

# The Board of Trustees of the Tate Gallery Annual Accounts 2011-2012

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

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# Advisers

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# Annual Report

## Aim and objectives

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

The four aims listed by the Act are:

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

All Tate's activities and aspirations are driven by its statutory mission 'to promote public understanding and enjoyment of British, modern and contemporary art'. Tate's strategic objectives in fulfilling this mission can be summarised as follows:

- to consolidate, manage and research the Collection in ways that respond to changes in the world around Tate;
- to devise innovative programmes that engage with existing and new audiences, both in the galleries and through digital media and partnerships, whose expectations of their relationship with the museum are changing and whose participation will be a part of what Tate does; and
- to improve Tate by investing in staff development and the working culture, and develop Tate's self reliance and business model for a sustainable future.

Major activities that Tate will undertake in doing this include:

- the fundraising and completion of capital projects;
- embarking upon new partnerships that open new opportunities;
- developing Tate's digital offer;
- an enhanced programme of employee engagement.

## Review of activities in 2011-12

The key achievements of 2011-12 include:

- completing the fundraising for Phase 1 of the Tate Britain Project, with £47 million having been secured;
- launching the new website, marking a huge step forward in opening Tate's work and Collection to its audiences;
- achieving a surplus, despite the challenges of the economic climate;
- maintaining the balance between rigour and popularity in Tate's programme through shows like *Kusama* at Tate Modern, *Picasso and Modern British Art* at Tate Britain and *Magritte* at Tate Liverpool;
- continuing to bring enjoyment to visitors around the country through the ARTIST ROOMS programme, not only attracting over half a million visitors to partner institutions, but also sparking new programmes around each display;
- expanding Tate's internationalism, partnering with institutions around the world, building new Collections committees for different regions and sharing exhibitions with new partners, from Latin America to Eastern Europe;
- reaching new audiences, consolidating Tate's position as the UK's leading gallery in social media, attracting 600,000 followers on Twitter and 320,000 on Facebook;
- researching not just the Collection and its care, but also the reach and impact of art through projects that have broken new ground in fields that range from art history to science and technology, to education;

- improving people's experience of Tate's galleries, matching excellence in the Collection with enjoyment in Tate's restaurants and enterprise in its shops: contributions from both catering and enterprise exceeded targets;
- taking action to improve the working environment for staff through developing an accommodation strategy, introducing training around Dignity and Respect, and implementing a new diversity strategy, *Tate for All*.

None of these achievements would have been possible without the enthusiasm, commitment and expertise of those who work at Tate and the interest, support and extraordinary continuing generosity of all those who support Tate.

## Art and ideas

### Collection

The Collection is at the basis of Tate's programmes and activities. It is Tate's responsibility to look after it on behalf of its audiences, public and future generations.

The Collection is a resource for anyone, not just those who are able to visit a Tate gallery. Using collaboration, loans, partnership, touring and digital programmes, Tate has made it more accessible. The aim is to create significant areas of strength around key artists and tendencies, to continue to fill gaps in the historic British area as opportunities arise and to make the Collection more international where there is potential. By expanding the scope of the Collection to include work from beyond Europe and North America, Tate is addressing the changing expectations of the audience and new assessments of modernism. In 2011-12, Tate expanded the Collections groups to include Latin America, the Middle East and North Africa, Asia Pacific and Africa. In addition, Tate appointed curators focused on Latin America, Africa and Photography to reflect and build this new direction for the Collection.

2011-12 was a strong year for photography, which was reflected in programmes at both Tate Britain and Tate Modern, including work by Taryn Simon and Don McCullin and in the display, *New Documentary Forms*. Acquisitions continued to develop the representation in the Collection of major contemporary artists from the UK and from across the world. They also extended representation and understanding of historical avant-gardes and their legacies. This reflects the work and support of Tate's network of acquisition committees which bring together over 150 individual donors. Acquisition highlights include Ai Weiwei's *Sunflower Seeds*, 2012, a work that evolved from his Unilever project of 2011 and Francis Alÿs's *Tornado*, 2006-2010, which was the centrepiece of his retrospective at Tate Modern and was supported by the Latin American Acquisitions Committee. There were also major acquisitions from earlier in the 20th century including Mattias Guertiz's *Message*, again purchased by the Latin American Acquisitions Committee. Significant works were also acquired through the Photography acquisitions committee including Lewis Baltz's seminal project, *San Quentin Point*, and an extensive group of images associated with the Bauhaus Dessau.

2011-12 also saw the continued support for acquisitions by both the Art Fund and many groups associated with Tate including the International Committee, Patrons and Members. The Outset Frieze Fund supported three major works by Melanie Smith, Alina Szapocznikow and Helena Almeida, and Pinta Art Fair supported the first work by the highly significant Brazilian artist Lygia Pape to enter the Collection. Major gifts by individuals include Mark Dion's *The Curiosity Shop*, Mark Bradford's *May Heaven Preserve You From Dangers and Assassins*, donated by a group of individuals and the gift to the American Fund of Bruce Davidson's *Untitled Subway*, part of an ongoing series of donations to the Collection from Michael and Jane Wilson. In 2011-12, artists, including the leading Portuguese artist, Pedro Cabrita Reis and Richard Deacon, also presented work to the Collection. Tate also continues to benefit from the generosity of Anthony d'Offay, whose commitment to ARTIST ROOMS includes key loans which enable Tate to create a programme that has also been assisted by gifts from artists, including Martin Creed.

### Programme

As part of the refurbishment of Tate Britain, David Tremlett was commissioned to produce a site-specific work for the Manton Staircase. Focus displays were also piloted, including Gabo and two important photography displays, Roger Fenton and Don McCullin, as well as Eadweard Muybridge and *Thin Black Line(s)*. The programme also included exhibitions mounted from the Collection, *Migrations* and *Picasso and Modern British Art*.

At Tate Modern, large numbers of visitors visited the exhibitions *Miró*, *Gerhard Richter: Panorama* and *Yayoi Kusama*. As at other sites, photography figured prominently. Examples included the ARTIST ROOM of Diane Arbus and the display *A Living Man Declared Dead and Other Chapters* by Taryn Simon, along with other examples of documentary forms of photography. Other displays anticipated the changes that will come when the Tanks

are opened later in 2012. To media acclaim, the Michael Clark Company returned to the Turbine Hall with a choreographic project allowing members of the public and non-professional dancers to take part in artistic creation. This year's Unilever commission in the Turbine Hall was a monumental film-work by Tacita Dean, which paid homage to analogue cinema, a format threatened with extinction with the ascendancy of new technologies.

Tate St Ives enjoyed a very positive response to its programme during 2011-12, reaching broader audiences as well as achieving international critical recognition. *The Summer Season* featured eight historic and contemporary artists' work, much drawn from the Tate Collection. A highlight was the performance of Martin Creed and his band at the Preview. *The Indiscipline of Painting*, an exhibition created in partnership with the Mead Gallery, focused upon artists and their practice. In November a symposium featured an international line-up including US based writer Terry Myers, New York based artist Mary Heilmann and UK artists Peter Davies and Daniel Sturgis. In 2012, *Simon Fujiwara: Since 1982* brought the work of an artist currently winning significant international recognition for his work and who grew up in St Ives to Cornwall and incorporated an examination of the St Ives artists through a contemporary lens. There has also been renewed focus on the Barbara Hepworth Museum with a series of talks including one by Linder Sterling, *Piercing the Spirit Storehouse*.

Tate Liverpool's programme continued an international focus, featuring shows including *René Magritte: The Pleasure Principle*, which subsequently toured to the Albertina Vienna. Magritte was also the focus of the Gallery's work in the region, incorporating an accessible family guide and a *Month of Magritte*. Around the *Magritte* exhibition, a series of drop-in family events featured a different activity each week and a practical adult Summer School programme was piloted. Robert Therrien's ARTIST ROOM attracted large numbers to the gallery and *Alice in Wonderland* helped Tate Liverpool towards recording its most popular winter season since 2008, attracting a wide and diverse audience from across the region. The latter, which toured to MART Rovereto and Kunsthalle Hamburg, was presented in association with Mersey Care NHS Trust as part of Tate's long-term focus on working with Arts and Health. Meanwhile *Conversations*, curated by the designer Philip Treacy, was the latest in the *DLA Piper Series: This is Sculpture*. The year also saw the first major UK exhibition for the artist Charline von Heyl, co-curated with Kunsthalle Nuremberg. There was also a significant change in the curatorial leadership of Tate Liverpool; in autumn 2011, Dr Christoph Grunenberg left as Artistic Director to become Director of the Kunsthalle Bremen and was succeeded in April 2012 by Francesco Manacorda, former director of Artissima, Turin.

### Research and scholarship

The rigour, quality and originality of the ideas underpinning the public programme and related activity are critical to maintaining Tate's position as an intellectual leader and ensuring that it is up to date with the latest developments. Tate's research centres bring together colleagues sharing scholarly interests, within Tate and beyond. All Tate's existing centres, *The Art Museum and its Future*, *British Romantic Art*, *Creative Communities* and *Surrealism and its Legacies*, now have programmes underway. A fifth research centre, *Rethinking Modernism*, has also been launched at Tate Liverpool.

Steps have been taken to integrate research into other areas of Tate's activities. Launched in 2011-12, *The Camden Town Collection Catalogue* has become the first fully digital catalogue on the new Tate website. In 2011-12, Tate completed the current phase of its research into works of art in oxygen-free environments; the development of an innovative Anoxic Frame means that works can be on show for longer and at higher light levels without increasing the risk of fading. Anoxic Frames are already in use in Tate's displays and exhibitions and Tate is now exploring the possibilities of bringing this important new technology to market.

The first major research grant awarded directly to Tate by the Arts and Humanities Research Council *The Sublime Object: Nature, Art and Language* has been completed. It introduced new ways of working into the art museum, engaging scholars from a range of disciplines and encompassing displays, a web presence and a diverse range of educational activities, directed towards school children, students and the adult community. There was also a major display of Collection works on the theme at Tate Britain and an accompanying contemporary commission by the artist Douglas Gordon.

### Tate's audiences

#### Visitors and the experience in the galleries

An important part of Tate's role is to lead audiences in thought-provoking and challenging ways. Tate has developed in-depth knowledge about the motivations and needs of its visitors which enables it to tailor its buildings, interpretation and programmes to improve people's experiences. In 2011, Tate launched the *Tate Audience Panel*, an online survey of over 8,000 people, which was used to test ideas and improve the quality of the service Tate provides.



There have been major developments in Tate's approach to the visitor experience, making visiting Tate more welcoming and engaging while ensuring public safety and the security of the art. Tate has made progress in devising and implementing a visitor experience strategy based on audience feedback, increasing the volume of comments received, the quality of Tate's response and how the information is used. The strategy has increased the knowledge and expertise of front of house staff to ensure better visitor care. Meanwhile, steps have been taken across Tate to ensure that information is shared between departments and that communications systems have improved.

Tate's Catering and Enterprise teams provide an important part of the experience that is offered to visitors. Built around the values that Tate represents and the value that it seeks to provide to its visitors, its shops, restaurants and catering are a vital part of Tate. Profits from trading in the year exceeded those budgeted to reach £4.9 million.

Publications have continued to make a significant contribution to Tate's profile and commercial success. These included *Richard Dadd* by Nicholas Tromans, *Alice's Adventures in Wonderland* by Lewis Carroll and illustrated by Tove Jansson, and *Infinity Net*, the autobiography of Yayoi Kusama. Tate has also continued to exploit the commercial opportunities of the digital world, for example producing an app of the Tate Guide to Modern Art Terms. Catalogues such as Miró, Richter, Magritte A-Z, John Martin and Kusama (which included a boxed special edition version) have sold well. Tate's shops have also featured specific commissions such as that by the artist and illustrator, Sara Fanelli, the prints designed by Andy Tuohy for Tate Liverpool and image produced by the graphic designer Maria Dahlgren. More generally, exhibition and Christmas ranges have contributed to retail success across all sites.

In 2011-2012 Tate Catering has continued to build on the three-year strategy set out in 2010, to bring the business up to historic profit levels of 15%. Tate Catering returned profits this year of £903,000, representing a 52% increase on the previous year. This was the result of renewed focus on the core business and is a considerable achievement in the extended economic recession.

## Beyond Tate

### Media and learning

Museums and galleries are places in which ideas, experiences and opinions are exchanged. There will always be a role for the expert, but the evolution of communications technologies offers unrivalled opportunities for people to contribute their personal perspective. As audiences make connections across its activities, traditional boundaries are breaking down and Tate is developing new approaches to how it works and develops content.

Throughout 2011-12, Tate developed a new website, which was launched in April 2012. Built around the three pillars of commerce, community and the Collection, it is designed with audiences in mind and is a platform for both publication and interaction. It brings content, commercial opportunities and the chance to support Tate together. It has also been designed to be accessible wherever the web is: at home, in school, or on the move.

The technical aspects of the site, which are essential but do not often gain attention have proved a huge success. Alone, the migration of the old content was a significant task, including over 420,000 pages of unique data. This was achieved successfully. Launched on what proved to be second busiest day in the history of Tate's website, the new site has proved to be very robust.

While traditional media activity remains an important part of what it does, Tate has also developed its presence in social media. Tate ended the year as the leading Gallery in the UK in the social media space, garnering the greatest number of followers in both the Twitter (600,000) and Facebook (320,000) arenas.

Meanwhile, Tate has continued to use traditional media to communicate developments in its programmes and work. In 2011, Tate worked on redesigning its brand and developing a new campaign focused on Tate Britain, *This is Britain*; posters and other communications appeared in early 2012.

In July 2011, the Tate Movie Project premiered in Leicester Square as part of the Cultural Olympiad. Thousands of drawings, sound effects and story ideas by children from across the UK made up a half-hour animation. Online, children uploaded these through a virtual film studio and over 25,000 joined the online Movie Crew. In addition, over 9,000 children took part in workshops across the UK. The project set a world record for most individual contributions to an animated film.

Overall, numbers of participants in core learning programmes have risen, as has uptake of digital resources. There has also been an increase in provision for schools and early years and more families are coming to London sites. In 2011-12, Tate made progress in making learning a part of how people work across Tate and has developed knowledge-sharing across its sites and secured external funding for a change programme including a leading expert on arts learning from Harvard. Members of learning staff have undertaken more Continuing

Professional Development opportunities, including international study. Tate has also developed research as an important part of its work, with practitioners documenting their practise and its effects. At the same time, Tate has begun to trial a new evaluation model for young people through a JP Morgan funded programme with eighteen partner organisations in the *Plus Tate* network. In 2011, the learning team published eight international publications to disseminate and share the knowledge Tate has developed. An ESRC CASE/University of Exeter Business School Collaborative Doctoral Studentship, which examines the experience of young visitors to ARTIST ROOMS on Tour began in 2011, co-supervised by the Head of Learning Practice, Research and Policy at Tate. Since March 2011, the studentship has produced three papers including *Pragmatist and Critical Models of Gallery Experience* and *Gallery Experience: Beneficial, Ritualistic, or Both?*.

### **National and international**

Tate has been pioneering in establishing regional galleries with distinct identities, rooted in local communities. More recently, and particularly through the *Plus Tate* network, Tate has developed ways of sharing and making greater use of its resources through partnerships with other organisations.

Building on the generosity of Anthony d'Offay's gift, the *ARTIST ROOMS On Tour* programme has been established to inspire young people and develop a spirit of shared endeavour between partner galleries. In 2011-12, fourteen exhibitions were held at associate galleries across the UK, from Stromness to Bexhill-on-Sea. The tour presented works from thirteen artists, including Diane Arbus, Andy Warhol, Ed Ruscha, Damien Hirst and Joseph Beuys. As well as being successful in their own right, attracting over 537,000 visitors, the exhibits also increased visitor numbers for associate galleries. For example, at Southampton, an ARTIST ROOM devoted to Warhol meant that the gallery received nearly three times the number of visitors compared to the previous year.

The *ARTIST ROOMS Research Partnership* was announced in June 2011. It brings together Tate and the National Galleries of Scotland with a consortium comprising the University of Edinburgh, Edinburgh College of Art and the Institute of Education, University of London. The Partnership is being established for a period of five years to deliver an ambitious and far-reaching programme of research into the ARTIST ROOMS Collection and its use as a shared national resource. There will be a particular focus on intersecting areas of research relating to the engagement of young people with the Collection.

2011-12 also saw significant international activity. Tate has used and will continue to use significant developments in the Collection to develop touring exhibitions with international partners, to build curatorial expertise and exchange programmes, to expand institutional relationships and personal networks and as the basis for online programmes. In this way and by working with leading international organisations, Tate has begun to deepen its engagement with colleagues and audiences in Latin America, the Middle East, Africa, Asia Pacific, South Asia and Eastern Europe, for example the exhibition of William Blake's work in Moscow.

## **Improving Tate**

### **People and culture**

Tate's achievements would not be possible without the talent, commitment and contribution of all who work for the organisation. Over the last year, and in response to an employee survey undertaken in 2011, improvements were made in collaboration, dignity and respect, reward and benefits, working environment, organisational change and career and professional development. A commitment has been made to repeating the survey every two years, including the Events and Catering teams, to give a better understanding of Tate in its entirety. This will follow the recognition of Tate Catering in 2011 with an *Investor in People* award.

Across the gallery, operations have been reviewed to ensure that the structure and staffing arrangements are aligned to meeting future needs. Tate has also begun work to improve its governance, clarifying where and how decisions are made while remaining flexible, creative and innovative. Internal communications have been improved, with the development of specific team and plans for improving software and other apparatus in place.

An online recruitment system has improved the efficiency and transparency of the recruitment process and new policies for the recruitment and engagement of interns and volunteers have been implemented. Looking forward, the new website will provide a platform from which to improve the way it promotes working at Tate and how candidates are made aware of the opportunities available.

Diversity is integral to Tate's vision. In 2006, the *Tate for All* strategy outlined an inclusive approach to diversity, stressing that diversity is for and about everyone, and that it should be reflected in the Collection and programme as well as the audiences and those who work at Tate. To accelerate the integration of diversity into its work Tate has developed a *Tate for All* action plan. This sets goals and milestones and will help Tate become more reflective of the diversity of the society around it. The plan has three objectives. The first is to build a robust

evidence base that will demonstrate performance and track progress in delivering diversity across all areas of Tate's work. The second is to assess the impact of what Tate does on people of different backgrounds, to ensure its work meets their needs and that barriers to engagement with Tate are removed. The third is to harness the creativity of Tate's workforce and increase competency and awareness to establish good practice across Tate. At the same time, diversity has also been reflected in Tate's Collections strategy as the Gallery seeks to acquire works that represent different cultures, traditions and modernisms from around the world.

### **Funding and supporters**

The contribution of support of all kinds and at all levels is essential for Tate's continued success and future growth. Government funding is critical to Tate's operations and represents the single largest share of its funding at 40%. Tate generates the rest of its income through trading operations, admissions and through the support and generosity of many different organisations and individuals in the form of donations, gifts, bequests, sponsorships and partnerships.

Tate has continued important relationships with a number of UK and international funding bodies whose generosity has greatly benefited both its 2011-12 exhibitions programme and capital fundraising campaigns. This year major exhibition support came from the Institut Ramon Llull for the *Miró* exhibition, The Art Mentor Foundation Lucerne for *The Vorticists: Manifesto for a Modern World* and The Henry Moore Foundation for *Simon Fujiwara, Simon Starling and Barry Flanagan: The Early Years*. The Paul Hamlyn Foundation generously supported the work being undertaken by Tate Learning to transform learning practices in the gallery through the Phase 1: Transforming Tate Learning project. ARTIST ROOMS featured in fourteen associate venues in 2011, from Ed Ruscha in the Scottish Highlands to Andy Warhol in Bexhill, reaching over half a million visitors, generously supported by the Art Fund who also supported important acquisitions. The Heritage Lottery Fund awarded Tate a significant grant to transform access to Tate Britain and to the national art and archive collections within and beyond the walls of the gallery.

In December, BP announced support for a further five years of the BP British Art Displays continuing as Tate's longest-standing corporate supporter. Bloomberg continued to support interpretation at Tate Modern, enhancing visitors' experience through Tate Shots, award winning Collection multimedia guides and the Tate Modern Interactive zone. Sotheby's support of the Tate Britain Commissions made possible the unveiling of Patrick Keiller's *The Robinson Institute* in the Duveen galleries. Unilever continues to support *The Unilever Series: turbinegeneration*, the online, international collaborative education project that connects schools, galleries, artists and cultural organisations worldwide and their support of *The Unilever Series* presented *Tacita Dean: FILM*. DLA Piper continued to sponsor the Collection displays at Tate Liverpool, helping Tate to present the Collection in new and dynamic ways. Louis Vuitton supported the major exhibition, *Yayoi Kusama* along with a supporting cross-platform programme for Young People which combined their support of the exhibition with the ongoing learning programme for young people – the Louis Vuitton Young Arts Project. A four-year partnership with BMW will help Tate to develop performance and interdisciplinary art programmes.

*Joan Miró* attracted a syndicate of corporate sponsors including British Land, RLM Finsbury, Goldman Sachs and the JCA Group a number of which regrouped to support *Picasso and Modern British Art* alongside the Spanish Tourist office and the Office for Scientific Affairs at the Embassy of Spain.

Alongside foundations and corporate sponsors, Tate benefits from the generosity of large numbers of individual supporters. Four exhibition supporter groups were created this year around *Gerhard Richter*, *Yayoi Kusama*, *Picasso and Modern British Art* and *Alighiero Boetti: Game Plan*. Maryam and Edward Eisler have pledged important support for acquisitions and exhibitions over the next three years and Gilberto Pozzi continues to support Tate Modern's Schools Workshop programme. The Level 2 Series at Tate Modern continued with generous support from Catherine Petitgas.

Tate Foundation supported Tate's activities through donations of £9 million. Support from Tate Patrons helped Tate acquire seven new works for the Collection, assisted with *Alighiero Boetti: Game Plan* and supported learning, access and cataloguing projects. Tate International Council membership increased to 144 across twenty-eight countries with donations supporting important acquisitions as well as the *Picasso and Modern British Art* and *Yayoi Kusama* exhibitions. Tate now has nine acquisitions committees, including the newly launched Africa Acquisitions Committee, with over 150 members world-wide. The energy and knowledge of committee members is invaluable in helping Tate to realise its ambition to grow the Collection and become more international and diverse. Generous donations from a number of Tate Fund donors, Patrons and Members supported the Big Give, set up by the Reed Foundation and Arts and Business, to encourage individual giving to the arts, which raised £40,000 for the Tate Fund which supports all areas of the gallery. Tate Members now has 100,000 members, making Tate Membership one of the most successful Arts Membership schemes in the UK, this year contributing £3 million to Tate funds.

In conservation, a number of paintings and frames have been restored in preparation for the forthcoming *Pre-Raphaelites* exhibition, supported by The Charlotte Bonham-Carter Charitable Trust, the PHG Cadbury Charitable Trust, The Finnis Scott Foundation and The Hintze Family Charitable Foundation. The John R Murray Charitable Trust has provided continued support of the Tate Archive, enabling further cataloguing of the archive collections. Gifts from the Aurelius Charitable Trust, The Gladys Krieble Delmas Foundation, The Michael Marks Charitable Trust, Nicholas and Judith Goodison and the Stuart Heath Charitable Settlement have supported the cataloguing of the Duncan Grant Archive.

As Tate examines the wider social value of its work, it has opened new avenues of funding. In 2011, Tate Liverpool and Mersey Care NHS Trust created a partnership based on *Alice in Wonderland*, highlighting the connection between health, well being and culture. The Wellcome Trust supported *Wondermind*, an online project for eight to twelve year olds that was inspired by, and showcased at, the *Alice in Wonderland* exhibition. Elsewhere, The Skills Funding Agency supported *Signing Art*, a new programme of events for British Sign Language users at Tate Britain and the JP Morgan Foundation supported a collaborative learning project between Tate and Plus Tate partners. The generosity of grant-givers has also enabled Tate to expand its research work: this year saw nineteen Collaborative Doctoral Awards awarded by the Arts and Humanities Research Council, taking the total number of studentships across Tate to twenty-seven.

Tate is also grateful to the individuals and institutions who have so generously supported its capital developments at Tate Modern, Tate Britain and Tate St Ives. The first phase of the Tate Modern Project, The Tanks, will open in July 2012 and the fundraising for the Tate Britain Millbank Project is now complete, thanks to the generous support of a number of individual and institutional donors.

## Sustainability

### Operations and sustainability

Tate started its sustainability journey in 2007, adopting sustainability as a priority within the 2015 Vision and agreeing its first Sustainability Strategy for 2009 to 2012. Tate's vision for sustainability is to 'show what a museum can do' – to become a leader in museum sustainability practice and to influence the entire sector towards more sustainable environmental practice. In pursuit of this vision, Tate's strategy focuses on three key strands:

- Strand A: Putting Tate's house in order – embedding environmental sustainability within its buildings and operations
- Strand B: Leading and influencing the museum sector – driving real change towards more environmentally sustainable practices across the sector
- Strand C: Beyond the sector – engaging and influencing audiences on sustainability through inspiring experiences, research, dialogue and partnerships.

As part of this Strategy, Tate is committed to a target of 20% reduction in Scope 1 and 2 emissions and a 20% reduction in Scope 3 emissions by 2013. In pursuit of these targets and in line with the Greening Government Commitments, Tate is actively working to reduce emissions associated with energy use, waste, water use, art transport and crating, staff travel and wider procurement activities.

**Greenhouse gas emissions**

		2007-08	2008-09	2009-10	2010-11	2011-12	% change base yr
Greenhouse gas emissions (tCO <sub>2</sub> e)	Scope 1 emissions <sup>1 2</sup>	3,864	3,439	3,360	3,378	<b>2,630</b>	(32)
	Scope 2 emissions <sup>2</sup>	13,830	13,487	12,451	12,207	<b>11,499</b>	(17)
	Total Scope 1 & 2 emissions	17,694	16,926	15,811	15,585	<b>14,129</b>	(20)
	Target Scope 1& 2 emissions	–	–	16,809	15,925	<b>15,040</b>	(15)
	Scope 3: Business travel <sup>3</sup>	N/A	340	340 <sup>4</sup>	340	<b>340</b>	–
	Scope 3: Staff commuting	N/A	700	700	700 <sup>4</sup>	<b>700</b>	–
	Scope 3: Art transport	N/A	1,187 <sup>4</sup>	1,187	1,187	<b>1,187</b>	–
	Scope 3: Art crating	N/A	76 <sup>4</sup>	76	76	<b>76</b>	–
	Scope 3: Water use	N/A	33	28	24	<b>23</b>	(28)
	Scope 3: Electricity transmission & distribution	1,161	1,098	977	958	<b>902</b>	(22)
	Total Scope 3 emissions	1,161	3,434	3,308	3,285	<b>3,228</b>	(6)
	Target Scope 3 emissions	–	–	3,255	3,084	<b>2,912</b>	(15)
	Total Scope 1–3 emissions	18,855	20,360	19,119	18,870	<b>17,357</b>	(15)
Energy use (million kWh)	Electricity, non-renewable	27.9	27.3	25.6	25.1	<b>23.6</b>	(15)
	Electricity, renewable	–	–	–	–	–	–
	Gas	16.7	16.8	15.9	15.4	<b>13.6</b>	(18)
	Total kWh per visitor	5.8	5.9	5.8	5.4	<b>5.3</b>	(9)
Expenditure (£ '000)	Energy	2,274	2,835	2,454	2,119	<b>2,358</b>	4
	Carbon reduction commitment	–	–	–	2	<b>189<sup>5</sup></b>	–
	Business travel <sup>3</sup>	445	538	555	884	<b>719</b>	62

Tate's total Scope 1 and 2 Greenhouse Gas emissions have decreased by 20% from 2007 to 2012. This is primarily due to reductions in gas and electricity use, by 18% and 15%, respectively. This has been achieved through continual investment in improving the energy efficiency of the estate, staff engagement and regular monitoring and targeting of consumption.

Tate's total, quantified Scope 3 emissions have reduced by 6% from 2008 to 2012. Annual business travel data collection will be enabled from 2012-13, through categorising business travel journeys by mode within the accounting system. Art transport and crating data will be collected in 2012-13 and commuting data is monitored biennially.

<sup>1</sup> Includes emissions from natural gas consumption, refrigerants and owned/leased vehicles.

<sup>2</sup> Scope does not include Tate Modern project – this was not part of the estate in 2007, but will be included in re-baselining.

<sup>3</sup> Includes international air travel.

<sup>4</sup> Actual emissions – all other years' data based on this figure.

<sup>5</sup> Includes £186,000 accrual (payment in summer 2012 to cover 2011-12 emissions).

## Waste and finite resources

Since 2008, Tate's total waste tonnages have fallen by 39% and total waste recycled has improved by 95%. Water use within Tate's estate has fallen by 37% from 2008 to 2012. Waste expenditure will be categorised as below within the finance system from 2012-13.

<b>Finite resources: waste</b>		2008-09	2009-10	2010-11	<b>2011-12</b>	% change base yr
Waste (tonnes)	Landfilled	1,034	572	450	<b>22</b>	(98)
	Reused/ recycled	174	178	185	<b>338</b>	95
	Composted	–	–	–	<b>67</b>	100
	Energy from waste	–	136	191	<b>309</b>	100
	Incineration without energy recovery	–	–	–	–	–
	<b>Total waste<sup>6</sup></b>	<b>1,208</b>	<b>886</b>	<b>826</b>	<b>736</b>	<b>(39)</b>
	Target total waste	–	1,147	1,087	<b>1,026</b>	(15)
Expenditure (£000)	Landfilled	N/A	N/A	N/A	<b>N/A</b>	N/A
	Reused/ recycled	N/A	N/A	N/A	<b>N/A</b>	N/A
	Composted	N/A	N/A	N/A	<b>N/A</b>	N/A
	Energy from waste	N/A	N/A	N/A	<b>N/A</b>	N/A
	Incineration without energy recovery	N/A	N/A	N/A	<b>N/A</b>	N/A
	<b>Total waste</b>	<b>N/A</b>	<b>127</b>	<b>152</b>	<b>121</b>	<b>(4)</b>

No data is currently available for waste expenditure, marked by N/A in the table. Investigations are currently underway to ascertain how to provide this data for the future.

<b>Finite resources: water</b>		2008-09	2009-10	2010-11	<b>2011-12</b>	% change base yr
Water use (m3)	Total water	109,042	81,608	69,358	<b>68,910</b>	(37)
	Target total water	–	103,590	98,138	<b>92,686</b>	(15)
	Total litres per visitor	14.6	11.5	9.3	<b>9.8</b>	(33)
Expenditure (£000)	Water supply	153	154	113	<b>169</b>	10

## Biodiversity action planning

Tate, in partnership with its ISO 14001-certified landscape contractor, actively works to preserve and enhance biodiversity within its estate. Varied habitats are provided wherever possible and Tate has kept bees on the roofs of Tate Modern and Tate Britain since 2010. Tate will also create new green space as part of the Tate Modern Project.

## Sustainable procurement

Tate is committed to embedding environmental sustainability into its procurement policies and procedures, from supplier selection criteria to contract management and supply chain management. As a result, Tate is developing its Scope 3 emissions inventory on an ongoing basis, working with suppliers to measure and reduce environmental impact. Tate has already measured the carbon footprint of art transport and art crating and is collaborating with its suppliers in seeking to reduce these impacts.

## Future development

Tate continues to play a leading role in shaping the future development of the arts and museums sector, while responding to changing audience expectations and demands. Tate will investigate the wider benefits that it can bring to society and, in the context of changing political, social and economic environment, examine how it will develop as an organisation. The new internship and volunteering policies will help Tate develop the workforce of the future and also enable it to take a leading role in doing so for the sector as a whole. Tate has taken the decision to offer a smaller number of paid internships, allowing it to offer opportunity within the sector to a wider range of applicants.

<sup>6</sup> Excludes waste from Tate St Ives as contractor cannot provide tonnages; estimates will be made from 2012-13.



Work on Tate’s capital projects in London and St Ives continues. The architects have been appointed for Tate St Ives Phase II and the first designs developed, with plans and fundraising for the completion of the project progressing well. Tate Britain Millbank Project has moved into the next phase of development and will open in 2013, the new galleries in the early part of the year and the new public spaces in November. In 2012, the Tanks at Tate Modern will open, allowing new kinds of display and public engagement. These will be followed by the completion of the Tate Modern Project by 2016 at the latest. The capital projects will enable Tate to show more of the national Collection in conditions suitable for a wider range of art media. The projects will also enhance visitor facilities while creating much-needed learning studios and public spaces.

## Fulfilment of Museums and Galleries Act aims

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

## Immunity from seizure

From 18 June 2008 Tate is an approved body under Section 136 of the Tribunals, Courts and Enforcement Act 2007. This means that, subject to meeting the conditions set out in the Act, objects on loan from outside the United Kingdom for the purposes of a temporary exhibition may not be seized or forfeited by a United Kingdom court order (unless the court is required to make the order under European Community or international obligations).

In accordance with regulations made under the Act, Tate publishes on its website specified information about such protected objects. This includes details of the provenance of the objects including a statement indicating whether or not Tate possesses a complete history of ownership between the years 1933 and 1945.

Tate’s Due Diligence Policy is published online as part of the Freedom of Information Publication Scheme and on the *Immunity from Seizure* pages of Tate’s website. Tate has its own staff training materials for provenance research and internal staff meetings are held to discuss issues relating to immunity from seizure and due diligence.

Over the 2011-12 period, nine exhibitions were shown at Tate containing works for which immunity from seizure was granted, covering a total of 269 works. The exhibitions are listed below.

<i>Miró: The Ladder of Escape</i>	43
<i>Yayoi Kusama</i>	24
<i>René Magritte: The Pleasure Principle</i>	42
<i>Edvard Munch: The Modern Eye</i>	5
<i>Barry Flanagan</i>	3
<i>Alighiero Boetti</i>	78
<i>Gerhard Richter: Panorama</i>	52
<i>Alice in Wonderland</i>	10
<i>Picasso and Modern British Art</i>	12
<b>Total</b>	<b>269</b>

## Trustees

During the year, The Lord Browne of Madingley, Franck Petitgas and Monisha Shah were reappointed to serve a further term as Trustees. The Lord Browne of Madingley has duly continued to serve as Chairman of the Board.

## Performance indicators

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

<b>Performance indicators</b>	<b>Actual 2012 000s</b>	Actual 2011 000s
<b>Access</b>		
Number of actual visits	<b>7,066</b>	7,450
Number of unique users visiting the website	<b>14,327</b>	19,427
<b>Audience profile</b>		
Number of visits by children under 16	<b>1,033</b>	1,083
Number of visits by adult visitors from NS-SEC 5-8	<b>241</b>	301
Number of visits by UK adult visitors from an ethnic minority background	<b>261</b>	297
Number of visits by UK adult visitors with a long-term illness, disability or infirmity	<b>109</b>	152
Number of overseas visits	<b>3,601</b>	3,587
<b>Learning/outreach</b>		
<i>Children</i>		
Number of visits by children under 16 in formal education	<b>209</b>	215
Number of instances of children participating in on-site organised activities	<b>91</b>	67
Number of instances of children participating in outreach activity	<b>243</b>	96
<i>Adults</i>		
Number of instances of adults participating in on-site organised activities	<b>303</b>	301
Number of instances of adults participating in outreach activity	<b>80</b>	345
<b>Visitor satisfaction</b>		
Percentage of visitors who would recommend a visit	<b>96%</b>	94%
<b>Income generation</b>		
<i>Self-generated income</i>		
Admissions	<b>6,379</b>	6,940
Trading income	<b>26,663</b>	26,963
Fundraising (including capital)	<b>20,540</b>	20,050
Fees and other income	<b>10,526</b>	8,572
Donated works of art	<b>3,300</b>	4,332
	<b>67,408</b>	66,857
<b>Regional engagement</b>		
Number of UK loan venues	<b>147</b>	153

Overall attendance reduced in 2011-12 due to the exceptional performance of Ai Weiwei in 2010-11. Attendance was in line with targets set for the year and this had an equivalent impact on audience profile.

Tate's performance indicators as listed above are those set by its sponsoring body, the Department for Culture, Media and Sport (DCMS) as part of the Funding Agreement. At the time of writing, the DCMS is in the process of updating this in a new document – the Management Agreement – which, when agreed, will be made available on Tate's website under the Publication Scheme. It is Tate's responsibility to gather data in relation to these indicators and report its performance in monthly statements to DCMS.

As an overall picture, the figures above are consistent with wider trends in the sector and, although progress has been made, they reveal the extent of the challenge that remains in attracting audiences from parts of the community that remain underrepresented. The figures also reflect the development of the learning programme



across Tate. The number of children in formal education visiting Tate Britain has gone down, a result of the change in the programme of that gallery during its refurbishment and the consequent reduction in the number of workshops. In parallel, there has been a significant increase in children participating in outreach activities such as the Youth Programme, which has attracted larger audiences at Tate Britain and the *turbinegeneration* programme, which has encouraged further participation both at Tate Modern and online, reaching international audiences.

Finally, Tate's reach extends beyond those who visit the galleries in person and the success of online activity is a significant indicator of impact. It is also a sphere in which change is continual, and the pace of change is tremendous. Recent years have seen the development of more sophisticated methods of gathering data about online visitors, with the potential to filter automated visits from any numbers gathered. On 1 April 2011, Tate therefore started to gather data using Google Analytics, a move that was in line with practice in the sector more widely.

## Financial review

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

The consolidated statement of financial activities on page 38 shows total incoming resources of £113,048,000 (£122,609,000 in 2010-11). Of this amount £19,702,000 (£28,984,000 in 2010-11) was applied to the ongoing capital programme, £8,538,000 (£9,440,000 in 2010-11) to Collection acquisitions and £1,766,000 (nil in 2010-11) to endowments. The remaining £83,042,000 (£84,185,000 in 2010-11) was taken to general funds.

Tate received £45,105,000 of Grant in Aid from Parliament, (£54,729,000 in 2010-11), provided through the DCMS. Grant in Aid is made up of three elements:

- revenue grant used to support ongoing operations of £32,782,000 (£32,329,000 in 2010-11);
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £2,523,000 (£3,000,000 in 2010-11);
- Tate Modern capital grant used towards funding the new building at Tate Modern. DCMS is contributing £50 million towards the total cost of £215 million; to date £57,907,000 has been received, including £9,800,000 advanced from future years to assist with the cash-flow requirements of the project.

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £67,943,000 for the year (£67,880,000 in 2010-11).

Resources expended include the costs of generating voluntary income, trading and other costs, investment management costs, costs of charitable activities and governance costs. The consolidated statement of financial activities on page 38 shows total resources expended of £98,452,000 (£98,589,000 in 2010-11). Of this amount £15,157,000 (£14,506,000 in 2010-11) was applied to the ongoing capital programme, £69,000 (£40,000 in 2010-11) to Collection acquisitions and £83,226,000 (£84,043,000 in 2010-11) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £7,892,000 to the Collection (£8,304,000 in 2010-11). Of this figure, £3,300,000 has been donated by individuals either directly or in lieu of tax (£4,332,000 in 2010-11). Funding for purchased works of art has come from many sources, including the Lottery, Tate Members, Tate Patrons and self-generated income.

# Foreword

## Introduction

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

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

The consolidated statement of financial activities set out on page 38 has been prepared in line with the SORP and shows incoming resources including income relating to capital projects. In accordance with section 4 of the Charities Act 2006, the Trustees have taken due regard to guidance published by the Charities Commission.

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

### History

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

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

### Background

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

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

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

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

Tate is a non-departmental public body (NDPB) under the auspices of the Department for Culture, Media and Sport (DCMS). Tate is an exempt charity as defined by Schedule 3 to the Charities Act 2011.

### Connected charities

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

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

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

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

## Organisation and structure

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

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

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

Trustees serving in the period 2011-12 were:

Tomma Abts

Lionel Barber

Tom Bloxham, MBE

The Lord Browne of Madingley (Chairman) (reappointed 1 August 2011)

Professor David Ekserdjian

Mala Gaonkar

Maja Hoffmann

Patricia Lankester

Elisabeth Murdoch

Franck Petitgas (reappointed 18 February 2012)

Monisha Shah (reappointed 1 August 2011)

Bob and Roberta Smith

Gareth Thomas

Wolfgang Tillmans

The Tate Director, currently Sir Nicholas Serota, is appointed by the Board of Trustees with the approval of the Prime Minister. He is Tate's Accounting Officer and is responsible to the Board for the general exercise of the Board's functions. The Board delegates the day-to-day running of Tate to the Director, who has responsibility under the Board for the overall organisation, management and staffing of Tate.

With effect from January 2012, Executive Group, consisting of Tate's senior Directors, considers and agrees budgets and resource frameworks, as well as strategies and policies where there are resource implications for Tate.

Directors Group, chaired by Tate's Director, serves as a forum for consultation and discussion on important strategic, policy and operational issues and a decision-making body on Tate-wide policy issues without resource implications.

The directors serving in the period 2011-12 were:

- Sir Nicholas Serota: Director, Tate
- Alex Beard: Deputy Director, Tate
- Martin Clark: Artistic Director, Tate St Ives
- Caroline Collier: Director, Tate National
- Penelope Curtis: Director, Tate Britain
- Anna Cutler: Director of Learning
- Chris Dercon: Director, Tate Modern
- Rob Gethen Smith: Director, Information Systems
- Christoph Grunenberg: Director, Tate Liverpool (to 11 November 2011)
- Adrian Hardwicke: Director, Visitor Services and Estates
- Andrea Nixon: Executive Director, Tate Liverpool
- Mark Osterfield: Executive Director, Tate St Ives
- Cheryl Richardson: Director, Human Resources
- Deirdre Robertson: Chief Operating Officer
- Marc Sands: Director, Audiences and Media
- Kate Sloss: Director, Collection Care
- Rebecca Williams: Director, Development

During 2011-12 Francesco Manacorda was appointed to the post of Artistic Director, Tate Liverpool and took up this appointment in April 2012.

### Conflicts of interests

The Board of Trustees is required to follow the principles established by the Nolan Committee in the conduct of public bodies. This includes the declaration of individual Trustees' interests. A Register of Interests is kept to identify any potential conflicts of interest between Trustees' and Directors' private, professional, political and business activities (including those of close family and household members) and those of Tate. Trustees' and Directors' Registers of Interests are reviewed annually by the Audit Committee and the Board of Trustees and are publicly available on Tate Online or by written request. Following the implementation of the Bribery Act 2010, staff in positions of significant budget-holding and decision-making responsibility are now also required to declare their interests and maintain ongoing logs of hospitality and gifts accepted above the value of £50.

### Recruitment, appointment and induction of Trustees

Tate Trustees are appointed on the basis of the Code of Practice for Ministerial Appointments to Public Bodies, issued by the Office of the Commissioner for Public Appointments. No new Tate Trustees were appointed in 2011-12 and a new Code of Practice will take effect from 1 April 2012.

Trustee vacancies are advertised externally in the media, on Tate Online and on the Government-sponsored Public Appointments website in order to reach as diverse an audience as possible. All applicants must complete an application form and each application is then assessed against set criteria.

The key stages of the appointment are conducted by a panel, which will normally include the Chairman of the Board and one or two Trustees. In 2011-12 the Code of Practice set out that an Independent Assessor appointed by DCMS would oversee any Trustee appointment process. From 1 April 2012 the appointment process will normally be overseen by the Chairman of the Board, as Chair of a panel which must include an Independent Panel Member. It is expected that the Independent Panel Member will be appointed by DCMS.

The responsibility for decisions lies with the selection panel, which makes its recommendations to the Minister for Culture, Communication and the Creative Industries, who in turn makes his own recommendation for appointment to the Prime Minister. The appointment is made and announced by the Prime Minister.

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

## Review of activities in 2011-12

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

## Future developments

Tate's mission is to increase public enjoyment and understanding of British art from the sixteenth century to the present day and of international modern and contemporary art. Its strategy is designed to fulfil this mission, within the policy and resources framework available. Tate's 2015 Vision, established in 2009, continues to guide its ambitions. Tate aims to be more:

- **Open** by being receptive to new ideas, encouraging debate, exchange and collaboration within and beyond Tate and by being more inviting to all people;
- **Diverse** by presenting a range of different views, voices and perspectives across its programme and activities and being more reflective of the diversity of Britain and the world;
- **International** by connecting the UK to the world and the world to the UK through its programmes and Collection;
- **Entrepreneurial** by seeking new partnerships, examining new trends and leading and stimulating debate;
- **Sustainable** by being financially sustainable, ensuring that scholarship and research are part of the fabric of its activities and demonstrating leadership in response to climate change.

Over the next three years, Tate will build on its achievements against each of these five principles. The museum of the future will need to engage audiences that are more demanding, more sophisticated in how they select and respond to information and more diverse in the outlook that they bring. It will be a place where ideas and opinions are exchanged and new ones are learned, all in the same experience. There will be spaces for contemplation and reflection, and for the energy generated through contested views and values. Tate will strengthen its ability to collaborate, both internally with colleagues and externally with partners, artists, and its audiences, so that it can champion new thoughts and ideas. Over the coming years, Tate plans to achieve these aims by pursuing the following:

- an ongoing and sustained effort to build the Tate Collection systematically and strategically with particular aims to:
  - reflect a broader account of regional art histories across the world, with a continued emphasis on Latin America, Asia Pacific, Eastern Europe and a new focus on the Middle East, Africa and South Asia;
  - extend representation of artistic practice including photography, media and performance;
  - strengthen representation of female artists;
- a programme of research and scholarship across the range of Tate's activities to build the intellectual leadership and research capacity of Tate, including through the foundation of a new research centre, working collaboratively across different parts of the organisation and linking research projects to Tate's public programme;
- a commitment to presenting excellent public programmes by presenting a range of different perspectives and voices on art, within Tate's physical galleries as well as online and through social media platforms;
- continuing to serve current audiences while reaching out to a broader range of audiences with a particular aim to:
  - inspire families and young people from an early age, recognising that those who engage with arts and culture as young people are more likely to continue to do so as adults;
  - engage audiences who live locally to Tate's activities;
  - develop a strategic approach to the management and coordination of Tate's international activities including touring, partnerships, loans and learning programmes;
  - build on the website's worldwide reach consolidating it as a platform for discussion and the extension of Tate's presence on other web and social media platforms;

- continue to improve Tate's facilities, visitor services and staff to ensure every visit to Tate is an excellent experience;
- collaborating in the development of industry-wide standards to reduce the environmental impact of the sector while leading on the implementation of changes to Tate's own work, practices and buildings management.

The following activities underpin these plans:

- a number of capital building projects, including the opening of new buildings and spaces at Tate Modern and Tate Britain and the continuing development of Tate St Ives to ensure that Tate can meet audience demand and expectations and that its physical infrastructure reflects the evolving relationships between audiences and museums;
- building and maintaining strong, long-term relationships with the artistic community, supporters, donors and funding bodies essential to Tate's future by:
  - recruiting high quality non-executives and making continual improvements to Tate's governance and decision making;
  - continuing Tate's ambitious fundraising programme, with particular focus on Tate's capital development projects and maintaining revenue fundraising;
  - effectively coordinating and supporting staff across the organisation to manage devolved relationships with key stakeholders;
- enhancing the experience enjoyed by, and building the skills of those who work for Tate, ensuring Tate is resourced for the future and can continue to attract high calibre staff by:
  - implementing the Tate Success Factors framework as a tool for embedding Tate's culture and values in everyday working practices;
  - investing in leadership and management development;
  - rolling out a more efficient and user friendly online recruitment system; and
  - implementing 360-degree reviews for senior staff;
- ensuring effectiveness through financial and operational rigour and continued process improvements to improve operating and overhead efficiency; and
- generating revenue through Tate Enterprises and Tate Catering, in particular through maximising the opportunities presented by public programmes throughout the year.

## Employee involvement

It is Tate's aim to promote a sense of ownership and involvement for all those who work and contribute to the success of Tate. Tate operates a variety of formal and informal mechanisms to inform, engage and gather ideas and feedback from its employees.

Information is cascaded throughout the organisation through all staff briefings, divisional briefings, departmental meetings and individual one-to-one meetings with employees. Tate operates its own intranet site, TateNet, which contains a wide variety of information from news and updates about what is happening within Tate to vacancies and more detailed information on Tate policies. Improving communication and engagement within Tate's workforce is a priority for Tate. This year Tate has put in place an Internal Communications Strategy which will help it do this and over the next year Tate will be focussing on building a new intranet site which will provide a more effective platform to support internal communication, employee engagement and collaboration.

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

Tate is committed to understanding how employees feel about working for Tate and undertakes a survey of staff every two years. A steering group has been established comprising representatives from across the organisation, to identify key areas for improvement and actions arising from the survey responses. The focus for actions over the last year has been on the following five areas: Collaboration, Dignity and Respect at Work; Organisational Change; Reward and Benefits; Professional and Career Development; and Working Environment. The next survey is due to take place in the autumn of 2012.



## Disability and access

Diversity is one of the priorities for Tate's vision to 2015. Tate respects the visible and non-visible differences between all of us and aims to be welcoming to everyone. Tate's commitment to making diversity part of everything that it does is set out in the *Tate for All* Action Plan to 2015 that was developed over the past year. The Action Plan builds on Tate's previous *Disability Equality Scheme*.

In the Action Plan, Tate sets diversity goals to improve the experience of disabled visitors, to increase the representation of disabled employees in the workforce and to improve the workplace experience of disabled employees. Tate has already started taking steps to achieve these goals.

Over the past year, Tate expanded its Access Programme for disabled visitors, which includes Touch Tours, British Sign Language (BSL) events and workshops for people with mental health problems. Tate launched the *Signing Art* project to train more BSL-speakers to become tour guides for the cultural sector. The entire programme is developed with and led by disabled people and Tate's Access Advisory Group.

Tate aims to ensure that opportunities to work at Tate and develop careers in the sector are open to all, including disabled people. In the past year, Tate introduced a new system to gather diversity monitoring data from job applicants and implemented a guaranteed interview scheme for disabled applicants for roles at Tate who meet the minimum requirements for the post. Since making these changes, the proportion of disabled job applicants has increased from 2% to 10%.

In March 2012, Tate employed twenty-nine staff who declared that they have a disability, as defined by the Equality Act 2010. This is an increase on last year. In the next year, Tate plans to launch a *Disability Staff Network* to provide peer support to disabled employees and increase understanding of disability within Tate.

Tate is now preparing an entry to the *Disability Standard*, a benchmarking tool developed by the *Employers' Forum on Disability*, to help Tate identify how it can continue to improve on performance for disabled visitors, employers and stakeholders.

## Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 4.9 in 2011-12 (4.5 in 2010-11).

## Personal data related incidents

The Director of Information Systems at Tate maintains a record of all incidents that involve the loss, unauthorised disclosure or insecure disposal of personal data, whose release could cause harm or distress to the individuals concerned. The incident record includes the nature of incident, the nature of data involved, the number of people potentially affected and the steps taken to notify the individuals concerned. Based on severity these incidents are reported to the Information Commissioner's Office. There were no personal data related incidents reported in 2011-12.

## Environmental policy

In 2007, Tate made sustainability a priority within the organisation's 2015 Vision and agreed the first three year Sustainability Strategy in 2009. Since then, Tate has made great strides in developing sustainability within the organisation and the sector.

Tate has exceeded its 10% scope 1 and 2 emissions reduction target, achieving an 11.9% decrease between 2007 and 2011. These savings have brought actual and avoided cost savings of over £350,000. Tate has put in place a Carbon Management Plan, endorsed by the Carbon Trust and led by a newly appointed Carbon Manager.

Tate has also reduced the environmental impact of staff business travel and commuting in a number of ways: the provision of new bicycle racks; cycle safety and maintenance sessions in partnership with Transport for London; the provision of free access to the London cycle-hire scheme; and the introduction of Skype facilities in meeting rooms across Tate sites.

Green Reps work collectively across Tate sites. In September 2011, this resulted in Tate's first Green Week. The Tate-wide programme included a debate on environmental issues with artists Bob and Roberta Smith and Cornelia Parker, visits to Tate's beehives, a waste-reducing swapshop and bicycle maintenance. Staff at Tate Britain and Tate Store have also worked to improve their local environment through a new *Cultivate Tate* gardening group.

Tate's achievements to date are the result of numerous natural resource efficiency projects delivered by the Estates and IS teams, together with the purposeful action of Tate's Green Reps and staff across Tate. Tate's first Internal Communications Manager and Procurement Manager also continue to play an important role in enabling change on the sustainability agenda.

Tate's efforts have been recognised externally and in 2010, Tate was awarded a platinum Green500 award by the Mayor of London, ranked in the top quartile in the first year of the Carbon Reduction Commitment Energy Efficiency Scheme in 2010-11 and achieved the Carbon Trust Standard for a second time in 2011.

## Social policy

Increased and meaningful engagement with audiences and local community partners continues to figure strongly in Tate's strategic plan. The architectural plans for all of the new galleries herald this, incorporating designs that integrate the galleries at Tate Modern, Tate Britain and Tate St Ives into the public spaces around them. Likewise, Tate Liverpool has won major corporate support for a project that will exist in the public spaces around the Albert Dock.

Over the past year Tate has taken a new approach to working with audiences through its regeneration and community partnerships programme. Until the commencement of works on the Tate Modern Project, projects had concentrated on South London audience involvement in shaping future facilities and activities for Tate Modern, and in advocating for this. Alongside this, projects are now taking place with audiences in the places and spaces in which they live, work and socialise. South London audiences have been given the opportunity to work with international artists and form open and collaborative connections and partnerships with Tate in a way which moves beyond traditional museum practice. It has been crucial for Tate to involve and support colleagues in other London arts and cultural organisations.

Notable examples include Tate's support of and association with the development of the highly successful *South London Art Map* and *Last Fridays*, linking and supporting arts communities across South London, and a partnership project with contemporary art space Peckham Space.

As part of this partnership project, Tate collaborated on a commission with artist Barby Asante. Supporting the outcome of the artist's workshops with young people from the *Leaders of Tomorrow (LOT)* mentoring programme in Peckham, a limited edition vinyl was produced which showcases the soundscape created with involvement from these young people. The accompanying exhibition shown at the Peckham Space, *South London Black Music Archive*, is an open archive where visitors are encouraged to listen to music on vintage record players, share stories and memories of black music in South London and contribute memorabilia to the archive itself. A daytime disco took place at the Ritzy Cinema in Brixton as part of this project, and the exhibition will come to Tate Modern in November 2012.

## Results for the year and financial position

A financial review is contained in the Annual Report on page 14.

Reserves and funds carried forward of £909,799,000 (£880,612,000 in 2010-11) are:

	<b>2012</b>	2011
	<b>£000</b>	£000
Revaluation reserve	<b>296,901</b>	291,225
Capital reserves	<b>323,430</b>	297,475
Works of art reserves	<b>267,926</b>	259,778
Other designated reserves	<b>4,473</b>	17,135
General reserve	<b>7,877</b>	7,867
Endowment funds	<b>8,932</b>	5,845
Other restricted reserves	<b>260</b>	1,287
	<b>909,799</b>	880,612

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



## Fixed assets

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

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

Additions to tangible fixed assets during the year of £40,032,000 (£26,976,000 in 2010-11) comprise £37,845,000 in relation to buildings and leasehold improvements and £2,187,000 on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £7,892,000 in the year (£8,304,000 in 2010-11) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £3,300,000 (£4,332,000 in 2010-11). All works of art acquired during the year have been capitalised in accordance with FRS30 – Heritage Assets, as detailed in note 8.

In accordance with Treasury requirements, with the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2009 by Drivers Jonas, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book"; RICS Appraisal and Valuation Standards. This results in a revaluation reserve which currently amounts to £296,901,000.

Tate Modern is held under a finance lease and until 2007-08, in accordance with the HM Treasury Financial Reporting Manual, the asset was revalued annually based on the present value of Tate's current obligations under the lease. Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components: land, buildings and plant. The asset continues to be shown as long leasehold in note 7 to the accounts.

On 30 September 2010 the rentals on the Tate Modern finance lease were commuted upon payment of the commutation rental of £142,572,000, funded by the Tate Modern security deposit and reserves. At the end of 2011-12 there were 90 years remaining on the lease. Following the commutation the annual rent is £10,000 per annum.

## Subsidiary undertakings

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

## Collection fund

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

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

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

At that time the Trustees decided to designate the funds as the Collection Fund. On designation £10 million was earmarked as a capital sum, the income from which will be used to purchase works of art to enhance the Collection. The balance of the fund will benefit the long-term care of the Collection including research, conservation and improving access to Tate's Collection Store in Southwark. This fund has been temporarily redesignated to assist with the cash-flow funding of the capital projects; on completion of the projects it is intended to return the fund to its original designation.

## Payment of creditors

Tate aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2011-12 57% (62% in 2010-11) of invoices were settled in 30 days or less.

## Pension liabilities

Please refer to note 6.

## Going concern

Please refer to note 1.

## Reserves policy

The Trustees annually review the reserves held. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The most recent review concluded that, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the charitable activities, a general reserve equivalent to two months' worth of charitable expenditure should be maintained. At the year end the general reserve was £7,877,000, equivalent to eight weeks' worth of charitable expenditure, excluding capital. All other reserves are maintained at a level appropriate for their intended purpose. For more information on reserves, please refer to note 14.

## Investments

An investment committee monitors the performance of the investment portfolio. Only funds intended to be held as long term endowments are held as investments. C Hoare & Co. are Tate's investment managers; they must ensure that all investments are suitable under the Standard Investment Criteria of the Trustee Act 2000. The objective is to seek to achieve an income yield of 2.5% of the preceding year's closing value under normal market conditions, whilst aiming to grow capital ahead of inflation as defined by the Consumer Price Index over time. Both income generated and capital gains realised may be utilised by Tate for the purpose specified under each endowment. C Hoare & Co. advise on the investment strategy required to meet the objective.

The investment return for the year was 5.4% (4.53% in 2010-11). At 31 March 2012, the investment fund was valued at £9,125,000 (£7,043,000 in 2010-11); historic cost £8,564,000 (£6,759,000 in 2010-11).

## Auditors

Tate's principal auditor is the Comptroller and Auditor General. The audit fee for the year ended 31 March 2012 was £51,500 (£53,000 in 2010-11).

- So far as the Accounting Officer and Trustees are aware, there is no relevant audit information of which the charitable NDPB's auditors are unaware; and
- The Accounting Officer and Trustees 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 charitable NDPB's auditors are aware of that information. "Relevant audit information" means information needed by the entity's auditor in connection with preparing the audit report.

Signed

*Sir Nicholas Serota*  
Director, Tate

5 July 2012

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2012

# Remuneration Report

## Membership

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

## Policy on the remuneration of senior managers

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

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

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

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

## Senior directors

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

The Accounting Officer and the Audit Committee have decided that this requirement encompasses the five posts listed below, whose emoluments and pension details are disclosed. Tate considers that no other key management staff details need to be disclosed under this guidance for 2011-12.

The following paragraphs have been subject to audit.

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

<b>Salary entitlements</b>		<b>2011-12</b>	2010-11
		<b>£</b>	£
Sir Nicholas Serota, Director	a	<b>160,537</b>	160,537
Alex Beard, Deputy Director		<b>130,000</b>	130,000
Chris Dercon, Director, Tate Modern	b	<b>120,000</b>	10,986
Caroline Collier, Director, Tate National		<b>90,000</b>	90,000
Penelope Curtis, Director, Tate Britain	c	<b>89,000</b>	83,739

a Includes a non-consolidated performance related bonus of nil (2010-11: £nil);

b 2010-11 salary is for the period from 29 March 2011 only;

c 2010-11 salary is for the period from 6 April 2010 only.

	2011-12			2010-11		
	Salary (excluding non- consolidated performance- related pay)	Non- consolidated performance pay	Benefits-in- kind	Salary (excluding non- consolidated performance pay)	Non- consolidated performance pay	Benefits-in- kind
	£000	£000	£000	£000	£000	£000
Sir Nicholas Serota, Director	<b>160-165</b>	-	<b>Nil</b>	160-165	-	Nil
Alex Beard, Deputy Director	<b>125-130</b>	-	<b>Nil</b>	125-130	-	Nil
Julian Bird, Chief Operating Officer (to 31 October 2010)	-	-	<b>Nil</b>	105-110 (FYE)	-	Nil
Chris Dercon, Director, Tate Modern (from 29 March 2011)	<b>115-120</b>	-	<b>14</b>	115-120 (FYE)	-	Nil
Vicente Todolí, Director, Tate Modern (to 14 June 2010)	-	-	<b>Nil</b>	95-100 (FYE)	-	Nil
Caroline Collier, Director, Tate National	<b>85-90</b>	-	<b>Nil</b>	85-90	-	Nil
Penelope Curtis, Director, Tate Britain (from 6 April 2010)	<b>85-90</b>	-	<b>Nil</b>	80-85 (FYE)	-	Nil
Band of highest-paid director's remuneration		<b>160-165</b>			160-165	
Median total remuneration		<b>24</b>			24	
Ratio		<b>6.9</b>			6.9	

Chris Dercon, Director, Tate Modern received a benefit-in-kind relating to relocation expenses amounting to £14,000.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in Tate in the financial year 2011-12 was £160,000-165,000 (2010-11 £160,000-165,000). This was 6.9 times (2010-11 6.9) the median remuneration of the workforce, which was £24,000 (2010-11 £24,000). In 2011-12, no employees (2010-11 nil) received remuneration in excess of the highest-paid director.

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

	Accrued pension at end date at 31 March 2012 £	Real increase/ (decrease) in pension at end date £	CETV at 31 March 2012 £	CETV at 31 March 2011 or start date £	Real increase/ (decrease) in CETV £
Sir Nicholas Serota, Director					
Pension	62,934	(1,156)	1,333,000	1,316,000	(27,000)
Lump sum	188,801	(3,467)			
Alex Beard, Deputy Director					
Pension	44,330	2,027	675,000	598,000	24,000
Lump sum	71,422	(235)			
Chris Dercon, Director, Tate Modern					
Pension	4,026	3,993	38,000	–	34,000
Lump sum	–	–			
Caroline Collier, Director, Tate National					
Pension	9,567	1,085	169,000	139,000	16,000
Lump sum	–	–			
Penelope Curtis, Director, Tate Britain					
Pension	5,833	3,018	50,000	22,000	23,000
Lump sum	–	–			

Sir Nicholas Serota, Alex Beard, Chris Dercon, Caroline Collier and Penelope Curtis are all members of the Civil Service defined benefit pensions scheme. As part of his membership, Sir Nicholas Serota contributes 1.5% of his salary to the pension. Alex Beard, Chris Dercon, Caroline Collier and Penelope Curtis contribute 3.5% of their annual salary, subject to the relevant capped limit, to their pensions.

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

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

CETV figures at 31 March 2011 as previously reported have been restated due to a change in the basis of calculation.

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

Signed

*Sir Nicholas Serota*  
Director, Tate

5 July 2012

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2012

# Statement of Trustees' and Director's Responsibilities

Under Section 9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a statement of account in the form and on the basis directed by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Tate and of its net incoming resources and net movement in funds and cash flows for the financial year.

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

- observe the accounts directions issued by the Secretary of State\*, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that Tate will continue its operation.

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

Signed

*Sir Nicholas Serota*  
Director and Accounting Officer, Tate

5 July 2012

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2012

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

# Governance Statement

## 1. Scope of responsibility

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

In discharging this overall responsibility, the Accounting Officer and Trustees are responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

As Trustees of a non-departmental public body, by extension the Trustees are bound by the relevant chapters of *Corporate governance in central government departments: Code of good practice 2011* [the Corporate Governance Code], namely Chapters 2-5: 'The role of the Board', 'Board composition', 'Board effectiveness' and 'Risk management'. This statement explains how Tate Trustees have complied with the relevant chapters of the Corporate Governance Code. In March 2012 the Board assessed itself to have been fully compliant with the relevant chapters of the Corporate Governance Code as outlined above for the 2011-12 period.

## 2. The purpose of the governance framework

The governance framework comprises the systems and processes and culture and values, by which Tate is directed and controlled. It enables Tate to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective activities. It also ensures accountability.

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

No governance processes have been either fully, or temporarily, suspended during the year.

The Board of Trustees of the Tate Gallery has fourteen members, thirteen of whom are appointed by the Prime Minister, following a transparent public appointment process which follows the OCPA Code of Practice for Ministerial Appointments to Public Bodies. The remaining Trustee is a member of the Board of Trustees of the National Gallery and as such is appointed by them. The Lord Browne of Madingley, Franck Petitgas and Monisha Shah were reappointed as Trustees of the Tate Gallery for a further term during 2011-12; no new Trustees were appointed in this accounting period.

Trustees' role specifications are developed in accordance with the Board skills matrix, which has been developed by Tate to match its business and strategic aims. It is regularly reviewed by the Nominations and Governance Committee and as part of the Board Effectiveness Review. These individual skills are based on Tate's responsibilities and aims and are grouped into four broad categories: art, business, public realm and regional.

Trustees have corporate responsibility for ensuring that Tate complies with statutory or administrative requirements for the use of public funds, and ensuring that the Public Service Values are met at Tate.

The role of the Board is to:

- establish the overall strategic direction of Tate, within the policy and resources framework available, and delegate the day-to-day management to the Director as per the Museums and Galleries Act;
- determine Tate policy;
- supervise Tate, acting as guardians for the public interest;
- use its collective experience to advise the Director;
- decide on major acquisitions and resource issues;
- represent Tate externally;
- assist in the fundraising of resources; and



- oversee the delivery of planned results by monitoring performance against agreed strategic targets and objectives.

A number of specific issues are reserved for decision by the Board of Trustees:

- approval of the forward plan, including strategic priorities and budgets;
- approval of the statutory accounts and Annual Report;
- approval of acquisition, disposal, loan and due diligence policies for the Collection;
- approval of major Collection purchases (above £250,000 in price);
- acquisition and disposal of land and buildings;
- approval of capital expenditure contracts over £2 million (including service contracts);
- formation and dissolution of subsidiary companies and subcommittees of the Board;
- appointments to the Board's subcommittees;
- appointment of subsidiary directors;
- variation of admission charge policies;
- use of designated Trust Funds;
- authorisation of signatories on behalf of the Board;
- creation/deletion of posts at divisional director level and above;
- approval of policies relating to reserved areas: health and safety; environment; equality and diversity; investment; ethics; data protection and IS security; safeguarding; and policies relating to Trustee benefit;
- appointment of the Director, with the approval of the Prime Minister;
- approval of Tate's Funding Agreement with the DCMS covering Grant in Aid;
- approval of programme commitments with reference to sponsorships and donations.

The Board of Trustees has thirteen formally constituted subcommittees, which are examined below.

On appointment, Trustees are provided with a Trustee Handbook which acts as a governance code and contains key information which Trustees require to perform their roles. Trustees also attend an induction which covers roles and responsibilities of the Board, the statutory framework surrounding Tate, processes for managing conflicts of interest and information about Tate. Appropriate training is also offered to Trustees depending on need and experience.

### 3. Capacity to handle risk

The Risk Management Strategy and Policy, updated and agreed by the Audit Committee in November 2011, describes Tate's approach to risk management and the process to be adopted by managers in its implementation. The policy has been issued to all Directors and is available on Tate's intranet.

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

Risks are explicitly reviewed:

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

Tate Catering and Tate Enterprises risk registers are reviewed by Tate Enterprises' Audit Committee.



Risk management forms part of internal audit's annual review. The risk management internal audit in 2011-12 reviewed Tate's risk maturity defined as *'the extent to which a robust risk management approach has been adopted and applied as planned by management across the organisation, to identify, assess, decide on responses to, and report on opportunities and threats that affect the achievement of the organisation's objectives'*. Risk maturity was last reviewed in 2008-09; the audit concluded that since the initial risk maturity review was undertaken Tate has made significant progress in developing and strengthening its risk management framework.

During the year the most significant risks faced by Tate related to the organisation's funding environment and programme of major capital projects.

Tate receives 40% of its funding from government, through Grant in Aid, and the remaining 60% is from self-generated sources including fundraising, catering, retail, publishing and exhibition admission income. The two key issues impacting on Tate's financial position are the general economic climate with the resultant risk to self generated income, alongside a Grant in Aid settlement that sees a 15% reduction in Grant in Aid during the course of the four-year SR settlement period (2011-12 to 2014-15).

Trustees have reviewed plans for mitigating the risks to Tate's funding environment. These include plans to raise additional income, adapting Tate's strategies to new market realities, alongside a number of operational reviews that have been undertaken to align resources better to Tate's strategic aims whilst increasing efficiency.

Tate has two major capital projects in construction phase, Tate Britain Millbank Project and The Tate Modern Project. In addition the design team has recently been appointed for Phase Two of Tate St Ives. The risks that are being managed include the risks to delivering the projects to programme and budget, the impact of construction on the operation of the galleries, which remain open during construction, and the management of the funding and cash-flow position given the timing of the receipt of pledges and government restrictions on access to reserves. Governance arrangements are in place to ensure that the projects are delivered to programme and budget and that specific risks, including the relationship to the ongoing operation, are managed. To manage funding risk, progress on the capital programmes continues to be linked to a series of key milestones and arrangements for managing the projects' cash-flows are currently being put in place by Tate Foundation.

Other key risks Tate faces in the forthcoming period are ongoing public sector pay constraints, as Tate is often competing with job markets not constrained in a similar way, and the operational impacts of the Olympics in summer 2012. Work started in 2011-12 to assess the impacts of these risks and plan mitigating strategies.

## 4. The governance framework

### Committee structure

The Board of Trustees of the Tate Gallery operated eleven of its thirteen formally constituted subcommittees in 2011-12:

- committees with delegated authority from the Board: Audit Committee, Collection Committee;
- advisory committees: Finance and Operations Committee, Nominations and Governance Committee, Ethics Committee, Freedom of Information Appeals Committee;
- advisory councils: Tate Britain, Tate Modern, Tate Liverpool, Tate St Ives;
- project boards: Tate Modern Project Board.

Nominations and Governance Committee consists of Trustees only. Other subcommittees consist of Trustee members and co-opted independent members and report directly to the Board of Trustees through their Trustee Chair. The exception is Tate Modern Project Board, which, for reasons of appropriate expertise, consists of co-opted independent members only and reports directly to the Board of Trustees through an independent Chair who is a specialist in project management.

Collection Committee has authority to approve Collection purchases up to £250,000 on behalf of the Board of Trustees, to oversee the Director's purchase authority within this limit and to approve loans from the Collection within the policy agreed by the Board of Trustees.

Audit Committee has authority on behalf of the Board of Trustees to carry out the appointment of external auditors to Tate and its subsidiaries and to appoint other relevant consultants. The Committee considers Tate's internal control structure, internal and external audit, risk, compliance with the regulatory environment, relevant codes of conduct and the statutory accounts.

Two formally constituted subcommittees were dormant during 2011-12. Remuneration Committee had no business to consider given current pay restraints and Millbank Development Committee is currently dormant pending reconstitution. In 2011-12 the Freedom of Information Appeals Committee considered business on paper only.

#### **Attendance of Board and Committees with delegated authority**

The Board of Trustees meets six times each year. Individual attendance records formed part of the Board Effectiveness assessment in this period (discussed below). The attendance for 2011-12 was as follows:

- Lord Browne of Madingley (Chairman) – 6 of 6 meetings
- Tomma Abts – 6 of 6 meetings
- Lionel Barber – 4 of 6 meetings
- Tom Bloxham – 6 of 6 meetings
- David Ekserdjian – 6 of 6 meetings
- Mala Gaonkar – 4 of 6 meetings
- Maja Hoffmann – 5 of 6 meetings
- Patricia Lankester – 6 of 6 meetings
- Elisabeth Murdoch – 5 of 6 meetings
- Franck Petitgas – 5 of 6 meetings
- Monisha Shah – 6 of 6 meetings
- Bob and Roberta Smith – 6 of 6 meetings
- Gareth Thomas – 5 of 6 meetings
- Wolfgang Tillmans – 3 of 6 meetings

Collection Committee meets four times each year. Attendance for 2011-12 was as follows:

- David Ekserdjian (Trustee, Chair) – 4 of 4 meetings
- Tomma Abts (Trustee) – 1 of 2 meetings (joined Committee December 2011)
- Dawn Ades – 3 of 3 meetings (retired from Committee December 2011)
- Briony Fer – 1 of 2 meetings (joined Committee December 2011)
- Franck Petitgas (Trustee) – 0 of 3 meetings (retired from Committee December 2011)
- Elizabeth Prettejohn – 3 of 4 meetings
- Emmanuel Roman – 4 of 4 meetings
- Bob and Roberta Smith – 3 of 4 meetings
- Wolfgang Tillmans – 3 of 4 meetings

Audit Committee meets four times each year. Attendance for 2011-12 was as follows:

- Mala Gaonkar (Trustee, Chair) – 4 of 4 meetings
- Jonathan Asquith (Co-opted member) – 3 of 4 meetings
- Lionel Barber (Trustee) – 1 of 3 meetings (joined Committee June 2011)
- Gay Huey Evans (Co-opted member) – 4 of 4 meetings
- Luke Mayhew (Co-opted member) – 2 of 4 meetings
- Keith Salway (Co-opted member) – 2 of 4 meetings

## **Board business 2011-12**

During 2011-12 the Board considered the following key areas of business:

- strategic direction: the Board approved the Tate Strategy 2012-15 and discussed several key component strategies including Audiences, People, Learning and Diversity;
- capital projects: the Board received regular progress updates and took key decisions on Tate's capital development projects: Tate Modern Project, Tate Britain Millbank Project and the Tate St Ives Phase 2 Project;
- business and finance: the Board regularly discussed current and forward budgets, management information and development of the forward business plan;
- policies: the Board approved Tate policies within the Board's Policy Framework including the Safety, Health and Environmental Policy and the Acquisitions and Disposals Policy.

Meetings of Board minutes, with relevant exemptions applied under the Freedom of Information Act 2000, are regularly published on Tate's website as part of the Publication Scheme.

Comprehensive and detailed Board agendas and papers are supplied to Trustees one week in advance of meetings. The agendas follow a standard format:

- Director's Report – concise updates on a range of pertinent issues, gathered from relevant members of the Executive and presented by the Director;
- Key Points from Councils and Committees – digests of key points from the minutes of each subcommittee meeting, presented by the relevant Trustee Chair as applicable;
- Business Items for Discussion – major items for discussion, strategic direction and decision;
- Formal Business – items for the Board to formally ratify, approve or note.

Business Items for Discussion and Formal Business papers are prepared according to an established format enabling Trustees to clearly identify points of decision or discussion, within the relevant context:

- Purpose of Report – this is a statement on the aim of the report and discussion;
- Recommendations – this section is used to highlight the instances where the Board's advice or approval is sought or it could be used to draw attention to implications, important facts or issues;
- Background – the situation and its historical background are explained here;
- Discussion – the points for discussion and deliberation surrounding the matter are explained here;
- Conclusion – the conclusion reprises the recommendations and clarifies points of decision or advice, explains next steps and indicates the timing and content of future reports to the Board.

During the 2012 Board Effectiveness process, Trustees were asked to comment on the quality, volume and time given for consideration of information in advance of meetings. Trustees considered the agendas and the papers, although necessarily voluminous, to be of high quality and provided with sufficient time for preparation.

Trustees are also updated with Key Messages in the months when no Board meetings are held. The Key Messages document provides information on significant developments for Trustees and sifts out information which is appropriate for them to use in the context of advocacy. Trustees are also regularly kept informed of important developments, such as press stories or achievement of milestones, on an ad hoc basis by email from appropriate members of the Executive team.

## **Highlights of committee reports**

During 2011-12 Audit Committee, Nominations and Governance Committee, Finance and Operations Committee and Ethics Committee all considered issues of governance and risk, including reputational risk.

Nominations and Governance Committee has advised the Board on Trustee reappointments, Board skills and succession planning, appointments to Board subcommittees, the results and structure of the Board Effectiveness process and subcommittee terms of reference. The Committee has also reviewed the quality and composition of sections of the Trustee Handbook, which functions as a code of governance.

Audit Committee has covered items of business including the risk register, Trustee and senior staff registers of interest, insurance, internal audits including procurement, financial reserves and controls, compliance with the Bribery Act 2010 and its impacts for conflict of interest management and whistle-blowing procedure, information systems and data security, as well as scrutiny of the statutory accounts.

In addition to approving Collection purchases up to £250,000 under the terms of its delegated authority from the Board of Trustees, the Collection Committee has also reviewed the Acquisition and Disposal Policy, discussed Collection development and strategies more broadly and handled copyright and legal issues resulting from acquisitions.

The Ethics Committee has scrutinised and advised the Board on current and prospective corporate sponsorships and support from individuals, the implementation of the Bribery Act, international partnerships and other areas of potential reputational risk. The Ethics Committee also examined in detail the implications for Tate of the Woolf Inquiry and consequently agreed to review Tate's policies and procedures relating to the ethical acceptance of funds during 2012-13.

The Finance and Operations Committee has advised the Board on the budget framework and cost reductions, information systems, estates, capital projects, human resources, change programmes, management information, government spending controls and international partnerships.

### **Risk management**

The management of risk is embedded in policymaking, planning and delivery. The Risk Management Strategy and Policy sets out clear accountabilities for action and sets out a structured process for identifying, assessing, communicating and escalating and managing risks. The strategy and policy is signed off by the Audit Committee; it was last revised and agreed in November 2011.

Risk is reported at a divisional and Tate wide level as well as for major capital projects. Directors are responsible for maintaining a risk register for their division. The most significant risks facing Tate are detailed in the corporate risk register, which is reviewed by Directors Group and the Audit Committee twice a year. The risks have all been assessed and scored for impact and probability and a mitigation policy has been formulated taking into consideration the targeted risk profile. Each risk is assigned a risk owner.

The targeted risk profile is defined against the following risks Programme/Content, Regulation/Compliance, Reputation, Health and Safety, Security and Financial Risks. The targeted risk profile is reviewed annually and approved by the Audit Committee; it was last approved in November 2011. To ensure consistency and to allow risks to be ranked, impact and probability is defined in the policy; the definitions were reviewed in year and approved by the Audit Committee.

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

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

During 2011-12 the management and control of information risk has been improved with the launch of the new IS Security Policy and implementation of new IS Infrastructure controls. Part of this approach has included the introduction of Tate Information Asset Owners who are responsible for information assurance and specifically the security and protection of sensitive data. Additionally Tate has required that all users of its systems have read, understood and accepted the new IS Security Policy by completing an online test. Finally Tate has achieved PCIDSS compliance by upgrading its e-commerce retail and ticketing systems. Through these efforts there have been no serious breaches of data security.

### **Subsidiaries**

#### *Tate Enterprises Limited*

Tate Enterprises Limited's principal activities comprise the management and operation of restaurants, cafés and ancillary services for the benefit of visitors to Tate's galleries. The company publishes and sells books and other products and merchandise associated with the Collection and Tate activities.

#### *Tate Gallery Publishing Limited*

On 1 April 2001 the business of Tate Gallery Publishing Limited along with all its tangible and other assets (but excluding cash, book debts and other liabilities) were transferred to Tate Enterprises Limited. The company has since remained inactive.

### *Tate Gallery Projects Limited*

Incorporated in 1996 as the principal vehicle for the delivery of Tate Modern, it now meets annually to approve its accounts.

### **Advisory groups**

#### *Corporate Advisory Group*

The Corporate Advisory Group assists Tate with generating funding from the corporate sector and to nurture relationships with existing corporate supporters. The Group meets once a year at Tate to consider future corporate fundraising goals. In addition, a number of one-to-one meetings are held throughout the year to work on specific targets and discuss leads.

## **5. Review of effectiveness**

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

An annual Board Effectiveness Review, overseen by the Chairman and supported by the dedicated Executive Governance and Policy team, is conducted as a self-reflective process in order for the Board of Trustees to consider and appraise their performance as a Board. The process was developed in informal consultation with a leading specialist on board governance. The process covers four areas:

- contribution and culture;
- process and structure;
- composition and leadership;
- oversight and performance;

and consists of three elements:

- individual completion and return of Board Effectiveness survey (open comments);
- individual Trustee discussions with Chairman (includes attendance record and performance review);
- collective Board discussion (with reference to survey results and Chairman's analysis of individual conversations).

Members of the Tate Executive were also invited to appraise the Board's performance with reference to the same four areas.

The Board and Executive considered that the Board performed well. Oversight of strategic direction, financial and operational matters were identified as areas of strong performance, with member contributions, the quality of decision making, the balance of skills and expertise, leadership and the non-executive governance structure highlighted as additional areas of success.

Within the Executive structure there is a dedicated team for Governance and Policy.

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

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

The Audit Committee maintains an oversight of internal audit by reviewing:

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

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

- Executive Group, Directors Group and Audit Committee consider the top risks faced by the organisation and the progress against action plans required to manage the risks.
- Management accounts are reviewed monthly by budget holders and quarterly reforecasts are produced.
- Capital projects are subject to scrutiny and approval by Trustees.

## 6. Significant internal control issues

In 2011-12 a review of Executive governance arrangements was begun, led by the Chief Operating Officer. With effect from January 2012, Executive Group, consisting of Tate's senior Directors, considers and agrees budgets and resource frameworks, as well as strategies and policies where there are resource implications for Tate.

Directors Group, chaired by Tate's Director, serves as a forum for consultation and discussion on important strategic, policy and operational issues and a decision-making body on Tate-wide policy issues without resource implications.

There was one significant internal control issue arising in the year. During 2011-12, an incident arose in which the need to clarify procedures for disposal of records became clear. A small amount of confidential information relating to purchase and insurance that was appended to research material, was passed on to another organisation. The transfer of research material to another collection is usual and agreed practice; in this instance, however, the confidential information was overlooked because it was not the primary issue in hand and so its retention and/or disposal were not dealt with according to agreed procedure. The matter was passed on to Audit Committee for discussion, and an action plan for staff training and awareness has subsequently been put in place to ensure that such oversight is not repeated.

Signed

*Sir Nicholas Serota*  
Director and Accounting Officer, Tate

5 July 2012

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2012

# 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 Board of Trustees of the Tate Gallery for the year ended 31 March 2012 under the Museums and Galleries Act 1992. The financial statements comprise: the consolidated statement of financial activities, the consolidated and Tate 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, Director and auditor

As explained more fully in the statement of Trustees' and Director's responsibilities, the Trustees and the Director as the 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 circumstances of the Board of Trustees of the Tate Gallery and the group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Trustees of the Tate Gallery; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report, foreword, remuneration report, statement of Trustees' and Director's responsibilities and governance statement 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.

I am required to obtain evidence sufficient to give reasonable assurance that the incoming resources and resources expended recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Board of Trustees of the Tate Gallery's affairs as at 31 March 2012 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder with HM Treasury's consent.



## Opinion on other matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with Secretary of State directions made with HM Treasury's consent under the Museums and Galleries Act 1992; and
- the information given in the review of activities in 2011-12, foreword, financial review and sustainability sections of the 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the remuneration report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the governance statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

*Amyas C E Morse*  
Comptroller and Auditor General

Date 9 July 2012

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



# Consolidated Statement of Financial Activities for the year ended 31 March 2012

	Notes	Income and Expenditure			Capital		
		2011-12 Unrestricted funds £000	2011-12 Restricted funds £000	2011-12 Total funds £000	2011-12 Unrestricted funds £000	2011-12 Restricted funds £000	2011-12 Total funds £000
<b>Incoming resources</b>							
<i>Incoming resources from generated funds</i>	2						
Voluntary income							
– Grant in Aid		32,782	–	32,782	2,523	9,800	12,323
– Donated works of art		–	–	–	–	–	–
– Other voluntary income		3,115	4,225	7,340	47	7,036	7,083
Activities for generating funds							
– Trading income	9	25,953	–	25,953	296	–	296
– Other activities for generating funds		7,585	–	7,585	–	–	–
Investment income	3	103	4	107	–	–	–
<i>Incoming resources from charitable activities</i>	4	8,489	–	8,489	–	–	–
<i>Other incoming resources</i>		786	–	786	–	–	–
<b>Total incoming resources</b>		<b>78,813</b>	<b>4,229</b>	<b>83,042</b>	<b>2,866</b>	<b>16,836</b>	<b>19,702</b>
<b>Resources expended</b>	6						
<i>Costs of generating funds</i>							
Costs of generating voluntary income		2,166	–	2,166	65	–	65
Fundraising trading; cost of goods sold and other costs							
– Trading costs		22,111	–	22,111	264	–	264
– Other costs of generating funds		3,078	–	3,078	46	–	46
Investment management costs		14	1	15	–	–	–
<i>Charitable activities</i>		50,007	4,422	54,429	2,321	12,458	14,779
<i>Governance costs</i>		640	–	640	–	3	3
<i>Other resources expended</i>		787	–	787	–	–	–
<b>Total resources expended</b>		<b>78,803</b>	<b>4,423</b>	<b>83,226</b>	<b>2,696</b>	<b>12,461</b>	<b>15,157</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>10</b>	<b>(194)</b>	<b>(184)</b>	<b>170</b>	<b>4,375</b>	<b>4,545</b>
Transfers between funds	14	–	196	196	–	12,722	12,722
Net incoming/(outgoing) resources after transfers		10	2	12	170	17,097	17,267
Gain/(loss) on investment assets	14	–	(1)	(1)	–	–	–
Gain on revaluation of tangible fixed assets	14	–	–	–	515	13,849	14,364
<b>Net movement of funds</b>		<b>10</b>	<b>1</b>	<b>11</b>	<b>685</b>	<b>30,946</b>	<b>31,631</b>
Funds brought forward at 1 April 2011	14	7,867	23	7,890	30,099	558,601	588,700
<b>Funds carried forward at 31 March 2012</b>		<b>7,877</b>	<b>24</b>	<b>7,901</b>	<b>30,784</b>	<b>589,547</b>	<b>620,331</b>

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

To provide better understanding of the accounts, Tate provides enhanced statement of financial activities disclosure beyond the requirements of the SORP.

# Consolidated Statement of Financial Activities for the year ended 31 March 2012 *(continued)*

Collections			Total				2010-11
2011-12 Unrestricted funds £000	2011-12 Restricted funds £000	2011-12 Total funds £000	2011-12 Unrestricted funds £000	2011-12 Restricted funds £000	2011-12 Endowment funds £000	2011-12 Total funds £000	2010-11 Total funds £000
-	-	-	35,305	9,800	-	<b>45,105</b>	54,729
-	3,300	3,300	-	3,300	-	<b>3,300</b>	4,332
28	4,323	4,351	3,190	15,584	1,766	<b>20,540</b>	20,050
414	-	414	26,663	-	-	<b>26,663</b>	26,963
-	-	-	7,585	-	-	<b>7,585</b>	4,927
271	157	428	374	161	-	<b>535</b>	1,023
-	45	45	8,489	45	-	<b>8,534</b>	9,872
-	-	-	786	-	-	<b>786</b>	713
<b>713</b>	<b>7,825</b>	<b>8,538</b>	<b>82,392</b>	<b>28,890</b>	<b>1,766</b>	<b>113,048</b>	<b>122,609</b>
15	-	15	2,246	-	-	<b>2,246</b>	2,128
-	-	-	22,375	-	-	<b>22,375</b>	24,133
-	-	-	3,124	-	-	<b>3,124</b>	3,058
-	54	54	14	55	-	<b>69</b>	42
-	-	-	52,328	16,880	-	<b>69,208</b>	67,863
-	-	-	640	3	-	<b>643</b>	652
-	-	-	787	-	-	<b>787</b>	713
<b>15</b>	<b>54</b>	<b>69</b>	<b>81,514</b>	<b>16,938</b>	-	<b>98,452</b>	<b>98,589</b>
<b>698</b>	<b>7,771</b>	<b>8,469</b>	<b>878</b>	<b>11,952</b>	<b>1,766</b>	<b>14,596</b>	<b>24,020</b>
(12,918)	(1,089)	(14,007)	(12,918)	11,829	1,089	-	-
(12,220)	6,682	(5,538)	(12,040)	23,781	2,855	<b>14,596</b>	24,020
-	(4)	(4)	-	(5)	232	<b>227</b>	(26)
-	-	-	515	13,849	-	<b>14,364</b>	43,442
<b>(12,220)</b>	<b>6,678</b>	<b>(5,542)</b>	<b>(11,525)</b>	<b>37,625</b>	<b>3,087</b>	<b>29,187</b>	<b>67,436</b>
33,421	244,756	278,177	71,387	803,380	5,845	<b>880,612</b>	813,176
<b>21,201</b>	<b>251,434</b>	<b>272,635</b>	<b>59,862</b>	<b>841,005</b>	<b>8,932</b>	<b>909,799</b>	<b>880,612</b>

# Consolidated Balance Sheet at 31 March 2012

	Notes	2012 £000	2011 £000
<b>Fixed assets</b>			
Tangible assets	7	<b>620,705</b>	581,462
Heritage assets	8	<b>267,928</b>	260,036
Investments	3	<b>9,125</b>	7,043
		<b>897,758</b>	848,541
<b>Current assets</b>			
Stocks	9	<b>3,197</b>	2,644
Debtors and prepayments	10	<b>11,964</b>	8,689
Cash and liquid resources	11	<b>22,197</b>	41,024
		<b>37,358</b>	52,357
<b>Creditors: amounts falling due within one year</b>	12	<b>(24,752)</b>	(19,667)
<b>Net current assets</b>		<b>12,606</b>	32,690
<b>Total assets less current liabilities</b>		<b>910,364</b>	881,231
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(565)</b>	(619)
<b>Total assets less liabilities</b>		<b>909,799</b>	880,612
Represented by:			
Restricted reserves	14	<b>841,005</b>	803,380
Unrestricted reserves			
Designated	14	<b>51,985</b>	63,520
General	14	<b>7,877</b>	7,867
<b>Total funds</b>		<b>900,867</b>	874,767
Endowments	14	<b>8,932</b>	5,845
<b>Total funds</b>		<b>909,799</b>	880,612

The financial statements on pages 38 to 64 were approved by the Trustees on:

Signed

*Sir Nicholas Serota*  
Director, Tate

5 July 2012

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2012

# Tate Balance Sheet at 31 March 2012

	Notes	2012 £000	2011 £000
<b>Fixed assets</b>			
Tangible assets	7	<b>620,164</b>	580,870
Heritage assets	8	<b>267,928</b>	260,036
Investments	3	<b>11,620</b>	9,538
		<b>899,712</b>	850,444
<b>Current assets</b>			
Debtors and prepayments	10	<b>15,954</b>	11,470
Cash and liquid resources	11	<b>16,902</b>	35,871
		<b>32,856</b>	47,341
<b>Creditors: amounts falling due within one year</b>	12	<b>(22,464)</b>	(16,828)
<b>Net current assets</b>		<b>10,392</b>	30,513
<b>Total assets less current liabilities</b>		<b>910,104</b>	880,957
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(565)</b>	(619)
<b>Total assets less liabilities</b>		<b>909,539</b>	880,338
Represented by:			
Restricted reserves	14	<b>840,986</b>	803,358
Unrestricted reserves			
Designated	14	<b>51,443</b>	62,928
General	14	<b>8,178</b>	8,207
<b>Total funds</b>		<b>900,607</b>	874,493
Endowments	14	<b>8,932</b>	5,845
<b>Total funds</b>		<b>909,539</b>	880,338

The financial statements on pages 38 to 64 were approved by the Trustees on:

Signed

*Sir Nicholas Serota*  
Director, Tate

5 July 2012

Signed

*The Lord Browne of Madingley*  
Chairman, Tate

5 July 2012

# Consolidated Cash Flow Statement for the year ended 31 March 2012

	Notes	2012 £000	2011 £000
<b>Net cash inflow from operating activities</b>	16(i)	<b>27,255</b>	32,231
<i>Returns on investments and servicing of finance</i>			
Interest received		<u>652</u>	<u>1,072</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>652</b>	1,072
<i>Capital expenditure and financial investment</i>			
Commutation of finance lease		–	(142,572)
Purchase of tangible fixed assets		<b>(44,879)</b>	(31,274)
Purchase of investments		<b>(5,405)</b>	(12,427)
Proceeds on disposal of fixed assets		–	15
Proceeds from sale of investments		<u>3,550</u>	<u>19,082</u>
<b>Net cash outflow from capital expenditure</b>		<b>(46,734)</b>	(167,176)
<b>Management of liquid resources</b>	16(ii)	<b>18,422</b>	126,637
<b>Decrease in cash</b>	16(iii)	<b>(405)</b>	<u>(7,236)</u>

# Notes to the Accounts

## 1. Accounting policies

### Basis of accounting

The financial statements are prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the inclusion of investments at market value. The accounts comply with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (the SORP), applicable accounting standards under UK GAAP and the Government Financial Reporting Manual (the FReM).

The accounts have been prepared in accordance with the accounts direction given by the Secretary of State for Culture, Olympics, Media and Sport, with the approval of Treasury. The particular policies adopted by Tate are described below; they have been applied consistently in dealing with items that are considered material in the accounts.

Tate's unconsolidated net incoming resources for the year were £14,610,000 (£24,102,000 in 2010-11).

### Basis of consolidation

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

### Going concern basis

The accounts have been prepared on the going concern basis. The anticipated income from government grant and self-generated income will be sufficient to meet Tate's ongoing expenses.

### Incoming resources

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

#### *Voluntary income:*

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

#### *Activities for generating funds:*

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

#### *Investment income:*

Dividend and interest income is recognised on a receivable basis.

#### *Incoming resources from charitable activities:*

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

#### *Deferred income:*

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

### Resources expended

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

#### *Costs of generating funds:*

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

*Charitable activities:*

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

*Governance costs:*

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

*Support costs:*

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

**The Collection**

Additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition, where such a cost or value is reasonably obtainable. Such items are not depreciated or revalued as a matter of routine as the assets are deemed to have indeterminable lives. Expenditure to conserve the works is included under charitable activities in the SoFA. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by Tate staff. 8% of the Collection is recognised at a value on the Balance sheet. For the remaining 92%, the appropriate and relevant valuation information is not available; the Trustees do not consider that the cost of valuing the remainder of the Collection is commensurate with the benefits to the users of the financial statements.

**Fixed assets**

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

Tate	£10,000
Tate Enterprises Limited	£500

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

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

Land	– not depreciated
Buildings	– 50 to 100 years
Plant and fit-out	– 5 to 15 years
Fixtures, fittings and equipment	– 2 to 10 years

**Investments**

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

**Stock**

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

**Cash and liquid resources**

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



**Foreign currencies**

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

**Finance and operating leases**

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

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

**Pensions**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, of which Tate is not able to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)). For more information, please see note 6. Pensions are accounted for as a defined contribution scheme.

**Fund accounting**

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

**Taxation**

Tate is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The taxable profits of Tate Enterprises Limited are paid to Tate under Gift Aid rules and no tax liability is expected for the year ending 31 March 2012.

**Financial Instruments**

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

**2. Incoming resources from generated funds**

Voluntary income	<b>2012</b>	2011
	<b>£000</b>	£000
Grant in Aid	<b>45,105</b>	54,729
Donated works of art	<b>3,300</b>	4,332
Lottery and other public funding		
Arts and Humanities Research Council	<b>106</b>	219
Arts Council	<b>11</b>	70
Big Lottery Fund – Family Learning grant	<b>96</b>	104
British Council	<b>4</b>	32
City of Liverpool	<b>45</b>	61
Cornwall Council	<b>2</b>	–
Department for Business, Innovation and Skills	<b>332</b>	219
Department for Communities and Local Government	<b>97</b>	–
Department for Culture, Media and Sport	<b>35</b>	471
European Regional Development Fund	<b>140</b>	307
Find Your Talent	<b>–</b>	20
Heritage Lottery Fund	<b>255</b>	164
London Development Agency	<b>–</b>	19
Museums, Libraries and Archives Council	<b>2</b>	–
Westminster City Council	<b>–</b>	22
Total Lottery and other public funding	<b>1,125</b>	1,708
Donations from connected charities	<b>13,174</b>	11,491
Other donations	<b>6,241</b>	6,851
	<b>68,945</b>	79,111
of which the following is taken to (see page 38)		
Income and expenditure	<b>40,122</b>	43,104
Capital	<b>19,406</b>	27,904
Collections	<b>7,651</b>	8,103
Endowments	<b>1,766</b>	–
Activities for generating funds	<b>2012</b>	2011
	<b>£000</b>	£000
Trading	<b>26,663</b>	26,963
Sponsorship	<b>5,792</b>	3,191
Other activities for generating funds	<b>1,793</b>	1,736
	<b>34,248</b>	31,890
of which the following is taken to (see page 38)		
Income and expenditure	<b>33,538</b>	30,964
Capital	<b>296</b>	32
Collections	<b>414</b>	894

Included in Sponsorship income is £665,000 of barter advertising (£400,000 in 2010-11), computed at estimated cost value.

**3. Investments and investment income**

	<b>2012</b>	2011
	<b>£000</b>	£000
Bank interest	<b>377</b>	777
Income on quoted investments	<b>158</b>	246
	<b>535</b>	1,023
of which the following is taken to (see page 38)		
Income and expenditure	<b>107</b>	147
Capital	–	433
Collections	<b>428</b>	443

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

Investments total £9,125,000 (£7,043,000 in 2010-11).

	2011	Additions/ (disposals)	Realised and unrealised gains/ (losses)	<b>2012</b>
	Market	in year	(losses)	<b>Market</b>
	value	in year	(losses)	<b>value</b>
	£000	£000	£000	<b>£000</b>
Investment portfolio:				
UK equities	1,966	151	46	<b>2,163</b>
Non-UK equities	1,163	763	144	<b>2,070</b>
Thematic equities	630	(140)	(156)	<b>334</b>
Sterling bonds	2,381	716	194	<b>3,291</b>
Dollar bonds	–	293	(10)	<b>283</b>
Alternatives	296	200	12	<b>508</b>
Precious metals	–	97	(3)	<b>94</b>
Money market	607	(225)	–	<b>382</b>
Group investments total	7,043	1,855	227	<b>9,125</b>
Subsidiaries' issued share capital (at cost)	2,495	–	–	<b>2,495</b>
Tate investments total	9,538	1,855	227	<b>11,620</b>

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

**4. Incoming resources from charitable activities**

	<b>2012</b>	2011
	<b>£000</b>	£000
Admissions	<b>6,379</b>	6,940
Other incoming resources from charitable activities	<b>2,155</b>	2,932
	<b>8,534</b>	9,872
of which the following is taken to (see page 38)		
Income and expenditure	<b>8,489</b>	9,257
Capital	–	615
Collections	<b>45</b>	–

**5. Net incoming resources**

are stated after charging:

	<b>2012</b>	2011
	<b>£000</b>	£000
Auditors' remuneration		
Comptroller and Auditor General	<b>52</b>	53
Subsidiaries – audit, Grant Thornton	<b>31</b>	31
Subsidiaries – taxation advice, Grant Thornton	<b>4</b>	4
Taxation advice	<b>56</b>	54
Operating lease rentals		
Land and buildings	<b>548</b>	571
Vehicles and equipment	<b>125</b>	70
Depreciation	<b>15,112</b>	14,535
Loss on disposal of fixed assets	<b>41</b>	19

**6. Total resources expended**

	Staff	Other	Support	Depreci-	<b>2012</b>	2011
	costs	direct	costs	ation	<b>Total</b>	Total
	£000	£000	£000	£000	<b>£000</b>	£000
<i>Costs of generating funds</i>						
Costs of generating voluntary income	1,191	109	881	65	<b>2,246</b>	2,128
Fundraising trading: cost of goods sold and other costs						
– Trading costs	9,197	12,955	–	223	<b>22,375</b>	24,133
– Other fundraising costs	2,033	420	625	46	<b>3,124</b>	3,058
Investment management costs	–	56	13	–	<b>69</b>	42
<i>Total costs of generating funds</i>	<u>12,421</u>	<u>13,540</u>	<u>1,519</u>	<u>334</u>	<b><u>27,814</u></b>	<u>29,361</u>
<i>Charitable activities</i>						
– Gallery activities	11,243	15,215	12,283	13,606	<b>52,347</b>	52,212
– Gallery operations	4,168	2,641	1,311	609	<b>8,729</b>	8,304
– Collections	4,753	1,581	1,234	563	<b>8,131</b>	7,994
– Lease cost	–	1	–	–	<b>1</b>	(647)
<i>Total charitable activities</i>	<u>20,164</u>	<u>19,438</u>	<u>14,828</u>	<u>14,778</u>	<b><u>69,208</u></b>	<u>67,863</u>
<i>Governance costs</i>	492	107	44	–	<b>643</b>	652
<i>Other resources expended</i>	546	–	241	–	<b>787</b>	713
<b>Total resources expended</b>	<u><b>33,623</b></u>	<u><b>33,085</b></u>	<u><b>16,632</b></u>	<u><b>15,112</b></u>	<u><b>98,452</b></u>	<u><b>98,589</b></u>

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

The Chairman and other Trustees received no remuneration; two Trustees (two in 2010-11) received reimbursement of travel and subsistence expenses amounting to £2,023 in 2011-12 (£1,105 in 2010-11).

a) Support cost breakdown by activity

	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	<b>2012 Total £000</b>	2011 Total £000
<i>Costs of generating funds</i>							
Costs of generating voluntary income	51	66	126	595	43	<b>881</b>	833
Fundraising trading: cost of goods sold and other costs							
– Other fundraising costs	36	47	90	422	30	<b>625</b>	536
Investment management costs	13	–	–	–	–	<b>13</b>	16
<i>Total costs of generating funds</i>	<u>100</u>	<u>113</u>	<u>216</u>	<u>1,017</u>	<u>73</u>	<b><u>1,519</u></b>	<u>1,385</u>
<i>Charitable activities</i>							
– Gallery activities	572	590	1,423	9,223	475	<b>12,283</b>	11,995
– Gallery operations	147	264	365	413	122	<b>1,311</b>	1,173
– Collections	137	263	339	382	113	<b>1,234</b>	1,147
<i>Total charitable activities</i>	<u>856</u>	<u>1,117</u>	<u>2,127</u>	<u>10,018</u>	<u>710</u>	<b><u>14,828</u></b>	<u>14,315</u>
<i>Governance costs</i>	44	–	–	–	–	<b>44</b>	50
<i>Other resources expended</i>	241	–	–	–	–	<b>241</b>	221
<b>Total resources expended</b>	<u>1,241</u>	<u>1,230</u>	<u>2,343</u>	<u>11,035</u>	<u>783</u>	<b><u>16,632</u></b>	<u>15,971</u>
Basis of allocation	expendi- ture	average FTE	expendi- ture	depreciation charge	expendi- ture		

Support costs include an element of staff costs amounting to £4,131,000 (£3,783,000 in 2010-11).

b) Staff costs

	<b>2012 £000</b>	2011 £000
Wages and salaries	<b>29,537</b>	29,753
Pension costs	<b>3,710</b>	3,670
Social Security costs	<b>2,292</b>	2,307
Redundancy costs	<b>789</b>	283
<b>Total employee costs</b>	<b><u>36,328</u></b>	<u>36,013</u>
Agency staff costs	<b>1,426</b>	1,255
	<b><u>37,754</u></b>	<u>37,268</u>

In addition, £830,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2011-12 (£1,085,000 in 2010-11).

Relocation expenses relating to Chris Dercon, Director, Tate Modern amounting to £14,000 were paid in the year.

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

	<b>2012</b>	2011
	<b>No.</b>	No.
£60,000 – £64,999	<b>3</b>	5
£65,000 – £69,999	<b>2</b>	2
£70,000 – £74,999	<b>3</b>	4
£75,000 – £79,999	<b>2</b>	2
£80,000 – £84,999	<b>2</b>	4
£85,000 – £89,999	<b>1</b>	1
£90,000 – £94,999	<b>1</b>	1
£95,000 – £99,999	<b>2</b>	1
£100,000 – £104,999	<b>1</b>	-
£120,000 – £124,999	<b>1</b>	-
£130,000 – £134,999	<b>1</b>	1
£160,000 – £164,999	<b>1</b>	1

Nineteen of the twenty staff earning more than £60,000 are members of a defined benefit pension scheme; their total contributions to the scheme amounted to £394,000 during the year.

The average number of full-time equivalent (FTE) staff during the year was 1,215 (1,250 in 2010-11). Included within this total are 12 FTE staff on temporary contracts (16 in 2010-11) and 43 FTE staff on fixed-term contracts (45 in 2010-11).

The breakdown of average FTE staff by occupational group was:

	<b>2012</b>	2011
	<b>No.</b>	No.
<i>Costs of generating funds</i>		
Costs of generating voluntary income	<b>37</b>	37
Fundraising trading: cost of goods sold and other costs		
– Trading	<b>495</b>	521
– Other	<b>64</b>	65
Investment management costs	-	-
<i>Charitable activities</i>	<b>592</b>	603
<i>Governance costs</i>	<b>5</b>	5
<i>Other resources expended</i>	<b>22</b>	19
	<b><u>1,215</u></b>	<u>1,250</u>

Exit package cost band

	Number of compulsory redundancies	<b>Total number of exit packages by cost band 2012</b>	Total number of exit packages by cost band 2011
<£10,000	3	<b>9</b>	9
£10,000 – £25,000	5	<b>8</b>	6
£25,000 – £50,000	3	<b>5</b>	1
£50,000 – £100,000	-	<b>5</b>	-
£100,000 – £150,000	-	-	-
Total number of exit packages	<u>11</u>	<b><u>27</u></b>	<u>16</u>
Total resource cost/£	199,000	<b>709,000</b>	197,000

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where Tate has agreed early retirements, the additional costs are met by Tate and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (*classic*, *premium* or *classic plus*); or a whole career scheme (*NUVOS*). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under *classic*, *premium*, *classic plus* and *NUVOS* are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate 1.5% of pensionable earnings for *classic* and 3.5% for *premium*, *classic plus* and *NUVOS*. Benefits in *classic* accrue at the rate of 1/80 of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For *premium*, the benefits accrue at the rate of 1/60 of final pensionable earnings for each year of service. Unlike *classic*, there is no automatic lump sum. *Classic plus* is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per *classic* and benefits for service from October 2002 worked out as in *premium*. In *NUVOS* a member builds up a pension based on his pensionable earnings during his period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of his pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

For 2011-12, employers' contributions of £3,235,000 were payable to the PCSPS (2010-11 £3,224,000, restated to include *NUVOS* payments) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where he does make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Employers' contributions of £88,000 (2010-11 £97,000) were paid to one or more of a panel of three appointed stakeholder pension providers. In addition, employer contributions of £153,000 (£155,000 in 2010-11), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date.

One person retired early on ill-health grounds (nil in 2010-11); the total additional accrued pension liabilities to PCSPS in the year amounted to £276 (£nil in 2010-11).

The accrued pension quoted is the pension the member is entitled to receive when he reaches pension age, or immediately on ceasing to be an active member of the scheme if he is already at or over pension age. Pension age is 60 for members of *classic*, *premium* and *classic plus* and 65 for members of *NUVOS*.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx>.

Tate Enterprises Limited operates money purchase pension schemes provided by Norwich Union and Scottish Equitable. The assets of the schemes are held separately from those of the group in an independently administered fund. The amounts charged against profit represent the contributions payable to the schemes in respect of the accounting period. Pension contributions of £234,000 were made in the year (2010-11 £194,000).



## 7. Tangible assets

Group	Land £000	Freehold buildings £000	Leasehold improve- ments £000	Assets in the course of construction £000	Plant and fit-out £000	Long leasehold £000	Fixtures, fittings and equipment £000	Total tangible assets £000
Value at 1 April 2011	115,039	48,112	21,521	71,312	83,530	268,595	11,870	619,979
Additions at cost	-	-	674	37,171	1,066	-	1,121	40,032
Valuation of assets	2,936	452	1,569	-	2,459	7,748	-	15,164
Disposals	-	-	-	-	-	-	(162)	(162)
<b>Value at 31 March 2012</b>	<b>117,975</b>	<b>48,564</b>	<b>23,764</b>	<b>108,483</b>	<b>87,055</b>	<b>276,343</b>	<b>12,829</b>	<b>675,013</b>
Depreciation at 1 April 2011	-	1,991	346	-	11,465	14,529	10,186	38,517
Charge for the year	-	407	392	-	5,804	7,476	1,033	15,112
Valuation of assets	-	31	14	-	333	422	-	800
Disposals	-	-	-	-	-	-	(121)	(121)
<b>Depreciation at 31 March 2012</b>	<b>-</b>	<b>2,429</b>	<b>752</b>	<b>-</b>	<b>17,602</b>	<b>22,427</b>	<b>11,098</b>	<b>54,308</b>
<b>Net book value at 31 March 2012</b>	<b>117,975</b>	<b>46,135</b>	<b>23,012</b>	<b>108,483</b>	<b>69,453</b>	<b>253,916</b>	<b>1,731</b>	<b>620,705</b>
Net book value at 1 April 2011	115,039	46,121	21,175	71,312	72,065	254,066	1,684	581,462

  

Tate	Land £000	Freehold buildings £000	Leasehold improve- ments £000	Assets in the course of construction £000	Plant and fit-out £000	Long leasehold £000	Fixtures, fittings and equipment £000	Total tangible assets £000
Value at 1 April 2011	115,039	47,316	21,521	71,312	83,530	268,595	7,652	614,965
Additions at cost	-	-	674	37,171	1,066	-	909	39,820
Valuation of assets	2,936	452	1,569	-	2,459	7,748	-	15,164
Disposals	-	-	-	-	-	-	(82)	(82)
<b>Value at 31 March 2012</b>	<b>117,975</b>	<b>47,768</b>	<b>23,764</b>	<b>108,483</b>	<b>87,055</b>	<b>276,343</b>	<b>8,479</b>	<b>669,867</b>
Depreciation at 1 April 2011	-	1,195	346	-	11,465	14,529	6,560	34,095
Charge for the year	-	407	392	-	5,804	7,476	811	14,890
Valuation of assets	-	31	14	-	333	422	-	800
Disposals	-	-	-	-	-	-	(82)	(82)
<b>Depreciation at 31 March 2012</b>	<b>-</b>	<b>1,633</b>	<b>752</b>	<b>-</b>	<b>17,602</b>	<b>22,427</b>	<b>7,289</b>	<b>49,703</b>
<b>Net book value at 31 March 2012</b>	<b>117,975</b>	<b>46,135</b>	<b>23,012</b>	<b>108,483</b>	<b>69,453</b>	<b>253,916</b>	<b>1,190</b>	<b>620,164</b>
Net book value at 1 April 2011	115,039	46,121	21,175	71,312	72,065	254,066	1,092	580,870

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

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

Buildings, plant and fit-out and the buildings and plant element of long leasehold assets have been revalued using indices provided by the Department for Business, Innovations and Skills; land and the land element of long leasehold assets have been revalued using information provided by Drivers Jonas.

The financial effect of revaluing fixtures, fittings and equipment was considered to be immaterial and therefore they have been disclosed at their historical cost value.

The net book value at 31 March 2012 represents fixed assets for:

Group	Land	Freehold	Leasehold	Assets	Plant and	Long	Fixtures,	Total
	£000	buildings	improve-	in the	fit-out	leasehold	and	tangible
	£000	£000	ments	course of	£000	£000	equipment	assets
	£000	£000	£000	£000	£000	£000	£000	£000
Charitable activities	117,975	46,135	23,012	108,483	69,453	253,916	1,190	620,164
Other activities	-	-	-	-	-	-	541	541
	<u>117,975</u>	<u>46,135</u>	<u>23,012</u>	<u>108,483</u>	<u>69,453</u>	<u>253,916</u>	<u>1,731</u>	<u>620,705</u>

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

## 8. Heritage assets

Group	Value at	Additions	Value at
	1 April		31 March
	2011	£000	2012
	£000	£000	£000
<i>Cost</i>			
Installations	9,686	782	<b>10,468</b>
Paintings	29,952	988	<b>30,940</b>
Reliefs	890	247	<b>1,137</b>
Sculptures	14,404	1,174	<b>15,578</b>
Works on paper	11,407	1,368	<b>12,775</b>
Archives	1,698	1	<b>1,699</b>
Other	342	-	<b>342</b>
ARTIST ROOMS	20,548	32	<b>20,580</b>
<i>Valuation</i>			
Installations	4,204	378	<b>4,582</b>
Paintings	89,651	1,141	<b>90,792</b>
Reliefs	494	3	<b>497</b>
Sculptures	18,238	467	<b>18,705</b>
Works on paper	7,894	456	<b>8,350</b>
Archives	4,275	663	<b>4,938</b>
Other	284	-	<b>284</b>
ARTIST ROOMS	46,069	192	<b>46,261</b>
Total additions	<u>260,036</u>	<u>7,892</u>	<u><b>267,928</b></u>

In the year 538 works of art and archives were added to the Collection of which 332 are included at cost price and 206 (including 17 part-purchased ARTIST ROOMS works) have been valued.

**Five-year financial summary of heritage asset transactions**

	<b>2011-12</b>	2010-11	2009-10	2008-09	2007-08
	<b>£000</b>	(restated) £000	£000	£000	£000
<i>Cost</i>					
Installations	<b>782</b>	1,203	832	1,435	1,287
Paintings	<b>988</b>	538	671	6,379	282
Reliefs	<b>247</b>	113	5	47	30
Sculptures	<b>1,174</b>	1,124	1,511	3,498	2,386
Works on paper	<b>1,368</b>	683	1,055	660	1,273
Archives	<b>1</b>	243	210	181	6
Other	<b>-</b>	-	45	12	41
ARTIST ROOMS	<b>32</b>	68	-	20,480	-
<i>Valuation</i>					
Installations	<b>378</b>	284	1,286	1,600	690
Paintings	<b>1,141</b>	1,648	6,059	15,916	47,396
Reliefs	<b>3</b>	-	62	45	66
Sculptures	<b>467</b>	766	544	788	11,025
Works on paper	<b>456</b>	740	604	889	1,985
Archives	<b>663</b>	192	331	147	1,970
Other	<b>-</b>	-	-	-	-
ARTIST ROOMS	<b>192</b>	702	734	44,632	-
Total additions	<b><u>7,892</u></b>	<u>8,304</u>	<u>13,949</u>	<u>96,709</u>	<u>68,437</u>

Five works of art acquired at the end of 2010-11 have been re-categorised on accession. There have been no disposals of heritage assets

**Further information on Tate's Collection**

Tate holds the National Collection of British art from 1500 and international modern and contemporary art from 1900. Tate's Collection embraces all media from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The Collection is displayed at Tate Britain, Tate Modern, Tate Liverpool and Tate St Ives and through loans to temporary national and international exhibitions and long loans. Tate rotates its displays at all sites, partly with the aim of giving exposure to as much of the Collection as possible. Works on paper can be viewed by appointment in the Prints and Drawings Rooms at Tate Britain, which also houses the Turner Bequest. Tate also houses the National Archive of British Art from 1900, Tate's institutional records including material relating to the Collection and the Tate Library. The Tate Archive contains manuscripts, notebooks, sketches, prints, documentation and supporting material. The Archive and Library are accessible through the Tate Library and Archive Collections: Hyman Kreitman Reading Rooms at Tate Britain.

Tate's Collection seeks to represent significant developments in art in all areas covered by its remit with artworks of outstanding quality and importance. The representation of British art encompasses work by artists defined by their contribution to its history and development rather than simply by nationality. While it has traditionally focused on art from Western Europe and North America, Tate seeks to represent international modern and contemporary art from a global perspective and has recently expanded its holdings of work from Latin America, South-East Asia and Eastern Europe. When the Tate Gallery opened in 1897, its Collection consisted of the 65 works gifted by Henry Tate to the Nation. The Collection currently consists of 68,677 works of art. Every work in the Collection has its own online information page and the majority are illustrated, though this is not always possible due to copyright restrictions. Further information on the Collection may be found in the annual report on page 3.

More information is available on Tate's website, [www.tate.org.uk](http://www.tate.org.uk). The Collection is under the care of the Collection Care department, details of which can be found at [www.tate.org.uk/conservation/](http://www.tate.org.uk/conservation/) and the Acquisitions and Disposals and Loans policy can be found at [www.tate.org.uk/about/freedomofinformation/pubscheme.htm](http://www.tate.org.uk/about/freedomofinformation/pubscheme.htm).

**9. Subsidiaries**

The Board of Trustees of the Tate Gallery owns the whole of the issued share capital of Tate Enterprises Limited (comprising 2,495,320 ordinary shares of £1 each), Tate Gallery Publishing Limited (comprising 100 ordinary shares of £1 each) and Tate Gallery Projects Limited (comprising 100 ordinary shares of £1 each).

*Tate Enterprises Limited*

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

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

	<b>2012</b>	2011
	<b>£000</b>	£000
Fixed assets	<b>541</b>	592
Current assets	<b>9,919</b>	8,996
Current liabilities	<b>(7,724)</b>	(6,840)
Net assets	<b>2,736</b>	2,748
Capital and reserves	<b>2,736</b>	2,748
	<b>2,736</b>	2,748

Current assets include stock of £3,197,000, comprising: work in progress £473,000; finished goods and goods for resale £2,724,000 (£2,644,000, comprising: work in progress £244,000; finished goods and goods for resale £2,400,000 in 2010-11).

	<b>2012</b>	2011
	<b>£000</b>	£000
Turnover	<b>27,802</b>	28,162
Cost of sales	<b>(10,071)</b>	(10,788)
Gross profit	<b>17,731</b>	17,374
Administrative expenses	<b>(12,849)</b>	(13,744)
Trading profit	<b>4,882</b>	3,630
Interest receivable	<b>13</b>	13
Net contribution	<b>4,895</b>	3,643

The net contribution consists of £3,685,000 from publishing and retail operations (£2,861,000 in 2010-11), £903,000 from catering operations (£593,000 in 2010-11) and £307,000 from education and media services (£189,000 in 2010-11). Turnover includes £993,000 of sales to Tate (£1,008,000 in 2010-11). Administrative expenses include £357,000 of expenditure recharged by Tate (£207,000 in 2010-11).

*Tate Gallery Publishing Limited*

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

*Tate Gallery Projects Limited*

Tate Gallery Projects Limited is a wholly owned subsidiary of the Board of Trustees of the Tate Gallery. Its principal activities consist of fund-raising and project management in respect of the Tate Modern development project. Net assets have decreased by £2,582 to £19,256 in the year.

**10. Debtors**

	<b>Group</b>		<b>Tate</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	<b>7,455</b>	5,576	<b>6,359</b>	4,603
Amounts due from group companies	-	-	<b>5,197</b>	3,809
Other debtors	<b>949</b>	750	<b>924</b>	737
Prepayments and accrued income	<b>3,560</b>	2,363	<b>3,474</b>	2,321
	<b><u>11,964</u></b>	<u>8,689</u>	<b><u>15,954</u></b>	<u>11,470</u>

Tate is required to disclose the value of any year end debtor balances with other bodies within the Whole of Government Accounts (WGA) boundary. There were year end balances held with the following:

	<b>Group</b>		<b>Tate</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£000</b>	£000	<b>£000</b>	£000
Balances with other central government bodies	<b>3,176</b>	3,150	<b>3,176</b>	3,150
Balances with local authorities	<b>40</b>	146	<b>40</b>	146
Balances with NHS Trusts	<b>11</b>	2	<b>11</b>	2
Balances with public corporations and trading funds	<b>108</b>	1	<b>108</b>	1
Total intra government balances	<b><u>3,335</u></b>	<u>3,299</u>	<b><u>3,335</u></b>	<u>3,299</u>
Balances with bodies external to government	<b>8,629</b>	5,390	<b>12,619</b>	8,171
	<b><u>11,964</u></b>	<u>8,689</u>	<b><u>15,954</u></b>	<u>11,470</u>

**11. Cash and liquid resources**

	<b>Group</b>		<b>Tate</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£000</b>	£000	<b>£000</b>	£000
held at/in:				
Government Banking Service	<b>1,417</b>	1,106	<b>1,417</b>	1,106
Floating rates	<b>20,541</b>	39,660	<b>15,430</b>	34,657
Cash and non-interest-bearing accounts	<b>239</b>	258	<b>55</b>	108
	<b><u>22,197</u></b>	<u>41,024</u>	<b><u>16,902</u></b>	<u>35,871</u>

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

	<b>2012</b>	2011
	<b>£000</b>	£000
Floating rates	<b>20,541</b>	39,660
Less: funds held in interest-bearing current or call accounts	<b>559</b>	1,256
Liquid resources (funds held on deposit)	<b>19,982</b>	38,404

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

	<b>Group</b>		<b>Tate</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>5,738</b>	4,987	<b>4,684</b>	3,877
Amounts due to group companies	–	–	<b>286</b>	174
Taxation and social security	<b>1,032</b>	1,409	<b>538</b>	555
Other creditors	<b>2,285</b>	1,575	<b>2,216</b>	1,287
Accruals	<b>13,730</b>	9,526	<b>12,773</b>	8,801
Deferred income	<b>1,957</b>	2,160	<b>1,957</b>	2,124
Obligations under finance lease (note 18)	<b>10</b>	10	<b>10</b>	10
	<b><u>24,752</u></b>	<u>19,667</u>	<b><u>22,464</u></b>	<u>16,828</u>

Tate is required to disclose the value of any year end creditor balances with other bodies within the Whole of Government Accounts (WGA) boundary. There were year end balances held with the following:

	<b>Group</b>		<b>Tate</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£000</b>	£000	<b>£000</b>	£000
Balances with other central government bodies	<b>1,126</b>	1,914	<b>632</b>	1,061
Balances with local authorities	<b>255</b>	376	<b>255</b>	376
Balances with NHS Trusts	<b>31</b>	–	<b>31</b>	–
Balances with public corporations and trading funds	<b>1</b>	3	<b>1</b>	3
Total intra government balances	<b><u>1,413</u></b>	<u>2,293</u>	<b><u>919</u></b>	<u>1,440</u>
Balances with bodies external to government	<b><u>23,339</u></b>	<u>17,374</u>	<b><u>21,545</u></b>	<u>15,388</u>
	<b><u>24,752</u></b>	<u>19,667</u>	<b><u>22,464</u></b>	<u>16,828</u>

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

	<b>Group</b>		<b>Tate</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£000</b>	£000	<b>£000</b>	£000
Other creditors	<b>181</b>	174	<b>181</b>	174
Accruals	–	63	–	63
Obligations under finance lease (note 18)	<b>384</b>	382	<b>384</b>	382
	<b><u>565</u></b>	<u>619</u>	<b><u>565</u></b>	<u>619</u>

All balances are with bodies external to government.

**Deferred income**

	<b>Group</b>		<b>Tate</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>£000</b>	£000	<b>£000</b>	£000
Deferred income brought forward	<b>2,160</b>	1,567	<b>2,124</b>	1,545
Released in year	<b>(2,033)</b>	(1,482)	<b>(1,997)</b>	(1,460)
Deferred in year	<b>1,830</b>	2,075	<b>1,830</b>	2,039
Deferred income carried forward	<b><u>1,957</u></b>	<u>2,160</u>	<b><u>1,957</u></b>	<u>2,124</u>

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

**13. Operating leases**

At 31 March 2012 Tate had annual commitments under non-cancellable leases as follows:

<b>Group</b>	Land and buildings £000	Other £000	<b>2012</b> <b>£000</b>	2011 £000
Operating leases expiring within				
One year	21	3	<b>24</b>	85
Two to five years	–	125	<b>125</b>	98
More than five years	465	–	<b>465</b>	458
	<u>486</u>	<u>128</u>	<u><b>614</b></u>	<u>641</u>
<b>Tate</b>	Land and buildings £000	Other £000	<b>2012</b> <b>£000</b>	2011 £000
Operating leases expiring within				
Two to five years	–	88	<b>88</b>	35
More than five years	465	–	<b>465</b>	458
	<u>465</u>	<u>88</u>	<u><b>553</b></u>	<u>493</u>

**14. Statement of funds**

<b>Group</b>	Opening funds £000	Transfers £000	Income £000	Expendi- ture £000	Gain on revaluation £000	Gain on investment £000	<b>Closing funds £000</b>
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	16,286	–	442	–	–	–	<b>16,728</b>
Buildings and equipment	30,099	–	2,866	(2,696)	515	–	<b>30,784</b>
Collection fund	17,135	(12,918)	271	(15)	–	–	<b>4,473</b>
	<u>63,520</u>	<u>(12,918)</u>	<u>3,579</u>	<u>(2,711)</u>	<u>515</u>	<u>–</u>	<u><b>51,985</b></u>
<i>General funds</i>	7,867	–	78,813	(78,803)	–	–	<b>7,877</b>
<b>Total unrestricted funds</b>	<u>71,387</u>	<u>(12,918)</u>	<u>82,392</u>	<u>(81,514)</u>	<u>515</u>	<u>–</u>	<u><b>59,862</b></u>
<b>Restricted</b>							
Tate Modern development	98,204	–	–	(7,604)	5,449	–	<b>96,049</b>
Buildings and equipment	169,172	12,722	16,836	(4,857)	2,724	–	<b>196,597</b>
Revaluation reserve	291,225	–	–	–	5,676	–	<b>296,901</b>
Works of art	243,492	–	7,706	–	–	–	<b>251,198</b>
Acquisition trust funds	1,264	(1,089)	119	(54)	–	(4)	<b>236</b>
Other funds	23	196	4,229	(4,423)	–	(1)	<b>24</b>
	<u>803,380</u>	<u>11,829</u>	<u>28,890</u>	<u>(16,938)</u>	<u>13,849</u>	<u>(5)</u>	<u><b>841,005</b></u>
<b>Endowments</b>	5,845	1,089	1,766	–	–	232	<b>8,932</b>
<b>Total funds</b>	<u>880,612</u>	<u>–</u>	<u>113,048</u>	<u>(98,452)</u>	<u>14,364</u>	<u>227</u>	<u><b>909,799</b></u>



<b>Tate</b>	Opening funds £000	Transfers £000	Income £000	Expendi- ture £000	Gain on revaluation £000	Gain on investment £000	<b>Closing funds £000</b>
<b>Unrestricted</b>							
<i>Designated</i>							
Works of art	16,286	-	442	-	-	-	<b>16,728</b>
Buildings and equipment	29,507	-	2,653	(2,433)	515	-	<b>30,242</b>
Collection fund	17,135	(12,918)	271	(15)	-	-	<b>4,473</b>
	62,928	(12,918)	3,366	(2,448)	515	-	<b>51,443</b>
<i>General funds</i>	8,207	-	58,369	(58,398)	-	-	<b>8,178</b>
<b>Total unrestricted funds</b>	<b>71,135</b>	<b>(12,918)</b>	<b>61,735</b>	<b>(60,846)</b>	<b>515</b>	<b>-</b>	<b>59,621</b>
<b>Restricted</b>							
Tate Modern development	98,182	-	-	(7,601)	5,449	-	<b>96,030</b>
Buildings and equipment	169,172	12,722	16,836	(4,857)	2,724	-	<b>196,597</b>
Revaluation reserve	291,225	-	-	-	5,676	-	<b>296,901</b>
Works of art	243,492	-	7,706	-	-	-	<b>251,198</b>
Acquisition trust funds	1,264	(1,089)	119	(54)	-	(4)	<b>236</b>
Other funds	23	196	4,229	(4,423)	-	(1)	<b>24</b>
	803,358	11,829	28,890	(16,935)	13,849	(5)	<b>840,986</b>
<b>Endowments</b>	<b>5,845</b>	<b>1,089</b>	<b>1,766</b>	<b>-</b>	<b>-</b>	<b>232</b>	<b>8,932</b>
<b>Total funds</b>	<b>880,338</b>	<b>-</b>	<b>92,391</b>	<b>(77,781)</b>	<b>14,364</b>	<b>227</b>	<b>909,539</b>

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

	As at 1 April 2011 £000	Transfers £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2012 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<b>Restricted</b>							
Acquisition trust funds	38	(32)	11	(2)	15	206	221
Other funds	-	1	1	-	2	22	24
	38	(31)	12	(2)	17	228	245
<b>Endowments</b>	<b>245</b>	<b>31</b>	<b>378</b>	<b>(110)</b>	<b>544</b>	<b>8,336</b>	<b>8,880</b>
<b>Total funds</b>	<b>283</b>	<b>-</b>	<b>390</b>	<b>(112)</b>	<b>561</b>	<b>8,564</b>	<b>9,125</b>

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

#### Designated funds

Funds designated for a particular use by the Trustees.

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

- *Works of art* – funds applied towards the purchase of works of art for the Collection.
- *Buildings and equipment* – funds applied towards the purchase of equipment and building works.
- *Collection fund* – funds designated by the Trustees for the benefit of the Collection. This fund has been temporarily redesignated to assist with the cash-flow funding of the capital projects. On completion of the projects it is intended to return the fund to its original designation, as follows. The Collection fund comprises three elements: *Collection Fund*, *Turner Scholarship* and *Collection Support*. On designation, £10 million was earmarked as capital and created the *Collection Fund*, £1 million was designated *Turner Scholarship* and £7 million was designated for *Collection Support*. The income from the *Collection Fund* will be used to purchase works of art. *Turner Scholarship* and *Collection Support* will be used to benefit the long-term care of the Collection, including research, conservation and improving access to Tate's Collection Store in Southwark.

## General funds

Funds available for general use.

## Restricted funds

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

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

- *Tate Modern development* – funds raised from the Millennium Commission, English Partnerships, Southwark Borough Council, private and corporate donors towards the redevelopment of Bankside Power Station as Tate Modern.
- *Buildings and equipment* – the value of Tate's estate vested in the Board of Trustees by the Secretary of State for the Environment and adjusted for subsequent valuations and disposals; also, restricted funds, including money from lottery and other public sources, raised specifically for and applied to the purchase of equipment and building works.
- *Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values to arrive at a modified historical cost. The reserve applies to both restricted and unrestricted assets, but all of the reserve is restricted.
- *Works of art* – restricted funds, including money from the Heritage Lottery Fund, raised specifically for and applied to the purchase of works of art together with all donated works of art since 1 April 2001.
- *Acquisition trust funds* – a number of restricted trust funds for the purchase of works of art for the Collection, including:
  - *Knapping Fund* – for the purchase for exhibition in England, Scotland and Wales of paintings in any medium, or sculpture, by artists of any nationality living at or within twenty-five years of the time of purchase.
  - The expendable elements of the *ARTIST ROOMS*, *Abbott Bequest*, *Gytha Trust*, *Evelyn*, *Lady Downshire's Fund* and *Themans Trust* endowments.
- *Other restricted funds*:
  - The expendable element of the *Shenkman Fund* and *Porter Kreitman Artists Book Fund* endowments.
  - Other funds which were set up and utilised during the year as a result of donations received for specific purposes.

## Endowment funds

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

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

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

The permanent element of the *ARTIST ROOMS Fund* has been transferred from the restricted *acquisition trust funds* reserve to endowment funds.

The Trustees approved the following transfers: £196,000 from the unrestricted designated *Collection fund* reserve to the restricted *other funds* reserve to fund the Turner curator expenses; £12,722,000 from the unrestricted designated *Collection fund* reserve to the restricted *buildings and equipment* reserve towards the *Transforming Tate Modern* Project.

### 15. Analysis of net assets between funds

Funds balances at 31 March 2012 are represented by:

<b>Group</b>	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	<b>Total 2012 £000</b>	Total 2011 £000
Tangible assets	30,783	589,922	–	<b>620,705</b>	581,462
Heritage assets	16,728	251,200	–	<b>267,928</b>	260,036
Investments	–	245	8,880	<b>9,125</b>	7,043
Net current assets	12,532	22	52	<b>12,606</b>	32,690
Long term creditors	(181)	(384)	–	<b>(565)</b>	(619)
Total net assets	<u>59,862</u>	<u>841,005</u>	<u>8,932</u>	<b><u>909,799</u></b>	<u>880,612</u>

  

<b>Tate</b>	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	<b>Total 2012 £000</b>	Total 2011 £000
Tangible assets	30,242	589,922	–	<b>620,164</b>	580,870
Heritage assets	16,728	251,200	–	<b>267,928</b>	260,036
Investments	2,495	245	8,880	<b>11,620</b>	9,538
Net current assets	10,337	3	52	<b>10,392</b>	30,513
Long term creditors	(181)	(384)	–	<b>(565)</b>	(619)
Total net assets	<u>59,621</u>	<u>840,986</u>	<u>8,932</u>	<b><u>909,539</u></b>	<u>880,338</u>

### 16. Cash flow information

#### (i) Reconciliation of operating surplus to net cash inflow from operating activities

	<b>2012 £000</b>	2011 £000
Net incoming resources	<b>14,596</b>	24,020
Investment income	<b>(652)</b>	(1,072)
Depreciation	<b>15,112</b>	14,535
Loss on disposal of fixed asset	<b>41</b>	19
Donations of works of art	<b>(3,300)</b>	(4,332)
Increase in stocks	<b>(553)</b>	(255)
Increase in debtors	<b>(3,275)</b>	(753)
Increase in creditors	<b>5,286</b>	69
Net cash inflow from operating activities	<b><u>27,255</u></b>	<u>32,231</u>

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

	<b>2012 £000</b>	2011 £000
Decrease in cash in the year	<b>(405)</b>	(7,236)
Cash flow from management of liquid resources	<b>(18,422)</b>	(126,637)
Change in funds resulting from cash flows	<b>(18,827)</b>	(133,873)
Net funds at 1 April 2011	<b>41,024</b>	174,897
Net funds at 31 March 2012	<b><u>22,197</u></b>	<u>41,024</u>

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

	2011 £000	Cash flow £000	2012 £000
Liquid resources	38,404	(18,422)	<b>19,982</b>
Cash	2,620	(405)	<b>2,215</b>
	<u>41,024</u>	<u>(18,827)</u>	<u><b>22,197</b></u>

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

	2012 £000	2011 £000
Donations of works of art	<b>3,300</b>	4,332

**17. Capital commitments**

Financial commitments were as follows:

	2012 £000	2011 £000
Capital expenditure contracted for, but not provided in the accounts	<b>70,148</b>	11,724
Acquisition of works of art contracted for, but not provided in the accounts	<b>2,883</b>	2,691

**18. Tate Modern finance leasing structure**

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

TGPL is a wholly owned subsidiary of Tate and granted a 105-year head lease interest in the site of the Bankside Power Station to NatWest Markets Property Investments Limited (NWPI) on 28 October 1997 for a premium of £11,385,000. Tate entered into a 105-year finance lease of the site of Bankside Power Station from NWPI on 28 October 1997. The level of rental payments took account of NWPI's investment in the property and interest charges accruing thereto.

On 30 September 2010 the rentals were commuted upon payment of the commutation rental of £142,572,000, funded by the Tate Modern security deposit and reserves. Following commutation, the annual rent is £10,000 per annum; the remaining rental obligations to which Tate is committed are:

	2012 £000	2011 £000
In one year or less	<b>10</b>	10
Between two and five years	<b>40</b>	40
Over five years	<b>855</b>	865
Less: Finance charges allocated to future periods	<b>(511)</b>	(523)
	<u><b>394</b></u>	<u>392</u>

The Finance lease has been discounted using a rate of 2.2% over the life of the lease. At the end of 2011-12 there were 90 years remaining on the lease. During the year the lease finance charge was £1,000 (credit of £647,000 in 2010-11).

**19. Contingent liabilities****London Development Agency grant**

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

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

be completed by 31 December 2016. The work on the Tate Modern Project is progressing well; for more information, please see the future development section on page 11.

### Other

Tate is in ongoing negotiations over final agreements on certain aspects of the Tate Modern Project. Any final amounts above or below those amounts provided in the financial statements (Note 12), will be recognised in future financial statements.

There are no other contingent liabilities.

## 20. Related party transactions

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

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

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

The following transactions occurred with Trustees in 2011-12:

- Tate acquired Tomma Abts's *Zebe* from a third party; the acquisition process began before she became a Trustee and the Charity Commission granted an order under section 26 of the Charities Act 1993, giving authority for the payment to be made;
- Wolfgang Tillmans received a licence fee from Tate in respect of allowing broadcast of his video *Peas* on Channel 4's *Random Acts: Tate* on 30 March 2012.

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

The Director, Tate Modern has declared an interest with commercial gallery Hauser & Wirth, where his wife holds the position of Associate Director. For the year ended 31 March 2012 Tate's transactions with Hauser & Wirth totalled £43,026. The Director, Tate Modern always withdraws from any discussions in which acquisition, exhibition or programme decisions relating to Hauser & Wirth artists take place.

During the year Tate Members made donations to Tate of £2,885,333 (£5,179,590 in 2010-11) and reimbursed Tate for staff costs and finance and ticketing charges totalling £915,733 (£880,405 in 2010-11). At the year end, debtors included £1,164,000 (£540,000 in 2010-11) and creditors included nil (£4,000 in 2010-11) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £9,077,692 (£6,001,288 in 2010-11) and reimbursed Tate for staff costs totalling £320,613 (£305,915 in 2010-11). Although Tate Foundation does not reimburse Tate for support costs, it estimated those costs during the year to be £73,956 (£66,758 in 2010-11). At the year end, debtors included £441,000 (£610,000 in 2010-11) and creditors included nil (£124,000 in 2010-11) in respect of Tate Foundation.

During the year the American Fund and American Patrons made donations to Tate of £1,129,384 (£390,289 in 2010-11). At the year end, creditors included nil (£173,000 in 2010-11) in respect of the American Fund.

## 21. Financial instruments

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

### **Credit risk**

Tate is exposed to a credit risk of £4,882,000 representing trade debtors (2010-11 £3,105,000), however the risk is not considered significant as major customers are known to Tate. All debtors over six months in age are provided for as doubtful debts totalling £152,000 (2010-11 £238,000).

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

### **Liquidity risk**

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

### **Market risk**

Tate is not exposed to significant market risk from financial instruments. Tate has long term financial liabilities in respect of the finance lease for Tate Modern, the details of which are set out in note 18. Excluding interest earned on the Tate Modern security deposit, which was used to offset the finance lease payment, interest and investment income represents 0.5% of the total incoming resources for Tate (2010-11 0.5%). Tate is therefore not exposed to significant interest or investment risk.

### **Foreign currency risk**

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

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

On 14 June 2012 a Parliamentary minute was approved that allows Tate to provide guarantees to and on behalf of Tate Foundation, an independent charity, so that it can borrow up to £55 million to provide cash-flow support towards Tate's major capital projects and satisfy donor requirements. Tate Foundation is providing the majority of the remaining funding for the major projects and needs to borrow funds as anticipated dates for receipt of funds from private donors will not exactly match the anticipated dates for payments under the relevant construction and other associated contracts. The amount borrowed will be repaid out of donations within six years, but with the option of being extended, if necessary, with the agreement of the lenders and Tate Foundation. Bearing in mind the flow of donation income to Tate Foundation, Tate Foundation's existing unrestricted funds and the ability to extend the facility if necessary, it is considered very unlikely that Tate will be called upon to pay anything under the guarantees.

The annual report and accounts were approved by the Accounting Officer and Trustees on 5 July 2012 and authorised for issue on 9 July 2012.



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