

The Board of Trustees of the Tate Gallery Annual Accounts 2013–2014

HC 278



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

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 10 JULY 2014

HC 278

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You can download this publication from our website at www.tate.org.uk

ISBN Print: 9781474108737

ISBN Web: 9781474108744

Printed in the UK by Williams Lea Group
on behalf of the Controller of Her Majesty's Stationery Office

ID 01071406 07/14

Printed on paper containing 75% recycled fibre content minimum

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EC4P 4DQ

Investec Wealth & Investment Management
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EC4M 7EG

Linklaters
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EC2Y 8HQ

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Annual Report

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, 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 17 of the Charities Act 2011, the Trustees have taken due regard to guidance published by the Charities Commission.

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;
- generating revenue in addition to the amount received in Grant in Aid; and
- an enhanced programme of employee engagement.

A review of Tate's key business activities during 2013-14, including its finances and key performance indicators, has been included within the foreword, together with commentary on Tate's future development plans and its policies and performance on employees, environmental and social and community issues. Tate's reserves and investments policies are also included within the foreword.

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 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 Tate Americas Foundation: 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 2013-14 were:

Tomma Abts
 Lionel Barber
 Tom Bloxham, MBE
 The Lord Browne of Madingley (Chairman)
 Professor David Ekserdjian (until 29 September 2013)
 Mala Gaonkar
 Maja Hoffmann
 Patricia Lankester (until 12 April 2013)
 Lisa Milroy (from 20 July 2013)
 Elisabeth Murdoch
 Franck Petitgas
 Seona Reid (from 12 May 2013)
 Hannah Rothschild (from 29 September 2013)
 Monisha Shah
 Bob and Roberta Smith (until 19 July 2013)
 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 2013-14 were:

Sir Nicholas Serota: Director, Tate*
 Alex Beard: Deputy Director, Tate* (until 25 July 2013)
 Martin Clark: Artistic Director, Tate St Ives (until 6 September 2013)
 Caroline Collier: Director, Partnerships and Programmes*
 Penelope Curtis: Director, Tate Britain*
 Anna Cutler: Director of Learning
 Gerry Dawson: Director, Information Systems
 Chris Dercon: Director, Tate Modern*
 Adrian Hardwicke: Director, Visitor Services and Estates
 Rosemary Lynch: Director of Collection Care (from 4 November 2013)
 Francesco Manacorda: Artistic Director, Tate Liverpool
 Kerstin Mogull: Managing Director* (from 20 January 2014)
 Andrea Nixon: Executive Director, Tate Liverpool
 Mark Osterfield: Executive Director, Tate St Ives
 Cheryl Richardson: Director, Human Resources
 Marc Sands: Director, Audiences and Media (until 7 March 2014)
 Kate Sloss: Director, Collection Care (until 1 May 2013)
 Sam Thorne: Artistic Director Tate St Ives (from 10 March 2014)
 Rebecca Williams: Director, Audiences and Development*
 Stephen Wingfield: Director, Finance *

* indicates members of the Executive Group.

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. A new Code of Practice took effect from 1 April 2012. Three new Trustees were appointed in 2013-14: Seona Reid to succeed Patricia Lankester (appointed on 13 May 2013); Lisa Milroy to succeed Bob and Roberta Smith (appointed on 20 July 2013); and Hannah Rothschild appointed to succeed David Ekserdjian as Liaison Trustee from the National Gallery on 29 September 2013.

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 2013-14 the DCMS announced that it would appoint an independent member to the panel of each Trustee appointment process. Since 1 April 2012 the appointment process has normally been overseen by the Chairman of the Board, as Chair of a panel.

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 or her 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.

Auditors

Tate's principal auditor is the Comptroller and Auditor General. The audit fee for the year ended 31 March 2014 was £54,000 (£53,500 in 2012-13).

- 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

2 July 2014

Signed

The Lord Browne of Madingley
Chairman, Tate

2 July 2014

Foreword

The accounts have been prepared in accordance with the Statement of Recommended Practice (the SORP) "Accounting and Reporting by Charities" (revised 2005) under a direction issued by the Secretary of State for Culture, Media and Sport under the Museums and Galleries Act 1992.

Review of activities in 2013-14

The key achievements of 2013-14 include:

- opening new galleries and the completion and unveiling of the new spaces at Tate Britain;
- acquiring Constable's *Salisbury Cathedral from the Meadows* on behalf of the nation;
- several high profile exhibitions including *Paul Klee* at Tate Modern and *Lowry and Modern Life* at Tate Britain;
- completing a major sponsorship deal with Hyundai, securing ten years of commissions for the Turbine Hall at Tate Modern;
- celebrating five successful years of the ARTIST ROOMS programme;
- continuing work with existing international partners, such as the National Museum of Contemporary Art in Korea and developing new relationships with partners across the world;
- showing the Turner Prize in Derry/Londonderry for the first time;
- celebrating Tate Liverpool's 25th anniversary; and
- commencing work on the capital programme at Tate St Ives.

None of these achievements would have been possible without the commitment and expertise of those who work at Tate and the interest, support and continuing generosity of all those who support Tate. The report below presents highlights of Tate's work this year.

Art and ideas

Collection

Tate cares for the national collection of British, modern and contemporary art. It does so on behalf of the public, presenting and developing the Collection and sharing it as widely as possible.

In 2013-14, Tate lent works from the Collection to more venues than ever before and it was Tate's best year to date for lending internationally. This year, 1,467 works were lent to 282 venues; 791 works to 149 venues in the UK and 676 works to 133 venues internationally. Loans were made to 23 countries, including Brazil, China, South Korea and Qatar.

Part of Tate's mission is to develop the national collections and among the most significant acquisitions this year was that of John Constable's *Salisbury Cathedral from the Meadows*. The purchase was the culmination of a year's work and made possible by the generosity of supporters including the Heritage Lottery Fund, the Manton Foundation, Art Fund and Tate Members. As a result of the acquisition, the *Aspire* programme was established. This five-year partnership project between five national and regional galleries (Amgueddfa Cymru [National Museum Wales], the National Galleries of Scotland, Colchester and Ipswich Museums, Salisbury and South Wiltshire Museum and Tate Britain) will enable the work to go on almost permanent view around the UK and will be accompanied by learning work and a new, national network for Constable studies.

Throughout the year and with the help of acquisition committees, Tate has continued to develop the strength of the Collection in both art from around the world and photography. These acquisitions have featured in exhibition displays in the galleries. In the summer, twelve rooms at Tate Modern were devoted to the Beninese artist, Meschac Gaba, marking Tate's acquisition of his *Museum of Contemporary African Art 1997–2002*, a gift promised by the artist and acquired with funds provided by the Acquisitions Fund for African Art. At Tate Britain, a focus display featured the work of Chris Shaw, newly acquired with support from the Photography Acquisitions Committee.

This year has seen the establishment of the new chronological hang in the elegantly refurbished spaces at Tate Britain, showing the full breadth of the Collection, from 1500 to the present day. It has been warmly received by both the public and critics. Displays in later galleries change regularly to give artists working today greater

exposure; the initial display featured *The Chapman Family Collection* by Jake and Dinos Chapman. The BP Focus Displays allow different artists and aspects of the Collection to be examined in greater detail.

The Collection display at Tate Britain is made possible by the support of BP, an example of how the support of sponsors and donors is essential to the development and exhibition of the Collection. Many donors contribute to Tate's success and acquisitions each year and Tate is extremely grateful for the assistance that they give. Such gifts mark the importance of Tate as an institution through which individuals can contribute to the public good.

Work has also continued behind the scenes as teams from Collection Care, Curatorial and Information Systems have completed a complex expansion of the Collection systems architecture in order to support the Heritage Lottery Funded project to digitise, index and display online 52,000 objects from Tate's archive. This enables Tate Digital to develop an Enhanced Art and Artists section of the website, integrating the digitised archive with the art Collection. Finally, in 2012-13, Tate reported the vandalism inflicted on Mark Rothko's *Black on Maroon*. In 2013-14, Tate's conservators worked assiduously to restore this icon of the Collection. The results were unveiled in May 2014.

Programme

Tate's programme presents the familiar alongside work new to audiences. At Tate Modern, exhibitions such as *Roy Lichtenstein* and *Paul Klee* were hugely popular with audiences; so too was a smaller exhibition devoted to the Lebanese artist Saloua Rouada Choucair, the first major retrospective of her work. Tate Britain's programme combined major shows with exhibitions that celebrated the Collection, by drawing out new themes and exploring different angles. *Lowry and Modern Life* set the work of one of Britain's most popular painters in a new art historical context, looking at the influence of continental painters on his work. Later in the year and showing in tandem, *Gary Hume* and *Patrick Caulfield* brought into comparison the work of leading painters of two distinct generations of British artists.

In Liverpool, the programme covered broad themes from the monographic *Chagall*, to the more thematic *Art Turning Left*. This year, Tate Liverpool also celebrated its 25th anniversary, an occasion marked by a display in the Wolfson Galleries featuring a timeline of the gallery's history and its relationship with the city. An interactive element within the display enabled visitors to add their memories of the Albert Dock to a website, www.makinghistory.albertdock.com

At Tate St Ives, *Aquatopia*, an exhibition conceived with Nottingham Contemporary, built upon the gallery's seaside location to explore art's relationship with the deep, while the *Summer Show* featured artists including Barbara Hepworth, Patrick Heron and Marlow Moss. This show combined the heritage of the St Ives artists with the work of, amongst others, Linder, the artist in residence at Tate St Ives.

Research and scholarship

Recent years have seen a greater integration of research with the programme. This has taken particular shape in Tate Britain's BP Focus displays. *Basic Design* examined the work of British art schools in the 1960s. In St Ives, *The Artists Programme* offers artist residencies, supporting the development of artistic practices by providing a productive environment that values experimentation and risk, discussion and debate.

As Tate's Collection grows and diversifies, so too does its research, building and developing knowledge vital to the future, particularly in caring for the national collection. *Presto4U* is a two-year project that aims to identify technological solutions to current challenges facing those working in the field of audiovisual preservation and to raise awareness and improve the adoption of audiovisual preservation research. The research team also launched *The Experience and Value of Live Art: What Can Making and Editing Film Tell us?* Funded by the Arts and Humanities Research Council, this project examines young people's experience of live art by enabling them to engage directly in the creation of a contemporary dance performance in the gallery.

Tate's research has also developed in ways that complement Tate's national and international work. The geographic spread of the British Art Network continues to increase; there are now 15 members affiliated with organisations in Scotland and Wales, a number of whom are also *Plus Tate* members or partners of the *Aspire: National Network for Constable Studies Programme*. The British Art Network has also started to develop an international following, with members based in America, Canada, Paris, Germany and Turkey.

Tate's audiences

In 2013-14, Tate continued its digital development, particularly in social media. Tate has the largest Twitter following of any museum or gallery in Europe and the third highest globally. Tate has also worked to strengthen its presence on other social media platforms such as Instagram, Tumblr, Vine and Pinterest.

Tate Shots provide different ways in which people can approach the programme. Some address artists such as Richard Deacon in conjunction with exhibitions; others focus attention on the practice of different artists and give audiences deeper insight into particular parts of the Collection. *Tate Shots* have included a presentation on the photographer William Egglestone and chef Antonio Carluccio's response to the work of Patrick Caulfield.

Tate Media works with colleagues across Tate and in 2013-14 it played a major role in supporting the launch of Tate Britain. As well as a video distributed on the Tate website, a new app featured curators and figures from different areas of life outside Tate narrating different parts of the Collection. Similarly, an app accompanies each major exhibition and videos of the curators discussing the work and its presentation enable audiences to engage with Tate's programme in new ways.

In September, *Bloomberg Connects* was launched at Tate Modern. Seventy-five screens display visitors' ideas and comments throughout the building. A digital drawing bar gives people the chance to respond visually to their visit and see images inspired by the Collection that they have created relayed on screens around the gallery. Digital development elsewhere included the inauguration of the IK Prize. In February 2014, Wikipedia founder Jimmy Wales, who sat on the jury, announced *THE WORKERS* as the first winners, named in memory of the philanthropist Irene Kreitman and supported by the Porter Foundation. The winning entry will see robots roaming Tate Britain's galleries at night, guided by visitors as they tour the Collection.

Visitors and the experience in the galleries

In addition to the enhanced digital facilities provided in all of Tate's galleries, 2013-14 also saw other elements of the experience of the gallery change. The new spaces at Tate Britain brought vastly improved facilities, in particular by connecting the first floor with the basement via a new, central stairwell. At Tate Modern, work continued on the capital project with minimal disruption to visitors and the Turbine Hall has reopened after a brief period of closure, bringing the highly popular space back into public use.

Tate Liverpool has continued work to increase developmental audiences, particularly families, young people and local visitors, with families now making up 14% of the general audience. The commitment to these audiences is part of the programme and a display by Palle Nielsen featured *The Doodle Den*, the first time family activity was integrated into a display. At Tate St Ives, work has begun on the new building, which required closing the existing galleries during the winter season. As well as paving the way for improvements in visitor experience, this has allowed a renewed focus on the Barbara Hepworth Museum and Sculpture Garden. The new building will see additions, which will include a new box office in the Heron Mall and a new St Ives Modernists resource room in Lower Gallery 2.

Beyond Tate

Learning

Tate has prioritised learning in recent years. This year, Tate has continued to emphasise the importance of art to a rounded education. Galleries and museums cannot replace work in schools, however they can support the work of teachers across a range of subjects. In this way, Tate both delivers learning in its galleries and online and seeks to raise the awareness of the importance of cultural education more widely.

Launched last year, *Circuit*, the four-year national programme funded by the Paul Hamlyn Foundation to connect 15- to 25-year-olds to the arts in galleries and museums, has matured and presented new opportunities, including those for the professional development of colleagues across the institutions involved.

The learning team lead programmes and projects that develop access for a broad range of audiences. At Tate Britain, *Late at Tate* has continued to prove very successful, with individual events attracting in excess of 4,000 people. These events bring more diverse and different kinds of audiences into the gallery, providing the opportunity to experience art in new contexts and also welcoming many first-time visitors.

Tate has also staged events that have looked at the role of art in wider social, political and economic discussions. For example, between 29 May and 12 June 2013, ahead of the G8 summit, Tate worked with the development organisation, Zamyn, to host *Cultural Forum 2013: Global Citizenship*, a major series of events that brought together leading international figures from politics, business, academia and the arts to debate the movement of people, resources, cultural artefacts and capital across borders and the challenges of economic and environmental sustainability.

National and international

In early 2014, Tate National was renamed Tate Partnerships and Programmes, reflecting the principles by which Tate's collaboration with colleagues nationally and internationally works. Early 2014 saw the fifth anniversary of ARTIST ROOMS and the highly successful programme of exhibitions, events and learning that has been enabled

by Anthony d'Offay's gift to the nation. This was celebrated at an event hosted by the Secretary of State for Culture, Media and Sport at Number 11, Downing Street. 2013-14 alone saw 16 exhibitions open across the country in venues as far apart as Exeter and North Uist in the Outer Hebrides. In all, these exhibitions attracted over 300,000 people. In addition, the first MOOC (Massive Open Online Course) dedicated to a single artist, the ARTIST ROOMS *Warhol MOOC*, has been launched with the University of Edinburgh. It is also the first such course to be developed in a museum/university partnership in the UK and the course began in April 2014.

Now in its fourth year, *Plus Tate*, the network of eighteen partner visual arts organisations across the UK, has been a platform from which further innovation and success has grown. As a group, the partners met seven times, gathering to share ideas and practice. Six of the partners are part of *Circuit*, the network funded by the Paul Hamlyn Foundation designed to encourage young people to engage with and through the visual arts.

Tate's international presence was felt through a variety of touring exhibitions and partnerships. *Turner: The Makings of a Master* toured to Australia and Japan attracting 242,000 people. During spring 2014, a major recent exhibition from Tate Britain, *Another London*, was displayed at the Multimedia Art Museum in Moscow. Tate has also developed partnerships with a range of international institutions, including separate memoranda of understanding with the Ministry of Culture in India and the National Museum of Modern and Contemporary Art in Seoul, South Korea. These agree a mutual interest in developing collaborations such as exhibitions, scholarly research, fellowships, collection care, learning programmes and loans. Another memorandum of understanding, with Oman's Ministry of Heritage and Culture, has taken shape in the inauguration of a training programme, sharing museum expertise with colleagues in workshops in Muscat that will be followed later in 2014 by a reciprocal visit of Omani colleagues to the UK.

Improving Tate

Capital Projects

The three capital projects (the Tate Modern Project, Tate St Ives Phase 2 and the Tate Britain project) comprised a major part of Tate's activities this year. However, it is the opening of the new spaces at Tate Britain that must take centre stage. They were opened in November 2013 and the project has gone on to win several architectural awards. The entrance has been refreshed, with the centrepiece of the new staircase providing a better and clearer connection between the different floors of the gallery. The upper level has been opened to the public for the first time since 1928 and new Members' facilities provided. The Grand Saloon has been reopened as one room with its original ceiling mouldings brought back into public view. Downstairs, new spaces for a permanent archive display opened, incorporating the Digital Archive, the Drum (a permanent history of Tate and Millbank using facsimiles from Tate's Public Records collection) and the Archive Gallery, with an installation by the artist Paul Noble.

As Tate Britain opened, the large and ambitious Tate Modern Project continued apace. The shape of the new building is now fully visible, and the bridge, connecting it to the current galleries across the Turbine Hall is in place. Floor slabs have been laid for each of the levels and the panels that define the building's form are being installed. Infrastructural work to the new building, lift-shafts and stairwells, have been completed according to plan. The project will establish a new model for museums of modern and contemporary art and carries risk, the management of which is planned into the project. The building is scheduled to open by the end of 2016 and remains on course to do so.

At Tate St Ives, enabling works have begun for the new building. The major package of works that will see the addition of the new gallery spaces, staff accommodation and development of art handling spaces is being put to tender. 2014-15 will see the work begin in earnest and a new phase in Tate St Ives's history will begin to take shape.

People and culture

In 2012-13, Tate developed a long-term vision for the future. In 2013-14, this was discussed with all staff in groups that mixed people from different departments and sites. The discussions were chances for those working at Tate to ask what the vision meant for them in their specific areas and for them to share with each other their reflections and experience of the vision.

Tate has also worked this year to strengthen staff networks, which champion the interests and concerns of those who work for Tate. A new Staff Network Policy was implemented to support those wishing to participate in the networks, and the networks were celebrated with a Christmas event attended by Trustees.

One of the staff networks, *Tate for All*, champions diversity throughout the organisation and its activities. In January, the work that this group has done over the past few years was formally recognised when Tate ranked among Stonewall's top 100 employers.

In 2013-14, Tate also recruited a new director in Collection Care, Rosemary Lynch, and, following the departure of Alex Beard to lead the Royal Opera House, a new Managing Director, Kerstin Mogull. The Artistic Director of Tate St Ives left to take up a prestigious directorship at the Bergen Kunsthall and was replaced as Creative Director at Tate St Ives by Sam Thorne. Meanwhile and behind the scenes, the Human Resources department has worked hard to improve the efficiency of its systems, automating processes such as annual leave. Such change has enabled more simplified general procedures and Human Resources staff to devote their energies to other issues.

Developments in information systems have also improved working life at Tate. The TASK (Technology and Skills) programme has been launched and is putting in place modern, fit-for-purpose desktop tools and the technical foundation that the ambitious digital strategy will require. Tate has also launched a new version of the intranet, TateNet, which includes a refreshed style and vastly improved data architecture, encouraging further collaboration between teams and individuals at Tate.

Funding and supporters

Tate's fundraising in 2013-14 continued to benefit from the generosity of partners of all kinds. In February, Tate and Hyundai Motor announced a major new long-term partnership. Confirmed until 2025, this partnership is the longest initial commitment from a corporate sponsor in Tate's history.

Government subsidy is the single largest part of the support that Tate receives. In the July Spending Round, Tate, like other national museums and galleries, received a cut in real terms of 5% to Grant in Aid from 2015-16 onwards. In the Autumn Statement it was announced that Tate will receive additional cuts of 1.17% and 1.13% in 2014-15 and 2015-16, respectively. Responding to this will be difficult and require significant adaptation. Tate's ability to do so is a mark of the continuing support of partners.

October saw the opening of *The EY Exhibition: Paul Klee – Making Visible*. It was the first exhibition in a three-year partnership, making EY one of the largest corporate supporters of Tate. The partnership will help Tate to realise its ambitious programme across Tate Modern and Tate Britain, including three major autumn exhibitions. Exhibitions across all four galleries have been enabled by support of many different kinds, often through Exhibition Supporters Groups, as was the case with *Lowry* and *Richard Deacon*, which was also supported by Tate Members and Tate Patrons.

Tate Patrons continued to support key strands of Tate's mission, including exhibitions and programmes, acquisitions, learning and conservation, in particular with respect to the restoration of Mark Rothko's *Black on Maroon*. A highlight of several acquisitions supported by members was that of a major body of work by the photographer Jo Spence, the first to enter Tate's Collection.

Awards from Lottery Fund, The Manton Foundation and Art Fund and a grant from Tate Members made the acquisition of Constable's *Salisbury Cathedral from the Meadows* possible; thanks must also go to the National Gallery, who were supportive of the campaign to save the painting for the nation.

Tate's International Committees have developed further this year, with new members added. Their support has made possible a number of acquisitions, such as Meschac Gaba's *Museum of African Art*, which was enabled by the Acquisitions Fund for African Art.

Fundraising continued for the Tate Modern Project and in 2013-14, major donations from the Eyal Ofer Family Foundation and the Wolfson Foundation were announced. The major gift of £10 million from the Eyal Ofer Family Foundation will support the completion of the new development and will see the current Level 3 galleries named to mark such generosity. In April 2013, the Wolfson Foundation announced the generous grant of £5 million to the project, the Trustees of the Foundation indicating that they wanted to make a special grant to acknowledge the importance of Tate Modern and the impact it has had on the arts in the UK.

At Tate Britain, BP's support of the Collection displays enabled the *Spotlight Displays*, which have included the work of artists practising today, such as Alan Sekula's *Fish Story* and paintings by Rose Wylie, detailed examinations of themes such as *Basic Design* and historical displays, such as that of the artistic work of Sylvia Pankhurst.

Tate Liverpool has continued to work with partners in different ways. *Art Turning Left: How Values Changed Making 1789–2013* was supported by, amongst others, Liverpool John Moores University, but was also co-curated by Lynn Wray, a collaborative doctoral award researcher.

In 2013-14, Tate has benefited from a number of works being accepted into the national collection by HM Government in lieu of inheritance tax. Of particular note this year was the kind gift of a significant legacy. Tate is extremely grateful for the support that such generosity provides.

The public also supports Tate through its custom in the shops and restaurants, at the galleries, and through purchases made online.

At Tate Britain, the much-loved Rex Whistler restaurant reopened after a period of refurbishment as part of the Tate Britain Project. The murals were conserved and new menus introduced. In March 2014, the restaurant was awarded the 'Diners Choice for Sunday Lunch' by Toptable. An entirely new café with outdoor space was opened up to provide a breadth of options for visitors to the gallery.

As the new café was built at Tate Britain and the Rex Whistler restaurant underwent refurbishment, Tate Catering delivered temporary catering services in the galleries and on the lawn at Millbank.

At Tate Modern, the restaurants and cafés continued to be very popular and Tate experimented with pop-up catering outlets and coffee stalls, Tate's coffee again achieving success at the London Coffee Festival.

At Tate Modern, the temporary closure of the Turbine Hall during the building of the Level 4 Bridge had some impact on café and restaurant visits. However since reopening, there has been resurgence in visitors enjoying Tate's new menus. At Tate Liverpool, the café proved popular and profits increased.

This year, Tate Enterprises focused on e-commerce, recruiting its first e-commerce director. At Tate Britain, the shop was refreshed as part of the redevelopment. In Liverpool, teams from curatorial and Tate Enterprises collaborated with Grizedale Arts to welcome new audiences into the gallery by running a 'pay what you can afford' weekend to mark *Art Turning Left*, where exhibition visitors could choose how much they paid for a ticket and, at the Grizedale Arts Honesty Shop, could buy by paying what they could afford.

Across the galleries, revenues of just over £15 million were achieved through trading activities on and offline, contributing a profit of £2.6 million to Tate. The *EY Exhibition: Paul Klee* at Tate Modern, achieved the highest recorded spend per visitor of any exhibition to date; alone, two lines of scarf generated £80,000. Print sales continued to grow, with the *Klee* postcard book selling nearly 11,000 copies, alongside nearly 170,000 individual postcard sales.

Elsewhere, the publishing team were recognised for their work in publishing for children with a nomination as 'European Children's Publisher of the Year' at the Bologna Book Fair.

Sustainability

Operations and sustainability

Environmental sustainability is a prime consideration across Tate's work, from the way food is sourced for cafés and restaurants, to the way buildings are managed and exhibitions created. Since 2007, Tate has been working to reduce the environmental impact of its estate and operations, lead and influence the cultural sector and inspire and engage visitors on sustainability.

Greenhouse gas emissions

Tate's Carbon Plan sets targets to 2018 for emissions per square metre, enabling it to track progress within the context of an expanding estate. Since the 2007-08 base year, scope 1 and 2 emissions per square metre have reduced by 21%. Numerous energy saving interventions have been made across the estate during this time, including plant replacement, LED gallery lighting and changes to air conditioning control strategies. Tate has met and exceeded its reduction targets every year except 2012-13, when emissions rose with the opening of the Tanks at Tate Modern, commissioning of air conditioning plant for the renovated galleries at Tate Britain and the coldest year in ten years driving higher gas consumption.

Energy expenditure has increased consistently since 2010-11, primarily due to rising energy prices. Tate's exposure to financial risk is reduced by purchasing energy up to 30 months in advance of consumption, through the Crown Commercial Service framework agreement. Tate's switch to a green electricity tariff this year has been cost neutral. The Carbon Reduction Commitment is a legislative scheme which requires payment for carbon emissions associated with energy use. This cost is predicted to increase in the future as total energy consumption rises within an expanding estate and as the price of carbon allowances increases.

This year, Tate has significantly improved the accuracy of business travel emissions data. Data reported for 2009-10 was estimated based solely on travel expenditure, using an established Carbon Trust methodology to convert spend data to mileage. 2013-14 data is based on a combination of actual business travel mileage data from a centralised travel provider and estimated mileage using the Carbon Trust methodology. 2013-14 therefore forms Tate's baseline for business travel emissions. Total expenditure on business journeys has also increased, due to improvements in the accuracy of travel expenditure reporting and Tate's growing national and international outreach.

Tate Enterprises Limited staff data was included in the commuting data for the first time in 2012-13, through collection of information from the 2012 staff survey. As a result, data recorded for 2012-13 and 2013-14 is more representative of the overall commuting footprint and 2012-13 is therefore Tate's new baseline for commuting. This survey is conducted biannually and is next scheduled for late 2014.

This year, environmental specifications were included within Tate's art transport arrangements, which will enable the tracking of emissions associated with art crating and transport. In 2013-14, Tate loaned a greater number of works to international institutions than in the 2008-09 base year. Associated art transport emissions were therefore 52% higher than the base year. Art crating data will be collected and reported in 2014-15.

Scope 3 emissions from water use and electricity transmission and distribution have fallen by 36% and 9%, respectively since the base year, reflecting the savings made through a water and energy reduction programme.

Through sharing Tate's collection more widely and improving the accuracy of business travel and commuting data, total Scope 3 emissions are stated as 36% higher than the overall scope 3 base year of 2008-09.

Greenhouse gas emissions (tCO ₂ e)		2010-11	2011-12	2012-13	2013-14	% change on base year
Greenhouse gas emissions (tCO ₂ e) ¹	Scope 1 & 2 emissions					
	Scope 1 ²	3,708	2,639	3,497	3,226	(17)
	Scope 2	11,584	10,736	11,821	11,631	(16)
	Total Scope 1 & 2	15,292	13,375	15,318	14,858	(16)
	Total Scope 1 & 2 tCO ₂ e per m ²	0.164	0.150	0.158	0.157	(21)
	Target Scope 1 & 2 tCO ₂ e per m ²	0.170	0.168	0.145	0.165	(17)
	Scope 3 emissions					
	Business travel ³	318	318	929 ⁴	971⁵	- ⁶
	Staff commuting	700 ⁴	700	797 ⁴	797	- ⁷
	Art transport	1,187	1,187	1,187	1,798	52
	Art crating	76	76	76	N/A	N/A
	Water use ⁸	72	77	83	75	(36)
	Electricity transmission & distribution	915	918	1,011	995	(9)
	Total Scope 3	3,268	3,276	4,083	4,711	36
Target Scope 3	3,117	2,944	2,770	4,001	16	
Total Scope 1-3	18,560	16,651	19,401	19,569	(3)	
Energy use (million kWh)	Electricity, non-renewable	25.2 ⁹	24.1 ¹¹	26.5	0.6	(98)
	Electricity, renewable	-	-	-	25.5¹⁰	-
	Total electricity	25.2	24.1	26.5	26.1	(6)
	Gas	15.4 ¹¹	13.6	16.6 ¹¹	15.9	(5)
	Total kWh per visitor	5.5	5.3	5.6	6.0	3
Expenditure (£000)	Energy	2,127	2,408	2,662	2,925	29
	Carbon reduction commitment	2	189	204	201	6
	Business travel	884	719	695	736	65

¹ All emissions calculated and updated using relevant Defra conversion factors

² Includes emissions from natural gas consumption (79% of total scope 1), refrigerants, diesel generators and owned/leased vehicles

³ All business travel, including rail and international air travel

⁴ Data from centralised travel provider for January to March 2013 extrapolated to full year (travel provider appointed January 2013)

⁵ Based on a combination of actual business travel mileage data from Tate's centralised travel provider and estimated mileage using the Carbon Trust methodology

⁶ New baseline 2013-14 (see commentary)

⁷ New baseline 2012-13 (see commentary)

⁸ Mains water only, in line with Government guidance. All figures updated with water treatment and supply conversion factors, in line with Defra guidance

⁹ Updated following data review. All updated figures are less than 2% change on previous data

¹⁰ Electricity procurement through Crown Commercial Service green tariff

¹¹ Excludes waste from Tate St Ives; current contractors cannot provide tonnages

Waste and finite resources

Tate has also set new targets based on waste production and water use per square metre, to allow meaningful comparisons across an expanding estate. Tate has met and exceeded its waste reduction targets every year since the 2008-09 base year. Total waste has fallen by 32% per m², exceeding the 25% target. Tate's overall recycling rate in 2013-14 was 59.6%, compared to 14.4% in 2008-09. This year, 37.7% of unrecyclable materials were sent to energy recovery facilities, generating power for the National Grid. The remaining 2.7% of waste was sent to landfill.

Tate has met and exceeded its scope 2 water reduction targets every year since the 2008-09 base year. Scope 2 water consumption has decreased by 36% per m², exceeding the 25% target. Scope 1 water is currently excluded from reduction targets due to construction works. New scope 1 and 2 water reduction targets will be set as building projects are completed.

Waste costs in 2013-14 are similar to the last two years and the base year. Water expenditure has increased by 26% compared to the previous year as a result of rising water costs.

Finite resources: Waste

		2010-11	2011-12	2012-13	2013-14	% change on base year
Waste (tonnes)	Landfilled	450	72	40	22	(98)
	Reused/recycled	185	364	466	367	111
	ICT waste reused/recycled	N/A	N/A	N/A	1	-
	Composted	-	67	105	121	100
	Energy from waste	191	309	312	309	100
	Incineration without energy recovery	-	-	-	-	-
	Total waste ¹¹	826	811	923	821	(32)
Total waste tonnes/m ²		0.0098	0.0102	0.0106	0.0097	(32)
Target total waste tonnes/m ²		0.0129	0.0122	0.0115	0.0107	(25)
Spend (£000)	Landfilled	N/A	N/A	17	14	(18)
	Reused/recycled	N/A	N/A	56	53	(5)
	ICT waste reused/recycled	N/A	N/A	N/A	N/A	-
	Composted	N/A	N/A	14	25	79
	Energy from waste	N/A	N/A	38	34	(11)
	Incineration without energy recovery	-	-	-	-	-
	Total waste	152	121	125	126	(1)

Finite resources: Water

		2010-11	2011-12	2012-13	2013-14	% change on base year
Water use (m ³)	Total scope 1 & 2	68,676	72,942	197,584	102,156	(8)
	Scope 2 m ³ per m ²	0.80	0.89	0.89	0.82	(36)
	Target scope 2 m ³ per m ²	1.16	1.09	1.03	0.97	(25)
	Total scope 2 litres per visitor	9.2	10.3	10.2	10.1	(32)
Expenditure (£000)	Water supply	113	169	121	153	-

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 in 2014 staff planted a perennial wildflower meadow in the Tate Britain staff garden. 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 procurement through the specification of goods and services, supplier selection criteria and contract management. In 2014, Tate commissioned an independent audit of responsible procurement across the organisation by LRS Consultancy, attaining 'silver' accreditation. Recommendations from this review are being considered and implemented where appropriate.

Future development

While responding to changing audience expectations and demands, Tate continues to play a leading role in shaping the future development of the arts and museums sector. Part of the Vision that Tate has set for itself is to develop and explore further the wider benefits that art brings to society.

Tate's digital development will continue, in particular in sharing the benefits of the Collection and Tate's work with the public beyond its galleries. In a similar way, Tate is committed to working with partners across the UK. Already, specific programmes such as Plus Tate and ARTIST ROOMS are dedicated to working nationally and these will continue and be developed further. Regional partnership is a hallmark of project development, as demonstrated in *Circuit* and *Aspire*. This will continue and Tate will, in the coming years, consolidate existing relationships, for example through sharing knowledge and practical experience with partners in the Plus Tate network. Internationally, Tate will continue to build relationships with institutions overseas.

Work on Tate's capital projects in London and St Ives continues. By the end of 2013-14, enabling work for Tate St Ives Phase 2 was almost complete. At Tate Modern, the public is able to see the building taking shape and the project is on course to open by the end of 2016. The capital projects will enable Tate to show more of the national Collection in conditions suited to a wider range of art media. The projects will also enhance visitor facilities, at the same time 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 2013-14 period, nine exhibitions were shown at Tate containing works for which immunity from seizure was granted, covering a total of 249 works. The exhibitions are listed below.

<i>Mira Schendel</i>	141
<i>Art under Attack: Histories of British Iconoclasm</i>	1
<i>Art Turning Left: How Values Changed Making, 1789 – 2013</i>	1
<i>The EY Exhibition – Paul Klee: Making Visible</i>	64
<i>Chagall: Modern Master</i>	29
<i>Ibrahim El-Salahi: A Visionary Modernist</i>	9
<i>Tate St Ives Summer Exhibition 2013</i>	2
<i>Gary Hume</i>	1
<i>Patrick Caulfield</i>	1
TOTAL	249

Performance indicators

Performance indicators agreed with the DCMS as part of the annual funding agreement process were achieved as follows:

Performance indicators	Actual 2014	Actual 2013
	000s	000s
Access		
Number of actual visits	7,036	7,747
Number of unique users visiting the website	12,891	13,669
Audience profile		
Number of visits by children under 16	989	1,063
Number of overseas visits	3,485	3,620
Learning / outreach		
Children		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	173	144
Number of instances of visitors under 18 participating in on site organised activities	118	84
Visitor satisfaction		
Percentage of visitors who would recommend a visit	94%	90%
Income generation		
	£000	£000
Self-generated income		
Admissions	6,850	10,826
Trading income	25,886	28,353
Fundraising (including capital)	106,903	53,887
Fees and other income	9,444	11,085
Donated works of art	4,316	18,493
	153,399	122,644
Regional engagement		
Number of UK loan venues	149	128

Both the Schools and Early Years and Families teams saw increases in numbers at both London sites in 2013-14. Most pronounced was the 24,000 increase in self-directed schools visits at Tate Modern, due to a strong exhibition programme, where numbers grew throughout the year, starting with the *Lichtenstein* and ending with the opening of the *Paul Klee* exhibition. Tate Britain saw an 8,000 increase in self-directed schools visits due to the popular *Lowry* exhibition and the re-launch of Tate Britain in November 2013.

The most marked increase for the Early Years and Families team was the doubling of numbers of children participating in onsite activities at Tate Britain. This was due to the opening of the Clore Studio, the Welcome Room at weekends and holidays and the new Learning Gallery. In the Learning Gallery alone 15,830 children aged under 16 visited from November 2013 to March 2014, with the first commission in the space by Yuri Suzuki of *Juke Box meets Tate Britain*.

Visitor figures continued to be high at Tate Modern. Over 4.8 million people visited in 2013 despite the temporary closure of the Turbine Hall to enable building works. Tate Modern continues to be the most visited gallery of modern and contemporary art in the world. It attracted new and diverse audiences in 2013, with exhibitions by Sudanese artist Ibrahim El-Salahi, Lebanese artist Saloua Raouda Choucair and a display of the work of Meschac Gaba. 2012 was an exceptional year for the gallery, with the Damien Hirst exhibition and the opening of The Tanks, and this has been reflected in a slight drop in comparable visitor figures for 2013.

The new spaces at Tate Britain were fully opened in November 2013 to great acclaim following a period of building and major redevelopment and the building is now fully operational.

There has been an increase in visitor numbers at Tate St Ives overall. Tate St Ives also had a strong programme of exhibitions in 2013 with the *Aquatopia* and *William Scott* exhibitions proving popular.

Tate Liverpool celebrated its 25th anniversary in 2013 and achieved good visitor figures for both the *Glam! The Performance of Style* and *Chagall: Modern Master* exhibitions.

The increase in fundraising income is the result of fundraising efforts relating to the capital projects at Tate Modern and Tate Britain, for which a total of £61 million is recognised this year (compared to £46 million overall in 2012-13).

Tate received several significant artwork donations this year, including works by Frank Bowling, Meshac Gaba, Naum Gabo, Alex Katz and Mark Rothko, collectively valued at just under £3 million.

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 £178,129,000 (£157,821,000 in 2012-13). Of this amount £61,125,000 (£46,453,000 in 2012-13) was applied to the ongoing capital programme, £33,365,000 (£23,506,000 in 2012-13) to Collection acquisitions and £15,000 (£nil in 2012-13) to endowments. The remaining £83,624,000 (£87,862,000 in 2012-13) was taken to general funds to be applied to ongoing operations (see resources expended below).

Tate received £24,394,000 of Grant in Aid from Parliament, (£34,912,000 in 2012-13), provided through the DCMS. Grant in Aid is made up of three elements:

- revenue grant used to support ongoing operations of £30,371,000 (£31,489,000 in 2012-13);
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £2,523,000 (£2,523,000 in 2012-13);
- Tate Modern capital grant used towards funding the new building at Tate Modern. The DCMS is contributing £50 million towards the total cost of £215 million, the final £1,300,000 of which was received in 2013-14. Capital grant received in 2013-14 reflected the repayment of £8,500,000 advanced to Tate by the DCMS in 2011-12, to assist with the cashflow requirements of the project.

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £153,735,000 for the year (£122,909,000 in 2012-13).

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 £108,195,000 (£103,782,000 in 2012-13). Of this amount £24,639,000 (£15,872,000 in 2012-13) was applied to the ongoing capital programme, £49,000 (£59,000 in 2012-13) to Collection acquisitions and £83,507,000 (£87,851,000 in 2012-13) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £33,596,000 to the Collection (£24,211,000 in 2012-13). Of this figure, £4,316,000 has been donated by individuals either directly or in lieu of tax (£18,493,000 in 2012-13). Funding for purchased works of art has come from many sources, including the Lottery, Tate Members, Tate Patrons and self-generated income. A significant purchase in the year was John Constable's *Salisbury Cathedral from the Meadows* for just over £23 million. This was secured for the British public through major grants from the Heritage Lottery Fund, the Manton Foundation, the Art Fund (with a contribution from the Wolfson Foundation) and Tate Members.

Reserves and funds carried forward of £1,212,017,000 (£990,059,000 in 2012-13) are:

	2014	2013
	£000	£000
Revaluation reserve	464,863	313,461
Capital reserves	403,565	367,057
Works of art reserves	324,662	291,288
Other designated reserves	56	55
General reserve	7,999	7,887
Endowment funds	10,548	9,950
Other restricted reserves	324	361
	<u>1,212,017</u>	<u>990,059</u>

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

Fixed assets

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

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

Additions to tangible fixed assets during the year of £60,464,000 (£50,083,000 in 2012-13) comprise £58,506,000 in relation to buildings, assets under construction and leasehold improvements and £1,958,000 on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £33,596,000 in the year (£24,211,000 in 2012-13) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £4,316,000 (£18,493,000 in 2012-13). 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 2014 by Deloitte, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards. Following the revaluation, the revaluation reserve amounted to £464,863,000.

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 2013-14 there were 88 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 2013-14 56% (55% in 2012-13) of invoices were settled in 30 days or less. This is expected to improve with the implementation of an electronic purchase ordering system during 2014-15.

Going concern

Please refer to note 1.

Reserves policy

The Trustees review the reserves held annually. 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 £7,999,000, 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. Tate's investment managers 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. Tate's investment managers advise on the investment strategy required to meet the objective.

The investment return for the year was 8.76% (11.43% in 2012-13). At 31 March 2014, the investment fund was valued at £10,791,000 (£10,239,000 in 2012-13); historic cost £9,548,000 (£9,103,000 in 2012-13).

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 and refreshed in 2013-14, 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.

Tate will continue to 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:

- a 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 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:
 - embedding the newly developed Tate Vision into working practice and experience across Tate;
 - 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.

Risk management

The Risk Management Strategy and Policy, updated and agreed by the Audit Committee in November 2013, 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.

Risk is reported at divisional and Tate wide levels, 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, probability and proximity and a mitigation policy has been formulated taking into consideration the targeted risk profile. Each risk is assigned a risk owner.

Risks are explicitly reviewed:

- as part of the annual planning and budget process;
- as part of policymaking;
- by the Audit Committee, consisting of Members of the Board of Trustees and co-opted members, which meets four times a year;
- at Directors 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's and Tate Enterprises' risk registers are reviewed by Tate Enterprises Limited's Audit Committee.

The targeted risk profile of Tate is defined against the following risks:

- programme/content;
- regulation/compliance;
- reputation;
- health and safety/security;
- financial.

The targeted risk profile is reviewed annually and approved by the Audit Committee, most recently in November 2013.

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 Directors Group consider risk when assessing any major project and formally review significant risks before they are reviewed by the Audit Committee.

Risk management forms part of an annual review by internal audit. The Board of Trustees has contracted the internal audit service to Baker Tilly, which operates to the standards defined in the Government Internal Audit Standards. 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 internal audit plans are approved by the Audit Committee and internal audit reports, key findings and progress towards the implementation of recommendations are reviewed at each meeting.

The internal auditors provide an annual report on the internal audit activity carried out. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of Tate's arrangements for governance, risk management and control, together with recommendations for improvement.

Based upon the programme of work undertaken by internal audit during 2013-14, the Head of Internal Audit provided the opinion that overall, Tate has adequate and effective governance, risk management and internal control. A positive opinion was given for all thirteen assurance reviews carried out, however some areas were identified where the control framework and the application of controls could be improved. Action plans have been agreed to address the recommendations made.

Principal risks and uncertainties

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

Funding environment

The two key issues impacting on Tate's financial position are the general economic climate with the resultant risk to self-generated income and the multi-year reduction in Grant in Aid.

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 better to align resources to Tate's strategic aims whilst increasing efficiency.

Capital projects

Tate has two major capital projects in construction phase, The Tate Modern Project and Phase 2 of Tate St Ives. Associated risks currently being managed include:

- delivering the projects to programme and budget;
- the impact of construction on the operation of the galleries, which generally remain open during construction;
- 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 monitor that the projects are performing against programme and to 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 there is an arrangement for managing cash-flow with Tate Foundation. Management capacity and the capital programme management arrangements have also been reviewed and a new Capital Programme Director has been appointed.

Other significant risks

The risk of theft, or deliberate damage to art works remains a significant risk and this is reflected in the risk register. Following the incident of deliberate damage in October 2012, Mark Rothko's *Black on Maroon* went back on public display at Tate Modern on 13th May 2014. This was after eighteen months of intensive research and restoration.

Employee involvement

Tate aims to promote a sense of ownership and involvement for all those who work and contribute towards its success, developing leaders within the organisation who can motivate and inspire colleagues within Tate's wider mission. A variety of formal and informal mechanisms operate to inform, engage and gather ideas and feedback from 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. To support this over the last year work has been done to strengthen our staff networks: Tate Staff Council (a consultative body that brings together senior managers, employee representatives from all sections of Tate), Tate for All (Tate's Diversity Forum), Green Champions (Tate's sustainability network) and Tate's three Diversity Networks (Black, Asian and Minority Ethnic (BAME) network, the Disability network and the Lesbian, Gay, Bisexual, Transgender (LGBT) network). Tate's staff networks allow people who work at Tate to come together to focus on issues that are important to them and to Tate as a whole. They play an important role in helping Tate achieve its 2015 Vision: to be more open, diverse, sustainable and collaborative.

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.

Tate is committed to understanding how employees feel about working for Tate and undertakes a survey of staff every two years. The last survey took place in December 2012. The focus for actions to address issues arising from the survey 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 2014.

Disability and access

Diversity is one of the priorities for Tate's vision to 2015 and beyond. 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 that was adopted in 2012. 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 aims to ensure that opportunities to work at Tate and develop careers in the sector are open to all, including disabled people. This year Tate has implemented the "Two Ticks" disability symbol to demonstrate its commitment to employing disabled people and has developed guidance on the provision of reasonable adjustments. Over the next year further work is planned to raise awareness of this guidance and its application.

In March 2014, Tate employed 32 staff who declared that they have a disability, as defined by the Equality Act 2010.

Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 5.7 in 2013-14 (5.6 in 2012-13).

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 serious personal data related incidents reported in 2013-14.

Environmental policy

Tate recognises that its operations and activities have an impact on the environment and is committed to reducing this impact through taking action across its sphere of influence. This encompasses improving the environmental performance of operations through action within Tate and in partnership with the local community and seeking to foster environmental sustainability within the cultural sector and wider society.

Tate has worked with the Carbon Trust to benchmark and develop plans to reduce its carbon footprint. Since 2007, Tate has reduced its energy use and carbon emissions, decreased its water use and cut waste going to landfill. Tate is using the opportunities presented by its capital plans to test the latest sustainable technologies and working practices, which can then be shared with colleagues across the world. The expanded Tate Modern is designed to use 54% less energy than building regulations require and Tate will embed sustainability into its plans for Tate St Ives Phase Two.

Tate is delighted to hold the Carbon Trust Standard and a platinum Green500 award from the Mayor of London, in recognition of the carbon savings it has made. Tate received Change London's best practice award in employee engagement for Tate's annual staff *Green Week*, holds a gold award at Tate Liverpool from the Green Tourism Business Scheme and a 2 of 3 star rating from the Sustainable Restaurant Association for Tate Modern.

Tate is going beyond addressing its own environmental impacts, to challenge the accepted standards of practice within the galleries and museums sector. Tate is working with colleagues internationally to discuss and test new, energy efficient solutions for the display and storage of artworks. Tate has examined its art transport and exhibitions practice and is taking steps towards greater environmental sustainability, which can benefit the wider sector.

Tate also creates opportunities for learning and dialogue on sustainability issues through exploring artistic practice. In 2010, Tate collaborated with the Royal Society to develop and host a Climate Change Symposium, *Rising to the Climate Challenge: Artists and Scientists Imagine Tomorrow's World*. Contributing artists and scientists included Professor Brian Hoskins, Lucy Orta, Robert Bloomfield, Tomás Saraceno, Professor Steve Rayner, Agnes Denes and Professor Corrine Le Quééré. Tate has also worked in partnership with Cape Farewell to inspire debate on the sustainability agenda and the Great Green Sculpture Challenge at Tate Liverpool in 2009 and Tate St Ives Green Super Sunday in 2011 have highlighted environmental issues further through playful experiences. In 2012, the Tate Britain Commission by Patrick Keiller and *Little Sun* by Olafur Eliasson at Tate Modern explored sustainability in its fullest sense: the environmental, social and economic. This year Tate Modern hosted *Sustainability, Citizenship and Environment*, part of the *Cultural Forum 2013: Global Citizenship* series.

Social policy

In fulfilling its mission to promote the public understanding and enjoyment of British, modern and contemporary art, Tate works beyond its galleries and partnerships to open the benefit that can come through experiencing art to as many as possible.

When the new spaces at Tate Britain were opened, part of the 'house-warming' was devoted to local audiences from the community around Millbank and Westminster. The House Party also featured two public tours of the newly re-hung Collection supported by British Sign Language interpreters. 500 deaf visitors attended these public tours, which were subsequently recognised by Polari, an Arts and Culture online magazine, as being within the top five of London's exhibitions of 2013.

In recent years, Tate has led the way in providing touch tours for visitors with visual impairments. Tate's access teams have worked with the Sculpture Conservation department to offer an introductory highlights tour and also a choice of three in-focus tours, exploring the work of Henry Moore, Eduardo Paolozzi or the history of the human figure in sculpture.

In Tate St Ives *The Town Project* will build on Tate's core schools and family offer to create a programme of exploratory artist-led projects ensuring that every school child in St Ives and the surrounding area has an opportunity to engage with their cultural heritage.

Last year, Tate reported that Tate Catering has continued to source produce locally and work with manufacturers in areas of its operations such as distilling gin for the restaurants, bars and shops. This year, this work has continued, with beer brewed especially to mark exhibitions, examples being *Lichtenstein*, *Lowry* and *Klee*.

Signed

Sir Nicholas Serota
Director, Tate

2 July 2014

Signed

The Lord Browne of Madingley
Chairman, Tate

2 July 2014

Remuneration Report

Membership

The Remuneration Committee, advising on contractual terms and remuneration for the Director, Managing Director and Executive Group directors on an annual basis, is made up of the following Trustees: The Lord Browne of Madingley (Chairman), Elisabeth Murdoch and Monisha Shah.

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 2013-14.

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 constraint the bonus has been declined.

Salary entitlements		2013-14	2012-13
		£	£
Sir Nicholas Serota, Director	a	163,763	162,142
Alex Beard, Deputy Director (to 13 August 2013)	b	48,696	131,300
Kerstin Mogull, Managing Director (from 20 January 2014)	c	29,932	–
Chris Dercon, Director, Tate Modern		122,412	121,200
Caroline Collier, Director, Partnerships and Programmes		91,809	90,900
Penelope Curtis, Director, Tate Britain		90,789	89,890

- a Includes a non-consolidated performance related bonus of £nil (2012-13: £nil);
- b For the period to 13 August 2013 (full-year salary £131,300);
- c For the period from 20 January 2014 (full-year salary £150,000).

	2013-14					2012-13				
	Salary (excluding non- consolidated performance- related pay)	Non- consolidated performance pay	Benefits- in-kind	Pension benefits (to the nearest £1,000)	Total remuneration	Salary (excluding non- consolidated performance pay)	Non- consolidated performance pay	Benefits- in-kind	Pension benefits (to the nearest £1,000)	Total remuneration
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Sir Nicholas Serota, Director	160-165	-	Nil	(7)*	155-160	160-165	-	Nil	(32)*	130-135
Alex Beard, Deputy Director	45-50	-	Nil	16	65-70	130-135	-	Nil	75	205-210
Kerstin Mogull, Managing Director	25-30	-	Nil	12	40-45	-	-	Nil	-	-
Chris Dercon, Director, Tate Modern	120-125	-	Nil	48	170-175	120-125	-	Nil	48	165-170
Caroline Collier, Director, Partnerships and Programmes	90-95	-	Nil	24	115-120	90-95	-	Nil	32	120-125
Penelope Curtis, Director, Tate Britain	90-95	-	Nil	35	125-130	85-90	-	Nil	34	120-125
Band of highest-paid director's remuneration		160,000-165,000				160,000-165,000				
Median remuneration		23,360				24,240				
Ratio		7.0				6.7				

* Sir Nicholas Serota opted out of the pension scheme with effect from 1 April 2012. No increase was due to his pension benefits at 31 March 2013 because pension increases for 2012-13 did not take effect until 8 April 2013, resulting in a negative value for the real increase in his pension benefits for each of the periods 2012-13 and 2013-14

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 2013-14 was £160,000-165,000 (2012-13 £160,000-165,000). This was 7.0 times (2012-13 6.7) the median remuneration of the workforce, which was £23,360 (2012-13 £24,240). In 2013-14, no employees (2012-13 nil) received remuneration in excess of the highest-paid director. Remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	Accrued pension at end date at 31 March 2014	Real increase / (decrease) in pension at end date	CETV at 31 March 2014	CETV at 31 March 2013 or start date	Real increase / (decrease) in CETV
	£	£	£	£	£
Sir Nicholas Serota, Director					
Pension	64,318	(315)	1,308,000	1,307,000	(6,000)
Lump sum	192,955	(944)			
Kerstin Mogull, Managing Director					
Pension	707	707	9,000	–	6,000
Lump sum	–	–			
Alex Beard, Deputy Director					
Pension	51,443	1,699	802,000	769,000	26,000
Lump sum	77,705	1,252			
Chris Dercon, Director, Tate Modern					
Pension	8,891	2,921	119,000	76,000	29,000
Lump sum	–	–			
Caroline Collier, Director, Partnerships and Programmes					
Pension	13,506	1,554	253,000	212,000	22,000
Lump sum	–	–			
Penelope Curtis, Director, Tate Britain					
Pension	8,767	2,177	109,000	78,000	19,000
Lump sum	–	–			

Sir Nicholas Serota, Alex Beard, Kerstin Mogull, Chris Dercon, Caroline Collier and Penelope Curtis are all members of the Civil Service defined benefit pensions scheme. Alex Beard, Kerstin Mogull, Chris Dercon, Caroline Collier and Penelope Curtis contributed 5.9% of their annual salary, subject to the relevant capped limit, to their pensions. Sir Nicholas Serota no longer contributes.

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 2013 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

2 July 2014

Signed

The Lord Browne of Madingley
Chairman, Tate

2 July 2014

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, 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 DCMS 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

2 July 2014

Signed

The Lord Browne of Madingley
Chairman, Tate

2 July 2014

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

Governance Statement

1. Introduction

Tate is governed by The Museums and Galleries Act 1992 and is an NDPB. The DCMS is its principal regulator and sponsoring body.

The role of the Board of Trustees, as defined by The Museums and Galleries Act 1992, is to determine policy and set the strategic direction for Tate. As Trustees of an NDPB, 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. The Board has assessed itself to have been fully compliant with the relevant chapters of the Corporate Governance Code for the 2013-14 period.

The Director of Tate, 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.

2. The governance framework

The governance framework comprises the systems, processes, 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. As a result of the review of Governance undertaken in 2013-14, the Governance and People Committee was established to replace the Nominations and Governance Committee, creating a space within the non-executive in which people and Human Resources could be given greater consideration. This committee will continue to oversee nominations to the non-executive. Its Trustee members, comprising in 2013-14 the Lord Browne of Madingley, Elisabeth Murdoch and Monisha Shah, form the Remunerations Committee, a sub-committee of the Governance and People Committee.

3. The Board of Trustees

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 and incorporating an independent observer appointed by OCPA. The remaining Trustee is a member of the Board of Trustees of the National Gallery and as such is appointed by them. During 2013-14, Seona Reid, Lisa Milroy and Hannah Rothschild were appointed as Trustees, succeeding Patricia Lankester, Bob and Roberta Smith and David Ekserdjian, respectively. In September 2013, Hannah Rothschild replaced David Ekserdjian as the liaison Trustee appointed by the Board of Trustees of the National Gallery.

On appointment, Trustees are provided with a Trustee Handbook, which acts as a governance code and details the general role and responsibilities of Trusteeship and 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.

Trustees' specific 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 Governance and People 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 legal responsibility for ensuring that Tate complies with statutory or administrative requirements for the use of public funds and for 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 1992;
- 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 investment of resource;
- 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 and of major Collection purchases;
- acquisition and disposal of land and buildings and approval of capital expenditure contracts over £2 million;
- formation and dissolution of subsidiary companies and subcommittees of the Board;
- appointments to the Board's subcommittees and of subsidiary directors;
- variation of admission charge policies;
- use of designated Trust Funds;
- authorisation of signatories on behalf of the Board;
- 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 and creation or deletion of posts at divisional director level and above;
- approval of Tate's Management Agreement with the DCMS covering Grant in Aid;
- approval of programme commitments with reference to sponsorships and donations.

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 2013-14 was as follows:

- The Lord Browne of Madingley (Chairman) – 6 of 6 meetings
- Tomma Abts – 5 of 6 meetings
- Lionel Barber – 6 of 6 meetings
- Tom Bloxham – 4 of 6 meetings
- David Ekserdjian – 4 of 4 meetings (final meeting September 2013)
- Mala Gaonkar – 2 of 6 meetings
- Maja Hoffmann – 1 of 6 meetings
- Lisa Milroy – 4 of 4 meetings (first meeting September 2013)
- Elisabeth Murdoch – 5 of 6 meetings
- Franck Petitgas – 4 of 6 meetings
- Seona Reid – 4 of 6 meetings (first meeting May 2013)

- Monisha Shah – 6 of 6 meetings
- Bob and Roberta Smith – 2 of 2 meetings (final meeting July 2013)
- Hannah Rothschild – 3 of 3 meetings (first meeting November 2013)
- Gareth Thomas – 6 of 6 meetings
- Wolfgang Tillmans – 5 of 6 meetings

4. Sub-committees and councils

The Museums and Galleries Act 1992 allows the Board to establish sub-committees and councils to undertake its activities more efficiently. 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; others are purely advisory.

The Board of Trustees has thirteen formally constituted sub-committees including:

- committees with delegated authority from the Board: Audit Committee, Collection Committee, Freedom of Information Appeals Committee;
- advisory committees with no formal decision making authority: Finance and Operations Committee, Governance and People Committee, Ethics Committee;
- advisory councils: Tate Britain, Tate Modern, Tate Liverpool, Tate St Ives;
- project boards: Tate Modern Project Board.

Committees of the Board consist of Trustee members and co-opted independent members; they 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.

Site Councils are advisory to the directors of the relevant site. They are chaired by a Trustee member, who relays information relating to the site to the Board at its next meeting and from the Board to the Site Council.

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.

Collection Committee meets four times each year. Attendance for 2013-14 was as follows:

- David Ekserdjian (Trustee, Chair) – 1 of 1 meetings (retired September 2013)
- Wolfgang Tillmans (Trustee, Chair from October 2013) – 3 of 4 meetings
- Tomma Abts (Trustee) – 1 of 4 meetings
- Briony Fer – 1 of 4 meetings
- Lisa Milroy (Trustee) – 2 of 2 meetings (member from October 2013)
- Elizabeth Prettejohn – 3 of 4 meetings
- Emmanuel Roman – 3 of 4 meetings
- Hannah Rothschild (Trustee) – 2 of 2 meetings (member from October 2013)
- Bob and Roberta Smith (Trustee) – 1 of 1 meetings (retired July 2013)

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.

Audit Committee meets four times each year but met three times in the financial year 2013-14 due to scheduling. Attendance for 2013-14 was as follows:

- Mala Gaonkar (Trustee, Chair) – 3 of 3 meetings
- Jonathan Asquith (Co-opted member) – 2 of 3 meetings
- Lionel Barber (Trustee) – 3 of 3 meetings
- Luke Mayhew (Co-opted member) – 2 of 3 meetings
- Keith Salway (Co-opted member) – 3 of 3 meetings
- Raif Jacobs (Co-opted member) – 3 of 3 meetings

Two formally constituted sub-committees were dormant during 2013-14. The Millbank Development Committee is currently dormant pending reconstitution. Remuneration Committee had no business to consider given current pay restraints; as mentioned above, it is now constituted as a sub-committee of Governance and People Committee comprising its Trustee members.

In 2013-14 the Freedom of Information Appeals Committee considered business on paper only. Its members, Monisha Shah (Chair) and Gareth Thomas participated in discussion of all of the items considered.

5. Risk

Risk management and significant risks are discussed in detail on page 21 of the Foreword.

6. Board Business 2013-14

During 2013-14 the Board considered the following key areas of business:

- Tate's Vision, agreeing strategic direction over the next three years;
- A review of Governance, executive and non-executive;
- Digital development;
- Artistic Programme frameworks: the frameworks within which exhibitions and displays are set for each site;
- Collection strategies for British and international art and photography;
- 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 new and updated policies within the Board's Policy Framework including the Data Protection Policy, the Safety, Health and Environmental Policy, the Loans Policy, the Due Diligence Policy, the Ethics and Donations Policies and the Whistle-blowing Policy.

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

7. Highlights of Board committee reports 2013-14

During 2013-14, Audit Committee, Governance and People Committee, Finance and Operations Committee and Ethics Committee all considered issues of governance and risk, including reputational risk.

Governance and People Committee (and prior to its formation in September 2013, Nominations and Governance Committee) has advised the Board on Trustee reappointments, Board skills and succession planning, appointments to Board sub-committees and sub-committee terms of reference. During 2013-14, McKinsey worked with Tate on a pro bono basis to undertake an independent review 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 Finance and Operations Committee has advised the Board on the budget framework and cost reductions, investments, acquisitions, information systems, estates, capital projects, human resources, change programmes, management information, government spending controls and international partnerships.

8. 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.

Each year, an annual Board Effectiveness Review, overseen by the Chairman and supported by the 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. In 2013-14, the Board of Trustees reviewed the operations of councils and committees and, for the due diligence provided by an external point of view, asked a team from McKinsey to undertake an independent assessment of the operations and efficiency of Tate's non-executive governance. The review concluded that the non-executive groups function well. Following the review, the Board simplified the non-executive structure by instituting the Governance and People Committee and reinforced the role of the site councils as being advisory to the site directors.

The Board and Executive considered that the Board performed well during the year. Trustees considered that they have good oversight of strategic direction, financial and operational matters, that the relationship with the executive is good, and that information and assistance are ably provided.

9. Significant incidents arising relevant to internal control

In 2012, Tate received a spoliation claim in respect of a work in its Collection: John Constable's *Beaching a Boat Brighton*, 1824. Tate recommended that the claim be considered by the Spoliation Advisory Panel, the body established by the Government to advise on such cases.

On 26 March 2014, the Spoliation Advisory Panel published its report into the claim and recommended that the work be restituted to the claimants. The case attracted some media coverage.

There were no other significant incidents during the year.

Signed

Sir Nicholas Serota
Director and Accounting Officer,
Tate

2 July 2014

Signed

The Lord Browne of Madingley
Chairman, Tate

2 July 2014

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 2014 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 Trustees, Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Director's responsibilities, the Trustees and 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 Advisers, Annual Report, Foreword, Remuneration Report, Statement of Trustees' and Director's responsibilities, and Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 resources expended and incoming resources 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 resources expended and incoming resources 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 Board of Trustees of the Tate Gallery's affairs as at 31 March 2014 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 History of body, statutory background, organisation and structure section of the Annual Report and Foreword 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.

Sir Amyas C E Morse
Comptroller and Auditor General

7 July 2013

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

Consolidated Statement of Financial Activities for the year ended 31 March 2014

	Notes	Income and Expenditure			Capital		
		2013-14	2013-14	2013-14	2013-14	2013-14	2013-14
		Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
		£000	£000	£000	£000	£000	£000
Incoming resources							
<i>Incoming resources from generated funds</i>	2						
Voluntary income							
– Grant in Aid		21,871	–	21,871	2,523	–	2,523
– Donated works of art		–	–	–	–	–	–
– Other voluntary income		15,582	5,126	20,708	–	57,685	57,685
Activities for generating funds							
– Trading income	9	24,855	–	24,855	508	404	912
– Other activities for generating funds		5,083	–	5,083	–	–	–
Investment income	3	50	6	56	–	–	–
<i>Incoming resources from charitable activities</i>	4	10,049	–	10,049	–	5	5
<i>Other incoming resources</i>		1,002	–	1,002	–	–	–
Total incoming resources		78,492	5,132	83,624	3,031	58,094	61,125
Resources expended	6						
<i>Costs of generating funds</i>							
Costs of generating voluntary income		2,682	2	2,684	74	–	74
Fundraising trading: cost of goods sold and other costs							
– Trading costs		23,016	–	23,016	263	–	263
– Other costs of generating funds		3,551	10	3,561	46	1	47
Investment management costs		20	1	21	–	–	–
<i>Charitable activities</i>		47,501	5,114	52,615	(1,627)	25,879	24,252
<i>Governance costs</i>		603	–	603	–	3	3
<i>Other resources expended</i>		1,007	–	1,007	–	–	–
Total resources expended		78,380	5,127	83,507	(1,244)	25,883	24,639
Net incoming/(outgoing) resources before transfers		112	5	117	4,275	32,211	36,486
Transfers between funds	14	–	–	–	–	–	–
Net incoming/(outgoing) resources after transfers		112	5	117	4,275	32,211	36,486
Gain on investment assets	14	–	2	2	–	–	–
Gain on revaluation of tangible fixed assets	14	–	–	–	20	151,404	151,424
Net movement of funds		112	7	119	4,295	183,615	187,910
Funds brought forward at 1 April 2013	14	7,887	28	7,915	30,606	649,912	680,518
Funds carried forward at 31 March 2014		7,999	35	8,034	34,901	833,527	868,428

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 2014 *(continued)*

Collections			TOTAL				
2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2012-13
Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds
£000	£000	£000	£000	£000	£000	£000	£000
-	-	-	24,394	-	-	24,394	34,912
-	4,316	4,316	-	4,316	-	4,316	18,493
-	28,495	28,495	15,582	91,306	15	106,903	53,887
119	-	119	25,482	404	-	25,886	28,353
138	-	138	5,221	-	-	5,221	7,492
1	279	280	51	285	-	336	265
17	-	17	10,066	5	-	10,071	13,533
-	-	-	1,002	-	-	1,002	886
275	33,090	33,365	81,798	96,316	15	178,129	157,821
-	-	-	2,756	2	-	2,758	2,671
-	-	-	23,279	-	-	23,279	24,952
-	-	-	3,597	11	-	3,608	3,646
-	49	49	20	50	-	70	76
-	-	-	45,874	30,993	-	76,867	70,933
-	-	-	603	3	-	606	613
-	-	-	1,007	-	-	1,007	891
-	49	49	77,136	31,059	-	108,195	103,782
275	33,041	33,316	4,662	65,257	15	69,934	54,039
-	-	-	-	-	-	-	-
275	33,041	33,316	4,662	65,257	15	69,934	54,039
-	15	15	-	17	583	600	1,055
-	-	-	20	151,404	-	151,424	25,166
275	33,056	33,331	4,682	216,678	598	221,958	80,260
17,645	274,031	291,676	56,138	923,971	9,950	990,059	909,799
17,920	307,087	325,007	60,820	1,140,649	10,548	1,212,017	990,059

Consolidated Balance Sheet at 31 March 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	7	868,805	680,894
Heritage assets	8	325,735	292,139
Investments	3	10,791	10,239
		1,205,331	983,272
Current assets			
Stocks	9	3,422	3,836
Debtors and prepayments	10	8,343	15,143
Cash and liquid resources	11	18,865	9,444
		30,630	28,423
Creditors: amounts falling due within one year	12	(23,262)	(20,772)
Net current assets		7,368	7,651
Total assets less current liabilities		1,212,699	990,923
Creditors: amounts falling due after more than one year	12	(682)	(864)
Total assets less liabilities		1,212,017	990,059
Represented by:			
Restricted reserves	14	1,140,649	923,971
Unrestricted reserves			
Designated	14	52,821	48,251
General	14	7,999	7,887
Total funds		1,201,469	980,109
Endowments	14	10,548	9,950
Total funds		1,212,017	990,059

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

Signed

Sir Nicholas Serota
Director, Tate

2 July 2014

Signed

The Lord Browne of Madingley
Chairman, Tate

2 July 2014

Tate Balance Sheet at 31 March 2014

	<i>Notes</i>	2014 £000	2013 £000
Fixed assets			
Tangible assets	7	867,980	680,314
Heritage assets	8	325,735	292,139
Investments	3	13,286	12,734
		1,207,001	985,187
Current assets			
Debtors and prepayments	10	10,809	18,228
Cash and liquid resources	11	15,662	5,587
		26,471	23,815
Creditors: amounts falling due within one year	12	(21,106)	(18,285)
Net current assets		5,365	5,530
Total assets less current liabilities		1,212,366	990,717
Creditors: amounts falling due after more than one year	12	(682)	(864)
Total assets less liabilities		1,211,684	989,853
Represented by:			
Restricted reserves	14	1,140,635	923,954
Unrestricted reserves			
Designated	14	51,996	47,671
General	14	8,505	8,278
Total funds		1,201,136	979,903
Endowments	14	10,548	9,950
Total funds		1,211,684	989,853

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

Signed

Sir Nicholas Serota
Director, Tate

2 July 2014

Signed

The Lord Browne of Madingley
Chairman, Tate

2 July 2014

The notes on pages 43 to 64 form part of the accounts.

Consolidated Cash Flow Statement for the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Net cash inflow from operating activities	16(i)	98,512	42,000
<i>Returns on investments and servicing of finance</i>			
Interest received		384	259
Net cash inflow from returns on investments and servicing of finance		384	259
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		(89,523)	(54,953)
Purchase of investments		(2,821)	(7,608)
Proceeds from sale of investments		2,869	7,549
Net cash outflow from capital expenditure		(89,475)	(55,012)
Management of liquid resources	16(ii)	(7,837)	12,587
Increase/(decrease) in cash	16(iii)	1,584	(166)

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, 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 £69,807,000 (£54,093,000 in 2012-13).

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 DCMS 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. 10.5% of the Collection (7,383 works, excluding library and archive items) is recognised at a value on the Balance sheet. For the remaining 89.5%, 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 2014 by Deloitte, 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 (a full year's depreciation is charged in the year of acquisition and none in the year of disposal). 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). 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 2014.

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

	2014	2013
	£000	£000
Grant in Aid	24,394	34,912
Donated works of art	4,316	18,493
Lottery and other public funding		
Arts and Humanities Research Council	20	34
Arts Council	646	556
Big Lottery Fund – Family Learning grant	79	99
British Council	6	12
City of Liverpool	42	44
European Regional Development Fund	16	207
Heritage Lottery Fund	18,729	1,887
London Organising Committee of the Olympic Games	–	115
Southwark Council	–	2
Total Lottery and other public funding	19,538	2,956
Donations from connected charities	59,828	46,749
Other donations	27,537	4,182
	135,613	107,292
of which the following is taken to (see page 38)		
Income and expenditure	42,579	38,628
Capital	60,208	46,151
Collections	32,811	22,513
Endowments	15	–

Activities for generating funds

	2014	2013
	£000	£000
Trading	25,886	28,353
Sponsorship	3,442	5,137
Other activities for generating funds	1,779	2,355
	31,107	35,845
of which the following is taken to (see page 38)		
Income and expenditure	29,938	34,695
Capital	912	302
Collections	257	848

Included in Sponsorship income is £370,000 of barter advertising (£490,000 in 2012-13), computed at estimated cost value.

3. Investments and investment income

	2014	2013
	£000	£000
Bank interest	52	147
Income on quoted investments	284	118
	336	265
of which the following is taken to (see page 38)		
Income and expenditure	56	124
Capital	-	-
Collections	280	141

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

Investments total £10,791,000 (£10,239,000 in 2012-13).

	2013 Market value £000	Additions / (disposals) in year £000	Realised and unrealised gains/ (losses) £000	2014 Market value £000
Investment portfolio:				
UK fixed interest	2,070	(494)	(37)	1,539
Non-UK fixed interest	-	100	1	101
UK equities	3,466	(347)	335	3,454
Non-UK equities	3,374	38	200	3,612
Property	580	638	86	1,304
Alternatives	413	167	15	595
Cash	336	(150)	-	186
Group investments total	10,239	(48)	600	10,791
Subsidiaries' issued share capital (at cost)	2,495	-	-	2,495
Tate investments total	12,734	(48)	600	13,286

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

4. Incoming resources from charitable activities

	2014	2013
	£000	£000
Admissions	6,850	10,826
Other incoming resources from charitable activities	3,221	2,707
	10,071	13,533
of which the following is taken to (see page 38)		
Income and expenditure	10,049	13,529
Capital	5	-
Collections	17	4

5. Net incoming resources

are stated after charging:

	2014	2013
	£000	£000
Auditors' remuneration		
Comptroller and Auditor General	54	54
Subsidiaries – audit, Grant Thornton	32	32
Subsidiaries – taxation and technical advice, Grant Thornton	7	5
Taxation advice	64	54
Operating lease rentals		
Land and buildings	546	611
Vehicles and equipment	63	139
Depreciation	17,611	15,060
Impairment of fixed assets	6,366	–

An impairment of fixed assets has arisen in the financial year following the completion of the construction phase of one of Tate's major capital projects, and the revaluation of the site at 31 March 2014.

6. Total resources expended

	Staff costs	Other direct costs	Support costs	Depreciation*	2014 Total	2013 Total
	£000	£000	£000	£000	£000	£000
<i>Costs of generating funds</i>						
Costs of generating voluntary income	1,308	137	1,238	75	2,758	2,671
Fundraising trading: cost of goods sold and other costs						
– Trading costs	9,298	13,718	–	263	23,279	24,952
– Other fundraising costs	2,357	433	771	47	3,608	3,646
Investment management costs	–	49	21	–	70	76
<i>Total costs of generating funds</i>	<u>12,963</u>	<u>14,337</u>	<u>2,030</u>	<u>385</u>	<u>29,715</u>	<u>31,345</u>
<i>Charitable activities</i>						
– Gallery activities	12,020	13,369	14,690	22,578	62,657	54,341
– Gallery operations	3,070	1,462	977	562	6,071	7,947
– Collections	4,868	1,637	1,173	452	8,130	8,646
– Lease cost	–	9	–	–	9	(1)
<i>Total charitable activities</i>	<u>19,958</u>	<u>16,477</u>	<u>16,840</u>	<u>23,592</u>	<u>76,867</u>	<u>70,933</u>
<i>Governance costs</i>	452	89	65	–	606	613
<i>Other resources expended</i>	635	–	372	–	1,007	891
Total resources expended	<u>34,008</u>	<u>30,903</u>	<u>19,307</u>	<u>23,977</u>	<u>108,195</u>	<u>103,782</u>

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

The Chairman and other Trustees received no remuneration; five Trustees (five in 2012-13) received reimbursement of travel, subsistence and courier expenses amounting to £4,655 in 2013-14 (£858 in 2012-13).

a) Support cost breakdown by activity

	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2014 Total £000	2013 Total £000
<i>Costs of generating funds</i>							
Costs of generating voluntary income	67	90	165	891	25	1,238	1,134
Fundraising trading: cost of goods sold and other costs							
– Other fundraising costs	42	56	103	555	15	771	669
Investment management costs	21	–	–	–	–	21	17
<i>Total costs of generating funds</i>	<u>130</u>	<u>146</u>	<u>268</u>	<u>1,446</u>	<u>40</u>	<u>2,030</u>	<u>1,820</u>
<i>Charitable activities</i>							
– Gallery activities	653	686	1,576	11,535	240	14,690	13,381
– Gallery operations	118	243	285	288	43	977	1,189
– Collections	167	311	403	231	61	1,173	1,271
<i>Total charitable activities</i>	<u>938</u>	<u>1,240</u>	<u>2,264</u>	<u>12,054</u>	<u>344</u>	<u>16,840</u>	<u>15,841</u>
<i>Governance costs</i>	65	–	–	–	–	65	52
<i>Other resources expended</i>	372	–	–	–	–	372	367
Total resources expended	<u>1,505</u>	<u>1,386</u>	<u>2,532</u>	<u>13,500</u>	<u>384</u>	<u>19,307</u>	<u>18,080</u>
Basis of allocation	expenditure	average FTE	expenditure	depreciation charge	expenditure		

Support costs include an element of staff costs amounting to £4,874,000 (£4,552,000 in 2012-13).

b) Staff costs

	2014 £000	2013 £000
Wages and salaries	31,008	30,244
Pension costs	3,985	3,732
Social Security costs	2,372	2,335
Redundancy costs	161	231
Total employee costs	<u>37,526</u>	<u>36,542</u>
Agency staff costs	1,356	2,113
	<u>38,882</u>	<u>38,655</u>

In addition, £1,519,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2013-14 (£880,000 in 2012-13).

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:

	2014	2013
	No.	No.
£60,000 – £64,999	7	5
£65,000 – £69,999	4	1
£70,000 – £74,999	3	3
£75,000 – £79,999	2	2
£80,000 – £84,999	2	3
£85,000 – £89,999	–	1
£90,000 – £94,999	3	1
£95,000 – £99,999	2	1
£100,000 – £104,999	–	1
£105,000 – £109,999	–	1
£120,000 – £124,999	1	1
£130,000 – £134,999	–	1
£160,000 – £164,999	1	1

Twenty-four of the twenty-five staff earning more than £60,000 are members of a defined benefit pension scheme; their total contributions to the scheme amounted to £412,000 during the year.

The average number of full-time equivalent (FTE) staff during the year was 1,243 (1,228 in 2012-13). Included within this total are 16 FTE staff on temporary contracts (11 in 2012-13) and 73 FTE staff on fixed-term contracts (56 in 2012-13).

The breakdown of average FTE staff by occupational group was:

	2014	2013
	No.	No.
<i>Costs of generating funds</i>		
Costs of generating voluntary income	45	41
Fundraising trading: cost of goods sold and other costs		
- Trading	472	492
- Other	66	71
Investment management costs	–	–
<i>Charitable activities</i>	629	595
<i>Governance costs</i>	5	5
<i>Other resources expended</i>	26	24
	1,243	1,228

Exit package cost band

	Number of compulsory redundancies	Total number of exit packages by cost band 2014	Total number of exit packages by cost band 2013
<£10,000	3	3	2
£10,000 – £25,000	–	–	2
£25,000 – £50,000	1	1	3
£50,000 – £100,000	–	1	1
£100,000 – £150,000	–	–	–
Total number of exit packages	4	5	8
Total resource cost/£	59,000	158,000	222,000

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).

From 1 April 2012 employee contributions were set at one of six rates in the range 1.5% to 3.9% of pensionable earnings for *classic* and 3.5% to 5.9% 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 2013-14, employers' contributions of £3,359,000 were payable to the PCSPS (2012-13 £3,197,000, 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 2013-14 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 15.5% (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 £130,000 (2012-13 £92,000) were paid to one or more of a panel of three appointed stakeholder pension providers. In addition, employer contributions of £169,000 (£153,000 in 2012-13), 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 2012-13); the total additional accrued pension liabilities to PCSPS in the year amounted to £1,892 (£nil in 2012-13).

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 £327,000 were made in the year (2012-13 £290,000).

7. Tangible assets

Group	Land	Freehold buildings	Leasehold improve-ments	Assets in the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2013	131,075	48,370	23,632	156,504	87,806	289,074	12,972	749,433
Additions at cost	-	181	231	58,094	913	-	1,045	60,464
Transfer of assets	-	28,458	-	(45,171)	16,713	-	-	-
Valuation of assets	32,200	(20,437)	(3,189)	-	1,483	63,505	-	73,562
Disposals	-	(796)	-	-	-	-	(706)	(1,502)
Value at 31 March 2014	163,275	55,776	20,674	169,427	106,915	352,579	13,311	881,957
Depreciation at 1 April 2013	-	2,963	999	-	23,356	29,734	11,487	68,539
Charge for the year	-	641	223	-	7,127	8,743	877	17,611
Valuation of assets	-	(2,800)	(1,055)	-	(29,164)	(38,477)	-	(71,496)
Disposals	-	(796)	-	-	-	-	(706)	(1,502)
Depreciation at 31 March 2014	-	8	167	-	1,319	-	11,658	13,152
Net book value at 31 March 2014	163,275	55,768	20,507	169,427	105,596	352,579	1,653	868,805
Net book value at 1 April 2013	131,075	45,407	22,633	156,504	64,450	259,340	1,485	680,894
Tate								
	Land	Freehold buildings	Leasehold improve-ments	Assets in the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2013	131,075	47,575	23,632	156,504	87,806	289,074	8,901	744,567
Additions at cost	-	29	231	58,094	913	-	689	59,956
Transfer of assets	-	28,458	-	(45,171)	16,713	-	-	-
Valuation of assets	32,200	(20,437)	(3,189)	-	1,483	63,505	-	73,562
Disposals	-	-	-	-	-	-	(44)	(44)
Value at 31 March 2014	163,275	55,625	20,674	169,427	106,915	352,579	9,546	878,041
Depreciation at 1 April 2013	-	2,167	999	-	23,356	29,734	7,997	64,253
Charge for the year	-	633	223	-	7,127	8,743	622	17,348
Valuation of assets	-	(2,800)	(1,055)	-	(29,164)	(38,477)	-	(71,496)
Disposals	-	-	-	-	-	-	(44)	(44)
Depreciation at 31 March 2014	-	-	167	-	1,319	-	8,575	10,061
Net book value at 31 March 2014	163,275	55,625	20,507	169,427	105,596	352,579	971	867,980
Net book value at 1 April 2013	131,075	45,408	22,633	156,504	64,450	259,340	904	680,314

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 2014 by Deloitte, 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.

Where no formal revaluation is undertaken, 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 Deloitte.

The impairment of assets is treated as an expense in the year. Note 7 shows the net revaluation of £145,058,000 comprising the cost of the assets of £73,562,000 plus depreciation written back to zero of £71,496,000. The Statement of Financial Activities shows the gross revaluation of £151,424,000, which is the net revaluation of £145,058,000, plus an impairment of £6,366,000.

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 2014 represents fixed assets for:

Group	Land	Freehold buildings	Leasehold improve-ments	Assets in the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000	£000	£000
Charitable activities	163,275	55,625	20,507	169,427	105,596	352,579	971	867,980
Other activities	-	143	-	-	-	-	682	825
	163,275	55,768	20,507	169,427	105,596	352,579	1,653	868,805

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

8. Heritage assets

Group	Value at 1 April 2013 (restated)	Additions	Value at 31 March 2014
	£000	£000	£000
<i>Cost</i>			
Installations	12,873	883	13,756
Paintings	31,860	24,659	56,519
Reliefs	1,173	163	1,336
Sculptures	16,565	489	17,054
Works on paper	14,128	1,549	15,677
Time-based media	-	4	4
Archives	1,716	1,533	3,249
Other	342	-	342
ARTIST ROOMS	20,579	-	20,579
<i>Valuation</i>			
Installations	6,454	671	7,125
Paintings	101,243	1,264	102,507
Reliefs	531	-	531
Sculptures	20,917	134	21,051
Works on paper	10,860	1,215	12,075
Archives	5,567	337	5,904
Other	284	-	284
ARTIST ROOMS	47,047	695	47,742
Total additions	292,139	33,596	325,735

In the year 1,074 works of art and archives were added to the Collection of which 840 are included at cost price and 234 (including 7 part-purchased ARTIST ROOMS works) have been valued. Prior year figures have been restated to reflect the re-categorisation of some assets on accession. Total values have not changed.

Five-year financial summary of heritage asset transactions

	2013-14	2012-13 (restated)	2011-12 (restated)	2010-11	2009-10
	£000	£000	£000	£000	£000
<i>Cost</i>					
Installations	883	2,379	808	1,203	832
Paintings	24,659	920	988	538	671
Reliefs	163	36	247	113	5
Sculptures	489	1,013	1,148	1,124	1,511
Works on paper	1,549	1,353	1,368	683	1,055
Time-based media	4	-	-	-	-
Archives	1,533	17	1	243	210
Other	-	-	-	-	45
ARTIST ROOMS	-	-	32	68	-
<i>Valuation</i>					
Installations	671	1,872	378	284	1,286
Paintings	1,264	10,451	1,141	1,648	6,059
Reliefs	-	34	3	-	62
Sculptures	134	2,212	467	766	544
Works on paper	1,215	2,510	456	740	604
Archives	337	629	663	192	331
ARTIST ROOMS	695	785	192	702	734
Total additions	33,596	24,211	7,892	8,304	13,949

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 70,118 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 9.

More information is available on Tate's website, 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/ and the Acquisitions and Disposals and Loans policy can be found at 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.

	2014	2013
	£000	£000
Fixed assets	825	580
Current assets	7,528	8,900
Current liabilities	(5,539)	(6,796)
Net assets	2,814	2,684
Capital and reserves	2,814	2,684
	2,814	2,684

Current assets include stock of £3,422,000, comprising: work in progress £261,000; finished goods and goods for resale £3,161,000 (£3,836,000, comprising: work in progress £383,000; finished goods and goods for resale £3,453,000 in 2012-13).

	2014	2013
	£000	£000
Turnover	27,075	29,520
Cost of sales	(10,454)	(11,808)
Gross profit	16,621	17,712
Administrative expenses	(13,479)	(13,734)
Trading profit	3,142	3,978
Interest receivable	9	11
Net contribution	3,151	3,989

The net contribution consists of £2,621,000 from publishing and retail operations (£2,707,000 in 2012-13), £288,000 from catering operations (£902,000 in 2012-13) and £242,000 from education and media services (£380,000 in 2012-13). Turnover includes £1,024,000 of sales to Tate (£1,034,000 in 2012-13). Administrative expenses include £376,000 of expenditure recharged by Tate (£350,000 in 2012-13).

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 fundraising and project management in respect of the Tate Modern development project. Net assets have decreased by £2,541 to £14,174 in the year.

10. Debtors

	Group		Tate	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	4,500	7,344	3,853	6,308
Amounts due from group companies	–	–	3,275	4,286
Other debtors	1,041	1,096	1,003	1,072
Prepayments and accrued income	2,802	6,703	2,678	6,562
	8,343	15,143	10,809	18,228

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:

	Group		Tate	
	2014	2013	2014	2013
	£000	£000	£000	£000
Balances with other central government bodies	2,121	2,968	2,120	2,968
Balances with local authorities	119	191	119	191
Balances with NHS Trusts	10	–	10	–
Balances with public corporations and trading funds	1	96	1	96
Total intra government balances	2,251	3,255	2,250	3,255
Balances with bodies external to government	6,092	11,888	8,559	14,973
	8,343	15,143	10,809	18,228

11. Cash and liquid resources

	Group		Tate	
	2014	2013	2014	2013
	£000	£000	£000	£000
held at/in:				
Government Banking Service	3,383	1,630	3,383	1,630
Floating rates	15,232	7,449	12,232	3,897
Cash and non-interest-bearing accounts	250	365	47	60
	18,865	9,444	15,662	5,587

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

	2014	2013
	£000	£000
Floating rates	15,232	7,449
Less: funds held in interest-bearing current or call accounts	–	54
Liquid resources (funds held on deposit)	15,232	7,395

12. Creditors: amounts falling due within one year

	Group		Tate	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	3,099	2,897	2,321	2,103
Amounts due to group companies	–	–	127	88
Taxation and social security	1,095	970	530	547
Other creditors	1,862	3,564	1,694	3,466
Accruals	14,176	11,002	13,457	9,754
Deferred income	3,020	2,329	2,967	2,317
Obligations under finance lease (note 18)	10	10	10	10
	23,262	20,772	21,106	18,285

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:

	Group		Tate	
	2014	2013	2014	2013
	£000	£000	£000	£000
Balances with other central government bodies	2,143	1,870	1,578	1,446
Balances with local authorities	121	354	121	354
Balances with NHS Trusts	12	24	12	24
Balances with public corporations and trading funds	4	3	4	3
Total intra government balances	2,280	2,251	1,715	1,827
Balances with bodies external to government	20,982	18,521	19,391	16,458
	23,262	20,772	21,106	18,285

Creditors: amounts falling due after more than one year

	Group		Tate	
	2014	2013	2014	2013
	£000	£000	£000	£000
Other creditors	128	151	128	151
Deferred income	173	331	173	331
Obligations under finance lease (note 18)	381	382	381	382
	682	864	682	864

All balances are with bodies external to government.

Deferred income

	Group		Tate	
	2014	2013	2014	2013
	£000	£000	£000	£000
Deferred income brought forward	2,660	1,957	2,648	1,957
Released in year	(2,431)	(1,915)	(2,400)	(1,915)
Deferred in year	2,964	2,618	2,892	2,606
Deferred income carried forward	3,193	2,660	3,140	2,648

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 2014 Tate had annual commitments under non-cancellable leases as follows:

Group	Land and buildings £000	Other £000	2014 £000	2013 £000
Operating leases expiring within				
One year	–	23	23	20
Two to five years	133	39	172	226
More than five years	452	–	452	534
	<u>585</u>	<u>62</u>	<u>647</u>	<u>780</u>
Tate	Land and buildings £000	Other £000	2014 £000	2013 £000
Operating leases expiring within				
One year	–	11	11	7
Two to five years	25	11	36	76
More than five years	452	–	452	534
	<u>477</u>	<u>22</u>	<u>499</u>	<u>617</u>

14. Statement of funds

Group	Opening funds £000	Transfers £000	Income £000	Expenditure £000	Gain on revaluation £000	Gain on investment £000	Closing funds £000
Unrestricted							
<i>Designated</i>							
Works of art	17,590	–	274	–	–	–	17,864
Buildings and equipment	30,606	–	3,031	1,244	20	–	34,901
Collection fund	55	–	1	–	–	–	56
	<u>48,251</u>	<u>–</u>	<u>3,306</u>	<u>1,244</u>	<u>20</u>	<u>–</u>	<u>52,821</u>
<i>General funds</i>	7,887	–	78,492	(78,380)	–	–	7,999
Total unrestricted funds	<u>56,138</u>	<u>–</u>	<u>81,798</u>	<u>(77,136)</u>	<u>20</u>	<u>–</u>	<u>60,820</u>
Restricted							
Tate Modern development	93,896	–	–	(8,894)	–	–	85,002
Buildings and equipment	242,555	–	58,094	(16,989)	2	–	283,662
Revaluation reserve	313,461	–	–	–	151,402	–	464,863
Works of art	273,698	–	33,100	–	–	–	306,798
Acquisition trust funds	333	–	(10)	(49)	–	15	289
Other funds	28	–	5,132	(5,127)	–	2	35
	<u>923,971</u>	<u>–</u>	<u>96,316</u>	<u>(31,059)</u>	<u>151,404</u>	<u>17</u>	<u>1,140,649</u>
Endowments	9,950	–	15	–	–	583	10,548
Total funds	<u>990,059</u>	<u>–</u>	<u>178,129</u>	<u>(108,195)</u>	<u>151,424</u>	<u>600</u>	<u>1,212,017</u>

Tate	Opening funds	Transfers	Income	Expenditure	Gain on revaluation	Gain on investment	Closing funds
	£000	£000	£000	£000	£000	£000	£000
Unrestricted							
<i>Designated</i>							
Works of art	17,590	-	274	-	-	-	17,864
Buildings and equipment	30,026	-	2,523	1,507	20	-	34,076
Collection fund	55	-	1	-	-	-	56
	47,671	-	2,798	1,507	20	-	51,996
<i>General funds</i>	8,278	-	57,419	(57,192)	-	-	8,505
Total unrestricted funds	55,949	-	60,217	(55,685)	20	-	60,501
Restricted							
Tate Modern development	93,879	-	-	(8,891)	-	-	84,988
Buildings and equipment	242,555	-	58,094	(16,989)	2	-	283,662
Revaluation reserve	313,461	-	-	-	151,402	-	464,863
Works of art	273,698	-	33,100	-	-	-	306,798
Acquisition trust funds	333	-	(10)	(49)	-	15	289
Other funds	28	-	5,132	(5,127)	-	2	35
	923,954	-	96,316	(31,056)	151,404	17	1,140,635
Endowments	9,950	-	15	-	-	583	10,548
Total funds	989,853	-	156,548	(86,741)	151,424	600	1,211,684

Fair value reserve (investments) – movements

	As at 1 April 2013	Unrealised gains under fair value	Realised gains under fair value	As at 31 March 2014	Reserve fund net of FV at 31 March	Reserve fund incl. FV at 31 March
	£000	£000	£000	£000	£000	£000
Restricted						
Acquisition trust funds	35	10	(13)	32	243	275
Other funds	4	1	(1)	4	31	35
	39	11	(14)	36	274	310
Endowments	1,097	510	(400)	1,207	9,274	10,481
Total funds	1,136	521	(414)	1,243	9,548	10,791

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 fundraising 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.

15. Analysis of net assets between funds

Funds balances at 31 March 2014 are represented by:

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2014 £000	Total 2013 £000
Tangible assets	34,902	833,903	–	868,805	680,894
Heritage assets	17,864	307,871	–	325,735	292,139
Investments	–	310	10,481	10,791	10,239
Net current assets	8,355	(1,054)	67	7,368	7,651
Long term creditors	(301)	(381)	–	(682)	(864)
Total net assets	60,820	1,140,649	10,548	1,212,017	990,059

Tate	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2014 £000	Total 2013 £000
Tangible assets	34,077	833,903	–	867,980	680,314
Heritage assets	17,864	307,871	–	325,735	292,139
Investments	2,495	310	10,481	13,286	12,734
Net current assets	6,366	(1,068)	67	5,365	5,530
Long term creditors	(301)	(381)	–	(682)	(864)
Total net assets	60,501	1,140,635	10,548	1,211,684	989,853

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

	2014 £000	2013 £000
Net incoming resources	69,934	54,039
Investment income	(384)	(259)
Depreciation	17,611	15,060
Impairment of fixed asset	6,366	–
Donations of works of art	(4,316)	(18,493)
Decrease/(increase) in stocks	414	(639)
Decrease/(increase) in debtors	6,800	(3,179)
Increase/(decrease) in creditors	2,087	(4,529)
Net cash inflow from operating activities	98,512	42,000

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

	2014 £000	2013 £000
Increase/(decrease) in cash in the year	1,584	(166)
Cash flow from management of liquid resources	7,837	(12,587)
Change in funds resulting from cash flows	9,421	(12,753)
Net funds at 1 April 2013	9,444	22,197
Net funds at 31 March 2014	18,865	9,444

(iii) Analysis of movement in funds

	2013	Cash flow	2014
	£000	£000	£000
Liquid resources	7,395	7,837	15,232
Cash	2,049	1,584	3,633
	<u>9,444</u>	<u>9,421</u>	<u>18,865</u>

(iv) Material non-cash transactions

	2014	2013
	£000	£000
Donations of works of art	4,316	18,493

17. Capital commitments

Financial commitments were as follows:

	2014	2013
	£000	£000
Capital expenditure contracted for, but not provided in the accounts	48,641	55,582
Acquisition of works of art contracted for, but not provided in the accounts	3,759	3,508

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 (NWPIL) 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 NWPIL on 28 October 1997. The level of rental payments took account of NWPIL'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:

	2014	2013
	£000	£000
In one year or less	10	10
Between two and five years	40	40
Over five years	835	845
Less: Finance charges allocated to future periods	(494)	(503)
	<u>391</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 2013-14 there were 88 years remaining on the lease.

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 and is on course for completion within the given timescale. For more information, please see the future development section on page 15.

Guarantees to and on behalf of Tate Foundation

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 from September 2012, 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.

There are no other contingent liabilities.

20. Related party transactions

Tate is an NDPB whose parent department is the 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 was, until his retirement from the Board of the National Gallery, the National Gallery Liaison Trustee to the Tate Board of Trustees; Hannah Rothschild replaced him in this capacity. Monisha Shah is also a Trustee of the National Gallery.

The Lord Browne of Madingley is the Lead Non-Executive Director at the Cabinet Office, to whom Tate paid a £16,000 administration fee during 2013-14.

The Lord Browne of Madingley is the Chair of Trustees of the Queen Elizabeth II Prize for Engineering, of which Mala Gaonkar is also a Trustee. Tate received £11,000 of income from the Prize during 2013-14.

The work of Trustee Tomma Abts was included in an exhibition, *Painting Now*. None of this work was for sale at the time, nor has it been since and Tomma Abts did not receive payment for the inclusion of works in this show. The Charity Commission was notified in advance and Tomma Abts was not present during any discussions in which the inclusion of her work was proposed or raised.

Tom Bloxham is the Chancellor of the University of Manchester, to whom Tate made payments totalling £76,700 in respect of the Whitworth Art Gallery during 2013-14.

Lionel Barber is the Editor and a Director of the Financial Times, from whom Tate received income of £300 during 2013-14.

Seona Reid is also a Trustee of the Heritage Lottery Fund, from whom Tate has received a significant volume of grant funding during the year.

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.

Sir Nicholas Serota is a director of Tate Foundation.

Chris Dercon, The Director, Tate Modern has declared an interest with commercial gallery Hauser & Wirth where, until October 2013, his wife held the position of Associate Director. For the year ended 31 March 2014 Tate had no transactions with Hauser & Wirth. 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 £8,376,049 (£3,690,363 in 2012-13) and reimbursed Tate for staff costs and finance and ticketing charges totalling £1,037,183 (£969,373 in 2012-13). At the year end, debtors included £858,000 (£2,907,000 in 2012-13) and creditors included £6,000 (£nil in 2012-13) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £50,045,054 (£42,125,685 in 2012-13) and reimbursed Tate for staff costs totalling £347,376 (£356,488 in 2012-13) and support costs totalling £81,609 (£77,605 in 2012-13). At the year end, debtors included £390,000 (£3,268,000 in 2012-13) and creditors included £244,000 (£1,879,000 in 2012-13) in respect of Tate Foundation.

During the year the American Fund and Americas Foundation made donations to Tate of £1,412,798 (£924,646 in 2012-13). At the year end, creditors included £41,000 (£338,000 in 2012-13) 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 DCMS, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments are cash relating to the running of the operation. The charity's main exposure is investments and debtors.

Credit risk

Tate is exposed to a credit risk of £3,365,000 representing trade debtors (£5,560,000 in 2012-13), 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 £278,000 (£93,000 in 2012-13).

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, Tate 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. Interest and investment income represents 0.2% of the total incoming resources for Tate (0.2% in 2012-13). 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

There were no material post balance sheet events.

The annual report and accounts were approved by the Accounting Officer and Trustees on 2 July 2014 and authorised for issue on 7 July 2014.









ISBN 978-1-4741-0873-7



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