stories we have to tell, delivered by an organization that is *positive* and a team that is *flexible*.

Kevin Fewster, AM, Director

4 July 2011

3. REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE, 2010–11

The following section is a brief review of the activities and achievements of 2010–11 (so necessarily contains only a selection of the Museum's work over the year), all of which contribute to fulfilling the Museum's Responsibilities and achieving its Objectives.

The section is structured in accordance with the Museum's Primary Aims.

3.1 To stimulate curiosity in all our users – the trigger for discovery and learning

Activities and Achievements include:

The Sammy Ofer Wing

This project will create a new archive space, a modern reading room, and gallery space within the shell of the present South-West Wing (1876). In addition there will be a new 800m² special exhibitions gallery at basement level, family friendly catering facilities on the ground floor and more formal dining on the first-floor roof terrace. The scheme will also provide a new main entrance, opening up the facade of the South-West Wing to Greenwich Park.

This project has been made possible by the generous donation of £21m from Sammy Ofer, KBE.

C. F. Møller Architects produced the concept design, which won English Heritage approval, and Purcell Miller Tritton were the executive architects.

There has been regular communication with key stakeholder groups and project teams have kept disruption of the Museum's everyday business to a minimum. Staff are now engaged in the fit-out and the programme of activities that need to be completed prior to the opening of the new wing. The Visitor Experience department will be paramount and key staff have been assigned to focus on this important aspect of the scheme.

Exhibitions

Toy Boats

This free temporary exhibition was located in the 'Members gallery' in Neptune Court, and was extended for six months owing to its success, with excellent press coverage and a total of 316,000 visitors.

The exhibition straddled the great era of toy boat production. Between 1850 and 1950 the development of ships underwent a massive change as steel and steam replaced wood and sail. This ignited the imaginations of children and toy makers and was met by an equivalent 'Golden Age' in the development of toy boats.

Borrowing extensively from the collection of the Musée National de la Marine in Paris and some of Britain's foremost collectors, *Toy Boats* showcased over 100 colourful and imaginative toys which recall the grand liners, submarines and battleships that defined and defended the nation.

Waterline: Cruising Photography, 1925–1970

This ongoing exhibition at the NMM showcases 26 images from our Waterline collection of historic cruise-ship photographs. They provide a glimpse of life on board for the passengers and crews travelling to far-flung destinations between 1925 and 1970. Concentrating particularly on the post-Second World War period, when more people than ever before had the opportunity to cruise, a mixture of colour and black-and-white photographs shows passengers and crew at work and play. Conga lines, lifeboat drills, and sumptuous displays of cruise food all feature, alongside images of the variety of destinations visited by the ships.

Boats that Built Britain

This exhibition at the NMM featured six vessels filmed for the BBC Four television series of the same name. Each told a particular story about Britain's relationship with the sea. The centrepiece of the exhibition was the *Defiant of Lyme Regis*, a replica 13-foot pilot punt recently built by Kent boat-builder Marc Chivers.

The exhibition was supported by National Historic Ships, and included additional programming such as lectures and talks with the BBC Four presenter, Tom Cunliffe.

The Last of the Tall Ships – Alan Villiers

This exhibition at the NMM hosted a striking selection of past Trustee Alan Villiers' photographs depicting life on merchant sailing vessels in the 1920s and '30s.

Astronomy Photographer of the Year 2010

The 2010 competition was arranged in collaboration with the BBC magazine *Sky at Night* as media partner and is the culmination of an astrophotography competition run by NMM. Now in its third year, the competition continues to attract very good media coverage, and both the competition and the accompanying exhibition at the Royal Observatory, Greenwich, are set to become regular annual events.

The overall winner of the 2010 competition was Tom Lowe, for his photograph 'Blazing Bristlecone'. His image was of ancient trees silhouetted against the bright star clouds of the Milky Way.

The 2011 competition opened for entries in January 2011.

Impact: Collisions and Catastrophes

The current Observatory temporary exhibition focuses on meteors and asteroids, and their actual and potential impact on life on Earth. They can cause death and destruction (and have), laying waste to vast areas and even triggering mass extinctions of plants and animals. Using film and interactive exhibits, the show also explores the vital clues that asteroids and meteorites provide about the violent formation of the Solar System and what we can learn from them. Running alongside is a programme of talks, planetarium shows and family activities.

Halley's Holiday

This Observatory exhibition displayed a selection of remarkable images of planets in our solar system, and helped visitors understand how we learn about this vast space, its planets and what to expect if it became possible to visit them.

Halley's Holiday was presented in partnership with the Royal Society as part of its 350th anniversary celebrations in 2010, and was supported by a series of programmes and events at the Observatory and Peter Harrison Planetarium.

Solar Story: Understanding the Sun

This exhibition at the Observatory displayed a fine selection of striking images to help tell the story of our attempts to understand the nature of the Sun and its effects on Earth. It was supported by a programme of Observatory and Peter Harrison Planetarium events.

Queen's House displays

During the latter part of 2010, developments in the Queen's House included the introduction of additional interpretation, and a refreshment of the *Art for the Nation* hang, as well as the return of our J. M.W. Turner painting of the Battle of Trafalgar (1822–24), one of the greatest works in the Greenwich Hospital Collection.

Jeremy Miller: Given

The exhibition opened in September 2009 in the Queen's House and explored how events in history resonate with our experience of the present. In *Given*, the starting point was a journey from Folkestone to Papua New Guinea, in 1914, made by the Polish-born anthropologist Bronislaw Malinowski and the artist Stanislaw Ignacy Witkiewicz. The exhibition used objects, images and films to speculate on the ways our understandings of the present, and possibilities for the future, are informed and misinformed by what has gone before.

Peter Harrison Planetarium

From Halley to Hayabusa is a new Planetarium show that has been developed in-house, with an original score and a pre-recorded narration. It explores comets and asteroids, their role in the formation of the Solar System and the potential risk they pose to us.

Other Planetarium shows presented during the year were *Meet the Neighbours*, *Origins of Life*, *Secrets of the Sun*, *The Sky Tonight*, *Christmas Stars*, *Space Safari*, *Star Life*, *Violent Universe*, *Visions of Saturn* and *We are Astronomers*. The Planetarium welcomed over 170,000 visitors during the year, including some 23,000 school children with 6000 accompanying adults.

Royal Observatory, Greenwich

From May to September 2010 the Royal Observatory opened late until 7 p.m., allowing post-5 p.m. access to Flamsteed House and the Meridian building for the first time since the NMM ceased overall 6 p.m. summer opening some years ago.

On 23 July 2010 the Altazimuth Pavilion was opened to the public for the first time in many years, providing access to a small display in the lower half of the building.

The new offer for schools developed by the Science Education Department for the Excellence in Science Initiative, sponsored by The Lloyd's Register Educational Trust, has enjoyed record-breaking figures. The Department has also developed a new range of science education resources, which are now available on the Museum's website.

The Museum's Public Astronomer featured in a segment of the BBC's *Stargazing Live* television show in January 2011, which had around 3.5m viewers; in June 2010 the Royal Observatory and Public Astronomer featured on BBC3's *Doctor Who Confidential*.

In July 2010 the Observatory screened *Barbarella* (dir. Roger Vadim, 1968) in the Peter Harrison Planetarium as part of the Greenwich Film Festival. The screening was a special event with a sci-fi-themed planetarium show, a futuristic costume competition and psychedelic lighting around the South Building. The event was full, with around 80 tickets sold, and we received excellent feedback from the audience. The Observatory also hosted the closing ceremony of the Film Festival on 27 July 2010.

Informal and formal learning activities have included:

Understanding Slavery Initiative

The funding for Strategic Commissioning remains unconfirmed and the last phase of the current USI programme closed in April 2011. This flagship national initiative leaves a legacy of resources including an upgraded website, launched in late May 2011. The learning teams in the partnership will continue to meet on an annual basis to share experience and update on best practice, working with objects and audiences in the teaching and learning of transatlantic slavery.

DCMS funding for all Strategic Commissioning programmes has ceased, but a proposal for a museums and galleries education programme has been submitted to the Department for Education by the National Museums Directors Committee (NMDC). The NMDC Learning and Access group met in June 2011 to discuss the proposal. At this stage it is not clear if funding will be available for the programme.

Yinka Shonibare, MBE: weekend event

In February 2011 a weekend of events took place celebrating and investigating the 'fourth-plinth' commission, 'Nelson's Ship in a Bottle' by Yinka Shonibare, MBE. A maquette of the sculpture was displayed in the 'Maritime London' gallery and events included film screenings, debates, talks, tours of the gallery and origami workshops with a recreation and commentary on the Battle of Trafalgar. The weekend was run in partnership with the Greater London Authority and attracted around 1000 participants of various ages.

Family Learning programme

Half-term activities in February 2011 explored Chinese maritime connections in the build-up to Chinese New Year. Activities included a Wish Boat and Compass Connections workshops, and an early years Animal Adventures music workshop. The culmination of the programme was the celebration of Chinese New Year, which was attended by over 400 people.

School holiday activities in April 2011 were inspired by the *Waterline* exhibition. Workshops included a Souvenir Shop with installation on the Upper Deck, exploration of 'The Parting Cheer' painting by Henry Nelson O'Neil and Creative Cargo ideas trolley in the exhibition space. Our youngest visitors were able to engage through an early years 'mini-cruise' dance and music workshop.

Diwali celebrations were held at the NMM on 13 November 2010. A day of creative activities ran across both the Observatory and Museum sites, linking to our collections, and the day ended with a performance by the Bollywood Brass Band. The programme was dynamic and very well attended, with 700 participants and a significant audience.

The Museum delivered its most successful International Slavery Remembrance Day commemorations to date, on 23 August 2010. It was very well attended and included a range of activities at the Museum and Queen's House. A highlight of the day was a three-part performance called *SOLD* by Talawa Young People's Theatre in the 'Atlantic Worlds' gallery.

The Giant Rhymathon, another event run in partnership with Greenwich Libraries to engage young children, took place on 16 July 2010. Building on the success of recent years around 200 under-5s with accompanying adults attended.

Access Programme

Two new strands of the Museum's access programmes have been developed in response to visitor feedback and evaluation, which has informed their format and content.

The *Touch, Talk, Make* programme for visitors with visual impairments responds to the need to develop cohesive, appropriate, and legacy-building provision for blind and partially sighted visitors to bring the NMM in line with current legislation, and the NMM's equality scheme. To enable audience development and help build capacity this programme takes the form of regular bi-monthly events. These events each focus on a different theme or exhibition but are 'branded' under the title *Touch, Talk, Make* and include tactile exploration of Museum objects, a talk or discussion based session, and a practical/creative activity. Branding the series of events in this way will help to build a repeat audience and increase staff awareness of the Museum's access provision. Through audience and staff consultation, a regular time slot for these events was established: they will take place from 11 a.m. to 4 p.m. on the last Wednesday of every other month.

The *BSL Sundays* programme for visitors who are D/deaf or hard of hearing, responds to a similar need to develop cohesive, appropriate, and legacy-building provision for D/deaf visitors, and for the same reasons as regards the sight-impaired. A similar programme of regular bi-monthly events has been devised that includes talks and tours which are BSL-interpreted and/or led by deaf lecturers.

Events run under this model include the access strand of the Yinka Shonibare weekend: in this a BSL tour of the 'Maritime London' gallery led by renowned Deaf lecturer John Wilson, a subtitled film screening, and BSL interpretation of the afternoon debate, provided an inclusive whole-day offer to this audience.

Digital collections

The following activities were completed in 2010–11.

- Over 450 drawings in sketchbooks and albums have been photographed, catalogued and published on Collections Online. The newly digitized drawings, mainly produced by Royal Navy officers in the 18th and 19th centuries, give us a glimpse of tropical islands, exotic cities and indigenous peoples at a time when the

ability to draw a landscape was not just a pastime but also a means of information and intelligence gathering. This project was grant-aided by the Gladys Krieble Delmas Foundation and, through the research involved, resulted in the gift of a further album related to two that were catalogued (see para. 3.1. above).

- We completed the development of our new collections platform, which was launched in June 2011.
- We photographed 104 prints and drawings selected by Clore Fellow Dr Haiyan Huang. Her Cantonese descriptions will be presented online with contextual material and descriptions from the NMM, creating our first bilingual collections resource.
- Over 1600 items were digitized and over 4400 collections online records added and/or improved during the year.

Citizen science initiatives

The Solar Stormwatch initiative issued a ‘direct-hit’ alert and press release in December 2010, leading to several articles in the media. This is the first time scientists have used data analysed by the public to make a real-time prediction of a solar storm headed towards Earth.

The initiative itself attracted press attention from *The Times*, BBC World Service, BBC Sky at Night and all popular astronomy magazines, and in February 2010 was awarded Innovative Website of the Year at the *Museums and the Web Conference 2010*.

In September 2010 the Museum launched ‘Old Weather’ (oldweather.org), which invites the public to transcribe Royal Navy ship logs from the First World War to help scientists recover worldwide weather observations. These will contribute to climate model projections and improve a database of weather extremes. Old Weather was developed with the University of Oxford, Met Office and Naval-History.net, and funded by JISC.

Zooniverse, the online home of the Solar Stormwatch and Old Weather initiatives, was awarded the President’s prize in the Physics.org web awards. It was also the People’s Choice winner.

Social media

The following took place in 2010–11.

- We launched Twitter accounts for the Royal Observatory astronomy team and our Public Astronomer, in time for the Astronomy Photographer of the Year awards event, enabling live reporting and chat around the #astrophoto10 hashtag.
- The Museum’s Curator of Science and Technology participated in ‘Ask a Curator’, a one-day event on Twitter in which nearly 400 museums and galleries from across the world took part: #askacurator was the number-one trend on Twitter, making it the most discussed topic of the day.
- The National Maritime Museum and Royal Observatory, Greenwich, were both launched on Facebook.
- All three Museum venues were registered on Foursquare, a location-based social networking service, and signed up to the History Channel’s Foursquare campaign.

3.2 To provide stakeholders and users with a sense of ownership – ‘Our Museum’ –

Partnerships with our stakeholders are a critical part of ensuring the relevance and reach of the NMM. Specific areas include academic reputation; maritime heritage; local and World Heritage Site (WHS) matters; and tourism.

Partnerships, Activities and Achievements include:

Stakeholder recognition through awards

At the 2010 London Hub Volunteer Awards, the Museum’s Tara Bennett was Highly Commended in the Special Youth Category, while John Rose was named runner-up.

At the 2011 London Hub Volunteer Awards, the Museum’s Youth Advisory Group was Highly Commended in the Best Team Category; Janet Housden was named runner-up in the ‘Going the Extra Mile’ category for her work in the Queen’s House.

Computer Active magazine listed the Museum’s website as one of their top ten historical information websites.

National Museums at Chatham

The redeveloped No.1 Smithery (Phase 1) was launched to funders, stakeholders and the media on 20 July and opened to the public on 24 July. It was launched on time, on budget and with a very positive response from both the media and visitors.

The second-phase – installing the NMM and Imperial War Museum ship-model collections in the stores – continued post-opening and was completed early in 2011: all models were located and recorded on the collections databases within the store to allow retrievals to commence. Following this, the Collections Research Area opened to the public on 12 May 2011.

Visitor figures for the Historic Dockyard site have shown an average increase of over 20% on the same period of 2009–10.

National Maritime Museum Cornwall

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

The National Maritime Museum has provided, on loan, the small-boat collection exhibits for the NMMC and many other objects on display in its galleries.

During the year ended 31 March 2011, the Museum made a donation of £50,000 to support the aims of the National Maritime Museum, Cornwall.

National Historic Ships

Consequent to the abolition of many government arms-length bodies last year, administrative arrangements for the National Ships Committee have been restructured. The unit will continue to receive its funding from DCMS through NMM. Its formal committee is being replaced by an advisory group. The NHS Director retains his

authority to offer independent advice to DCMS and the Minister but will report operationally to the NMM Director.

London 2012

The Museum has been working closely with the London Organising Committee for the Olympic Games (LOCOG) on the practicalities for staging the event and managing the potential impact on the Museum, Royal Observatory and Queen's House, and the Museum's operations, particularly in the income-generation area. This has necessitated negotiation of a new Venue Usage Agreement (VUA) which is very close to completion. In the meantime several Deeds of Variation have been agreed to enable these negotiations to take place and the installation and operation of a Communications container within the Museum's grounds in time for use during the Test Event in the Royal Park, scheduled for July 2011. The draft VUA covers detailed requirements for both parties while protecting the security and integrity of the site, buildings and collections. The Museum has been working closely with the growing team at LOCOG, officials from the Government Olympic Executive in DCMS, WHS partners and representatives from the Metropolitan Police and Security Services in readiness for the Games.

Membership activity

The 15th annual *Sea Words* literary dinner was held at the Trafalgar Tavern on 28 October 2010. Libby Purves of *The Times* and the BBC programmed a wonderful evening of entertainment. Performers included HRH The Duke of York, Dr David Starkey, Richard and Leonie Ormond, Admiral Lord West of Spithead, endurance sailor Hannah Jenner and regulars including Iestyn Edwards and Jeremy Nicholas.

Membership remains at just under 2,000 member households, with an increase in Family members, and a gradual decrease of the Founder members. The Museum expects this trend will continue, and that the benefits of free admission to the Peter Harrison Planetarium, Flamsteed House and the Meridian Courtyard will see a significant increase in Family memberships.

Volunteer programme

At the end of March 2011 the Museum was receiving contributions from 165 volunteers, in a variety of roles across a variety of departments. The volunteer group contributed over 18,500 hours to the Museum during the year.

Both the number of volunteers and the variety of roles offered by the programme are growing strongly, with our volunteers increasingly integrated into the Museum's activities. 2010 saw an emphasis on recruitment for front-of-house volunteers and this trend is likely to continue with the forthcoming opening of the Sammy Ofer Wing in July 2011.

Youth Advisory Group

The Museum's Youth Advisory Group (YAG) invites people aged 13 – 21 years to give young people a voice in the Museum. The YAG was established in 2008 and has gone from strength to strength since, with an emphasis on recruitment at the start of 2011.

In January 2011, the Youth Advisors produced a film with a professional filmmaker, inviting new young people to join the group. The Youth Advisors hosted a Recruitment Day on 26 February 2011, welcoming 25 interested young people to the Museum to take part in museum-based activities. The Museum's Youth Participation Freelancer has received enquiries on a daily basis from young people wanting to join the 50+ Youth Advisors on the waiting list.

In March 2011, the Youth Advisors took part in a consultation with the Volunteers department, advising on a new Visitor Support Volunteer role description. The YAG is also looking at Arctic exploration, past, present and future, to host events tied into the *High Arctic* exhibition, which opens in the Sammy Ofer Wing in July 2011.

The Youth Advisors were also nominated for the Best Team award at the 2011 Renaissance London Volunteers in Museums Awards, being successfully awarded 'Highly Commended' status.

Human Resources

All training and development targets were met with 25% of staff receiving vocational training and the budget being maintained at 2.4% of pay bill. Nearly 300 staff participated in *Valuing Difference* workshops during March as part of our Equality Plan and throughout the year the Museum provided 63 work-experience placements.

The Group Life Assurance and Income Protection Policies were transferred to new insurers in December 2010, resulting in immediate savings on annual premiums, guaranteed future no-claim discounts and a free Employee Assistance Programme, overall offering excellent value for money.

Trade Unions

Following the government's announcement of a two-year public-sector pay freeze, the revised pay guidance was reviewed and appropriate pay awards were offered to Prospect and accepted and notified to PCS before being implemented in July salaries. This resulted in planned consolidated payments of a minimum £250 for all staff earning £21,000 or less, an average 2% non-consolidated payment to qualifying staff earning over £21,000 and the payment of contractual bonuses.

Visitor Experience

This department underwent a restructuring programme in order to create a more robust operating model, more adaptable to changes in the external environment and the future needs of the Museum and its visitors. The new structure has provided additional opportunities for career development and enabled a stronger element of operational support, as well as preparing the department for the operational demands of the Sammy Ofer Wing.

3.3 To ensure inspired development and stewardship of our collection and buildings

Activities and Achievements include:

Collections – notable acquisitions in 2010–11

- By gift, via the good offices of The 1805 Club, the Royal Naval uniform of Lt. William Hicks, c. 1812. Hicks had been a midshipman at Trafalgar: this is the sole known example of an 1812–25 pattern lieutenant's dress uniform and, since uniform regulations were only illustrated from 1827, the only accurate record.
- By purchase, a manuscript letter from Robert Hope, on board the 'Fighting' (or 'Saucy') *Temeraire*, to his brother John Hope, 4 November 1805. This is a rare letter of both naval and national importance, written at sea two weeks after the Battle of Trafalgar and posted later at Portsmouth: that it is from a 'lower-deck' seaman adds to the interest and rarity.
- By gift, a collection of items relating to the Fowke family, whose members saw naval service from the late 18th to the late 20th centuries.
- By gift, the Lloyd's Patriotic Fund £100 Trafalgar sword awarded to Captain, later Vice-Admiral, Sir Henry Blackwood, who commanded Nelson's frigates there.
- By gift, an album of prints and drawings by Admiral Sir Edward Gennys Fanshawe (1814–1906), complementing two albums of watercolours by him given to the Museum in 1951 by the donor's grandfather.

Loans out during the year included

- Two miniatures, by Nicholas Hilliard and Samuel Cooper, and another drawing, lent to Tate Britain for their *Watercolour* exhibition.
- Sixteen oil paintings to a travelling loan exhibition in Hamburg and Luxembourg of which the title translates as *Sailing as far as the Canvas stays the Course: the Range of Wealth in Dutch 17th-century Seascapes*.

Captain Cook in orbit

The Museum was approached by NASA to borrow an object to take aboard the space shuttle Discovery for its final flight into space. Since the shuttle was named primarily for Captain Cook's Discovery, the smaller ship on his last voyage, we chose to lend a medal struck in his memory by the Royal Society in 1784 – as commemorative, iconic, small, portable (and not unique).

The Discovery mission launched on 24 February 2011 and landed on 9 March 2011. During the flight astronaut Dr Michael Barratt photographed the medal with Earth in the background. It will be going on display in July 2011 in the new 'Voyagers' gallery in the Sammy Ofer Wing.

Accreditation

The Museum was delighted to be granted full Accreditation status by the awards panel of the Museums, Libraries and Archives Council. The application required provision of detailed information relating to the Museum's collections management and care, governance and management, user services and visitor facilities. No areas for improvement were identified by the awards panel.

Library and Archive

The Caird Library closed to both public and staff on 22 April for its move to the Sammy Ofer Wing. The E-Library became a temporary storage area for furniture from the old reading room and for crates of books in transit. The new reading room opens on 14 July, providing access to the core reference books, journals and e-resources which will be on open access: full six-day-a-week service with access to all the collections will begin on 5 September.

The Collections Management team continue to co-ordinate planning for the move and installation of the collections in the Sammy Ofer Wing. A contractor has been appointed and it is currently scheduled for completion in mid-August

The Conservation team have prepared the paper collections for their move into the Sammy Ofer Wing stores. This included the surface cleaning and wrapping of oversize and vulnerable items, atlases and books.

Conservation

In November 2010, the Museum's Senior Textile Conservator began conservation of Nelson's Trafalgar uniform – approximately six months of work. The silk lining had deteriorated and was in need of essential conservation, but will be back on display before the opening of the Sammy Ofer Wing. Regular updates on the work were posted on the Museum's website through a monthly blog and video footage at www.nmm.ac.uk/conservingnelson.

Nelson's other undress uniform received 255 hours of conservation work and in September 2010 was lent to the Royal Naval Museum, Portsmouth, replacing the existing display uniform which consequently returned to the NMM.

Digitization projects

Ancestry, the world's largest family history website, has begun photographing the collection of 160,000 masters' certificates (in all 1.4 million images) held in the NMM archive. The aim of the project is to improve access to the certificates by making them available through the Ancestry.co.uk website and to aid retrieval of the original master's certificates for the public in the new reading room. Public launch of the indexed, digitized images is expected in 2012.

The digitization of the 1915 crew lists held at the NMM (numbering approximately 39,000 documents) began in March 2010. This is an ongoing joint project with the National Archives to digitize the 1915 crew lists held in both institutions. Once the information contained in the crew lists has been indexed by volunteers it will be made available online in 2014, in time for the 100th anniversary of the start of the First World War.

The Museum is also working with the Public Catalogue Foundation to digitize the remaining 1200 oil paintings in the NMM collection that have not yet been digitally photographed. The entire NMM painting collection will then be displayed on the *Your Paintings* website, which was developed in conjunction with the BBC. *Your Paintings* will display the UK's oil paintings as a whole, allowing users to discover works owned by public bodies and find out where they can view them in person.

Grants received

The Museum was awarded £123,000 by the Heritage Lottery Fund *Skills for the Future* programme for a four-year intern programme. The interns programme will offer six paid one-year internships targeted at recently graduated conservation students, giving them the opportunity to expand their practical conservation skills while working in a vibrant museum environment. The first intern joined the Metals Conservation section on 14 March 2011.

The Museum also secured a grant of £64,500 from the Esmée Fairbairn Trust for conservation of its collection of van de Velde drawings, which is the largest in the world.

External funding for the conservation of Lt. Hicks's uniform was secured from the Mercers' Company (£5,000), a Nelson Society bursary of £1,000 and over £2,000 from a direct appeal to NMM Members.

The Museum was awarded \$15,104 from its American Fund to conserve the naval ensign from the USS *Chesapeake*. This is part of the ensign taken with that ship in her famous duel with HM frigate *Shannon*, Captain Philip Broke, off Boston in 1813. It consists of the upper hoist quadrant of blue silk and white stars, and a section of the adjacent red and white stripes. It was in poor condition and the treatment will be carried out by external conservators.

Collections Review Programme

The NMM Collections Review Programme featured in an article on collections disposal in the March 2011 edition of the *Museums Journal*. The article focused on examples of successful disposal from the NMM, University College, London, and the Museum of London, and referred to changing approaches to disposal across the sector.

Contribution to the Museum's Public Programme

Stage One of the NMM Master Plan for the Queen's House took place during August 2010, re-integrating paintings into a refreshed *Art for the Nation* exhibition on the first floor.

Research Fellowships, 2010–11

Sackler-Caird Research Fellowships

Dr Jan Rueger, Birkbeck College, University of London

Contested Island: a history of the Anglo-German relationship

Dr Kirsty Reid, University of Bristol

Australia bound: convict voyages, 1788–1868

Caird Senior Research Fellowship

Sara Trevisan

Aquatic myth-making in English literature and theatre, 1485–1640

Caird Short-Term Research Fellowships

Ms Anyaa Anim-Addo, Royal Holloway, University of London

The Royal Mail Steam Packet Company in the post-emancipation Caribbean

Professor Tim Fulford, Nottingham Trent University

The Indian and Pacific correspondence of Sir Joseph Banks, 1768–1820

Dr Renaud Morieux, University of Lille 3 – Charles de Gaulle

French prisoners of war in England in the 18th century

Dr James Craufurd Robertson, University of the West Indies, Mona

The first English century in Jamaica (1655–c.1770) in the Navy Board correspondence

Ms Mary C. Wills, University of Hull

Royal Navy sailors and the suppression of the Atlantic slave trade, 1807–65: anti-slavery, empire and identity

Sackler-Caird Short-Term Fellowship, 2011

Dr Heloise Finch-Boyer, University of Witwatersrand

What does digital do? Studying the worldwide transformation of paper navigation charts to digital navigation charts (1977–2010)

The Crown Estate Caird Research Fellowship, 2011

Miss Anne-Lise Montreuil, Loughborough University

Historical geomorphology of the Lincolnshire coast from South Spurn Head to Gibraltar Point

AHRC Collaborative Doctoral Studentships in Residence

Harriet McKay, with Kingston University, *Accommodating the passenger: interior design for the Union Castle Line, 1945–77*

Mary Wills, with University of Hull, *Anti-slavery and the Royal Navy in the Atlantic Ocean, 1810–90: race, empire and identity*

Anyaa Anim-Addoo, with Royal Holloway, *Steam after slavery: the Royal Mail Steam Packet Company in the post-emancipation Caribbean, c.1834–1870*

Charlotte Mullins, with University of Sussex, *The world on a plate: the impact of photography on travel imagery and its dissemination in Britain, 1839–88*

John Moyle, with University of Leeds, *The telegraphic life: recovering the work of submarine cable technicians, 1850–1914*

Helen Reddick and Hazel Sheeky, with University of Newcastle-upon-Tyne, *Popular narratives of exploration in children's literature from the 18th to the 20th century*

Claire Warrior, with University of Cambridge, *Exploring histories: polar exploration and the construction of history at the NMM*

Geoff Snell, with University of Sussex, *Thames rising: representations of the River Thames in 18th-century culture*

Sophie Carney, with University of Roehampton, *The Queen's House at Greenwich: the material culture of the courts of Anna of Denmark and Henrietta Maria 1603–69*

Sian Williams, with University of Southampton, *Circuits of knowledge: the Royal Navy and the Caribbean, 1756–1815*

Cicely Robinson, with University of York, *The National Gallery of Naval Art at Greenwich*

Steven Gray, with Royal Holloway, University of London, *Imperial coaling: steam-power, the Royal Navy and British imperial coaling stations c. 1870–1914*

Conferences, Lectures and Symposia

Empires of Science in the long 19th Century Conference, April 2010, 50 delegates

Naval Dockyards Society Annual Conference, 17 April 2010, 46 delegates

A Sense of Direction (History of Navigation) Conference, May 2010, 85 delegates

Antiquarian Horological Society Conference, 29 May 2010, 121 delegates
'That Mighty and Vast Sea': Britain and the Indian Ocean World Conference,
8 – 9 July 2010, 65 delegates over two days
*Renaissance Women's Performance and the Dramatic Canon: The Queen's House
Conference*, 14 – 15 July 2010, 45 delegates over two days
International Map Collectors' Society, Conference, 5 October 2010, 87 delegates
British Maritime History Seminars, 5 October – 30 November 2010, 75 delegates
Caird Medal Lecture, Dr W. Mörzer Bruyns, 12 October 2010, 60 delegates
Shipwreck Conference, 19 – 20 November 2010, 36 delegates
British Maritime History Seminars, January – March 2011, 200 delegates
Naval Dockyards Society Conference, 12 March 2011, 57 delegates

Buildings, Estate and IT Infrastructure

Mechanical and electrical term-maintenance contract

This contract was renewed under EU procurement procedures with effect from 1 April 2011. A new Contractor, Cofely, GDF Suez Ltd was appointed on a three-year contract with an additional three years subject to agreement. All on-site operatives have transferred to the new contractor, thus ensuring continuity of quality of service and familiarity with our estate. Cofely bring with them value-added benefit to us and considerable museum sector experience.

Main site lawns

Major renovation works, completed in the early spring, included extensive scarifying, verti-draining, top dressing and over-sowing. Recent harsh winters and dry periods have had an adverse impact of the lawns and this work will improve lawn condition and ensure stronger, healthier sward.

IT infrastructure works included:

- implementation of a revised removable device-control scheme and the introduction of a new automated desktop locking scheme for compliance with the security policy framework
- improvement of remote security of NMM data by disabling active sync protocols
- installation of a new network at the No.1 Smithery, Chatham, and the configuration of a new site-to-site VPN there, to allow full network printing (the Smithery now holds the NMM and IWM research collections of ship models)
- installation of a new e-mail filtering system, including added features such as daily digest reports to make it much simpler for staff to manage their own settings
- archive research assistance on staff and volunteer research projects including Museum statistics, the small boat collection, charts and Greenwich Hospital.

3.4 To build an organization that responds to the challenges ahead and makes the most of its opportunities

Activities and Achievements include:

Retail and commercial

During the course of the year the Museum's wholly owned subsidiary, National Maritime Museum Enterprises Ltd, achieved a turnover of more than £1.68m (some 3% growth over the previous year). The profit generated amounted to £424k, which will be donated to the Museum by way of Gift Aid.

Included in this was the Museum's Picture Library, which had its most profitable year ever with a £100k net profit contribution. This is a significant move forward for the Museum as the Picture Library did not make any profit until 2009–10.

Fundraising

The Sammy Ofer Foundation

On 27 March 2008 the Museum was delighted to announce that it had received a pledge of £20m from Sammy Ofer, KBE, the shipping magnate and philanthropist, towards the creation of a major new wing. A further donation of £1m has been pledged on the successful opening of the Sammy Ofer Wing in July 2011. We welcome the relationship that has been established with the Sammy Ofer Foundation, under whose control the funds are managed, but deeply regret that Mr Ofer has not lived to see the Wing opened: he died after a long illness, aged 89, on 3 June 2011.

Other Corporate Development

Fundraising performance for the 2010–11 year also improved significantly compared with 2009–10 thanks to other significant donations from The Garfield Weston Foundation, Lloyd's Register Educational Trust, The Fidelity Foundation UK, The Sackler Foundation, The Esmée Fairbairn Foundation and The DCMS/Wolfson Gallery Refurbishment Fund.

Patrons

In the summer of 2010 the Museum launched a campaign to recruit new Patrons. The campaign focused on the Museum's 75th birthday in 2012, with the goal of welcoming 75 Patrons in our 75th year. Monies raised through the scheme will be put towards the fit-out of the new special exhibitions gallery, giving our Patrons a sense of belonging and commitment to the NMM, and the ongoing special exhibitions programme.

At the time of the campaign launch we had 12 Patrons: as of 5 May 2011 the Museum had 31 Patrons and a number of promising pledges in the pipeline. We will continue to grow the Patrons scheme in the coming year, with our strategy including the recruitment of 'ambassadors'.

Finance

The Museum has complied with the Government's Transparency initiative by publishing through a section on the Museum's website all data concerning supplier transactions of a value of £25,000 or greater. The Museum has also commenced using 'Contracts Finder' for publication of tender and contract documentation.

Press and Marketing

Branding

In June 2010 the agency SomeOne was selected as the Museum's branding agency. SomeOne have considerable experience in designing, launching and re-launching a wide range of brands including the Royal Opera House and the new sports pictograms for 2012 which will accompany the main logo for the London 2012 Olympics.

Astronomy Photographer of the Year

The Astronomy Photographer of the Year 2010 awards ceremony took place on the evening of 9 September 2010, when the winners were presented with their prizes. The press campaign secured coverage in all the national broadsheets: *The Times*, *Daily Telegraph* and gained the centre pages of both the *Guardian* and *Independent*. Other coverage included picture features in the *Daily Mail*, *New Scientist*, *BBC Focus*, *Sky at Night* magazine, *Metro*, *Big Issue*, *Amateur photographer*, London and local media, BBC Scotland and an audio slideshow on the BBC News website's front page. Astronomy Photographer of the Year also received a large amount of international press from the USA, Europe, Russia, India and China.

Boats the Built Britain and Sea Fever

The *Sea Fever* season began on BBC Four on 4 May 2010. The Museum worked closely with BBC Four *Sea Fever* production teams and the Museum's collection and experts featured in the *Boats that Built Britain* and *Art of The Sea* programmes.

Health and Safety

An elderly adult visitor collapsed and stopped breathing within the Three Arches Entrance to the Observatory in December 2010. Visitor Experience staff administered CPR and used the defibrillator machine to resuscitate the casualty while colleagues comforted and cared for his wife. He has made a good recovery and the couple, who are two of our most regular visitors, have visited since then. Data taken from the defibrillator machine confirms that the actions undertaken by NMM staff were life-saving.

Efficiency

The National Maritime Museum is operated efficiently and effectively: reforms over the last ten years have seen it increase its outputs at a steady rate while its financial and workforce inputs have remained largely constant.

Key Data	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
Total Grant-in-Aid (GiA)	£15.1m	£16.8m	£18.2m	£19.3m ¹	£19.0m ¹	£18.8m ¹
All other incoming resources	£9.6m	£9.0m	£7.1m	£6.3m	£8.5m	£23.1m ⁴
FTE employees	420	407	400	412	400	416
Visits	1.512m	1.633m	1.782m	2.089m	2.395m	2.450m
Website visits	8.218m	9.171m	9.710m	9.710m	10.367m	10.052m
Total Users ²	9.743m	10.814m	11.503m	11.814m	12.772m	12.517m

Efficiency Ratios						
Total Users per FTE	23,199	26,569	28,757	28,675	31,930	30,088
Total GiA £ per User	1.55	1.56	1.58	1.63 ³	1.49	1.50
Revenue GiA £ per User	1.46	1.36	1.32	1.32	1.25	1.19
Total GiA £ per Visit	10.01	10.31	10.19	9.24	7.92	7.65
Revenue GiA £ per Visit	9.39	8.99	8.50	7.45	6.67	6.09

¹. excluding restricted funds for National Historic Ships Unit (which in 2010-11 was £249k)

². includes collections and subject-related enquiries

³. due to increase of £1.1m in total Grant-in-Aid

⁴. including the donation from the Sammy Ofer Foundation of £14.9m

PERFORMANCE

The following table shows the Museum's 2010-11 performance against the Performance Indicators listed in the Museum's 2008-11 Funding Agreement.

Funding Agreement Performance Indicators	2010-11 Actual	2009-10 Actual
Number of visits to the Museum	2,450,155	2,395,493
Number of unique website visits	10,052,347	10,366,891
Visits by children under 16	460,806	444,261 ¹ .
Number of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8	93,100³	114,148
Number of visits by UK adult visitors aged 16 and over from an ethnic minority background	101,391³	139,786
Number of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness, disability or infirmity	22,202³	37,292
Number of overseas visits	1,487,640³	1,271,875
Number of facilitated and self-directed visits by children under 16 in formal education	170,333	117,946
Number of instances of children under 16 participating in on-site organised activities	62,284	54,836
Number of instances of children under 16 participating in outreach activity	40,184	44,115
Number of instances of adults aged 16 and over participating in organised activities	133,362	129,025
Number of instances of adults aged 16 and over participating in outreach activities	2,188	32 ² .
% of visitors who would recommend a visit	99%	99%

Admissions income (includes Peter Harrison Planetarium)	£684,000	£527,751
Net contribution from trading prior to inter-company charges	£1,397,000	£1,363,811
Fundraising income from sponsors, private benefactors and/or charitable trusts used to support Museum activities	£15,588,000	£3,420,157
Of which: Sammy Ofer Wing fundraising income Other fundraising income	Of which: £14,600,000 £988,000	Of which: £3,160,000 £260,157
Number of UK loan venues	71	75
% area of stores and galleries that are sustainably BS5454 compliant	60% summer 56% winter	63% summer 51% winter
Number of objects conserved	1,520	1,067
No. of peer-reviewed articles and publications	19	19
Number of research projects undertaken and ongoing	16	11

¹ An undercount of child numbers occurred between August 2009 and February 2010 owing to a temporary change in the method of counting employed

² Activity ceased following a reduction in staffing during the year (since re-started)

³ Overseas visits are calculated using data from about 1800 respondents to the Museum's exit surveys. In 2010–11 the percentage of overseas visitors from the exit surveys was much higher than in 2009–10, meaning that not only were overseas visits themselves much higher, but that there were also considerably fewer UK visits in 2010–11. The result of these 'lower' UK visits is that the number of visits by adult UK visitors from NS-SEC groups 5 – 8, adult UK visitors from an ethnic minority background, and adult UK visitors with a limiting long-term illness, disability or infirmity, were all much lower than in 2009–10 despite the actual percentages for these groups being comparable with the percentages recorded in 2009–10.

The following tables show the Museum's performance against its internal management targets in its four Primary Aims.

1. To stimulate curiosity in all our users – the trigger for discovery and learning	2010–11 Actual	2009–10 Actual
Total Museum Users (includes site visits, web visits and research enquiries)	12,517,419	12,772,049
Number of visits by adults ages 16 and over	1,989,349	1,951,232
Number of public visits to the Peter Harrison Planetarium	143,298	120,210
Number of adult education contact student hours	15,478	13,255
Number of interpreted collection items made available online	4,441	3,720

Number of overseas loan venues	17	17
Number of collections-related and subject expertise enquiries	14,917	9,665

2. To provide stakeholders and users with a sense of ownership – 'Our Museum'	2010–11 Actual	2009–10 Actual
Number of UK adult visitors from groups C2DE	121,309	170,355
Percentage of visitors who found the Museum was at least satisfactory	100%	100%
Percentage of staff in vocational training	25%	25.5%
Number of training courses attended by staff	1,811	1,645
Number of partnerships and links	398	372

3. To ensure inspired development and stewardship of our collection and buildings	2010–11 Actual	2009–10 Actual
Number of research papers given based on work in progress	100	139
Number of conferences	4	2
Number of objects assessed for conservation	2,686	2,354
Number of digitized images added to database	1,652	3,560
Value of buildings and infrastructure stewardship	£1,289,861	£1,093,632

4. To build an organization that responds to the challenges ahead and makes the most of its opportunities	2010–11 Actual	2009–10 Actual
Revenue generated from fundraising and grants per visit	£6.82	£2.13
Non-grant income per visit	£1.33	£1.49
Corporate Membership and Corporate Loans income	£120,326	£126,410
Average number of days lost per employee through short term sick absence	4.6	4.5
Average number of days lost per employee through long term (over 30 days) sick absence	4.14	3.5
Average number of days lost per employee through sick absence – both short and long term.	8.74	8.0
Donation boxes revenue	£52,476	£54,996
Spend on energy	£375,058	£495,610
Number of Museum Members	1,994	2,039
Number of Volunteers	165	108

4. FUTURE PRIORITIES

*"Our first priority is to use the Museum's Collection to **stimulate people's curiosity**. Then by providing a truly excellent product and experience we will inspire people to explore and understand Britain's national story – so well expressed in our relationship with the sea."*

The Corporate Plan *Stimulating Curiosity* was developed by the Executive and Senior Management Team and endorsed by Trustees at their 19 February 2009 Board meeting.

At the November 2010 Board meeting, the Trustees and Executive agreed that the imminent completion and opening of the Sammy Ofer Wing in conjunction with the Spending Review allocation (with the Secretary of State's priorities of: free access to the national maritime collection, working with regions, and protecting front line delivery - within an overall reduction in central funding) required a re-appraisal of the high level strategies of the Corporate Plan to reflect this new context.

The Executive reviewed the *strategy level* of the Plan and recommended adjustments to better reflect the Museum's:

1. increasing focus on digital futures and social media
2. determination to improve the visitor experience and present the Museum's new public offer focussing on special exhibitions
3. need to communicate our strategic aims clearly to staff and external stakeholders.

Trustees adopted the adjusted Corporate Plan at the Board meeting of February 2011.

An overview of the revised Corporate Plan to *strategy level* follows below:

STIMULATING CURIOSITY - Aims, Outcomes and Strategies

Aim 1: Stimulate curiosity in all our users – the trigger for discovery and learning

Outcome: For people to have a greater understanding of Britain's maritime past and its consequences for the world today, and a greater understanding of astronomy.

Strategies:

1. Ensure our temporary exhibitions and permanent gallery renewal programmes are high quality, employ appropriate interpretation, and grow audiences worldwide.
2. Strive for excellence in inter-disciplinary research to advance knowledge of our collections and subjects, supporting exhibition and learning programmes on site and online, and working with the media.
3. Engage effectively with new and existing organisations and audiences, through programmes that extend the museum experience beyond our walls.
4. Encourage participation and self-directed learning on and off site through the use of digital technologies and social media.

Aim 2: Provide stakeholders with a sense of ownership – "Our Museum"

Outcome: Raise the Museum's reputation with its stakeholders and users, developing a confident, well-defined, outward-looking museum with a worldwide reputation for quality, accessibility, originality and relevance.

Strategies:

1. Successfully implement the Museum's new brand and cultural change programme.
2. Create innovative environments and experiences that inspire stakeholders and users, drawing them into deeper and more meaningful engagements.
3. Promote the NMM as "your local museum".
4. Build on opportunities offered by the 'New Museum' developments to focus on people's stories and contemporary relevance.

Aim 3: Ensure inspired stewardship of our collection, our buildings and our expertise

Outcome: People are engaged and have greater respect for, and excitement about, our assets - the collection, the buildings and our expertise.

Strategies:

1. Use our expertise to make the full diversity of our collections more visible and accessible while demonstrating leadership in collections stewardship.
2. Develop our collections intellectually to meet current and future display and learning needs.
3. Widen appreciation of our estate's architecture and history, supported by excellent estate management.
4. Develop an integrated suite of digital strategies across the museum in order to improve efficient access to collections and expertise.

Aim 4: Build an organization that responds to the challenges ahead & makes the most of its opportunities

Outcome: A museum that is financially, structurally and culturally able to realise its potential.

Strategies:

1. Ensure financial sustainability and growth by increasing revenue resources.
2. Develop staff expertise throughout the organisation.
3. Manage risk.
4. Maintain a culture high on trust, devolvement, development and communication against a background of effective governance and management.

With the overall objective that the NMM will be recognised as a place and organization of excellence – "the best in class"

The entire plan is available from www.nmm.ac.uk or from the Museum Secretary.

5. STATUTORY BACKGROUND, STRUCTURE, GOVERNANCE AND MANAGEMENT

The founding legislation is the National Maritime Museum Act 1934 which established the National Maritime Museum and a Board of Trustees, who are a body corporate by the name of the Trustees of the National Maritime Museum. The 1934 Act was amended by the National Maritime Museum Act of 1989 and the Museums and Galleries Act of 1992. The 1989 Act gave the Trustees the power to acquire and dispose of land and property. Titles to the main Museum properties and the collection stores have been transferred to the Trustees (see note 11 to the accounts). The Museum occupies and operates the Royal Observatory under a Royal Warrant dated 23 March 2004.

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 Statement and Financial Memorandum, agreed with the Department for Culture, Media and Sport (DCMS) in September 2002, and HM Treasury's "Managing Public Money" and the conditions therein in relation to the Grant-in-Aid and public funds.

Structure

National Maritime Museum

Under the National Maritime Museum Act 1934, and as listed in Schedule 2 of the Charities Act 1993, referenced by the Charities Act 2006, the Trustees of the National Maritime Museum is an exempt charity.

Trading Company

The National Maritime Museum established a trading company called National Maritime Museum Enterprises Limited (NMME) on 2 April 1985. The principal activities of the company are that of running shops, catering and events within the National Maritime Museum.

The result for the year is a profit on ordinary activities before tax of £423,556 (2009: £418,862).

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

Lord Sterling of Plaistow (Chairman)

N C L Macdonald

K Fewster

D R Philip

Under the provisions of the Memorandum and Articles of Association of the company, no person holding the office of director may hold any salaried position in the company or otherwise receive remuneration, and the entire share capital is owned by the National Maritime Museum, which is the ultimate parent company. The interests of the NMME directors are disclosed in the consolidated financial statements of the group.

Trust Funds

Management of the Trust Funds is by their Trustees who are members of the Finance Committee itself responsible to the Trustees of the Museum.

The Caird Fund was created under a trust deed dated 23 March 1942. The original capital was

provided by Sir James Caird as a permanent endowment to generate income for the purpose and benefit of the National Maritime Museum.

The Development Fund and *The No 3 Trust Fund* were set up for the development and benefit of the National Maritime Museum.

Governance and Management

The Board of Trustees of the National Maritime Museum has oversight of the production of the Museum's Corporate Plan, Funding Agreement, Management Plan and Budget that are prepared by the Director and the Executive. These documents set out the policy and resources framework within which the Museum discharges its duties and its key corporate and management objectives and targets.

The 2009-'14 Corporate Plan "Stimulating Curiosity" expresses its main future priorities - all of which deliver Public Value outcomes. See page 25 above for further information.

The 2008-'11 Funding Agreement between the Museum and the Department for Culture, Media and Sport (DCMS) provides explicit and challenging statements of the underlying outputs and levels of performance that the Museum is required to deliver to achieve the Department's objectives.

The Board of Trustees, the Board of Directors of National Maritime Museum Enterprises Ltd, and the Director as Accounting Officer are responsible for establishing and maintaining systems of internal control. They are committed to public service values, which include integrity, openness, accountability, and securing value for money. The Museum continues to review and update the existing systems (see the Statement on Internal Control on page 48) which the Boards and Accounting Officer believe to be appropriate for a public body. The systems of internal control are designed to meet the particular needs of the Museum and the risks to which it is exposed. By their nature, internal control systems can provide reasonable but not absolute assurance of effectiveness.

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

The Director as Accounting Officer is accountable to Parliament and is personally responsible for safeguarding the public funds for which 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 the Treasury.

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, Funding Agreement, the Management Plan 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 quarterly. The

Executive monitors the performance of all major projects on a 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 Board of Trustees

The Board has four plenary meetings a year, and usually one extended strategic planning session. There are five committees of the Board – Audit; Finance; Remuneration; Nomination; and Personnel. Two of these, the Audit Committee and the Finance Committee, meet quarterly.

A register of Trustees' relevant interests is maintained and is available for the public to inspect on request to the Museum Secretary. Trustees are not remunerated.

Methods used to recruit Trustees

All recruitment and the appointment process itself is carried out in accordance with the Office of the Commissioner of Public Appointments' (OCPA) Code of Practice for Ministerial Appointments to Public Bodies and operates in accordance with the DCMS Delegated Appointment Procedure (wherein the Minister for Culture agrees the role specification) and the Board's Diversity Plan.

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

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

In 2010-'11, in accordance with the above procedure, three new Trustees were appointed. In 2010-'11 one Trustee's term ended.

Procedures for induction and briefing of Trustees

The Chairman ensures that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities. All Trustees have a copy of all relevant governance material and receive an induction course on appointment. New Trustees may also receive mentoring from members with experience.

Trustees are normally appointed to provide the Board with their specific areas of expertise, knowledge and skills but training is always offered and available and committees such as the Audit Committee benefit from an annual sector-wide conference. In addition from time to time the Board receives specific briefings on matters such as Health and Safety and compliance procedures and individual Trustees are encouraged to take up departmental visits.

Audit Committee

The purpose of the Audit Committee, a committee of the Board, is to give independent advice and guidance to the Board of Trustees and to the Accounting Officer on the adequacy of audit arrangements and on the implications of assurances provided in respect of risk and control in the Museum. The remit of the Committee reflects Government Internal Audit Standards and the code of practice on Audit Committees issued by the Treasury.

The Chairman of the Audit Committee makes an annual summary report to the Board of Trustees and signs the Statement on Internal Control as the representative of the Board.

Internal Audit

The Museum engages an external company to provide an internal audit service, in accordance with the current Government Internal Audit Standards, which reports to the Audit Committee and Accounting Officer. Internal controls and systems are reviewed in accordance with the annual internal audit plan. The Audit Committee agrees the plan, and the results of the reviews (including progress against previous recommendations) are reported quarterly in detail to the Executive, the Audit Committee and annually in summary to the Board of Trustees.

Risk Management

The Museum views risk management as an active part of the management processes and operates a system of risk identification, assessment, addressing, reviewing and reporting in line with HM Treasury's *Management of Risk – Principles and Concepts*. Please see the Statement on Internal Control on page 48 for further details.

Significant projects such as the Sammy Ofer Wing are subject to the Gateway Review process. Prior to the start of the project, the Museum and the Gateway Review Team carried out a Risk Potential Assessment and agreed a Medium risk rating. A Gateway 3 Review, *Investment Decision*, was undertaken in September 2009 giving an amber assessment.

Managing Information Risk

The Museum is not aware of suffering any protected personal data incidents during 2010-'11 or prior years and has made no report to the Information Commissioner's Office.

Employment policies

The National Maritime Museum values the diversity of its workforce and 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. 12.6% of the Museum's employees are Black, Asian and Minority Ethnic (BAME). The Museum holds the Employment Service's Disability Symbol. In 2010-'11, 7.1% of staff employed by the Museum considered themselves to have a disability. The Museum has in place an Equality Plan for both staff and service provision. A number of sheltered placement and other work experience initiatives are under way. The Museum has an active volunteer programme and appointed a volunteer manager last year. The increase in numbers of volunteers and in volunteer hours is already in evidence with record numbers of volunteers and hours given towards the end of the year. The Museum also undertakes secondments and exchanges both internally and externally at home and overseas.

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 7% are aged over 65. At the sector level, the Director of Human Resources co-chairs the National Museum Directors' Conference'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 re-accreditation in 2003, 2006 and again in October 2009.

In 2010-'11 the average number of days lost per employee through short term sick absence was 4.6 days whilst the average number of days lost per employee through long term (over 28 days) sick absence was 4.14 days. The average number of days lost per employee through total sickness (long and short term combined) was 8.74.

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 have reached an agreement for the purposes of collective bargaining in respect of pay, hours and holidays and have a facilities agreement.

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.

Organisational Communication

The Museum regards effective communication as essential. The objective is to ensure that all staff 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 dealing with selected themes speak to the entire staff broadly on a monthly basis to provide a brief on specific areas, progress or projects.

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.

Intranet - available to all staff it details policies, management meetings and organisational programmes and information of use to staff 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 HR. 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. Team briefing has been refreshed during the year as a recommendation arising out of a Staff Engagement Survey carried out during the year.

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.

Trade Unions – Since December 2006 the Trade Unions Prospect and PCS have been recognised for the purposes of collective bargaining on pay, hours and holidays. A Joint Negotiating Body has been set up for this purpose and meets as and when required with a formal agenda and published minutes of meetings.

Health and Safety

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

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

The importance of employee involvement in health and safety matters and the importance of the positive role played by safety representatives and safety committees is 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 Adviser. The Director of Operations & HR also holds a qualification in this area. Specialist members serve on the Health & Safety Committee to represent particular hazards such as radiological protection, laser safety, asbestos and other risks in the Collections together with employee representatives, and representatives for sites and other functions.

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

Sustainable Development

The Museum has a working group dedicated to researching, promoting and reporting on a wide range of sustainability issues. The key area where a difference can be made is in energy efficiency where the Museum has accreditation and a target to reduce energy consumption by 5% annually. The opening of the Sammy Ofer Wing and the Ship Model store in Chatham set new benchmarks upon which this target can be based.

The Museum was a member of the Green500 scheme which is now defunct but the action plan arrived at under that scheme will remain adopted by the Sustainable Development Group to set future targets. The Museum is also an active member of the DCMS sponsored Museums and Galleries Energy Consortium (MAGEC) and the Sustainable Exhibitions Group. Aside from energy efficiency the Group has overseen initiatives in green transport including the encouragement of cycling and the use of public transport, recycling of waste and paper Museum-wide and the procurement of sustainable products in the catering and retail operations.

In particular the opening of the Sammy Ofer Wing brings a number of sustainable initiatives including 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 cold. 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 will heat not just the new wing but the whole main site. The controls are programmed to be connected to the existing Buildings Energy Management System (BEMS). The aim is to reduce CO₂ by 21% in this development.

A water borehole replaces the previous one capped during the development and this will use 'grey' water to flush WCs, etc. 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 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.

Lighting is energy efficient and utilises controlled presence detection ensuring they are on only when needed. They are also daylight linked, dimming and brightening naturally. Use of LED lighting has been introduced.

External Audit

Under statute, the Comptroller & Auditor General is the principal auditor of the Museum's consolidated accounts for the year 2010–11 which are audited by the National Audit Office on behalf of the Comptroller & Auditor General. Baker Tilly UK LLP undertake the audit of National Maritime Museum Enterprises Limited and the Trust Funds. Total audit fees for the group were £53k comprising £38k for the consolidated accounts audited by the National Audit Office and £15k for the Trust Funds & NMME audited by Baker Tilly UK Audit LLP.

Presentation

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

The Annual Report and Accounts are presented in accordance with the reporting requirements of the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities and the Government Financial Reporting Manual.

The Trustees have complied with the duty in section 4 of the Charities Act 2006 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, its wholly owned subsidiary National Maritime Museum Enterprises Limited, the Caird Fund, the Development Fund and the Number 3 Trust Fund.

6. REMUNERATION 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 recommends to the Chairman of Trustees the level of pay and performance-related pay they should receive.

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

Membership

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

Nigel Macdonald CA, FRSA (Chairman)
Councillor Jagir Sekhon, OBE (until 14 November 2010)
Admiral the Lord Boyce KG, GCB, OBE, DL

Ex officio Officer: Dr Kevin Fewster, AM, FRSA (Director)

Secretary: Joanne Odle, 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 (who is also Secretary) 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.

Annual pay awards approved by the Museum require HM Treasury approval before they can be made, which must be obtained via the Department for Culture Media and Sport (DCMS). Increasingly, Public Sector Pay policy insists that pay awards should be performance driven.

Service Contracts

The Director and Senior Executives have open-ended rolling employment contracts: the notice period is six months for the Director of the National Maritime Museum, and three months for other directors (six months in the case of redundancy). 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 those two directors within the Civil Service Pension Scheme. Pension contributions on behalf of the directors, other than those in the Civil Service Pension Scheme, are made to defined contribution schemes.

The following information has been 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:

	2010-'11		2009-'10	
	Salary (£'000s)	Performance payment (£'000s)	Salary (£'000s)	Performance payment (£'000s)
Dr Kevin Fewster Director & Accounting Officer	95-100	15-20	95-100	15-20
Dr Margarette Lincoln Deputy Director	75-80	15-20	75-80	15-20
Andy Bodle Director, Operations and Human Resources	65-70	10-15	65-70	10-15
Angela Doane Director, Collections	60-65	10-15	60-65	10-15
David Philip Director, Finance & Enterprises	85-90	20-25	85-90	0-5
Sarah Roots Director, Communications and Visitor Experience (until 22 October 2010)	35-40 (65-70 FTE)	15-20	60-65	0-5
Kevin Sumption Director, Exhibitions & Programmes	65-70	10-15	65-70	5-10
Chris Styles Director, Communications and Visitor Experience (appointed 29 November 2010)	20-25 (60-65 FTE)	-	-	-

No directors received any benefits in kind.

Pension Benefits

The National Maritime Museum operates two pension schemes; a group personal pension scheme and the Civil Service Pension Schemes full details of which are given in the note 8 to the accounts.

All directors are members of the group personal pension scheme other than Dr Margarette Lincoln and Andy Bodle who are members of the Civil Service Pension Schemes.

Name	Real increase in pension since 31 March 2010 ('000)	Pension at 31 March 2011 ('000)	Lump sum at 31 March 2011 ('000)	Real increase in lump sum since 31 March 2010 ('000)	CETV* at 31 March 2010 ('000)	CETV at 31 March 2011 ('000)	Real increase in CETV funded by employer ('000)	Employer contribution to group personal pension ('000)
Dr Kevin Fewster	-	-	-	-	-	-	-	10
Dr Margarette Lincoln	0-2.5	27.5-30.0	82.5-85.0	2.0-2.5	555	615	5-7.5	-
Andy Bodle	0-2.5	27.5-30.0	82.5-85.0	0-2.5	438	474	0-2.5	-
Angela Doane	-	-	-	-	-	-	-	7
David Philip	-	-	-	-	-	-	-	9
Sarah Roots (until 22 October 2010)	-	-	-	-	-	-	-	4
Kevin Sumption	-	-	-	-	-	-	-	6
Chris Styles (appointed 29 November 2010)	-	-	-	-	-	-	-	2

* Cash Equivalent Transfer Value (CETV)

A CETV is a lump sum value in today's terms of the rights accruing within a member's pension scheme. It assumes a member is leaving service and makes a pension transfer of the pension fund to an alternative pension arrangement. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. The pension figure shown relates to the benefits the member has accrued as a consequence of total service not just the current appointment. These figures are provided independently annually by the Approved Pensions Awarding Centre (APAC) Xafinity Paymaster and have been updated from 2009-'10.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market evaluation factors for the start and end 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 2010/11	Total number of exit packages for 2009/10
0 - 24,999	3	-	3	11
25,000 - 49,999	-	-	-	1
50,000 - 99,999	-	-	-	2
Total	3	-	3	14
Total resource cost (£)	9,463	-	9,463	263,598

There were no departures under the terms of the Civil Service Compensation Scheme in 2010-'11. Three members of staff received statutory redundancy payments each of which was below £7,000 and which in total amounted to £9,463.

In 2009-'10 there were two cases of compulsory early severance under the Civil Service Compensation Scheme (CSCS) within the £50,000-£100,000 range and one case under the same Scheme of flexible early severance within the £25,000-£50,000 range. The total cost of compensation under the CSCS was £219,837.

In addition eight members of staff received statutory redundancy payments, four of which were under £3,000, three of which were under £10,000 and one of which was under £11,000 and in three further cases no statutory compensation was payable. The total cost of statutory compensation was £43,761.

Lord Sterling
Chairman of the Board of Trustees
4 July 2011

Kevin Fewster
Director and Accounting Officer
4 July 2011

7. REFERENCE AND ADMINISTRATIVE DETAILS

Patron of the Museum: HRH. The Duke of Edinburgh, KG, KT
Chairman of the Board of Trustees: The Rt. Hon. the Lord Sterling of Plaistow, GCVO, CBE
Director and Accounting Officer: Dr Kevin Fewster, AM
Principal address: National Maritime Museum
Greenwich
London SE10 9NF

Website: www.nmm.ac.uk

The Board of Trustees of the National Maritime Museum

During 2010–11 the Board of Trustees comprised:

Lord Sterling of Plaistow GCVO, CBE, Chairman
and in order of first appointment:

Councillor Jagir Sekhon, OBE	to 14 November 2010
Nigel Macdonald	
Jan Kopernicki	
Mrs Gilly Drummond, OBE, DL	
Sir John Guinness, CB	
Admiral the Lord Boyce, KG, GCB, OBE, DL	
David Moorhouse, CBE	
Dr David Quarmby, CBE	
Linda Hutchinson	
Sir Robert Crawford CBE	
Eleanor Boddington	appointed on 8 April 2010
Professor Geoffrey Crossick	appointed on 8 April 2010
Dr Chris Lintott	appointed on 24 June 2010

Brief biographies of the Trustees are available from www.nmm.ac.uk in the 'About Us' section.

The Executive

During 2010–11 members of the Executive were:

Dr Kevin Fewster AM	Director and Accounting Officer
Dr Margarette Lincoln	Deputy Director
Andy Bodle	Director, Operations and Human Resources
Angela Doane	Director, Collections
David Philip	Director of Finance and Enterprises
Sarah Roots	Director, Royal Observatory, Greenwich (to October 2010)
Chris Styles	Director, Communications and Visitor Experience (from November 2010)
Kevin Sumption	Director, Exhibitions and Programmes

A Register of Interests is maintained and is available for inspection by application to the Museum Secretary at the National Maritime Museum. The Register of Interests is declared by the Trustees, the Executive and senior members of staff.

Other relevant organizations:

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, and the Trust Funds

Baker Tilly UK Audit LLP
Chartered Accountants and Registered Auditors
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent TN1 1ED

Internal Auditors

Moore Stephens
St Paul's House
Warwick Lane
London EC4M 7BP

Bankers

Royal Bank of Scotland
49 Charing Cross
Admiralty Arch
London SW1A 2ZD

HSBC
275 Greenwich High Road
Greenwich
London SE10 8NF

Legal advisers

CMS Cameron McKenna
Mitre House
160 Aldersgate
London EC1A 4DD

8. SUPPORTERS OF THE NATIONAL MARITIME MUSEUM 2010-11

Government

The Department for Culture Media and Sport
The Heritage Lottery Fund

Major Donors

The Sammy Ofer Foundation
The DCMS/Wolfson Foundation Museums and Galleries Improvement Fund
Lloyd's Register Educational Trust
Science & Technology Facilities Council
The Peter Harrison Foundation
The Fidelity Foundation UK
The Sackler Foundation
The Esmée Fairbairn Foundation

Donors

The Ernest Cook Trust, Joseph Strong Frazer Trust, Greenwich Hospital, The Charles Hayward Foundation, The Inchcape Foundation, The Ironmongers' Company, The Leathersellers' Company, The Mercers' Company, The Royal Society, Sir John Fisher Foundation, The Swire Charitable Trust.

Bequests

Bertha Katherine Barnardiston.

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

Dayton T Carr, Stephan Frank, C Richard and Deborah Carlson, Gary & Beth Glynn, Lee MacCormick Edwards & Michael Crane, Howard & Patricia Lester, David M Wells, Susan T Zetkus, The Gladys Kriebel Delmas Foundation, The John Templeton Foundation.

Sponsors

Transas Marine International.

Corporate Members

Accor UK, BMT Group Ltd, BP Shipping, Braemar Seascope, Evergreen Shipping Agency (UK) Ltd, General Maritime Corporation, Ince & Co Liberty Syndicates, Lloyd's Register, Shell International Trading and Shipping Co. Ltd, The Baltic Exchange, BMT Group Ltd, Clarksons.

Life Patrons

Michael T.R Brown, D Gregory B Edwards, Anthony Inder Rieden, Clive Richards, and others who wish to remain anonymous.

Patrons

John R Asprey, Terence Camerer Cuss, Rear Admiral and Mrs Roy Clare, Andrew Crisford, Simon C Davidson, Baroness Brenda Dean, Dr Kevin Fewster, Shauna, Lady Gosling, Nigel Hollebhone, Commander P J Linstead-Smith, John Manser, John W R Martin, Richard Ormond, Mr and Mrs John Tucker, and others who wish to remain anonymous.

Honorary Commodores – awarded for outstanding support and commitment to the Museum: Sir David Attenborough; Mr Victor Benjamin; Mr Richard Carlson; Professor Martin Daunton,; Sir David Hardy; Mr Peter Harrison; Mr Zvi Meitar M Jur; Sammy Ofer; Libby Purves; Dr David Quarmby; Lord Rees of Ludlow; Professor NAM Rodger; Dr Mortimer & Mrs Theresa Sackler; Mrs Coral Samuel; Mr Peter Snow; Dava Sobel; Dr David Starkey; Sir Arthur Weller; Lord Wolfson of Marylebone; Susan T Zetkus.

Corporate Loan Holders

Mandarin Oriental Hyde Park Hotel, Rathbone Brothers plc, Simpson, Spence and Young Ltd, The Cayzer Trust Company, The Leathersellers' Company.

Donors to the Collection

During the year artefacts were donated to the Museum by the following:

Jean Anderson; Mavis Anderson; Hugh Bedford; Commander George Blackwood; BVT Surface Fleet Support Ltd; Campbell Hooper Solicitors LLP; Professor Tim Connell; Mrs M.E. Coombes; Elaine Davis; Richard Dendy; Richard Fanshawe; Glynis Feichtlbauer; Paul Fisk; Philip Fowke; William Gardner; Nicola Gentle; Ralph N. Gilbey; Kay Glover; Beryl Gooday; Diana M. Gray; Lois Harbord; Adolph Heisler; John Hicks; Valerie Hogan; Eileen Jones; Linda Bennett; Ann Wile; Carol Boucher; John Boucher and Susan van Poppel; Barry May; Merchant Navy Medal; Sam R. Milliken; Ken J. Mills; Isobel Newby; Sir David Nicholas; Raphael Pepper; Jenny Haller Pratt; Elizabeth Rackham; Anthony G Randall; Shirley and Brian Reynolds; Henry Rogers; The House of St Barnabas; Catharine, Lady Sandford; John A. Scott; Georgina Stafford; Submariners Association Nottingham Branch; Patrick J. Thorp; Noreene M. Weir; C.P.W. Willcox.

To all of whom the Trustees are very grateful.

9. FINANCIAL REVIEW

Financial Policy

During the period covered by these Accounts, the National Maritime Museum was funded primarily by Grant in Aid from the Department for Culture, Media and Sport (DCMS). Of the £19.0m received in the year, £249k was ring-fenced for the Historic Ships Unit and £3m allocated to the Sammy Ofer Wing project and £826k to other capital projects. Following 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.

Result for the year

The Museum had a surplus at Net Incoming Resource level of £20.5m which includes non-government income of £14.6m used to fund the development of the Sammy Ofer Wing and £988k of donations to support specific projects. After adjusting for the revaluation of land and buildings (£262k), and the unrealised gain on investments (£45k), the resulting movement is a surplus of £20.8m (2009-'10: deficit of £1.9m).

The Museum's trading and other commercial activities performed well in a difficult economic climate with overall income up by £344k, helped by increased admissions at the Royal Observatory and the Peter Harrison Planetarium together with a strong performance from our shops, events and other commercial activities.

Investment income, representing interest earned, was down to £180k (2009-'10 £219k), reflecting the continuing economic conditions. Further detail of the Museum's investment policy is given below.

Total resources expended in the year were on a comparable basis to last year and amounted to £21.5m.

Trading subsidiaries

The Museum owns 100% of the share capital of National Maritime Museum Enterprises Ltd (NMME) which carries out commercial trading activities on behalf of the Museum. For the year ended 31 March 2011 the company generated a profit of £424k which will be gift aided to the Museum.

Reserves and Reserves Policy

Annually the Trustees review and approve the level of readily available (ie free) reserves appropriate to the scale, complexity and risk profile of the Museum. This review takes into consideration the Museum's funding sources, 45% of which in 2010-'11 came directly from Grant in Aid from the DCMS. The level of reserves is set to provide a 'contingency' for a shortfall in income from the Museum's other funding sources and any cash flow risks (whether timing or otherwise) on major capital projects, the collections development programme or other unforeseen liabilities. During the course of the year the budgets are reviewed on a quarterly basis and adjustments made to reflect changing circumstances and priorities.

At 31 March 2011 total funds amounted to £130m compared to a balance of £109.2m at 31 March 2010. The increase in funds reflects the ongoing construction of the Sammy Ofer Wing and development of the Museum's permanent galleries.

In the year ended 31 March 2009 the Trustees agreed that £3.5m, formerly held within the General Reserve, should be designated to fund the Museum’s Galleries Masterplan with the new Wing and related facilities and the changes to the buildings that result, it becomes imperative to renew the permanent galleries, some of which are more than 10 years old. Since then the Museum’s management has been in active discussion with the DCMS for permission to access this designated reserve to fund this programme. The Treasury has indicated that the museum sector will have access to 50% of their reserves over the four years 2011-'12 to 2014-'15 up to a maximum of £143m. It is therefore expected that the reserve will be utilised in the 2011-'12 year and beyond.

Although there is no specific target in place for the General Reserve the balance at year end had increased to £2.5m which the Trustees consider adequate.

The split of Reserves can be summarised as follows:-

	£m
Funds representing endowments to the Museum by way of heritage assets, gifts, grants, donations and amounts held in the Caird and No.3 Trust Fund	65.8
Surplus on revaluation of land and buildings representing the difference between cost/valuation and revaluation at 31 st March 2011	10.3
Funds which are restricted by virtue of specific conditions or legal restrictions relating to their application	4.9
Funds representing assets acquired by way of gifts/donations or use of the Museum’s core grant-in-aid	34.7
Designated funds for a specific project or purpose in the future including the Galleries Masterplan	11.8
Unrestricted (free reserves) over which there are no restrictions or specific future spending intentions	<u>2.5</u>
	<u>130.0</u>

Full details of these funds and their purpose are given in Notes 21, 22 and 23 to 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 purpose funds, 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 accounts 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 Jupiter Asset Management Limited. During the year the Finance Committee reviews the investment strategy previously

adopted of a three way split of investment balances between cash, international equities and bonds and adjusts this split as necessary.

Our interest income has remained flat as a result of economic conditions and the market value of the funds at 31 March 2011 stood at £3.9m which is comparable with the value at 31 March 2010.

The Museum also holds cash and money market deposits from donations and accumulated income amounting to £11.1m, but the majority of these funds are held against known or designated future commitments. Given this and the fact that the Museum's primary source of income is Grant in Aid there is little risk of liquidity or cash flow problems. Credit risk is also deemed to be immaterial.

Fixed Assets (other than Investments)

At 31 March 2011 the main Museum, Royal Observatory, Greenwich, the Brass Foundry and Kidbrooke sites were all revalued by external valuers, Gerald Eve, Chartered Surveyors. The result of this revaluation was a reduction in the net book value of the land and buildings of £974k of which £1.4m is recognised as depreciation for the year 2010-'11 and £262k as a revaluation gain in the Consolidated Statement of Financial Activities plus additions to fixed assets of £184k. Note 11 gives full details of Tangible Fixed Assets.

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

The investment in the Sammy Ofer Wing was £21.4m in the year ended 31 March 2011, bringing the total to £31.4m, and is shown as an asset under construction.

During the course of the year the Museum purchased heritage assets amounting to £31k (2009-'10 £125k).

Donations in kind

During the year artefacts to the value of £243k (2009-'10: £291k) were donated or bequeathed to the Museum.

Pension liabilities

The Museum operates two defined contribution pension schemes: a group personal pension scheme and the Civil Service Pension Scheme; the latter is closed to new entrants.

Details of the Museum's liabilities under the schemes are given in Note 8 of the Accounts.

Payment of suppliers

The Museum pays 85% of its suppliers within 30 days, calculated using the year end figures of amount owed to trade creditors as a proportion of the amount invoiced by suppliers during the year. Suppliers are paid in accordance with their contractual terms unless there is a dispute.

Going Concern

On 20 October 2010, the Museum was advised that its revenue Grant-in-Aid from the Government would be cut by 15% in real terms by 2014-'15. The Executive Board has taken

the appropriate actions to reduce costs and seek other sources of income to ensure that the reductions will not materially affect the financial stability 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.

Lord Sterling
Chairman of the Board of Trustees
4 July 2011

Kevin Fewster
Director and Accounting Officer
4 July 2011

10. 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 Culture, Olympics, 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 Board's financial activities during the year and its financial position at the end of the year.

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

- observe the accounts direction* issued by the Secretary of State for Culture, Olympics, 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 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* by the Treasury.

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.

Lord Sterling
Chairman of the Board of Trustees
4 July 2011

Kevin Fewster
Director and Accounting Officer
4 July 2011

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

11. STATEMENT ON INTERNAL CONTROL

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 the Museum's assets, for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to him under "Managing Public Money" and the Management Statement and Financial Memorandum between the Museum and the Department for Culture, Media and Sport (DCMS).

The Museum had in place a three-year Funding Agreement with its Government Sponsor Body, the DCMS, which included a set of agreed performance indicators aligned with the Department's objectives, and identified the most significant risks to achieving the Museum's objectives. This Funding Agreement expired on 31 March 2011 and DCMS is in the process of revising the agreement based on Cabinet Office guidance. In the meantime a provisional agreement from 1 April 2011 has been put in place. Progress against Funding Agreement performance indicators is monitored by the Museum at least twelve times a year and through various mechanisms throughout the year by the Department. There is a regular dialogue by the Accounting Officer and his Executive Team with the Ministers and officials at DCMS as considered necessary.

2. The purpose of the system of internal control

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

The system of internal control has been in place in the National Maritime Museum for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The Museum's policy aims to manage risk at a reasonable level to achieve and add value to its mission, responsibilities, objectives and policies. It does not aim to eliminate all risk of failure but it does aim to eliminate surprises, and to reduce risks to as low a level as is reasonably practicable.

The Board of Trustees monitors the significant risks to achieving the Museum's strategic goals at each of its quarterly meetings. The Audit Committee gives independent advice and guidance to the Accounting Officer and the Board of Trustees on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and internal control in the Museum. The Audit Committee also reviews the work plan

of the internal auditors before work is carried out and then reviews the resulting findings and recommendations and follow up by management to those recommendations. The remit of the Audit Committee reflects the Government Internal Audit Standards and Cabinet Office guidelines.

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

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

Executives confirm their agreement to the Statement on Internal Control, and provide an annual assurance statement that confirms they have acted within the rules and procedures laid down by Government for the operation of a public body and have sought to maximise value for money in all transactions.

Managers and specialist staff are trained to identify, evaluate and manage risk via workshops and a practical module on the Museum's management development courses.

The Risk Advisory Group, comprising representatives from each Department in the Museum, monitors departmental risk registers and provides appropriate support and guidance to staff in the use of the Risk Management Policy Framework which is available to all staff via the intranet.

External Consultants provide the Museum with specific advice in the identification and management of risks in relation to its major capital building project, the Sammy Ofer Wing.

An Internal Audit service, operating to the *Government Internal Audit Standards* submits regular reports benchmarking the Museum's controls against similar organisations and provides advice to the Accounting Officer and the Audit Committee. This includes the Head of Internal Audit's annual statement of assurance supporting the work performed during the year.

4. Risk and Control Environment

Risk Management Policy

The Museum's Risk Management Policy was endorsed by the Audit Committee and Trustee Board in November 2009. The Policy states:

“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 is essential if risk management is to be effective.

Risk Management is of strategic importance to the Museum. The management of risk at strategic and operational levels needs to be integrated so that the levels of activity support each other. In this way the risk management strategy of the Museum will be led from the top and embedded in the Museum's normal working routines and activities. All staff should be aware of the relevance of risk to the

achievement of their objectives and risk management should be an intrinsic part of the way the Museum conducts its business.

For the Museum to progress and improve as an organisation risks will need to be taken. However, these must be measured risks i.e. risks that have been assessed and appropriately managed so that the benefits outweigh any potential loss or damage.”

Risk Appetite/Tolerance

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.

- When considering threats risk appetite defines the level of exposure to risk which the Museum can either justify or tolerate in pursuit of its objective 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 appetite 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.

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: one for each department, a Strategic Risk Register which includes key risks for each department as well as high level corporate risks determined by the Executive Board and Trustees, registers for major capital projects and exhibitions and registers for cross Museum activities such as Health and Safety, security and data management.

Risks are usually classified under one or more of the following categories: operational, environmental, financial and reputational.

At Departmental level risks are monitored by the Risk Advisory Group.

At the corporate level strategic risks are identified, revalidated and 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 on to the Trustee Board, again quarterly.

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 Management Plan.

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

Oversight and Monitoring

The Museum views internal controls and risk management as an integral part of the management process and continues to develop and embed these systems and practices in line with the latest guidelines and best practice.

The Accounting Officer and Executive review performance against operational budgets and objectives, and risks to achieving that performance, on a quarterly basis using a system of key performance established in the Funding Agreement and Management Plans. The Executives also review on a weekly basis emerging risks and opportunities.

Quarterly reports from the Executive on these matters are made to the Trustee Board, Audit and Finance Committees.

During 2010-11 the Museum continued to develop and test its internal controls and the management of risk, in particular:

- The manual for emergency and disaster planning was updated and was tested by a series of regular drills, desktop and real time exercises often involving colleague institutions and the emergency services. In the year under review this included two exercises, one concentrating on flood risk to one of the Museum's outstations and the other at the new ship model store at Chatham involving Chatham Historic Dockyard and the Imperial War Museum. The learning outcomes from these exercises have been fed back into the emergency manual and planning process.
- The Museum has put in place a framework (involving both Trustees and Executives) to manage the delivery of the development of its permanent galleries and temporary exhibitions from initial concept stages, financial viability, development, delivery and ultimate evaluation.
- The emergence of the Government spending controls and transparency agenda has resulted in the development of necessary reporting systems and framework controls.
- Identify those areas of change in Museum systems or high risks where an independent review by internal audit will form part of the risk management process.

In 2011 -12 the Museum will:

- Complete the updating of its procurement manual reflecting the review carried out by internal audit in 2010 – 11 and run a series of workshops to enhance the skills of staff in procurement and general financial matters.

- Review with internal audit:
 - Controls on the collections database
 - Management of external catering contracts
 - Records management system.
 - Delivery of formal and informal training
 - Core financial systems and payroll.
- On the opening of the new Sammy Ofer Wing run drills and desktop exercises and one major exercise involving the emergency services to ensure the effectiveness of emergency procedures.

5. Review of Effectiveness

Responsibilities

The Accounting Officer and the Trustees (represented by the Chairman of the Audit Committee) have joint responsibility for reviewing the effectiveness of the systems of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. Our review has also been informed by participating in the oversight of the effectiveness of the system of internal control carried out by the Trustee Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Internal Audit

Internal audit is provided by Moore Stephens (incorporating AHL Limited) who work to the Government Internal Audit Standards (GIAS) in order to give an independent appraisal function for the review of activities within the Museum as a service to management.

Following the review of GIAS (effective from 7 April 2009), a charter defining the purpose, authority and responsibility of internal audit was agreed between the internal auditors, the Accounting Officer and the Audit Committee on 30 July 2009.

The annual internal audit work programme takes a risk assessment approach and is agreed annually by the Audit Committee. At the quarterly Audit Committee meetings the internal auditors present their reports including their opinion on the adequacy and effectiveness of the system of internal control, recommendations for improvement and management's response to those recommendations. Reports are also given on the progress against recommendations made in previous reports. These quarterly reviews also enable the Audit Committee to identify emerging risks and flex the audit plan accordingly.

The internal auditors also provide an annual statement of assurance to the Accounting Officer and the Trustee Board on the work performed in the year.

During 2010/11 the work carried out covered:

- Financial information and reporting processes for the new Sammy Ofer Wing
- Review of procurement procedures including the Government's Transparency Agenda
- Core financial controls
- Budget processes and linkage of budgets to business plans and objectives
- Business Continuity
- Estates Management
- Effectiveness of systems in place for charging and collection of gift aid from visitors.

Whilst there are matters arising from the reviews, internal audit has confirmed that there are no serious control weaknesses arising from their work, which requires disclosure in the statement on internal control. Management is addressing all matters arising and recommendations made during the year. The implementation of all recommendations is monitored and reported to the Museum's Audit Committee.

6. Managing Information Risk

The Museum is not aware of suffering any protected personal data incidents during 2010 to 2011 or prior years and has made no report to the Information Commissioner's Office.

7. Significant Internal Control Problems

We are able to confirm that there have been no significant internal control problems in the National Maritime Museum for the year ended 31st March 2011, and up to the date of this report.

Kevin Fewster, Director and Accounting Officer

4 July 2011

Nigel Macdonald, Chairman of the Audit Committee

4 July 2011

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

I certify that I have audited the financial statements of the National Maritime Museum for the year ended 31 March 2011 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, Accounting Officer and auditor

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the National Maritime Museum's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Trustees' and Accounting Officer's Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the National Maritime Museum and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources of the group for the year then ended;
- 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 other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Museums and Galleries Act 1992; and
- the information given in Statutory Background, Structure, Governance and Management; Reference and Administrative Details; and Financial Review, included within the Trustees' and Accounting Officer's Annual Report, 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
8 July 2011
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 2011**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2011 £'000	Total 2010 £'000 Restated
Incoming Resources						
Incoming Resources from Generated Funds						
Voluntary Funds						
- Grant in Aid		18,753	249	-	19,002	19,240
- Other		15	18,751	-	18,766	4,608
Total Voluntary Funds	3	18,768	19,000	-	37,768	23,848
Activities for Generating Funds						
- Trading Income	4	2,397	-	-	2,397	2,167
- Other	5	930	109	-	1,039	925
Total Activities for Generating Funds		3,327	109	-	3,436	3,092
Investment Income	6	170	2	8	180	219
Total Incoming Resources from Generated Funds		22,265	19,111	8	41,384	27,159
Incoming Resources from Charitable Activities						
Safeguarding & Enhancing the value of its Assets		411	3	-	414	387
Maximising Access & Inspiration for its Users		-	10	-	10	21
Satisfying its Stakeholders; Locally, Nationally & Internationally		57	201	-	258	219
Total Incoming Resources from Charitable Activities	7	468	214	-	682	627
Total Incoming Resources		22,733	19,325	8	42,066	27,786
Resources Expended						
Cost of Generating Funds						
Costs of Generating Voluntary Funds		1,064	-	-	1,064	1,182
Costs of Activities for Generating Funds						
- Trading Costs	4	1,004	-	-	1,004	803
- Other		1,301	-	-	1,301	1,663
Total Costs of Activities for Generating Funds		2,305	-	-	2,305	2,466
Investment Management Costs		33	1	1	35	42
Costs of Charitable Activities						
Safeguarding & Enhancing the value of its Assets		12,764	1,536	-	14,300	14,310
Maximising Access & Inspiration for its Users		2,257	333	-	2,590	2,683
Satisfying its Stakeholders; Locally, Nationally & Internationally		750	383	7	1,140	1,053
Governance Costs	9	157	-	-	157	171
Total Resources Expended	8	19,330	2,253	8	21,591	21,907
Net Incoming Resources before transfers		3,403	17,072	-	20,475	5,879
Transfers						
Transfers between funds	21,22	17,742	(17,742)	-	-	-
Net Incoming Resources before other Recognised Gains and Losses		21,145	(670)	-	20,475	5,879
Other Recognised Gains and Losses						
Revaluation Gain/(Loss) on Fixed Assets		-	262	-	262	(8,747)
Gain/(Loss) on Investments		42	1	2	45	960
Gain/(Loss) on Foreign Currency Exchange		-	-	-	-	(14)
Net Movement in Funds including Other Recognised Gains and Losses	10	21,187	(407)	2	20,782	(1,922)
Deconsolidation of The American Fund		-	-	-	-	(24)
Total net movement in funds		21,187	(407)	2	20,782	(1,946)
Funds balance brought forward at 1 April 2010		29,320	79,343	616	109,279	111,225
Funds balance at 31 March 2011		50,507	78,936	618	130,061	109,279

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

The consolidated SOFA includes the distribution of the trading subsidiary profits £430,000 (£419,000 - 2010) as Gift Aid to the Charity.

The results for 2010 have been restated in accordance with the Treasury guidance to remove notional cost of capital transactions. Note 2 to the accounts provides additional information.

These accounts have been prepared on a Going Concern basis as all operations of the Museum continued throughout the two years and no operations were acquired or discontinued in either year.

Balance Sheets as at 31 March 2011

	Note	Group		Charity	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Fixed assets					
Tangible Fixed assets	11	108,173	88,628	108,173	88,628
Heritage Assets	13	4,862	4,588	4,862	4,588
Available for Sale Investments	14	3,995	3,950	4,495	4,450
		<u>117,030</u>	<u>97,166</u>	<u>117,530</u>	<u>97,666</u>
Current assets					
Stock	16	337	390	49	96
Debtors: Amounts falling due within one year	17	7,186	2,094	7,515	2,406
Short-Term Deposit	25	7,852	10,171	7,852	10,171
Cash at bank and in hand	25	3,273	2,620	2,501	1,785
		<u>18,648</u>	<u>15,275</u>	<u>17,917</u>	<u>14,458</u>
Current liabilities					
Creditors: Amounts falling due within one year	18	(5,600)	(3,128)	(5,428)	(2,876)
Net current assets		<u>13,048</u>	<u>12,147</u>	<u>12,489</u>	<u>11,582</u>
Total assets less current liabilities		<u>130,078</u>	<u>109,313</u>	<u>130,019</u>	<u>109,248</u>
Provisions for liabilities and charges					
	20	(17)	(34)	(17)	(34)
Net Assets		<u>130,061</u>	<u>109,279</u>	<u>130,002</u>	<u>109,214</u>
Income Funds					
Restricted funds:					
Fair Value Reserve	21	7	48	7	48
Revaluation Reserve		10,331	10,069	10,331	10,069
Other Restricted Funds		68,598	69,226	68,598	69,226
Total Restricted Funds		<u>78,936</u>	<u>79,343</u>	<u>78,936</u>	<u>79,343</u>
Unrestricted funds:					
Fair Value Reserve	22	694	856	694	856
Designated funds		47,328	26,401	47,269	26,336
General funds		2,485	2,063	2,485	2,063
Total Unrestricted Funds		<u>50,507</u>	<u>29,320</u>	<u>50,448</u>	<u>29,255</u>
Capital Funds					
Fair Value Reserve	23	56	157	56	157
Endowment Funds		562	459	562	459
Total Endowment Funds		<u>618</u>	<u>616</u>	<u>618</u>	<u>616</u>
Total Funds		<u>130,061</u>	<u>109,279</u>	<u>130,002</u>	<u>109,214</u>

Lord Sterling of Plaistow, Chairman of the Trustees

Dr Kevin Fewster, Director and Accounting Officer

4 July 2011

**Consolidated Cash Flow Statement
For the Year Ended 31 March 2011**

Cash Flow Statement	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	25	20,078	7,893
Returns on investments and servicing of finance			
Interest received		180	219
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(21,924)	(7,927)
Payments to acquire investments	14	(1,097)	(666)
Proceeds from sale of investments	14	1,097	365
Realised Gain/(Loss) on current investments		-	(14)
Management of Liquid Resources			
Decrease/(Increase) in short term deposits		2,319	(3,068)
Deconsolidation of The American Fund		-	(24)
Increase/ (Decrease) in cash	25	<u>653</u>	<u>(3,222)</u>

**Notes to the Consolidated Accounts
For the Year Ended 31 March 2011**

1 Accounting Policies

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

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of tangible fixed assets and the 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) Incoming resources

Income is classified under the headings of Incoming Resources from Generated Funds and Incoming Resources from Charitable Activities. Grant-in-aid from the Department for Culture, Media and Sport is recognised in the Statement of Financial Activities in the year that it is received. Lottery and grant income is recognised when the conditions for its receipt have been met. Donations are recognised on a receipts basis unless there is earlier certainty of amount and entitlement. Commercial income including sponsorship is recognised upon performance of services rendered in accordance with the contractual terms. Admissions and membership income is recognised as received. All other income is recognised where there is certainty of receipt and the amount is quantifiable.

(c) Expenditure

All expenditure has been accounted for on an accruals basis.

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

Costs of Generating Funds and Costs of Charitable Activities comprise direct expenditure including direct staff costs attributable to the activity.

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 2005. 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).

Governance costs include audit fees and a portion of administration costs. The Governance administration costs are calculated as a percentage of the total administration costs for the Directorate, Finance Department and Human Resources Department which are not directly attributable to an activity. 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 H.M. Treasury's 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.

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 13.

(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 2008. In the years between full valuations of land and buildings a review based revaluation is undertaken. A review based revaluation was prepared for the year ended 31 March 2011.

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

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 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 14 of the difference between historical cost and the sale proceeds of the investments sold during the year.

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.

(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.

(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.

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

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 Notional Cost of Capital

In accordance with Treasury guidance, no adjustment is required for notional cost of capital. This is a change in accounting policy and the corresponding amounts for 2009/10 have been restated accordingly. This restatement has been made, as required, to the Statement of Financial Activities (SoFA). As the cost and its reversal both occur on the SoFA there is no effect on the balance sheet results for 2009/10.

3 Voluntary Funds

£19,002,000 (£19,240,000 - 2010) of Grant in Aid has been received from the Department for Culture, Media and Sport (Request for Resources 1) during the year.

		Unrestricted	Restricted	Endowment	2011	2010
		Funds	Funds	Funds	£'000	£'000
		£'000	£'000	£'000	£'000	£'000
Operating Expenditure		14,816	-	-	14,816	15,872
Pension Uplift		111	-	-	111	111
Capital Grant		3,826	-	-	3,826	3,000
Historic Ships Unit		-	249	-	249	257
Total Grant in Aid	Note 26	18,753	249	-	19,002	19,240
Donations		15	973	-	988	100
Donations - Capital Projects		-	14,577	-	14,577	3,160
Donated Objects		-	243	-	243	291
Heritage Lottery Fund	Note 26	-	2,958	-	2,958	1,057
Total Voluntary Funds		18,768	19,000	-	37,768	23,848

Donated objects are artefacts given to the Museum with a value of £243,000 (£291,000 - 2010). 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 £14,577,000. These donated funds specifically relate to the ongoing Sammy Ofer Wing development.

4 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

	2011	2010
	£'000	£'000
Trading Income	1,686	1,640
Cost of sales	(842)	(770)
Gross profit	844	870
Income from other commercial activities	711	527
Administrative expenses	(1,135)	(982)
Operating profit	420	415
Interest receivable and similar income	4	4
Profit on ordinary activities before taxation	424	419
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	424	419
Gift Aid donation to the Charity	(430)	(419)
Loss retained in the subsidiary	(6)	-

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

Administrative expenses include charges of £973,000 (£846,000 - 2010) from the Museum.

Profits on ordinary activities after taxation of £430,000 (£419,000 - 2010) have been distributed as Gift Aid to the Charity.

Balance Sheet

	2011	2010
	£'000	£'000
Current Assets	1,162	1,252
Current Liabilities	(603)	(687)
Total current assets less current liabilities	559	565

Capital and Reserves

	2011	2010
	£'000	£'000
Called-up equity share capital	500	500
Profit and loss account	59	65
Total	559	565

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

	2011	2010
	£'000	£'000
Trading income	1,686	1,640
Income from other commercial activities	711	527
Trading income per SOFA	<u>2,397</u>	<u>2,167</u>
Administrative expenses	1,977	1,752
Intercompany transactions	(973)	(949)
Trading costs per SOFA	<u>1,004</u>	<u>803</u>
Investment income	4	4
Intercompany transactions	-	-
Investment income included within SOFA	<u>4</u>	<u>4</u>

5 Activities for Generating Funds - Other

Incoming Resources from Activities for Generating Funds - Other is made up as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2011 £'000	2010 £'000
Admissions	684	-	-	684	528
Donations	109	109	-	218	246
Event Attendance	10	-	-	10	11
Grounds Rental	20	-	-	20	-
Membership	54	-	-	54	50
Publications	27	-	-	27	65
Royalties	3	-	-	3	3
Sponsorship	-	-	-	-	13
Miscellaneous Other	23	-	-	23	9
	<u>930</u>	<u>109</u>	<u>-</u>	<u>1,039</u>	<u>925</u>

6 Investment Income

Investment income is made up as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2011 £'000	2010 £'000
Dividends receivable	63	1	6	70	97
Interest receivable - Bank interest	21	1	2	24	20
Interest receivable - Fixed Term Deposits	86	-	-	86	102
	<u>170</u>	<u>2</u>	<u>8</u>	<u>180</u>	<u>219</u>

Investment income received by the Museum's three Trust accounts is allocated to the funds proportionately based on the prior years closing fund balances. All investment income received by the Museum and its trading subsidiary, National Maritime Museum Enterprises Limited, is treated as unrestricted.

7 Incoming Resources from Charitable Activities

Incoming Resources from Charitable Activities include the following:

	Safeguard & Enhance Assets £'000	Maximise Access £'000	Satisfy Stake- Holders £'000	Total Funds 2011 £'000	2010 £'000
Car Parking	16	-	-	16	15
Conferences	13	-	-	13	5
Filming & Photography	18	-	-	18	45
Licensing	198	-	-	198	153
Open Museum	-	-	20	20	11
Recharges	-	-	40	40	40
Reproductions, Plans & Print Sales	40	-	-	40	31
Research	17	-	-	17	16
Revenue Grant	2	10	4	16	-
Specific Purpose Government Grants	-	-	157	157	160
Touring Income	-	-	-	-	21
Other	110	-	37	147	130
	<u>414</u>	<u>10</u>	<u>258</u>	<u>682</u>	<u>627</u>

8 Analysis of Total Resources Expended

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

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

	2011 %	2010 %
Voluntary Expenses	46	45
Activities for Generating Income	4	6
Investment Expenses	1	1
Safeguard and Enhance Assets	35	35
Maximise Access	7	7
Satisfy Stakeholders	3	2
Governance	4	4

Direct Activities	Support Cost Allocation			Total 2011 £'000	Total 2010 £'000
	Directorate £'000	Finance £'000	HR £'000		
Costs of Generating Funds					
Costs of generating voluntary funds	-	459	262	343	1,064
Costs of activities for generating funds	2,212	40	23	30	2,305
Investment management costs	12	10	6	7	35
Costs of Charitable Activities					
Safeguard & enhance assets	13,491	349	199	261	14,300
Maximise access	2,428	70	40	52	2,590
Satisfy Stakeholders	1,071	30	17	22	1,140
Governance	64	40	23	30	157
Total Resources Expended	19,278	998	570	745	21,591
					21,907

(a) Staff Costs

	2011 £'000	2010 £'000
Wages and salaries - Permanent Staff	9,759	9,722
Wages and salaries - Agency and Temporary Staff	282	113
Social security costs	893	891
Pension costs	777	725
Early retirement and termination costs	8	200
	11,719	11,651

Staff costs of £13,000 have been capitalised in relation to the Sammy Ofer Wing project.

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

	Staff	Temporary, Contract and Agency	Staff on Capital Projects	Total 2011	Total 2010
Costs of Generating Funds					
Costs of Generating Voluntary Funds	-	-	-	-	-
Costs of Activities for Generating Funds	52	-	-	52	52
Costs of Charitable Activities					
Safeguard & Enhance Assets	290	1	-	291	279
Maximise Access	19	1	-	20	23
Satisfy Stakeholders	23	-	2	25	17
Administration/Support Costs	28	-	-	28	29
	412	2	2	416	400

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

	2011	2010
£60,000 - £65,000	2	3
£65,001 - £70,000	1	1
£70,001 - £75,000	-	1
£75,001 - £80,000	2	1
£80,001 - £85,000	1	1
£85,001 - £90,000	-	1
£90,001 - £95,000	1	1
£105,001 - £110,000	1	-
£115,001 - £120,000	1	1
	9	10

Of the nine employees with earnings over £60,000 per annum there are two 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 these individuals, to the PCSPS was £33,931 (£33,930 - 2010) and to the NMM Group Personal Pension Plan was £42,284 (£34,747 - 2010).

The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme. The National Maritime Museum is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Associates) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

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

For 2011, employer's contributions of £195,000 were payable to the PCSPS (£209,000 - 2010) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands (the rates in 2010 were between 16.7% and 24.3%). 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 2011 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Group Personal Pension Scheme

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

Employers' contributions of £564,000 were paid in 2011 (£495,000 - 2010) into the Group Personal Pension schemes. These are defined contribution schemes.

Other Personal Pension Scheme

Contributions of £20,000 were paid in 2011 (£21,000 - 2010) 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 36.

b) Trustees

The Trustees neither received nor waived any emoluments during the year (£nil - 2009-10). Expenses reimbursed (for travel and subsistence) to two Trustees amounted to £29 (£1,833 - four Trustees 2009-10).

c) Grants Made

The Museum has made in 2010-11 the following grants in relation to Safeguarding and Enhancing the Value of Assets:

		Provided in these accounts £000	Committed for 2011-12 but not provided in these accounts £000
The National Trust	i	33	34
National Maritime Museum Cornwall Trust	ii	50	-
Hull City Council	iii	11	-
		94	34

i. Contribution to the maintenance and preservation of the historic vessel Shamrock which is jointly owned by the National Maritime Museum and the National Trust.

ii. Contribution to the operational costs of the National Maritime Museum, Cornwall, which houses the Small Boats Collection and other assorted collection items owned by the National Maritime Museum, Greenwich.

iii. Contribution to the conservation of the Hasholme Boat at the Hull Museums.

9 Governance

Governance costs represent the meeting of the Effective Organisation and Sound Financial Management objective and are made up of:

	2011 £'000	2010 £'000
External Audit	38	36
Internal Audit	26	29
Apportionment of Support Costs	93	106
	157	171

The external audit fee of £38,000 (£36,380 - 2010) does not include any fees for non-audit work.

The external audit fee is for the audit of the Museum only. External audit fees for the audits of NMME and the Trusts of £15,000 have been included within Activities for Generating Funds - Trading Costs.

10 Total Net Movement in Funds

	2011 £'000	2010 £'000
Net movement in funds	20,782	(4,241)

Net movement in funds includes the following charges:

Auditors' remuneration - for Museum (within Governance Costs)	38	36
Auditors' remuneration - for NMME and Trusts (within Costs of Generating Funds)	15	15
Lease rental payments on land and buildings	309	240
Lease rental payment - other	14	12
Movement in provision for bad debts	1	3
Loss on Disposal of Assets	-	132
Depreciation	2,610	2,933

11 Tangible Fixed Assets

	Freehold Land and Buildings £'000	Fixtures & Fittings £'000	Plant & Equipment £'000	Computer & Network Equipment £'000	Motor Vehicles £'000	Assets under Construction £'000	Total £'000
Cost or valuation:							
At 1 April 2010	74,590	11,750	3,392	2,373	110	9,983	102,198
Additions	184	18	93	289	-	21,309	21,893
Disposals	-	(12)	(7)	(39)	-	-	(58)
Transfers Between Asset Class	-	(112)	-	-	-	112	-
Revaluation loss	(1,158)	-	-	-	-	-	(1,158)
At 31 March 2011	73,616	11,644	3,478	2,623	110	31,404	122,875
Accumulated depreciation:							
At 1 April 2010	-	8,915	2,499	2,072	84	-	13,570
Depreciation Charge for the year	1,420	498	511	168	13	-	2,610
Disposals	-	(12)	(7)	(39)	-	-	(58)
Revaluation (loss)	(1,420)	-	-	-	-	-	(1,420)
At 31 March 2011	-	9,401	3,003	2,201	97	-	14,702
Net Book Value at 31 March 2011	73,616	2,243	475	422	13	31,404	108,173
Net Book Value at 31 March 2010	74,590	2,835	893	301	26	9,983	88,628

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 2011 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 FRS15 - The Financial Reporting Standards for Tangible Fixed Assets. This was a review based, interim valuation. A full revaluation of the land and buildings was carried out at 31 March 2008.

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

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 2010-11

	Cost £'000	Revaluation £'000
Main site - Land and Buildings	48,595	55,904
Royal Observatory - Land and Buildings	14,481	15,830
The Brass Foundry - Land and Buildings	325	632
Kidbrooke Stores - Land and Buildings	1,304	1,250
	<u>64,705</u>	<u>73,616</u>

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.

12 Capital Expenditure Commitments

	2011 £'000	2010 £'000
Contracted for but not provided in the accounts	<u>6,761</u>	<u>15,167</u>

The commitment relates to ongoing works for the Sammy Ofer Wing development and development of two permanent galleries. There has been a significant reduction in contracted capital expenditure commitments. This is due to the Sammy Ofer Wing development project nearing completion.

13 Heritage Assets

Financial Reporting Standard (FRS) 30 – Heritage Assets became effective for accounting periods commencing on or after 1 April 2010.

This 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 2011 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 on 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, time-keeping and astronomy (based at the Observatory), and in many other categories.

Its British portraits collection is only exceeded in size by the National Portrait Gallery 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. 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
- 4000 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 comprised of five subject areas and the 26 categories listed below which relate to its mission of 'illustrating the sea, ships, time and the stars and their relationship with people'.

Subject Areas

Arts and Culture; Science and Technology; Resource and Recreation; Commerce and Conflict; Maritime Greenwich.

Collections

Antiquities; Astronomical Instruments; Buildings; Ceramics and Glass; Charts, Maps and Atlases; Ethnography; Heraldry; Historic Photographs; Horological Instruments; Jewellery; Manuscripts; Medals; Miniatures; Navigational Instruments; Oceanography; Oil Paintings; Ordnance; Plate; Prints and Drawings; Printed Books and Periodicals; Relics; Sculpture; Ship Models; Ship Plans; Textiles; Weapons.

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 two departments, Collections Management and Conservation and Preservation. This is supported by considerable liaison with the Curatorial, Archive and Library and Digital Media departments.

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

Collections Management Department

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

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.

Registration

The Registration section is responsible for managing acquisition and loan activities across the Museum and for providing advice on legal and sectoral matters relating to the management of collections.

Documentation and Audit

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.

Storage and Movement

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.

Collections Management Manual

The NMM maintains 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.

Acquisition and Disposal Policy

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.nmm.ac.uk/explore/collections/development/development-policy/

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 Culture, Olympics, Media and Sport.

Documentation

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.

Collections Care and Storage

Storage Estate:

The NMM has a large and varied collections storage estate which includes a number of offsite facilities.

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.

Overall estates strategy is directed through the Estates and Collections Rationalisation group of Senior Managers.

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.

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.

A four year 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. 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 since 1 April 2007

Cost or Valuation:	2007	2008	2009	2010	2011
	£'000	£'000	£'000	£'000	£'000
As at 1 April	2,903	3,207	3,951	4,172	4,588
Collection Addition - Purchased	153	107	109	125	31
Collection Addition - Donated	151	637	112	291	243
As at 31 March	3,207	3,951	4,172	4,588	4,862

14 Investments

	Group		Charity	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Quoted Investments				
Market value at 1 April 2010	3,950	2,689	3,950	2,689
Additions	1,097	666	1,097	666
Disposal Proceeds	(1,097)	(365)	(1,097)	(365)
Net Gain/(Loss) on revaluation	45	960	45	960
Market value at 31 March 2011	3,995	3,950	3,995	3,950
Historical cost as at 31 March 2011	3,238	2,588	3,238	2,588
Unquoted Investments:				
Cost as at 31 March 2011	-	-	500	500
Total Investments	3,995	3,950	4,495	4,450

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%.

15 Financial Risk Management

FRS29, 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	Floating	Fixed	Assets	Weighted	Weighted
		Financial	Financial	Earning	Average	Average
		Assets	Assets	Equity	Fixed Int	Period for
	£000	£000	£000	Return	Rate	Which Rate
				£000		Is Fixed
Year ended 31 March 2011 - Sterling	15,120	3,273	7,852	3,995	1.1%	3 Months
Year ended 31 March 2010 - Sterling	16,741	2,620	10,171	3,950	0.9%	3 Months

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

Reconciliation to the Balance Sheet

	2011	2010
	£'000	£'000
Cash	3,273	2,620
Investments (Current Assets)	7,852	10,171
Investments (Fixed Assets)	3,995	3,950
Total	15,120	16,741

Liquidity Risk

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

The Museum has sufficient unrestricted funds to cover its current liabilities.

Credit Risk

The Museum is exposed to credit risk of £83,000 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 £7,000 (£3,000 - 2009-10).

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 no borrowings and all cash deposits are for terms of up to four months. Market performance of interest rates has meant the Museums investment income has not increased in line with its investment balance. Due to market factors, the Museum has received a substantially reduced amount of investment income in the 2010-11 year.

16 Stock

	Group		Charity	
	2011	2010	2011	2010
	£000	£000	£000	£000
Goods for resale	337	390	49	96

17 Debtors: Amounts falling due within one year

	Group		Charity	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade debtors	83	146	55	69
Amount owed by subsidiary	-	-	429	419
Prepayments	469	447	436	447
Taxation (VAT)	1,102	489	1,083	489
Accrued income	93	-	75	-
Accrued income - Capital Project	5,389	948	5,389	948
Other debtors	50	64	48	34
Total	7,186	2,094	7,515	2,406
Balances with Central Government Bodies	1,691	489	1,083	489
Balances with local authorities	148	144	148	144
	1,839	633	1,231	633
Balances with bodies external to government	5,347	1,461	6,284	1,773
Total	7,186	2,094	7,515	2,406

18 Creditors: Amounts falling due within one year

	Group		Charity	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade creditors	1,141	761	1,095	727
Other creditors	58	61	8	7
Taxation and social security	253	270	253	270
Accruals and deferred income	4,148	2,036	4,072	1,872
Total	5,600	3,128	5,428	2,876
Balances with Central Government Bodies	261	270	253	270
Balances with local authorities	9	-	9	-
	270	270	262	270
Balances with bodies external to government	5,330	2,858	5,166	2,606
Total	5,600	3,128	5,428	2,876

19 Operating Leases

As at 31 March 2011 the Museum had obligations under non-cancellable operating leases which expire as follows:

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Buildings				
- Within one year	-	-	-	-
- In the second to fifth year	-	-	-	-
- After five years	349	282	349	282
Total	349	282	349	282
Other				
- Within one year	5	4	5	4
- In the second to fifth year	14	1	14	1
- After five years	-	-	-	-
Total	19	5	19	5

20 Provisions for Liabilities and Charges

	Note 10	Balance	Additions £'000	Payments £'000	Balance
		1 Apr 2010 £'000			31 Mar 2011 £'000
Early retirement - as described in the accounting policies		34	-	(17)	17
		34	-	(17)	17

The Museum's obligation under provision for early retirement will expire as follows:

	Group		Charity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
- Within one year	17	17	17	17
- After one year	-	17	-	17
	17	34	17	34

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

21 Restricted Funds

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

	Balance 1 Apr 2010 £'000	Income £'000	Expenditure £'000	Gains/ (Losses) £'000	Transfers £'000	Balance 31 Mar 2011 £'000
Land and Buildings Fund	64,521	-	(1,420)	-	184	63,285
Revaluation Reserve	10,069	-	-	262	-	10,331
Sammy Ofer Wing Fund	-	17,536	(70)	-	(17,466)	-
Asian Seas Gallery Fund	-	363	(12)	-	(305)	46
Voyagers Gallery Fund	-	500	(1)	-	(186)	313
Special Purpose Funds	-	357	(357)	-	-	-
Collections Capital Fund	4,588	243	-	-	31	4,862
National Historic Ships Unit Fund	-	312	(312)	-	-	-
Caird Trust	-	12	(12)	-	-	-
No. 3 Trust Fund - Sackler Caird Fund	91	1	(69)	1	-	24
No. 3 Trust Fund - Anderson Fund	69	1	-	-	-	70
No. 3 Trust Fund - Bosanquet Fund	5	-	-	-	-	5
Total Restricted Funds including Fair Value Reserve	79,343	19,325	(2,253)	263	(17,742)	78,936

The above fund includes a balance of £7,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2011.

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.

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

The Sammy Ofer Wing Fund represents funding received from the Sammy Ofer Foundation and the Heritage Lottery Fund specifically related to the development of the new wing.

The Asian Seas Gallery Fund represents the balance of grants received by the Museum for use in the development of the new permanent gallery

The Voyager Gallery Fund represents the balance of grants received by the Museum for use in the development of the new permanent gallery

Special Purpose Funds represents 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.

The National Historic Ships Unit Fund supports research, publications, training, recording and similar activities relating to the preservation of historic vessels.

The Caird Trust supports short term research fellows in areas directly related to the Museums collections or in particular related subjects.

The Sackler Caird Fund (part of the No.3 Trust Fund) was established to support a research fellowship in areas directly related to the Museums 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 2011.

Description of main transfers between funds

The Revaluation Reserve movement provides for a transfer from Work in progress from the General Fund which has now been capitalised in the Land and Buildings revaluation.

The Sammy Ofer Wing fund movement provides for the transfer of expenditure incurred for Work in Progress in the Tangible Assets Fund.

The Asian Seas Gallery fund movement provides for the transfer of expenditure incurred for Work in Progress in the Tangible Assets Fund.

The Voyagers Gallery fund movement provides for the transfer of expenditure incurred for Work in Progress in the Tangible Assets Fund.

The Collections Capital Fund movement provides for the relocation of the purchase of Heritage Assets in the Tangible Assets Fund.

22 Unrestricted Funds

	Balance 1 Apr 2010 £'000	Income £'000	Expenditure £'000	Gains/ (Losses) £'000	Transfers £'000	Balance 31 Mar 2011 £'000
Tangible Asset Fund	14,038	-	(1,188)	-	21,707	34,557
Designated Capital	-	3,000	-	-	(3,000)	-
Galleries Masterplan Fund	3,500	-	-	-	-	3,500
Caird Fund	1,140	17	(38)	4	-	1,123
Development Fund	8,021	102	(6)	35	130	8,282
No. 3 Trust Fund	493	6	(1)	3	-	501
Trading Funds	65	2,401	(1,977)	-	(430)	59
Designated Funds	27,257	5,526	(3,210)	42	18,407	48,022
General Funds	2,063	17,207	(16,120)	-	(665)	2,485
	29,320	22,733	(19,330)	42	17,742	50,507

The above fund includes a balance of £694,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2011.

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

Designated Capital represents funding received from the DCMS for capital expenditure.

The Galleries Masterplan Fund was established to support the Museum's permanent and temporary exhibitions programme.

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 Museums trading subsidiary.

Description of main transfers between funds

The Tangible Assets Fund movement mainly provides for a transfer to Work in Progress from the Restricted fund for the Sammy Ofer Wing project. This will be transferred to Restricted Funds upon completion.

The Designated Capital fund movement provides for the transfer of the capital Grant in Aid received which has been re-designated by the Trustees for use on the Sammy Ofer Wing project.

Transfers out of the Tangible Asset Fund represent expenditure from restricted funds on ongoing capital projects.

23 Endowments

	Balance 1 Apr 2010	Income	Expenditure	Investment Gains	Balance 31 Mar 2011
	£'000	£'000	£'000	£'000	£'000
Permanent endowments:					
The Caird Fund	461	7	(8)	2	462
The Sackler Fund	155	1	-	-	156
	616	8	(8)	2	618

The above fund includes a balance of £56,000 for the Fair Value Reserve. This reserve represents the difference between the historical cost of the investments and their market value at 31 March 2011.

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.

24 Analysis of Group Net Assets between Funds

	Unrestricted Designated Funds	Unrestricted General Funds	Restricted Funds	Endowment Funds	Total
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2011 are represented by:					
Heritage Assets	-	-	4,862	-	4,862
Tangible Fixed assets	34,557	-	73,616	-	108,173
Investments	2,919	-	458	618	3,995
Current assets	16,163	2,485	-	-	18,648
Creditors: Amounts falling due within one year	(5,600)	-	-	-	(5,600)
Provisions for liabilities and charges	(17)	-	-	-	(17)
Group Net Assets	48,022	2,485	78,936	618	130,061

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

Reconciliation of movements in unrealised gains on land and buildings:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2011
	£'000	£'000	£'000	£'000
Unrealised gains at 1 April 2010	-	13,122	-	13,122
Net gain arising on revaluation	-	262	-	262
Unrealised gains at 31 March 2011	-	13,384	-	13,384

Reconciliation of movements in unrealised gains on investments:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2011
	£'000	£'000	£'000	£'000
Unrealised gains at 1 April 2010	1,140	(1)	74	1,213
Net gain arising on revaluations	42	1	2	45
Unrealised gains at 31 March 2011	1,182	-	76	1,258

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

		2011 £'000	2010 £'000
Net incoming resources		20,475	5,879
Donated Objects	Note 3	(243)	(291)
Depreciation charges	Note 11	2,610	2,933
Investment income	Note 6	(180)	(219)
Decrease in stock	Note 16	53	18
Increase in debtors	Note 17	(5,092)	(1,109)
Increase in creditors	Note 18	2,472	564
Decrease in provisions	Note 20	(17)	(16)
Loss on Disposal of Fixed Assets	Note 11	-	134
Net cash inflow from operating activities		20,078	7,893

Reconciliation of increase in cash to movement in net funds

	2011 £'000	2010 £'000
Increase/(Decrease) in cash in the period	653	(3,222)
(Decrease)/Increase in liquid resources in the period	(2,319)	3,068
Change in net funds resulting from cash flows	(1,666)	(154)
Net funds at 1 April 2010	12,791	12,945
Net funds at 31 March 2011	11,125	12,791

Analysis of net funds

	At 1 Apr 2010 £'000	Cashflow £'000	At 31 Mar 2011 £'000
Held at Commercial Banks	2,613	652	3,265
Held at Government Bank Service	3	(2)	1
Cash in Hand	4	3	7
Liquid resources - Short Term Deposit	10,171	(2,319)	7,852
Net funds	<u>12,791</u>	<u>(1,666)</u>	<u>11,125</u>

26 Related party transactions

The National Maritime Museum is a non-departmental public body whose parent department is the Department for Culture, Media and Sport.

a) The Department for Culture, Media and Sport

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

	2011 £'000	2010 £'000
Grant in Aid received	15,176	16,240
Capital Grant in Aid received	3,826	3,000
Total Grant in Aid received	<u>19,002</u>	<u>19,240</u>
Understanding Slavery Initiative	157	160
Total received from DCMS	<u>19,159</u>	<u>19,400</u>

Note 3

b) The Heritage Lottery Fund

The National Maritime Museum received lottery grants of £2,958,000 for the Sammy Ofer Wing project from the Heritage Lottery Fund in the year (£1,057,000 - 2010). The HLF shares the same parent Department (DCMS) and is therefore a related party. There were no outstanding balances at the end of the year.

	2011 £'000	2010 £'000
Capital Grants received from the Heritage Lottery Fund	<u>2,958</u>	<u>1,057</u>

Note 3

c) 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
Lloyds Register Educational Trust	DG Moorhouse, Chairman of Trustees of the related party, served as a Trustee during the year	84	-	Donation and income for image use
Lloyds Register	DG Moorhouse, recent Chairman of Trustees of the related party, served as a Trustee during the year	8	-	Income from corporate membership and event attendance
Shell International Trading & Shipping Company Limited	JM Kopernicki, recent Director of the related party, served as a Trustee during the year	7	-	Income from corporate membership
Greenwich Council	J Sekhon OBE, a Councillor for the related party, served as a Trustee during the year		185	Rates and contribution to WHS costs
Chatham Historic Dockyard Trust	Sir R Crawford, a Trustee of the related party, served as a Trustee during the year	-	59	Rental at No1 Smithery, Chatham
British Library Development Board	Sir J Guinness, a Member of the related party, served as a Trustee during the year	-	21	Costs for Lloyds List
Museums Association	K Fewster, a Member of the related party, served as Director during the year	-	9	Costs for staff training
Greenwich Foundation for the Old Royal Naval College	Sir R Crawford, Chairman of the related party, served as a Trustee during the year	-	2	Contribution to WHS costs
		<u>99</u>	<u>276</u>	

There are no outstanding balances at the year end.

There were additional related party transactions conducted with various parties which fall below our materiality threshold (£1,000). These transactions resulted in income of £1,740 and expenditure of £3,768.

27 Contingent Liabilities

The Museum had no contingent liabilities at the year end.

28 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.

29 Control of the Consolidated Entities

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



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