

The Board of Trustees of the Tate Gallery Annual Accounts 2014-2015

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

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Contents

| | Page |
|-----------------------------------------------------------------------------------------------|-------------|
| Advisers | 2 |
| Annual report | 3 |
| Foreword | 7 |
| Remuneration report | 28 |
| Statement of Trustees' and Director's responsibilities | 32 |
| Governance statement | 33 |
| The certificate and report of the Comptroller and Auditor General to the Houses of Parliament | 38 |
| Consolidated statement of financial activities | 40 |
| Consolidated balance sheet | 42 |
| Tate balance sheet | 43 |
| Consolidated cash flow statement | 44 |
| Notes to the accounts | 45 |

Advisers

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

Tate
Millbank
London
SW1P 4RG

Auditors

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

Subsidiaries:
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Bankers and investment managers

Coutts & Co
St Martin's Office
440 Strand
London
WC2R 0QS

C Hoare & Co
37 Fleet Street
London
EC4P 4DQ

Investec Wealth & Investment Management Limited
2 Gresham Street
London
EC2V 7QN

Solicitors

Withers LLP
16 Old Bailey
London
EC4M 7EG

Linklaters
1 Silk Street
London
EC2Y 8HQ

Brachers LLP
5 Breams Buildings
London
EC4A 1DY

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 40 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 to:

- 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; and
- 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 2014-15, 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 re-dedicated as Tate Britain. Tate Modern opened to the public in May 2000.

Background

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

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

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

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

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

Connected charities

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

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

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

The Tate Americas Foundation: an independent charity based in New York that supports 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 re-appointed 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 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 2014-15 were:

The Lord Browne of Madingley (Chairman)

Tomma Abts (until 30 January 2015)

Lionel Barber

Tom Bloxham, MBE

Mala Gaonkar

Maja Hoffmann

Lisa Milroy

Elisabeth Murdoch

Franck Petitgas

Dame Seona Reid, DBE

Hannah Rothschild

Monisha Shah

Gareth Thomas

Wolfgang Tillmans (until 19 July 2014)

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.

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 2014-15 were:

Sir Nicholas Serota: Director, Tate*

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 (until 18 July 2014)

Rosemary Lynch: Director of Collection Care

Francesco Manacorda: Artistic Director, Tate Liverpool

Kerstin Mogull: Managing Director*

Andrea Nixon: Executive Director, Tate Liverpool

Mark Osterfield: Executive Director, Tate St Ives

Cheryl Richardson: Director, Human Resources

Sam Thorne: Artistic Director, Tate St Ives

Rebecca Williams: Director of Audiences and Development*

Stephen Wingfield: Director of Finance and Estates *

* 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 on-going 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. No new Trustees were appointed in 2014-15; the process of recruiting two new artist Trustees to replace Wolfgang Tillmans and Tomma Abts was underway at the close of the reporting year.

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. 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 of State for Culture and The Digital Economy 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 2015 was £54,000 (£54,000 in 2013-14).

- 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

1 July 2015

Signed

The Lord Browne of Madingley
Chairman, Tate

1 July 2015

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 2014-15

The key achievements of 2014-15 include:

- several high profile exhibitions including *Matisse: the Cut-Outs* at Tate Modern; *Late Turner* at Tate Britain; and *Warhol* at Tate Liverpool;
- celebrating five successful years of the Plus Tate Network and announcing an extension of the group with sixteen new partners;
- a number of digital successes, including the completion and development of the Archives and Access Project, the inaugural IK Prize, *After Dark* and high-profile collaborations with Minecraft;
- a record-breaking year and the highest ever revenue and surplus;
- continuing the building of the new Tate Modern and preparing for the flagship learning element, Tate Exchange;
- completing the enabling phase of the capital programme at Tate St Ives and opening a resource room dedicated to the St Ives Modernists; and
- the development of a new set of objectives for Tate and a programme of engagement that reached all of those working for the organisation.

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.

A new set of objectives

In the spring of 2014, more than one thousand of those working at Tate took part in workshops that contributed to Tate's vision for 2020: 'to champion art and its value to society'. In 2014-15, a series of objectives were set that will help Tate to deliver that Vision. These are:

- to champion art and artists;
- to develop a sustainable operating model for the future;
- to complete the capital programmes;
- to welcome broad and diverse audiences;
- to create rewarding experiences for visitors;
- to inspire learning and research;
- to promote digital growth and engagement;
- to develop and nurture UK and global partnerships; and
- to develop the people and culture of Tate.

Championing art and artists

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.

The ARTIST ROOMS programme has built upon its fifth anniversary celebration in 2013-14 to go from strength to strength. There are now thirty-nine artists represented in the Collection and additions this year included a significant gift of thirty-nine photographs by Don McCullin, new work by Robert Mapplethorpe and four works by Anselm Kiefer. In 2014, the tour included sixteen exhibitions at associate museums and galleries across the

UK, which included a total of 164 loans. The ARTIST ROOMS programme ensures that the benefits of the Collection are felt across the country; this year saw the greatest number of new associate venues thus far and exhibitions in venues as varied as the Bonhoga Gallery, the Shetland Museum and Archives and Bideford in North Devon.

There have been significant additions to the Collection too. Ellsworth Kelly's *Red White* 1966 was presented by the American Fund for the Tate Gallery, courtesy of Douglas S Cramer. Marlow Moss's *White and Yellow* 1935 was purchased with generous support from Tate Members and represents a significant addition of the work of the British Constructivist to the National Collection.

In March 2015, Tracey Emin's *My Bed* was installed at Tate Britain, kindly loaned for display by its new owner, Count Christian Durckheim. From an earlier period, Tate acquired Amelia Robertson Hill's bust of Percy Bysshe Shelley and BP Spotlight Displays have drawn on the Collection to focus on William Hogarth and William Hazlitt. Another major moment this year was the return of many of the major Pre-Raphaelite works in the Tate Collection following a highly successful tour to Washington, Moscow, Tokyo and Turin.

The International Committees have continued to play a prominent role, helping Tate build the world's leading collection of modern and contemporary art from around the world. Through the work, generosity and dedication of these committees, Tate has been able to acquire work by artists as varied as Ibrahim el Salahi, Brassã and the Japanese artist, Tsuyoshi Maekawa.

In May 2014, Tate was fortunate and grateful to announce the major gift of eight works by the Twombly Foundation. These included three paintings from the *Bacchus* series and five bronze sculptures. All had been on long-loan to Tate and had become signal works in the displays. They are now a permanent part of the Collection and testimony to Tate's commitment to working with artists from the outset of their careers to their mature production.

Programme

2014-15 was a record-breaking year. *Matisse: the Cut Outs* attracted over 500,000 visitors and became the most attended show in Tate's history. It brought extraordinary loans to London, including *Jazz* from the Pompidou, *Large Decoration with Masks* from the National Gallery of Art, Washington and *Parakeet and the Mermaid* from the Stedelijk Museum, Amsterdam. It was not an isolated success; *Malevich* likewise featured rare loans from the Tetryakov in Moscow and the State Russian Museum, St Petersburg. *Sigmar Polke* presented this seminal post-WWII German artist in new depth and *Conflict Time Photography* acknowledged the lasting impact of war through photography. *Marlene Dumas* provided a long overdue corrective to the perception of figurative painting as a principally male domain. In the autumn, the Turbine Hall once more played host to a large-scale commission, Richard Tuttle's *I don't know. The Weave of Textile Language*. Highlights of the BMW Live Programme included *Up Hill Down Hill: An Indoor Carnival* plus four Performance Rooms. Elsewhere the film programme continued to break new ground by screening, for instance, the first retrospective of Moroccan film maker Moumen Smihi.

At Tate Britain, the programme encompassed work from across the history of British art. *Late Turner* proved hugely popular and was accompanied by the display in the Clore Gallery of Olafur Eliasson's *Colour Experiment Paintings*, based on seven of Turner's works. It followed shows such as *Richard Deacon* and *Painting Now*, each of which examined the work of artists practising today. Such breadth is the keystone of Tate Britain's role as the home of British art. It was therefore fitting that, in the summer of 2014-15, it should mount a show dedicated to Kenneth Clarke, a pioneer whose collecting, scholarship and presentation did so much to introduce art to wider audiences. Also in the summer, Phyllida Barlow's Sotheby's Commission, *Dock* filled the Duveen Galleries, a large scale sculptural work that grabbed attention and headlines alike.

To critical acclaim, Tate Liverpool showed exhibitions of two of the most recognised and influential names in twentieth century art: Piet Mondrian and Andy Warhol. Each was shown alongside the work of a less familiar artist, leading audiences from familiar to new experiences, in each case provided by a female artist. In the summer, *Mondrian and his Studio* was presented alongside the work of the Indian artist, Nasreen Mohamedi and, over the winter, *Transmitting Andy Warhol* was presented alongside the first solo exhibition in the UK of Gretchen Bender. Tate Liverpool's programme is distinguished by its collaboration with partners in the city. This year, the anniversary of the First World War was commemorated in partnership with the National Museums of Liverpool and the Liverpool Biennial by 'dazzling' a ship in dry-dock in the Albert Dock. For this, the Colombian op-artist Carlos Cruz-Diez was commissioned to draw inspiration from the camouflage of vessels during the war; the result was *Induction Chromatique á Double Fréquence pour l'Edmund Gardner Ship / Liverpool*, a work that took contemporary art outside the gallery and into the public realm of the city.

Tate St Ives was closed for a period this year during the enabling works for the capital project. Open in time for the summer season, the show *International Exchanges: St Ives and Modern Art 1915-1965* explored the wider national and international contexts that shaped the St Ives artists. In the winter, this was followed by *The Modern*

Lens: International Photography and the Tate Collection, the largest display of photographic works ever to be exhibited at the gallery, a show which attracted both critical acclaim and large audiences.

Developing a sustainable operating model for the future

Government subsidy remains the single largest element of Tate's income and it is vital in providing for the running costs of the Gallery overall. Like many publicly-funded organisations, Tate has seen significant reductions in the amount of Grant in Aid that it receives. It is already highly efficient and generates the majority of its funding for itself, but this year it has responded by thinking anew about the operating model in a longer term and during a period in which less public funding will be available.

Tate Enterprises Limited

In this context, the revenues generated by Tate Enterprises Limited are even more important. It is therefore encouraging that in 2014-15, the Tate Enterprises division (the publishing and retail operations) achieved its best year to date in terms of both revenue and profit, contributing £3.6 million overall. Merchandising and retail based on *Matisse: the Cut-Outs* was particularly successful, breaking all records and driving very strong print sales. Successful exhibitions like *Matisse* also drove steady income in Tate Catering. At the same time, this was the first full operating year of the new Members Room and Rex Whistler Restaurant at the newly refurbished Tate Britain and they have become established as destinations in their own right.

Funding, Sponsorship and Donations

Tate depends on and is grateful for the generosity of those who support its programmes and work through sponsorship and donations large and small. Some long-standing relationships continued: the twenty-fifth anniversary of sponsorship by BP was celebrated at Tate Britain. Tate was also able to celebrate similarly long-standing support from the Clore Duffield Foundation, which this year marked its fiftieth anniversary by announcing the sponsorship of ten new Clore Learning Spaces, including one at Tate Liverpool, the fourth learning space sponsored by the Clore Duffield Foundation across Tate.

New partnerships were also formed. In 2014, a major collaboration with Hyundai was announced, which will support exhibits in the Turbine Hall over ten years. In January 2015, the Coastal Communities Fund and Arts Council England announced major support of the Tate St Ives Phase 2 project. At Tate Britain, *Late Turner* was supported by EY as part of a three-year programme of partnership, while at Tate Liverpool, *Leonora Carrington* coincided with the 2015 Year of Mexico in the UK celebrations and was supported by the Government of Mexico as part of that event and also sponsored by Edge Hill University.

Artists also support Tate through gifts of their work. To mark the occasion of the display of *My Bed* at Tate Britain, for example, Tracey Emin gave a series of her new works on paper to the Collection, a generous gift that strengthens the representation of one of the foremost British artists working today. As this, and indeed the remarkable gift from the Twombly Foundation demonstrate, such philanthropy in kind is very important to Tate and enables it to present the legacies of artists and their work.

The Patrons' and Members' continued support of Tate's work is also vital. This year, in addition to supporting significant acquisitions such as Charles Beale's *Mary Beal 1679* and Dia al-Azzawi's *Sabra and Shatila Massacre 1982-3*, they have also supported vital aspects of Tate's infrastructure, such as the installation of new projection equipment in the Starr Auditorium in preparation for the film programmes that will be part of the offer of the new Tate Modern.

When it opens in 2016, the new Tate Modern will showcase the modern and contemporary art from around the world from the Collection that Tate has built in recent years. The International Committees have enabled Tate to do this. This year, the eight acquisition committees have contributed a combined income of £2 million raised by nearly 300 members. The South Asia Acquisition Committee, for instance, supported the purchase of Sheela Gowda's *Behold 2009* and Daynita Singh's *Go Away Closer 2007*, the latter in association with Tate Members and Tate International Council. In another example of how these groups are essential in the development of the impressive international collection, the support of the Latin American Acquisition Committee was combined with that of Tate's International Council and the Tate Americas Foundation in acquiring Gego's *Reticularia Cuadrada horizontal 71/10 1971*. The addition of Matthias Poledna's *Imitation of Life 2013*, was a partial gift of the artist and the Austrian Pavilion and partial purchase, with funds provided by the Ampersand Foundation, Catherine Lagrange, Pierre Lagrange and The Dr Mortimer and Theresa Sackler Foundation. Acquisitions have also been made in the historic collection. Martin Ferdinand Quadal's *Portrait of a Man Playing a Flute 1777* was purchased in 2015. Tate is also grateful to Mr Edgar Astaire for the bequest of Mark Gertler's *The Artist's Brother Harry Holding an Apple 1913*.

Fundraising for the new Tate Modern itself has continued, with several major donors being confirmed this year. Tate has also won support from both the Coastal Communities Fund and Arts Council England that has completed fundraising for the Tate St Ives Phase 2 project.

2014-15 also saw a major gift to the Collection from the Cultural Gifts Scheme, an important new way for philanthropists to give works of art to the nation. In February 2015, a work by Frank Auerbach from the collection of Lucien Freud was gifted to Tate by this means.

Completing the capital programmes

The new Tate Modern is progressing well towards its completion and opening in 2016. The perimeter structure of concrete columns, beams and panels was completed in the early part of the year and, on 16 September 2014, a Topping Out ceremony was held on the roof, with major donors and leading artists in attendance. The fit-out phase began in early 2015 and the galleries in the new building have begun to take shape.

At the same time, preparation is underway across every area of the organisation for the installation and operation of the building. The Collection displays are being developed and teams in Collection Care have begun to prepare work for display. Catering and retail plans are taking shape and the new spaces have been designed to meet the visitors' needs. The Learning team has also begun work on *Tate Exchange*, an ambitious new concept that will revolutionise the concept of an art gallery, enabling the public to engage with and generate ideas and society through art and inspired by the work of artists.

Tate St Ives is also being developed to provide a large amount of new gallery space that will, for the first time, allow for permanent displays at St Ives, particularly of the St Ives modernists, and enhanced art handling facilities, which will allow the gallery to display a greater variety of work and prevent the need to close during display changes. This year the enabling work for this development was completed. Initial excavations revealed unexpected amounts of Cornish greenstone, a particularly hard granite, which required more excavation than had been anticipated. This challenge has been overcome and, with the Coastal Communities funding in place, the building has progressed in earnest. Meanwhile, other aspects of the project have been delivered, including the refurbishment of the Heron Mall and the development of the Studio Resource Room, devoted to the St Ives artist colony.

Welcoming broad and diverse audiences

In tandem with the agreement of Tate's objectives, a new Diversity Strategy has been agreed, which will focus on cultural change and embedding thinking about diversity issues into decision-making within the organisation.

Programming has also addressed particular audiences. At Tate Britain, the learning team collaborated with Touretteshero on *We forgot the lot!* to invite children and young people with and without Tourettes to re-invent, transform and claim the new displays of *500 years of British art* at Tate Britain. Building on the success of Tate Collective, Tate Liverpool has instituted a Family Collective which met for the first time in October 2014. Members are parents of young children who attend children's centres in the city, including in Kensington, Anfield and Yew Tree. The Collective grew out of previous work with families in these areas and has helped the gallery develop a space in which family visitors feel comfortable and can work together on projects based on the Collection displays. The first of these was to co-curate the space during the half-term of February 2015, an initiative which attracted record visitors. Overall, Tate Liverpool's family activity is accessed by over 70,000 parents and children each year.

Tate has also sought to find external partners to help broaden audiences. With the support of Markit, for instance, *Art for All*, a ticket subsidy scheme, was launched in February 2014 aimed at giving access to exhibitions to those who might not otherwise be able to visit. Markit matched Gift Aid donations made by the public to provide 5,000 tickets to exhibitions across Tate's galleries. These tickets were offered to children, young people and families via community groups in and around Tate Modern, as well as multiple state schools for whom the cost of an exhibition tickets for a whole class was a barrier to seeing Tate's exhibitions. The scheme helped to initiate a relationship for these young people with the visual arts; 23% of those surveyed from the programme came to Tate for the first time as a result of receiving their *Art for All* ticket. Tate is grateful to Markit for enabling the delivery of this initiative.

Creating rewarding experiences for visitors

Record numbers of visitors to shows like *Matisse: the Cut-outs* and *Transmitting Andy Warhol* are testimony to the appeal that Tate, its programming and modern and contemporary art have for audiences. Specific programming

included *Late at Tate* at Tate Britain, and the *Matisse All Nighter*, which attracted over 3,000 visitors between 22:00 and 09:00 on the Saturday and Sunday of the final weekend of the show in September 2014.

Much work goes into the experience that people have when they attend the exhibitions and visit the galleries. This has been enhanced by the development in January 2014 of a new Communications Kit resource, which was launched for all front of house teams at Tate Modern, enabling them to promote the full range of what is available, including retail, catering and events, as well as current and future exhibitions and Collections displays. This has been further supported by technology, with all Visitor Assistants and Volunteer Visitor Hosts being provided with iPads, which give access to an information hub. It also means that visitor services can be even more responsive to needs on the gallery floor, forwarding visitor feedback and their own ideas and suggestions.

Innovation and creation has also taken place in the kitchens and catering teams at Tate. Each restaurant and café has continued to use sustainable, seasonal and local ingredients. At Tate Liverpool, meanwhile, new signage on the exterior of the building enhanced Tate's presence and profile in the city.

Inspiring learning and research

Championing the role of art in society requires that the opportunity to learn through and about art is as widely available as possible. This year, Tate's learning team has worked to consolidate and develop partnerships and collaborations that extend this opportunity nationally and internationally. BP Art Exchange, for instance, has worked in Moscow and India. As part of the Circuit Programme, the *Blueprint Festival* saw Tate Collective take over Tate Liverpool for a weekend in July 2014, mounting a diverse programme including the spoken word, digital work, an exhibition, performances in the gallery spaces, skateboard and hip-hop workshops and informal conversations with artists, gallery directors, curators and young festival producers. Over 2,000 people attended the festival and a further 6,000 visited the exhibition of young creative work during its display over the following two weeks.

In September 2014, Tate launched a partnership with Khan Academy, a non-profit educational website founded to provide 'a free world-class education for anyone, anywhere'. The website features thousands of educational resources and reaches a global audience, with more than 10 million users a month. The Tate-branded page adds art and creative learning to the popular maths and science portfolio on the site. The project will extend Tate's reach, offering diverse resources and a deeper learning experience to online audiences. It has also enabled Tate to push existing video content to new and wider audiences, framed into structured learning tutorials with links back to the Tate website. Four tutorials were published in the initial launch, consisting of short film video from the Tate channel with additional illustrated articles on four themes: *Meet 500 Years of British Art*; *The Art of Inspiration*; *Global Modernisms*; and *Performance and Participation*.

October 2014 saw the launch of the Tate Research Centre: Learning. It has been set up to develop and communicate research across the field of learning in galleries in the UK and internationally. It exists online and has organised research events, hosted international researchers and published research material. The Centre website has received 11,000 views since launch.

As well as undertaking and leading research in its own right, Tate provides the resources for research. In 2014-15, the Library and Archive has collaborated with the University of Reading in an application *Arts and Humanities Council Collaborative Doctoral Programme* for research into Tate's Artist Books collections, cataloguing and making accessible a large number of records. Developments in Tate's Collection have been paralleled in that of its Archive as acquisitions have been made in relation to performance, installation art and other emerging artistic practice, cementing its pre-eminence as the leading research facility for the study of fine art practice in Britain.

Promoting digital growth and engagement

Work has continued throughout 2014-15 to refine Tate's digital strategy and ensure that the framework is in place for major digital advances in the coming years. One significant development has been in online retail, with revenue up 137% on the previous year, a reflection of not just the work of the e-commerce team in the Tate Enterprises division, but also the closer integration of strategies across the organisation.

A similar integration was also seen in the Archives and Access project, which went live this year opening digital access to thousands of records from the Archive. The project was a collaboration across teams from Tate Britain, Tate Digital, Tate Archive and others and, for the first time, combined Tate's Collection and the Tate Archive in a unique, searchable resource, one of the richest and most comprehensive in Europe. Supported by the Heritage Lottery Fund, the first stage of the project saw 6,000 items published online, including records relating to artists such as Jacob Epstein, Barbara Hepworth, Ben Nicholson and Paul Nash.

Tate's digital work has also won plaudits and attention in arenas far beyond the art world. The first IK Prize, supported by the Porter Foundation, was awarded to *After Dark*, a project that enabled users from around the world to control robots on a journey around Tate Britain. Over 40,000 tuned in live online, from all continents. The second IK Prize has been awarded to *Tate Sensorium*, a project in which audiences will be able to not just see art, but to smell, touch, taste and hear it too, all the time with emotive responses being tracked. Tate has also collaborated with the hugely popular online platform Minecraft, enabling audiences to engage with and build from a series of works in the Collection, such as Peter Blake's *The Toy Shop*. Launched in January 2015, by March, three of the five Minecraft maps inspired by Tate artworks had been downloaded over 55,000 times and counting. A further five maps are being released throughout the calendar year 2015.

There has also been significant growth across all of Tate's social media accounts, including Twitter (now with 1.4 million followers), Facebook (739,000 likes) and Instagram (142,000 followers). These platforms mean that Tate can reach newer audiences in different ways. For example, collaborating with Instagram on #emptytate, leading Instagrammers were invited to view the Turbine Hall commission by Richard Tuttle after hours, a project that achieved a global audience, with one image attracting 370,000 likes.

Developing and nurturing UK and global partnerships

Collaboration with national and international partners has developed into a defining part of the organisation's operations. Introducing new skills, knowledge and experience to the work that Tate does, it has also become a way of undertaking work that would not otherwise be possible.

Tate is committed to being a truly national organisation and to work to spread the benefits that it brings throughout the UK. Since Plus Tate was founded five years ago, this network has grown, providing a forum for professional and institutional development collaboration. Tate also offers its partners in the network support that ranges from the sharing of professional expertise to preferential loans. Overall, the original cohort of eighteen Plus Tate partners is visited by over 3.5 million people every year, employs over 500 full time staff and has an annual turnover of £34 million. Research published in January 2015 revealed the significant regenerative and economic benefits of each partner individually.

In October 2014, it was announced that the seventh year of *ARTIST ROOMS On Tour*, co-ordinated by the National Galleries of Scotland and Tate, would focus on photography. As part of the schedule of exhibitions at seventeen venues nationwide, to give just two examples, work by Don McCullin has been shown in Shetland and work by Anselm Kiefer in Carlisle. The programme, founded on the vision and generosity of Anthony d'Offay, has continued to break records. Notably, the display of works in the ARTIST ROOMS Collection by Gilbert and George at the Royal Albert Museum and Art Gallery in Exeter attracted 70,000 visits. The Programme has also inspired innovation to share the experience of art beyond physical venues. In 2014-15, the first ARTIST ROOMS MOOC (Massive Open Online Course) was launched in collaboration with the University of Edinburgh, focused on Andy Warhol and drew 27,699 participants from 155 countries.

Tate's international work takes a number of forms. Some are international collaborations on specific exhibitions, such as that with the Stedelijk in Amsterdam on *Malevich*, or the Museum of Modern Art in New York on *Sigmar Polke*. In 2015-16, *Conflict, Time and Photography*, first shown at Tate Modern, will travel to Museum Folkwang, Essen and Staatliche Kunstsammlungen Dresden. Other exhibitions are specifically designed for touring, examples being *Landscapes of the Mind: British Landscape painting 1700-1990*, which opened at the Museo Nacional de Arte in Mexico City in March 2015 and the tour of *JMW Turner: Painting Set Free* to Los Angeles and San Francisco. Loans are a vital part of Tate's international activity and this year, major loans included work by Howard Hodgkin as part of his first solo exhibition in India.

India was also a focus of institutional collaboration following the signature of a Memorandum of Understanding with the Ministry of Culture in February 2014. The first fruit of this partnership was partnership around Tate Liverpool's exhibition of the work of the Indian modernist Nasreen Mohamedi, with the facilitation of loans from public and private collections in India and beyond. International training programmes have also continued, with that in Oman being continued in a programme of seven one-week modules across a range of areas of a museum's activity. Tate has also acted as an advisor to a developer, Mirvac, on the cultural components of a bid to build a new 'creative quarter' in Sydney Harbour. This has involved working with arts organisations in Sydney to ensure that the cultural strategy complements existing organisations.

Tate appointed two new curators strengthening expertise in Russian art; both posts are supported by the V-A-C Foundation.

Of course, the International Acquisition Committees also represent a significant part of Tate's international activity. Significant purchases this year included work by the Polish Artist, Goshka Macuga, using funds provided by the Russia and Eastern European Acquisitions Committee and Nabil Nahas's *Eclipse*, using funds provided by the Middle East and North Africa Acquisitions Committee. In another example of how these groups are essential

in the development of the impressive international collection that will be central to the new Tate Modern, the support of the Latin American Acquisitions Committee was combined with that of Tate's International Council and the Tate Americas Foundation in acquiring work by Gego.

Developing the people and culture of Tate

The development this year of Tate's Objectives and a new Corporate Plan were major milestones, achieved through the participation of individuals and teams across the organisation. The Tate Staff Council also took significant strides, reviewing its own workings and becoming more integrated into decision-making within the organisation, representing the voice of staff. At the same time and as part of Tate's wider commitment to Diversity, the Diversity Networks become more closely linked to the Staff Council and provide viewpoints on wider strategy and plans. A new network was added, speaking for the interests of carers.

A specific achievement came in the area of Collection Care as the cohort of Skills for the Future trainees completed the programmes. All taking the Diploma achieved the qualification, with eleven trainees over two cohorts securing employment at Tate.

A significant step has also been taken in relation to pay, with the implementation of an improved pay structure, the first step towards creating a fair and sustainable system across Tate. This is a major development that has been enabled by the freedoms granted by Government, a real benefit to the efficiency and operations of the institutions as a whole.

There have also been more general improvements to working life at Tate. Across the Gallery, developments in information systems have enabled staff to work remotely with greater ease and have provided much-needed and necessary updates to the systems in place. This project was the largest undertaken in the department's history.

As well as looking to the future, Tate has also recognised the achievements of its history. The Gallery Records department has placed files relating to Tate's education department on deposit as historical public records, marking the important role that Tate has played in this area of British cultural life.

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 15%. 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 or 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. Tate's new building projects (Tate Modern 2 and Tate St Ives), will further increase Tate's energy use, but sustainability and the use of renewable sources are at the heart of both building projects.

Energy expenditure has continued to increase, 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. 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.

Business travel emissions data from 2013-14 is based on a combination of actual business travel mileage from centralised travel providers and estimated mileage using the Carbon Trust methodology. 2013-14 therefore forms Tate's baseline for business travel emissions.

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 next scheduled for late 2015.

Environmental specifications were included within Tate's art transport arrangements in 2013-14 and work continues to improve the data collection for this and art crating for 2015-16.

Scope 3 emissions from water use and electricity transmission and distribution have fallen by 39% and 8%, respectively since the base year, reflecting the savings made through a water and energy reduction programme.

| Greenhouse gas emissions (tCO₂e) | | 2011-12 | 2012-13 | 2013-14 | 2014-15 | % change on base yr |
|------------------------------------------------------------|----------------------------------------------------------|---------|------------------|--------------------|--------------------------|---------------------|
| Greenhouse gas emissions (tCO ₂ e) ¹ | Scope 1 & 2 emissions | | | | | |
| | Scope 1 ² | 2,639 | 3,497 | 3,226 | 3,083 | (20) |
| | Scope 2 ³ | 10,736 | 12,431 | 11,692 | 11,869 | (14) |
| | Total Scope 1 & 2 | 13,375 | 15,928 | 14,918 | 14,952 | (15) |
| | Total Scope 1 & 2 tCO ₂ e per m ² | 0.150 | 0.164 | 0.157 | 0.154 | (15) |
| | Target Scope 1 & 2 tCO ₂ e per m ² | 0.168 | 0.145 | 0.165 | 0.165⁴ | |
| | Scope 3 emissions | | | | | |
| | Business travel ⁵ | 318 | 929 ⁶ | 971 ⁷ | 783⁸ | (19) ⁹ |
| | Staff commuting ¹⁰ | 700 | 797 | 797 | 797 | - ¹¹ |
| | Art transport | 1,187 | 1,187 | 1,798 | 1,798 | 51 |
| | Art crating | 76 | 76 | 76 | 76 | - |
| | Water use ¹² | 77 | 83 | 75 | 71 | (39) |
| | Electricity transmission & distribution | 918 | 1,011 | 994 | 1,015 | (8) |
| | Total Scope 3 | 3,276 | 4,083 | 4,711 | 4,540 | 7 |
| Target Scope 3 | 2,944 | 2,770 | 4,001 | 4,001 | | |
| Total Scope 1-3 | 16,651 | 20,011 | 19,629 | 19,492 | (11) | |
| Energy use (million kWh) | Electricity, non-renewable | 24.1 | 26.5 | 0.6 | - | (100) |
| | Electricity, renewable | - | - | 25.5 ¹³ | 26.6¹⁴ | - |
| | Total electricity | 24.1 | 26.5 | 26.1 | 26.6 | (5) |
| | Gas | 13.6 | 16.6 | 15.9 | 16.7 | - |
| | Total kWh per visitor | 5.3 | 5.6 | 6.0 | 5.5 | (5) |
| Expenditure (£000) | Energy | 2,408 | 2,662 | 2,925 | 3,037 | 34 |
| | Carbon Reduction Commitment | 189 | 204 | 201 | 272 | 44 |
| | Business travel | 719 | 695 | 736 | 721 | 62 |

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 Values from 2012-13 have been restated using the latest 1 year average factor from the previously used 5 year rolling grid average conversion factor and associated tCO₂e per m² also updated

⁴ Targets have been held at previous year levels and are currently under review

⁵ All business travel, including rail and international air travel

⁶ Data from centralised travel provider for January to March 2013 extrapolated to full year (travel provider appointed January 2013)

⁷ Based on a combination of actual business travel mileage data from Tate's centralised travel provider and estimated mileage using the Carbon Trust methodology

⁸ Based on a combination of actual business travel mileage data from three key centralised travel providers and estimated mileage using the Carbon Trust methodology

⁹ New baseline 2013-14 using improved basis outlined in note 7 above

¹⁰ The method of data collection for staff commuting, art transport and art crating is being reviewed to provide more meaningful information

¹¹ New baseline 2012-13

¹² Mains water only, in line with Government guidance. All figures updated with water treatment and supply conversion factors, in line with Defra guidance. New baseline of 2010-11 used due to restated figures

¹³ Electricity procurement through Crown Commercial Service green tariff

¹⁴ Electricity procurement through Crown Commercial Service green tariff on 100% Green tariff

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. Total waste has fallen by 34% per m², exceeding the 21% target.

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 35% per m², exceeding the 20% 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 2014-15 are similar to the last three years and the base year.

| Finite resources: Waste | | 2011-12 | 2012-13 | 2013-14 | 2014-15 | % change on base yr |
|------------------------------------------------|-----------------------------------------|---------------|---------------|---------------|-------------------------|---------------------|
| Waste (tonnes) | Landfilled | 72 | 40 | 22 | 14 | (99) |
| | Reused/recycled | 363 | 466 | 368 | 510 | 193 |
| | ICT waste reused/recycled | N/A | N/A | 1 | 5 | 400 |
| | Composted | 67 | 105 | 121 | 106¹⁵ | 58 |
| | Energy from waste | 309 | 312 | 309 | 303 | 123 |
| | Incineration without energy recovery | – | – | – | – | – |
| | Total waste¹⁶ | 811 | 923 | 821 | 938 | (34) |
| | Total waste tonnes/m² | 0.0102 | 0.0106 | 0.0097 | 0.0097 | (32) |
| Target total waste tonnes/m² | 0.0122 | 0.0115 | 0.0107 | 0.0107 | (21) | |
| Spend (£000) | Landfilled | N/A | 17 | 14 | 12 | (29) |
| | Reused/recycled | N/A | 56 | 53 | 49 | (13) |
| | ICT waste reused/recycled | N/A | N/A | N/A | N/A | – |
| | Composted | N/A | 14 | 25 | 20 | 43 |
| | Energy from waste | N/A | 38 | 34 | 45 | 18 |
| | Incineration without energy recovery | N/A | – | – | – | – |
| | Total waste | 121 | 125 | 126 | 126 | 1 |

| Finite resources: Water | | 2011-12 | 2012-13 | 2013-14 | 2014-15 | % change on base yr |
|--------------------------------|--------------------------------------------------|---------|-----------------------|---------|----------------------------|---------------------|
| Water use (m ³) | Total scope 1 & 2 | 72,942 | 197,584 ¹⁷ | 102,156 | 72,522¹⁸ | (35) |
| | Scope 2 m ³ per m ² | 0.89 | 0.89 | 0.82 | 0.84 | (35) |
| | Target scope 2 m ³ per m ² | 1.09 | 1.03 | 0.97 | 0.97 | (20) |
| | Total scope 2 litres per visitor | 10.3 | 10.2 | 10.1 | 9.18 | (37) |
| Expenditure (£000) | Water supply | 169 | 121 | 153 | 124 | (19) |

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. New projects in development at Tate Modern include solar panel installations and a green roof which will incorporate herbs and vegetables to be used in its catering kitchens.

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 have been implemented where appropriate.

¹⁵ Disposal via anaerobic digestion

¹⁶ Excludes waste from Tate St Ives; current contractors cannot provide tonnages

¹⁷ Scope 1 from Tate Modern boreholes included for 2012-13 and 2014-15 during testing

¹⁸ Nil extraction from Tate Modern boreholes following testing period over previous two years

Future development

Major exhibitions planned in the coming period include shows of the work of Alexander Calder, Barbara Hepworth and Jackson Pollock. Tate has also set objectives that will guide its development in coming years. Looking forward to 2015-16 and 2016-17, much of the organisation's focus will be on the preparation for and opening of the new Tate Modern. This will affect every aspect of the organisation, with the moment being used to make a statement, not just about Tate Modern, but about the visual arts in the UK as a whole. One aspect of the new Tate Modern, Tate Exchange, will be developed and established as an entity in its own right, based within the new building, but with a presence at all four galleries, online and ultimately beyond. At the same time, work will continue on the Tate St Ives Phase 2 project and teams there and elsewhere will prepare for its opening.

Tate's digital evolution is ongoing and work will continue on this front in a number of ways. A Digital Director was appointed for the first time this year, taking up the post on 1 April 2015, giving this aspect of Tate's work greater prominence in the organisation and bringing different areas of activity under one responsibility. The coming period will see a greater integration of Tate's various digital offers and greater integration within the overall presentation of Tate. Specific projects will also be undertaken, for example the digital element of Tate Exchange.

National and international collaboration will continue. In 2015-16, the Turner Prize will be held in Glasgow and Tate is committed to plans for it to be held in Hull as part of the Capital of Culture Year in 2017. In 2015-16, the Plus Tate network will settle in its new, expanded form, opening new areas and potential for collaboration. The *ARTIST ROOMS On Tour* Programme will continue, including displaying the work of Gerhard Richter at Plymouth City Museum and Art Gallery and of Andy Warhol at Peterborough Museum and Art Gallery. Major works will also travel throughout the UK including Tracey Emin's *My Bed* to Turner Contemporary in Margate and Matisse's *Snail* to Tate Liverpool, as well as the continuation of *Aspire*, the programme of work that is taking John Constable's *Salisbury Cathedral from the Meadows* to venues throughout the country.

Internationally, Tate will continue to collaborate and contribute to the overall presence of the UK overseas. Major work planned includes the continuation of the advisory work on the Barangaroo project and the development of further exhibitions that can be toured to venues overseas.

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 2014-15 period, thirteen exhibitions were shown at Tate containing works for which immunity from seizure was granted, covering a total of 647 works. The exhibitions are listed below.

| | |
|-----------------------------------------------------------|------------|
| <i>Henri Matisse: The Cut Outs</i> | 88 |
| <i>Richard Hamilton</i> | 30 |
| <i>Malevich</i> | 394 |
| <i>Alibis: Sigmar Polke 1963-2010</i> | 58 |
| <i>Marlene Dumas: The Image as a Burden</i> | 19 |
| <i>Richard Deacon</i> | 2 |
| <i>Kenneth Clark</i> | 4 |
| <i>The EY Exhibition: Late Turner – Painting Set Free</i> | 6 |
| <i>Mondrian and his Studios</i> | 18 |
| <i>Transmitting Andy Warhol</i> | 4 |
| <i>Leonora Carrington</i> | 21 |
| <i>Cathy Wilkes</i> | 2 |
| <i>The Modern Lens: International Photography</i> | 1 |
| Total | 647 |

Performance indicators

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

| Performance indicators | Actual 2015 | Actual 2014 |
|-------------------------------------------------------------------------------------------------------|--------------------|-------------|
| | 000s | 000s |
| Access | | |
| Number of actual visits | 7,904 | 7,036 |
| Number of unique users visiting the website | 13,433 | 12,891 |
| Audience profile | | |
| Number of visits by children under 16 | 562 | 470* |
| Number of overseas visits | 3,731 | 3,485 |
| Learning / outreach | | |
| Children | | |
| Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education | 205 | 173 |
| Number of instances of visitors under 18 participating in on site organised activities | 196 | 118 |
| Visitor satisfaction | | |
| Percentage of visitors who would recommend a visit | 95% | 94% |
| Income generation | £000 | £000 |
| Self-generated income | | |
| Admissions | 9,330 | 6,850 |
| Trading income | 30,602 | 25,886 |
| Fundraising (including capital) | 65,961 | 106,903 |
| Fees and other income | 10,356 | 9,444 |
| Donated works of art | 72,742 | 4,316 |
| | 188,991 | 153,399 |
| Regional engagement | | |
| Number of UK loan venues | 152 | 149 |

*The 2014 comparison for the number of visits by children under 16 has been restated from 989 to 470. This is because the method of counting the number of visits has changed from using a fixed percentage of total visits in 2014 to using visitor surveys in 2015.

At Tate Modern there was a 164% increase on the previous year of children participating in on-site organised activities. The popularity of the activities around the *Matisse: The Cut Outs* exhibition and the Bloomberg interactive offers account for a large portion of this.

There is also an increase of 30,000 self-directed visits by schools at Tate Modern on the previous year. This is an encouraging sign and most likely relates back to the popularity of this year's exhibition schedule.

At Tate Britain school visits decreased by 16% and there were 11,000 fewer instances of visitors under 18 participating in on-site organised activities. This is a result of the popularity of the Tate Modern exhibitions, which have shown an increase in similar visits, with total visits for this age group across both London galleries increasing by 83%.

Visitor figures continued to be high at Tate Modern with over 5.7 million people visiting in 2014-15, over 1 million more than in 2013-14. A large contribution to this was the success of the *Matisse: The Cut Outs* exhibition, which is the most successful exhibition in the history of Tate Modern. Tate Modern continues to be the most visited gallery of modern and contemporary art in the world. It attracted new and diverse audiences in 2014-15, with exhibitions by Russian artist Kazimir Malevich and South African artist Marlene Dumas.

Visitor figures at Tate Britain for 2014-15 were 1.4 million, a small decrease from 2013-14, which is explained by the exhibition programme not being as popular as anticipated.

There has been a decrease in visitor numbers at Tate St Ives overall, however this is due to the gallery being closed during April and May.

Tate Liverpool has higher visitor figures than in 2013-14 with the *Warhol* exhibition achieving twice its anticipated attendance.

The decrease in fundraising income is the result of last year's figures including £23 million in relation to the Constable acquisition and the completion of the Tate Britain project in 2013-14.

Tate received several significant artwork donations this year, including the major gift of eight works by Cy Twombly as well as works by David Hockney, Frank Auerbach and Ellsworth Kelly, collectively valued at just under £66 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 40 shows total incoming resources of £221,494,000 (£178,129,000 in 2013-14). Of this amount £52,364,000 (£61,125,000 in 2013-14) was applied to the ongoing capital programme, £77,421,000 (£33,365,000 in 2013-14) to Collection acquisitions and £nil (£15,000 in 2013-14) to endowments. The remaining £91,709,000 (£83,624,000 in 2013-14) was taken to general funds to be applied to ongoing operations (see resources expended below).

Tate received £32,149,000 of Grant in Aid from Parliament, (£24,394,000 in 2013-14), provided through the DCMS. Grant in Aid is made up of two elements:

- revenue grant used to support ongoing operations of £29,626,000 (£30,371,000 in 2013-14); and
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £2,523,000 (£2,523,000 in 2013-14).

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £189,345,000 for the year (£153,735,000 in 2013-14).

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 40 shows total resources expended of £106,887,000 (£108,195,000 in 2013-14). Of this amount £18,603,000 (£24,639,000 in 2013-14) was applied to the ongoing capital programme, £51,000 (£49,000 in 2013-14) to Collection acquisitions and £88,233,000 (£83,507,000 in 2013-14) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £76,981,000 to the Collection (£33,596,000 in 2013-14). Of this figure, £72,742,000 has been donated by individuals either directly or in lieu of tax (£4,316,000 in 2013-14). Funding for purchased works of art has come from many sources, including the Art Fund, Tate Members, Tate Patrons and self-generated income.

Reserves and funds carried forward of £1,377,002,000 (£1,212,017,000 in 2013-14) are:

| | 2015 | 2014 |
|---------------------------|-------------------------|------------------|
| | £000 | £000 |
| Revaluation reserve | 502,085 | 464,863 |
| Capital reserves | 449,613 | 403,565 |
| Works of art reserves | 401,996 | 324,662 |
| General reserve | 11,469 | 7,999 |
| Endowment funds | 11,368 | 10,548 |
| Other restricted reserves | 415 | 324 |
| Other designated reserves | 56 | 56 |
| | <u>1,377,002</u> | <u>1,212,017</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 £47,364,000 (£60,464,000 in 2013-14) comprise £42,810,000 in relation to buildings, assets under construction and leasehold improvements and £4,554,000 on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £76,981,000 in the year (£33,596,000 in 2013-14) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £72,742,000 (£4,316,000 in 2013-14). 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 2014-15 there were 87 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 2014-15 57% (56% in 2013-14) of invoices were settled in 30 days or less.

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 £11,469,000, equivalent to eleven 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 10.79% (8.76% in 2013-14). At 31 March 2015, the investment fund was valued at £11,751,000 (£10,791,000 in 2013-14); historic cost £9,897,000 (£9,548,000 in 2013-14).

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 objectives, established in 2014-15 to guide its ambitions are:

- to champion art and artists;
- to develop a sustainable operating model for the future;
- to complete the capital programmes;
- to welcome broad and diverse audiences;
- to create rewarding experiences for visitors;

- to inspire learning and research;
- to promote digital growth and engagement;
- to develop and nurture UK and global partnerships; and
- to develop the people and culture of Tate.

Over the coming period, Tate will build on its achievements in these areas. To do so, it will:

- continue to develop the Collection in ways that reflect and provide insight for the public and researchers into artistic practice in the periods that Tate covers and as they emerge and develop. Specifically, it will continue to:
 - present 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;
- present 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;
- commit 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;
- continue to serve current audiences throughout the UK 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;
 - work with partners, either on specific projects, through networks like Plus Tate or through loans to bring the benefits of Tate's work to as many parts of the UK as possible;
 - develop a strategic approach to the management and co-ordination 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; and
- collaborate 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:

- completing and opening the capital building projects during the period 2015-16 and 2016-17, including the opening of new buildings and spaces at Tate Modern and the continuing development of Tate St Ives, ensuring 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 co-ordinating 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;
 - ensuring a fair and sustainable pay structure for 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;
 - 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 the Tate Enterprises division 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 March 2015, 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 Executive 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 the Tate Enterprises division's 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 March 2015.

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; and
- the Executive Group and 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 Public Sector 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 Gallery's arrangements for governance, risk management and control, together with recommendations for improvement.

Based upon the programme of work undertaken by internal audit during 2014-15, 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 eight 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.

Significant risks

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 state of the public finances and the resultant year-on-year reduction in Grant in Aid and, in this context, heightened sensitivity to fluctuations in the level of self-generated income driven by exhibition performance.

Trustees have reviewed plans for mitigating the risks to Tate's funding environment. These include plans to raise additional income, alongside a number of operational reviews that have been undertaken better to align resources to Tate's strategic aims whilst increasing efficiency. There have also been efficiency savings and cost reductions throughout the organisation.

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 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 the Tate Foundation. Management capacity and the capital programme management arrangements have also been reviewed.

Other significant risks

The risk of theft of, or deliberate damage to art works remains a significant risk and this is reflected in the risk register.

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 key objective for Tate. To support this over the last year work has been done to strengthen Tate's 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 has also recently set up (following feedback from employees) a Carers 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 Vision, by improving its decision making and working towards a more inclusive culture.

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 all employees on a regular basis; 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 summer of 2015.

Disability and access

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 and inclusion part of everything that it does is set out in the Tate for All strategy that was adopted in 2015. The strategy builds on Tate's previous action plan and Disability Equality Scheme. In the strategy, Tate sets diversity and inclusion objectives and KPIs to address barriers to access, 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 is working to ensure that opportunities to work at Tate and develop careers in the sector are open to all, including disabled people. Tate was awarded the "Two Ticks" positive about disability symbol in recognition of its commitment to employing disabled people and has developed guidance on the provision of reasonable adjustments. Over the next few years, work is taking place to ensure that Tate is consistent and effective in its application of this and other guidance, as part of developing its inclusive culture.

In March 2015, Tate employed 29 staff (32 in March 2014) 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 7.2 in 2014-15 (5.7 in 2013-14).

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 the 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 2014-15.

Environmental Sustainability

Environmental sustainability is a prime consideration across Tate's work. Tate has worked with the Carbon Trust to benchmark and develop plans to reduce its carbon footprint, and Tate's footprint was verified in February 2015 by the Carbon Trust as part of the Carbon Trust Standard certification. Since 2007, Tate has taken significant steps towards reduced energy use and carbon emissions reductions, as well as decreased water use and diversion of waste away from 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 the minimum efficiency required by building regulations and Tate will embed sustainability into its plans for Tate St Ives Phase Two.

Although Tate was not able to hold onto the Carbon Standard in 2014-15, it is currently working with the Carbon Trust to create a new sustainability strategy and review the targets set. This may involve reviewing Tate's baseline, particularly with regard to expansion of operations in the next few years. Tate Liverpool retained Gold Award from the Green Tourism Business Scheme, first achieved in 2013 and Tate St Ives also aspires to recognition from the scheme in the year ahead. The restaurant at Tate Modern holds a 2 of 3 star rating from the Sustainable Restaurant Association.

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 Quére. 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. In 2013 Tate Modern hosted *Sustainability, citizenship and environment*, part of the Cultural Forum 2013: Global Citizenship series.

Social policy

Tate's Vision is to champion the role of art and artists in society. This means thinking about the relationship between what Tate does and the wider lives of its audiences and thinking about how art contributes to different aspects of society and life today.

It also brings a responsibility to speak out for artists and to ensure that Tate's programme features a breadth of artistic voice and production and that the broadest range of audiences can access it. Each year, it is important that major shows like *Matisse: the Cut-Outs* are accompanied by displays that introduce less familiar art such as the first retrospective of the Moroccan film maker, Moumen Smihi, which featured at Tate Modern this year.

At Tate Liverpool, social issues have been addressed more directly through developing partnerships with partners in the City that include Liverpool John Moores University and the City of Liverpool College. These have built closer links with education and communities, introducing art to new audiences and combining the strength of display and research. In autumn 2014, a collaboration with the BBC and Open Culture created *Merseyside Mondrian*, a large-scale Mondrian-inspired human canvas that featured on BBC1's *The One Show*.

All of Tate's galleries play a part in the civic realm of their localities. The development of Tate St Ives, for instance, has been designed to introduce a new public space to the town. It will also support the tourist economy in Cornwall, contributing and safeguarding jobs in the region. A similar ethos guides Tate Catering's commitment to using local produce in its outlets across the four sites.

The public programmes provide a forum for the discussion of social issues. In 2014-15, this has included, the Future Citizen Forum, a collaboration with Tate Community learning and the Open University, a series that explored civic activism and international art practices and resulted in a publication with contributions from all involved.

Signed

Sir Nicholas Serota
Director, Tate

1 July 2015

Signed

The Lord Browne of Madingley
Chairman, Tate

1 July 2015

Remuneration Report

Membership

The Remuneration Committee, advising on contractual terms and remuneration for the Director, Managing Director and senior directors who report to the Director on an annual basis, is made up of the following Trustees: The Lord Browne of Madingley (Chairman), Mala Gaonkar, 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 2014-15.

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.

| Salary entitlements | | 2014-15 | 2013-14 |
|----------------------------------------------------------|---|----------------|----------|
| | | £ | £ |
| Sir Nicholas Serota, Director | a | 188,327 | 163,763 |
| Alex Beard, Deputy Director (to 13 August 2013) | b | Nil | 48,696 |
| Kerstin Mogull, Managing Director (from 20 January 2014) | | 154,896 | 29,932 |
| Chris Dercon, Director, Tate Modern | | 125,105 | 122,412 |
| Caroline Collier, Director, Partnerships and Programmes | | 94,563 | 91,809 |
| Penelope Curtis, Director, Tate Britain | | 92,151 | 90,789 |

^a Includes a non-consolidated performance related bonus of £19,651 (2013-14: £nil);

^b For the period to 13 August 2013 (full-year salary £131,300);

| | 2014-15 | | | | 2013-14 | | | | | |
|---------------------------------------------------------|------------------------------------------------------------------|---------------------------------------|-----------------------|------------------------------------------------------------|-------------------------|-----------------------------------------------|---------------------------------------|-----------------------|-----------------------------------------------|-------------------------|
| | Salary (excluding non-consolidated performance-related pay) £000 | Non-consolidated performance pay £000 | Benefits-in-kind £000 | Pension benefits ^c (to the nearest £1,000) £000 | Total remuneration £000 | Salary non-consolidated performance pay) £000 | Non-consolidated performance pay £000 | Benefits-in-kind £000 | Pension benefits (to the nearest £1,000) £000 | Total remuneration £000 |
| Sir Nicholas Serota, Director | 165-170 | 20 | Nil | 185-190 | 160-165 | – | Nil | (7) ^d | 155-160 | |
| Alex Beard, Deputy Director | – | – | Nil | – | 45-50 | – | Nil | 16 | 65-70 | |
| Kerstin Mogull, Managing Director | 150-155 | – | Nil | 210-215 | 25-30 | – | Nil | 12 | 40-45 | |
| Chris Dercon, Director, Tate Modern | 125-130 | – | Nil | 170-175 | 120-125 | – | Nil | 48 | 170-175 | |
| Caroline Collier, Director, Partnerships and Programmes | 90-95 | – | Nil | 115-120 | 90-95 | – | Nil | 24 | 115-120 | |
| Penelope Curtis, Director, Tate Britain | 90-95 | – | Nil | 125-130 | 90-95 | – | Nil | 35 | 125-130 | |
| Band of highest-paid director's remuneration | | 185,000-190,000 | | | 160,000-165,000 | | | | | |
| Median remuneration | | 24,600 | | | 23,360 | | | | | |
| Ratio | | 7.7 | | | 7.0 | | | | | |

^c The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights;

^d 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 2014-15 was £185,000-190,000 (2013-14 £160,000-165,000). This was 7.7 times (2013-14 7.0) the median remuneration of the workforce, which was £24,600 (2013-14 £23,360). In 2014-15, no employees (2013-14 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. No compensation for loss of office was paid to board members during the year.

| | Accrued pension at end date at 31 March 2015 £ | Real increase / (decrease) in pension at end date £ | CETV at 31 March 2015 £ | CETV at 31 March 2014 or start date £ | Real increase/ (decrease) in CETV £ |
|--------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------|------------------------------------------------|----------------------------------------------|
| Kerstin Mogull, Managing Director | | | | | |
| Pension | 4,157 | 3,450 | 53,000 | 9,000 | 31,000 |
| Lump sum | – | – | | | |
| Chris Dercon, Director, Tate Modern | | | | | |
| Pension | 11,768 | 2,877 | 163,000 | 116,000 | 29,000 |
| Lump sum | – | – | | | |
| Caroline Collier, Director, Partnerships and Programmes | | | | | |
| Pension | 15,226 | 1,558 | 294,000 | 253,000 | 22,000 |
| Lump sum | – | – | | | |
| Penelope Curtis, Director, Tate Britain | | | | | |
| Pension | 10,887 | 2,119 | 139,000 | 106,000 | 19,000 |
| Lump sum | – | – | | | |

Sir Nicholas Serota, Kerstin Mogull, Chris Dercon, Caroline Collier and Penelope Curtis are all members of the Civil Service defined benefit pensions scheme. Kerstin Mogull, Chris Dercon, Caroline Collier and Penelope Curtis contributed 8.9% of their annual salary, subject to the relevant capped limit, to their pensions. Sir Nicholas Serota chose not to be covered by the Civil Service pension arrangements during the reporting year.

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 2014 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

1 July 2015

Signed

The Lord Browne of Madingley
Chairman, Tate

1 July 2015

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

1 July 2015

Signed

The Lord Browne of Madingley
Chairman, Tate

1 July 2015

* 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 a non-departmental public body (NDPB). The Department for Culture, Media and Sport (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 2014-15 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 and processes and culture and values by which Tate is directed and controlled. It enables Tate to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective activities. It also ensures accountability.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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. A review of governance undertaken in 2013-14 saw the implementation of the Governance and People Committee which, as well as addressing HR policy within the organisation, oversees nominations to the non-executive. Its Trustee members, in 2014-15, 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 2014-15, Wolfgang Tillmans and Tomma Abts retired as artist Trustees. The process of recruiting successors has run throughout 2014-15, with appointments scheduled to be made in early 2015-16.

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; and
- 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 2014-15 was as follows:

- The Lord Browne of Madingley (Chairman) – 6 of 6 meetings
- Tomma Abts – 3 of 5 meetings (retired January 2015)
- Lionel Barber – 5 of 6 meetings
- Tom Bloxham – 6 of 6 meetings
- Mala Gaonkar – 5 of 6 meetings
- Maja Hoffmann – 4 of 6 meetings
- Lisa Milroy – 5 of 6 meetings
- Elisabeth Murdoch – 5 of 6 meetings
- Franck Petitgas – 5 of 6 meetings
- Dame Seona Reid – 6 of 6 meetings
- Monisha Shah – 6 of 6 meetings
- Hannah Rothschild – 5 of 6 meetings

- Gareth Thomas – 6 of 6 meetings
- Wolfgang Tillmans – 2 of 2 meetings (retired July 2014)

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 subcommittees 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; and
- 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 2014-15 was as follows:

- Wolfgang Tillmans (Trustee, chair retired July 2014) – 1 of 1 meeting
- Hannah Rothschild (Trustee) – 4 of 4 meetings (Trustee, chair from October 2014)
- Briony Fer – 3 of 3 meetings (retired December 2014)
- Tomma Abts (Trustee) – 0 of 3 meetings (retired January 2015)
- Lisa Milroy (Trustee) – 2 of 4 meetings
- Emmanuel Roman – 4 of 4 meetings
- Maja Hoffmann (Trustee) – 0 of 3 meetings (joined September 2014)
- David Taylor – 3 of 3 meetings (joined October 2014)

Audit Committee has authority on behalf of the Board of Trustees to carry out the appointment of external auditors to Tate 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. Attendance for 2014-15 was as follows:

- Mala Gaonkar (Trustee, chair) – 3 of 4 meetings
- Jonathan Asquith (co-opted member) – 1 of 2 meetings (retired June 2014)
- Lionel Barber (Trustee) – 3 of 4 meetings
- Raif Jacobs (co-opted member) – 2 of 4 meetings
- Luke Mayhew (co-opted member) – 3 of 4 meetings
- Keith Salway (co-opted member) – 1 of 2 meetings (retired June 2014)
- Charles Roxburgh (co-opted member) – 2 of 2 meetings (joined November 2014)

Two formally constituted sub-committees were dormant during 2014-15. The Millbank Development Committee is currently dormant pending reconstitution. The Remuneration Committee is now constituted as a sub-committee of Governance and People Committee comprising its Trustee members.

In 2014-15 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 23 of the Foreword.

6. Board Business 2014-15

During 2014-15 the Board considered the following key areas of business:

- Tate's Strategic Objectives and Corporate Plan and the plans for Tate Catering and Tate Enterprises division;
- Digital development;
- Artistic Programme frameworks: the frameworks within which exhibitions and displays are set for each site; the plans for displays in the new Tate Modern;
- Tate's international work;
- Tate's Diversity Strategy;
- Tate's brand;
- Capital projects: the Board received regular progress updates and took key decisions on Tate's capital development projects: Tate Modern 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; and
- Policies: the Board approved Tate new and updated policies within the Board's Policy Framework including the Acquisitions and Disposals Policy, the IS Security Policy, the Health and Safety Policy and the Environmental Policy and the application of Creative Commons Licences.

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.

Trustees require a high standard of information and data in support of papers brought to them. They receive regular information on Tate's operations covering finance, risk and performance and also are supplied with more detailed information as required. In formal review, they have expressed themselves satisfied with the data provided and consider it to be high quality.

7. Highlights of Board committee reports 2014-15

During 2014-15, 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 has advised the Board on Trustee re-appointments, Board skills and succession planning, appointments to Board sub-committees and sub-committee terms of reference. Work has also begun to reflect the views of younger audiences in decision-making at Tate by including them in meetings of key governance groups.

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. It has also examined specific areas of operation including Due Diligence.

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 the 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. Given that at the outset of 2014-15, the larger review of 2013-14 had only recently concluded, the following annual Board Effectiveness Review was conducted in early 2015-16, and will be reported in the accounts for that year. In 2014-15, the Board of Trustees considered and recommended the cross-membership of Councils and Committees, strengthening the greater integration of different aspects of Tate's operations.

9. Significant incidents arising relevant to internal control

There were no significant incidents during the year.

Signed

Sir Nicholas Serota
Director and Accounting Officer, Tate

1 July 2015

Signed

The Lord Browne of Madingley
Chairman, Tate

1 July 2015

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 2015 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 the sections entitled 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 expenditure and income 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 expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Board of Trustees of the Tate Gallery's affairs as at 31 March 2015 and of its incoming resources and resources expended 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 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 2015

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

Consolidated Statement of Financial Activities

For the year ended 31 March 2015

| | Notes | Income and Expenditure | | | Capital | | |
|-----------------------------------------------------------|-------|------------------------------------------|----------------------------------------|--------------------------------|------------------------------------------|----------------------------------------|--------------------------------|
| | | 2014-15 Unrestricted funds £000 | 2014-15 Restricted funds £000 | 2014-15 Total funds £000 | 2014-15 Unrestricted funds £000 | 2014-15 Restricted funds £000 | 2014-15 Total funds £000 |
| Incoming resources | | | | | | | |
| <i>Incoming resources from generated funds</i> | 2 | | | | | | |
| Voluntary income | | | | | | | |
| – Grant in Aid | | 29,626 | – | 29,626 | 2,523 | – | 2,523 |
| – Donated works of art | | – | – | – | – | – | – |
| – Other voluntary income | | 7,640 | 4,977 | 12,617 | – | 49,411 | 49,411 |
| Activities for generating funds | | | | | | | |
| – Trading income | 9 | 29,753 | – | 29,753 | 373 | 57 | 430 |
| – Other activities for generating funds | | 6,400 | – | 6,400 | – | – | – |
| Investment income | 3 | 39 | 7 | 46 | – | – | – |
| <i>Incoming resources from charitable activities</i> | 4 | 12,264 | – | 12,264 | – | – | – |
| <i>Other incoming resources</i> | | 1,003 | – | 1,003 | – | – | – |
| Total incoming resources | | 86,725 | 4,984 | 91,709 | 2,896 | 49,468 | 52,364 |
| Resources expended | 6 | | | | | | |
| <i>Costs of generating funds</i> | | | | | | | |
| Costs of generating voluntary income | | 2,618 | 17 | 2,635 | 67 | 4 | 71 |
| Fundraising trading: cost of goods sold and other costs | | | | | | | |
| – Trading costs | | 25,936 | – | 25,936 | 273 | – | 273 |
| – Other costs of generating funds | | 4,058 | 16 | 4,074 | 59 | 4 | 63 |
| Investment management costs | | 20 | – | 20 | – | – | – |
| <i>Charitable activities</i> | | 48,944 | 4,945 | 53,889 | 2,641 | 15,552 | 18,193 |
| <i>Governance costs</i> | | 669 | – | 669 | – | 3 | 3 |
| <i>Other resources expended</i> | | 1,010 | – | 1,010 | – | – | – |
| Total resources expended | | 83,255 | 4,978 | 88,233 | 3,040 | 15,563 | 18,603 |
| Net incoming/(outgoing) resources before transfers | | 3,470 | 6 | 3,476 | (144) | 33,905 | 33,761 |
| Transfers between funds | 14 | – | – | – | – | – | – |
| Net incoming/(outgoing) resources after transfers | | 3,470 | 6 | 3,476 | (144) | 33,905 | 33,761 |
| Gain on investment assets | 14 | – | 4 | 4 | – | – | – |
| Gain on revaluation of tangible fixed assets | 14 | – | – | – | 740 | 48,769 | 49,509 |
| Net movement of funds | | 3,470 | 10 | 3,480 | 596 | 82,674 | 83,270 |
| Funds brought forward at 1 April 2014 | 14 | 7,999 | 35 | 8,034 | 34,901 | 833,527 | 868,428 |
| Funds carried forward at 31 March 2015 | | 11,469 | 45 | 11,514 | 35,497 | 916,201 | 951,698 |

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.

| Collections | | | Total | | | | |
|--------------------|------------------|----------------|--------------------|------------------|-----------------|--------------------|------------------|
| 2014-15 | 2014-15 | 2014-15 | 2014-15 | 2014-15 | 2014-15 | 2014-15 | 2013-14 |
| Unrestricted funds | Restricted funds | Total funds | Unrestricted funds | Restricted funds | Endowment funds | Total funds | Total funds |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| - | - | - | 32,149 | - | - | 32,149 | 24,394 |
| - | 72,742 | 72,742 | - | 72,742 | - | 72,742 | 4,316 |
| - | 3,933 | 3,933 | 7,640 | 58,321 | - | 65,961 | 106,903 |
| 419 | - | 419 | 30,545 | 57 | - | 30,602 | 25,886 |
| - | - | - | 6,400 | - | - | 6,400 | 5,221 |
| - | 308 | 308 | 39 | 315 | - | 354 | 336 |
| 19 | - | 19 | 12,283 | - | - | 12,283 | 10,071 |
| - | - | - | 1,003 | - | - | 1,003 | 1,002 |
| 438 | 76,983 | 77,421 | 90,059 | 131,435 | - | 221,494 | 178,129 |
| - | - | - | 2,685 | 21 | - | 2,706 | 2,758 |
| - | - | - | 26,209 | - | - | 26,209 | 23,279 |
| - | - | - | 4,117 | 20 | - | 4,137 | 3,608 |
| - | 51 | 51 | 20 | 51 | - | 71 | 70 |
| - | - | - | 51,585 | 20,497 | - | 72,082 | 76,867 |
| - | - | - | 669 | 3 | - | 672 | 606 |
| - | - | - | 1,010 | - | - | 1,010 | 1,007 |
| - | 51 | 51 | 86,295 | 20,592 | - | 106,887 | 108,195 |
| 438 | 76,932 | 77,370 | 3,764 | 110,843 | - | 114,607 | 69,934 |
| - | - | - | - | - | - | - | - |
| 438 | 76,932 | 77,370 | 3,764 | 110,843 | - | 114,607 | 69,934 |
| - | 45 | 45 | - | 49 | 820 | 869 | 600 |
| - | - | - | 740 | 48,769 | - | 49,509 | 151,424 |
| 438 | 76,977 | 77,415 | 4,504 | 159,661 | 820 | 164,985 | 221,958 |
| 17,920 | 307,087 | 325,007 | 60,820 | 1,140,649 | 10,548 | 1,212,017 | 990,059 |
| 18,358 | 384,064 | 402,422 | 65,324 | 1,300,310 | 11,368 | 1,377,002 | 1,212,017 |

Consolidated Balance Sheet at 31 March 2015

| | Notes | 2015 £000 | 2014 £000 |
|----------------------------------------------------------------|-------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 947,076 | 868,805 |
| Heritage assets | 8 | 402,716 | 325,735 |
| Investments | 3 | 11,751 | 10,791 |
| | | <u>1,361,543</u> | <u>1,205,331</u> |
| Current assets | | | |
| Stocks | 9 | 3,472 | 3,422 |
| Debtors and prepayments | 10 | 8,630 | 8,343 |
| Cash and liquid resources | 11 | 23,823 | 18,865 |
| | | <u>35,925</u> | <u>30,630</u> |
| Creditors: amounts falling due within one year | 12 | (19,940) | (23,262) |
| Net current assets | | <u>15,985</u> | <u>7,368</u> |
| Total assets less current liabilities | | <u>1,377,528</u> | <u>1,212,699</u> |
| Creditors: amounts falling due after more than one year | 12 | (526) | (682) |
| Total assets less liabilities | | <u>1,377,002</u> | <u>1,212,017</u> |
| Represented by: | | | |
| Restricted reserves | 14 | 1,300,310 | 1,140,649 |
| Unrestricted reserves | | | |
| Designated | 14 | 53,855 | 52,821 |
| General | 14 | 11,469 | 7,999 |
| Total funds | | <u>1,365,634</u> | <u>1,201,469</u> |
| Endowments | 14 | 11,368 | 10,548 |
| Total funds | | <u>1,377,002</u> | <u>1,212,017</u> |

The financial statements on pages 40 to 66 were approved by the Trustees on:

Signed

Sir Nicholas Serota
Director, Tate

1 July 2015

Signed

The Lord Browne of Madingley
Chairman, Tate

1 July 2015

Tate Balance Sheet at 31 March 2015

| | Notes | 2015 £000 | 2014 £000 |
|----------------------------------------------------------------|-------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 946,339 | 867,980 |
| Heritage assets | 8 | 402,716 | 325,735 |
| Investments | 3 | 14,246 | 13,286 |
| | | <u>1,363,301</u> | <u>1,207,001</u> |
| Current assets | | | |
| Debtors and prepayments | 10 | 12,706 | 10,809 |
| Cash and liquid resources | 11 | 19,431 | 15,662 |
| | | <u>32,137</u> | <u>26,471</u> |
| Creditors: amounts falling due within one year | 12 | (18,270) | (21,106) |
| Net current assets | | <u>13,867</u> | <u>5,365</u> |
| Total assets less current liabilities | | <u>1,377,168</u> | <u>1,212,366</u> |
| Creditors: amounts falling due after more than one year | 12 | (526) | (682) |
| Total assets less liabilities | | <u>1,376,642</u> | <u>1,211,684</u> |
| Represented by: | | | |
| Restricted reserves | 14 | 1,300,299 | 1,140,635 |
| Unrestricted reserves | | | |
| Designated | 14 | 53,118 | 51,996 |
| General | 14 | 11,857 | 8,505 |
| Total funds | | <u>1,365,274</u> | <u>1,201,136</u> |
| Endowments | 14 | 11,368 | 10,548 |
| Total funds | | <u>1,376,642</u> | <u>1,211,684</u> |

The financial statements on pages 40 to 66 were approved by the Trustees on:

Signed

Sir Nicholas Serota
Director, Tate

1 July 2015

Signed

The Lord Browne of Madingley
Chairman, Tate

1 July 2015

Consolidated Cash Flow Statement for the year ended 31 March 2015

| | Notes | 2015 £000 | 2014 £000 |
|-----------------------------------------------------------------------------|---------|-----------------------|----------------|
| Net cash inflow from operating activities | 16(i) | 56,652 | 98,512 |
| <i>Returns on investments and servicing of finance</i> | | | |
| Interest received | | <u>354</u> | <u>384</u> |
| Net cash inflow from returns on investments and servicing of finance | | 354 | 384 |
| <i>Capital expenditure and financial investment</i> | | | |
| Purchase of tangible fixed assets | | (51,957) | (89,523) |
| Purchase of investments | | (1,348) | (2,821) |
| Proceeds from sale of investments | | <u>1,257</u> | <u>2,869</u> |
| Net cash outflow from capital expenditure | | (52,048) | (89,475) |
| Management of liquid resources | 16(ii) | <u>(5,731)</u> | <u>(7,837)</u> |
| (Decrease)/increase in cash | 16(iii) | <u>(773)</u> | <u>1,584</u> |

Notes to the Accounts

1. Accounting policies

Basis of accounting

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

The accounts have been prepared in accordance with the accounts direction given by the Secretary of State for Culture, 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 £114,580,000 (£69,807,000 in 2013-14).

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. 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. 12.1% of the Collection (8,665 works, excluding library and archive items) is recognised at a value on the Balance sheet. For the remaining 87.9%, 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 and leasehold improvements | – 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 2015.

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

| | 2015 | 2014 |
|--------------------------------------------------|----------------|---------|
| | £000 | £000 |
| Grant in Aid | 32,149 | 24,394 |
| Donated works of art | 72,742 | 4,316 |
| Lottery and other public funding | | |
| Arts and Humanities Research Council | 31 | 20 |
| Arts Council | 910 | 646 |
| Big Lottery Fund – Family Learning grant | 23 | 79 |
| British Council | 18 | 6 |
| City of Liverpool | 41 | 42 |
| European Regional Development Fund | 385 | 16 |
| Heritage Lottery Fund | 1,175 | 18,729 |
| Newcastle Upon Tyne City Council | 15 | – |
| Total Lottery and other public funding | 2,598 | 19,538 |
| Donations from connected charities | 46,713 | 59,828 |
| Other donations | 16,650 | 27,537 |
| | 170,852 | 135,613 |
| of which the following is taken to (see page 40) | | |
| Income and expenditure | 42,243 | 42,579 |
| Capital | 51,934 | 60,208 |
| Collections | 76,675 | 32,811 |
| Endowments | – | 15 |
| Activities for generating funds | | |
| | 2015 | 2014 |
| | £000 | £000 |
| Trading | 30,602 | 25,886 |
| Sponsorship | 3,812 | 3,442 |
| Other activities for generating funds | 2,588 | 1,779 |
| | 37,002 | 31,107 |
| of which the following is taken to (see page 40) | | |
| Income and expenditure | 36,153 | 29,938 |
| Capital | 430 | 912 |
| Collections | 419 | 257 |

Included in Sponsorship income is £262,000 of barter advertising (£370,000 in 2013-14), computed at estimated cost value.

3. Investments and investment income

| | 2015 | 2014 |
|--------------------------------------------------|-------------|------|
| | £000 | £000 |
| Bank interest | 40 | 52 |
| Income on quoted investments | 314 | 284 |
| | 354 | 336 |
| of which the following is taken to (see page 40) | | |
| Income and expenditure | 46 | 56 |
| Capital | – | – |
| Collections | 308 | 280 |

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

Investments total £11,751,000 (£10,791,000 in 2013-14).

| | 2014 Market value | Additions / (disposals) in year | Realised and unrealised gains/ (losses) | 2015 Market value |
|----------------------------------------------|----------------------|---------------------------------------|--------------------------------------------------|----------------------------------|
| | £000 | £000 | £000 | £000 |
| Investment portfolio: | | | | |
| UK fixed interest | 1,539 | 204 | 43 | 1,786 |
| Non-UK fixed interest | 101 | – | 4 | 105 |
| UK equities | 3,454 | (4) | (26) | 3,424 |
| Non-UK equities | 3,612 | (97) | 669 | 4,184 |
| Property | 1,304 | (7) | 138 | 1,435 |
| Alternatives | 595 | 68 | 41 | 704 |
| Cash | 186 | (73) | – | 113 |
| Group investments total | 10,791 | 91 | 869 | 11,751 |
| Subsidiaries' issued share capital (at cost) | 2,495 | – | – | 2,495 |
| Tate investments total | 13,286 | 91 | 869 | 14,246 |

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

4. Incoming resources from charitable activities

| | 2015 | 2014 |
|-----------------------------------------------------|---------------|--------|
| | £000 | £000 |
| Admissions | 9,330 | 6,850 |
| Other incoming resources from charitable activities | 2,953 | 3,221 |
| | 12,283 | 10,071 |
| of which the following is taken to (see page 40) | | |
| Income and expenditure | 12,264 | 10,049 |
| Capital | – | 5 |
| Collections | 19 | 17 |

5. Net incoming resources

are stated after charging:

| | 2015 | 2014 |
|------------------------------------------------------------|---------------|--------|
| | £000 | £000 |
| Auditors' remuneration | | |
| Comptroller and Auditor General | 54 | 54 |
| Subsidiaries – audit, Grant Thornton | 33 | 32 |
| Subsidiaries – taxation & technical advice, Grant Thornton | 7 | 7 |
| Taxation advice | 54 | 64 |
| Operating lease rentals | | |
| Land and buildings | 594 | 546 |
| Vehicles and equipment | 70 | 63 |
| Depreciation | 18,602 | 17,611 |
| Impairment of fixed assets | – | 6,366 |

6. Total resources expended

| | Staff costs | Other direct costs | Support costs | Depreciation* | 2015 | 2014 |
|---------------------------------------------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------|
| | £000 | £000 | £000 | £000 | Total | Total |
| | | | | | £000 | £000 |
| <i>Costs of generating funds</i> | | | | | | |
| Costs of generating voluntary income | 1,516 | 170 | 948 | 72 | 2,706 | 2,758 |
| Fundraising trading: cost of goods sold and other costs | | | | | | |
| – Trading costs | 10,276 | 15,660 | – | 273 | 26,209 | 23,279 |
| – Other fundraising costs | 2,600 | 645 | 829 | 63 | 4,137 | 3,608 |
| Investment management costs | – | 51 | 20 | – | 71 | 70 |
| <i>Total costs of generating funds</i> | <u>14,392</u> | <u>16,526</u> | <u>1,797</u> | <u>408</u> | <u>33,123</u> | <u>29,715</u> |
| <i>Charitable activities</i> | | | | | | |
| – Gallery activities | 12,483 | 14,288 | 14,343 | 16,953 | 58,067 | 62,657 |
| – Gallery operations | 2,990 | 871 | 1,026 | 765 | 5,652 | 6,071 |
| – Collections | 5,028 | 1,623 | 1,227 | 476 | 8,354 | 8,130 |
| – Lease cost | – | 9 | – | – | 9 | 9 |
| <i>Total charitable activities</i> | <u>20,501</u> | <u>16,791</u> | <u>16,596</u> | <u>18,194</u> | <u>72,082</u> | <u>76,867</u> |
| <i>Governance costs</i> | 518 | 93 | 61 | – | 672 | 606 |
| <i>Other resources expended</i> | 596 | – | 414 | – | 1,010 | 1,007 |
| Total resources expended | <u>36,007</u> | <u>33,410</u> | <u>18,868</u> | <u>18,602</u> | <u>106,887</u> | <u>108,195</u> |

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

The Chairman and other Trustees received no remuneration; three Trustees (five in 2013-14) received reimbursement of travel and subsistence expenses amounting to £5,282 in 2014-15 (£4,655 in 2013-14).

a) Support cost breakdown by activity

| | Finance and Legal £000 | Human resources £000 | Information systems £000 | Estates £000 | Other £000 | 2015 Total £000 | 2014 Total £000 |
|---------------------------------------------------------|------------------------------|----------------------------|--------------------------------|------------------------|-------------------|--------------------------------|-----------------------|
| <i>Costs of generating funds</i> | | | | | | | |
| Costs of generating voluntary income | 45 | 68 | 133 | 694 | 8 | 948 | 1,238 |
| Fundraising trading: cost of goods sold and other costs | | | | | | | |
| – Other fundraising costs | 39 | 60 | 116 | 607 | 7 | 829 | 771 |
| Investment management costs | 20 | – | – | – | – | 20 | 21 |
| <i>Total costs of generating funds</i> | <u>104</u> | <u>128</u> | <u>249</u> | <u>1,301</u> | <u>15</u> | <u>1,797</u> | <u>2,030</u> |
| <i>Charitable activities</i> | | | | | | | |
| – Gallery activities | 582 | 726 | 1,693 | 11,243 | 99 | 14,343 | 14,690 |
| – Gallery operations | 85 | 172 | 248 | 507 | 14 | 1,026 | 977 |
| – Collections | 143 | 326 | 417 | 316 | 25 | 1,227 | 1,173 |
| <i>Total charitable activities</i> | <u>810</u> | <u>1,224</u> | <u>2,358</u> | <u>12,066</u> | <u>138</u> | <u>16,596</u> | <u>16,840</u> |
| <i>Governance costs</i> | 61 | – | – | – | – | 61 | 65 |
| <i>Other resources expended</i> | 414 | – | – | – | – | 414 | 372 |
| Total resources expended | <u>1,389</u> | <u>1,352</u> | <u>2,607</u> | <u>13,367</u> | <u>153</u> | <u>18,868</u> | <u>19,307</u> |
| Basis of allocation | expenditure | average FTE | expenditure | depreciation charge | expenditure | | |

Support costs include an element of staff costs amounting to £4,695,000 (£4,874,000 in 2013-14).

b) Staff costs

| | 2015 £000 | 2014 £000 |
|-----------------------------|----------------------|---------------|
| Wages and salaries | 32,411 | 31,008 |
| Pension costs | 4,340 | 3,985 |
| Social Security costs | 2,454 | 2,372 |
| Redundancy costs | 47 | 161 |
| Total employee costs | <u>39,252</u> | <u>37,526</u> |
| Agency staff costs | 1,450 | 1,356 |
| | <u>40,702</u> | <u>38,882</u> |

In addition, £1,357,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2014-15 (£1,519,000 in 2013-14). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 40 in 2014-15 (54 in 2013-14).

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:

| | 2015 | 2014 |
|---------------------|-------------|------|
| | No. | No. |
| £60,000 – £64,999 | 7 | 7 |
| £65,000 – £69,999 | 4 | 4 |
| £70,000 – £74,999 | 2 | 3 |
| £75,000 – £79,999 | 3 | 2 |
| £80,000 – £84,999 | 2 | 2 |
| £90,000 – £94,999 | 3 | 3 |
| £95,000 – £99,999 | 1 | 2 |
| £115,000 – £119,999 | 1 | – |
| £120,000 – £124,999 | – | 1 |
| £125,000 – £129,999 | 1 | – |
| £150,000 – £154,999 | 1 | – |
| £160,000 – £164,999 | – | 1 |
| £185,000 – £189,999 | 1 | – |

Twenty-five of the twenty-six staff earning more than £60,000 are members of a defined benefit pension scheme; their total contributions to the scheme amounted to £467,000 during the year.

The average number of full-time equivalent (FTE) staff during the year was 1,252 (1,243 in 2013-14). Included within this total are 13 FTE staff on temporary contracts (16 in 2013-14) and 80 FTE staff on fixed-term contracts (73 in 2013-14).

The breakdown of average FTE staff by occupational group was:

| | 2015 | 2014 |
|---------------------------------------------------------|---------------------|--------------|
| | No. | No. |
| <i>Costs of generating funds</i> | | |
| Costs of generating voluntary income | 39 | 45 |
| Fundraising trading: cost of goods sold and other costs | | |
| – Trading | 476 | 472 |
| – Other | 80 | 66 |
| Investment management costs | 1 | – |
| <i>Charitable activities</i> | 626 | 629 |
| <i>Governance costs</i> | 5 | 5 |
| <i>Other resources expended</i> | 25 | 26 |
| | <u>1,252</u> | <u>1,243</u> |

Exit package cost band

| | Number of compulsory redundancies | Number of other redundancies agreed | Total number of exit packages by cost band 2015 | Total number of exit packages by cost band 2014 |
|-------------------------------|-----------------------------------------|----------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------|
| <£10,000 | 4 | 1 | 5 | 3 |
| £10,000 - £25,000 | – | 1 | 1 | – |
| £25,000 - £50,000 | – | – | – | 1 |
| £50,000 - £100,000 | – | – | – | 1 |
| Total number of exit packages | <u>4</u> | <u>2</u> | <u>6</u> | <u>5</u> |
| Total resource cost/£ | 28,000 | 19,000 | 47,000 | 158,000 |

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 6.85% of pensionable earnings for *classic* and 3.5% to 8.85% 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 2014-15, employers' contributions of £3,591,000 were payable to the PCSPS (2013-14 £3,359,000) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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

Employers' contributions of £126,000 (2013-14 £130,000) were paid to one or more of a panel of three appointed stakeholder pension providers. In addition, employer contributions of £176,000 (£169,000 in 2013-14), 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 (one in 2013-14); the total additional accrued pension liabilities to PCSPS in the year amounted to £1,677 (£1,892 in 2013-14).

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 £447,000 were made in the year (2013-14 £327,000).

7. Tangible assets

| Group | Land £000 | Freehold buildings £000 | Leasehold improve- ments £000 | Assets in the course of construction £000 | Plant and fit-out £000 | Long leasehold £000 | Fixtures, fittings and equipment £000 | Total tangible assets £000 |
|----------------------------------------|----------------|-------------------------------|----------------------------------------|-------------------------------------------------------|------------------------------|---------------------------|------------------------------------------------|-------------------------------------|
| Value at 1 April 2014 | 163,275 | 55,776 | 20,674 | 169,427 | 106,915 | 352,579 | 13,311 | 881,957 |
| Additions at cost | – | 312 | – | 42,498 | 3,231 | – | 1,323 | 47,364 |
| Valuation of assets | 19,825 | 1,930 | 712 | – | 3,798 | 23,296 | – | 49,561 |
| Disposals | – | – | – | – | – | – | (59) | (59) |
| Value at 31 March 2015 | 183,100 | 58,018 | 21,386 | 211,925 | 113,944 | 375,875 | 14,575 | 978,823 |
| Depreciation at 1 April 2014 | – | 8 | 167 | – | 1,319 | – | 11,658 | 13,152 |
| Charge for the year | – | 675 | 230 | – | 7,596 | 9,045 | 1,056 | 18,602 |
| Valuation of assets | – | – | 6 | – | 46 | – | – | 52 |
| Disposals | – | – | – | – | – | – | (59) | (59) |
| Depreciation at 31 March 2015 | – | 683 | 403 | – | 8,961 | 9,045 | 12,655 | 31,747 |
| Net book value at 31 March 2015 | 183,100 | 57,335 | 20,983 | 211,925 | 104,983 | 366,830 | 1,920 | 947,076 |
| Net book value at 1 April 2014 | 163,275 | 55,768 | 20,507 | 169,427 | 105,596 | 352,579 | 1,653 | 868,805 |
| Tate | | | | | | | | |
| | Land £000 | Freehold buildings £000 | Leasehold improve- ments £000 | Assets in the course of construction £000 | Plant and fit-out £000 | Long leasehold £000 | Fixtures, fittings and equipment £000 | Total tangible assets £000 |
| Value at 1 April 2014 | 163,275 | 55,625 | 20,674 | 169,427 | 106,915 | 352,579 | 9,546 | 878,041 |
| Additions at cost | – | 301 | – | 42,498 | 3,231 | – | 1,149 | 47,179 |
| Valuation of assets | 19,825 | 1,930 | 712 | – | 3,798 | 23,296 | – | 49,561 |
| Disposals | – | – | – | – | – | – | (32) | (32) |
| Value at 31 March 2015 | 183,100 | 57,856 | 21,386 | 211,925 | 113,944 | 375,875 | 10,663 | 974,749 |
| Depreciation at 1 April 2014 | – | – | 167 | – | 1,319 | – | 8,575 | 10,061 |
| Charge for the year | – | 658 | 230 | – | 7,596 | 9,045 | 800 | 18,329 |
| Valuation of assets | – | – | 6 | – | 46 | – | – | 52 |
| Disposals | – | – | – | – | – | – | (32) | (32) |
| Depreciation at 31 March 2015 | – | 658 | 403 | – | 8,961 | 9,045 | 9,343 | 28,410 |
| Net book value at 31 March 2015 | 183,100 | 57,198 | 20,983 | 211,925 | 104,983 | 366,830 | 1,320 | 946,339 |
| Net book value at 1 April 2014 | 163,275 | 55,625 | 20,507 | 169,427 | 105,596 | 352,579 | 971 | 867,980 |

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 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 2015 represents fixed assets for:

| Group | Land £000 | Freehold buildings £000 | Leasehold improve- ments £000 | Assets in the course of construction £000 | Plant and fit-out £000 | Long leasehold £000 | Fixtures, fittings and equipment £000 | Total tangible assets £000 |
|-----------------------|----------------|-------------------------------|----------------------------------------|-------------------------------------------------------|------------------------------|---------------------------|---------------------------------------------------|-------------------------------------|
| Charitable activities | 183,100 | 57,198 | 20,983 | 211,925 | 104,983 | 366,830 | 1,320 | 946,339 |
| Other activities | - | 137 | - | - | - | - | 600 | 737 |
| | <u>183,100</u> | <u>57,335</u> | <u>20,983</u> | <u>211,925</u> | <u>104,983</u> | <u>366,830</u> | <u>1,920</u> | <u>947,076</u> |

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

8. Heritage assets

| Group and Tate | Value at 1 April 2014 £000 | Additions £000 | Value at 31 March 2015 £000 |
|------------------|-------------------------------------|-------------------|--------------------------------------|
| <i>Cost</i> | | | |
| Installations | 13,756 | 1,136 | 14,892 |
| Paintings | 56,519 | 1,317 | 57,836 |
| Reliefs | 1,336 | 131 | 1,467 |
| Sculptures | 17,054 | 254 | 17,308 |
| Works on paper | 15,677 | 969 | 16,646 |
| Time-based media | 4 | 309 | 313 |
| Archives | 3,249 | 69 | 3,318 |
| Other | 342 | - | 342 |
| ARTIST ROOMS | 20,579 | 54 | 20,633 |
| <i>Valuation</i> | | | |
| Installations | 7,125 | 2,171 | 9,296 |
| Paintings | 102,507 | 57,408 | 159,915 |
| Reliefs | 531 | 147 | 678 |
| Sculptures | 21,051 | 10,654 | 31,705 |
| Works on paper | 12,075 | 1,677 | 13,752 |
| Time-based media | - | 194 | 194 |
| Archives | 5,904 | 210 | 6,114 |
| Other | 284 | - | 284 |
| ARTIST ROOMS | 47,742 | 281 | 48,023 |
| Total additions | <u>325,735</u> | <u>76,981</u> | <u>402,716</u> |

In the year 1,298 works of art and archives were added to the Collection of which 325 are included at cost price and 973 (including 46 part-purchased ARTIST ROOMS works) have been valued.

Five-year financial summary of heritage asset transactions

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|------------------|----------------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 |
| <i>Cost</i> | | | | | |
| Installations | 1,136 | 883 | 2,379 | 808 | 1,203 |
| Paintings | 1,317 | 24,659 | 920 | 988 | 538 |
| Reliefs | 131 | 163 | 36 | 247 | 113 |
| Sculptures | 254 | 489 | 1,013 | 1,148 | 1,124 |
| Works on paper | 969 | 1,549 | 1,353 | 1,368 | 683 |
| Time-based media | 309 | 4 | – | – | – |
| Archives | 69 | 1,533 | 17 | 1 | 243 |
| ARTIST ROOMS | 54 | – | – | 32 | 68 |
| <i>Valuation</i> | | | | | |
| Installations | 2,171 | 671 | 1,872 | 378 | 284 |
| Paintings | 57,408 | 1,264 | 10,451 | 1,141 | 1,648 |
| Reliefs | 147 | – | 34 | 3 | – |
| Sculptures | 10,654 | 134 | 2,212 | 467 | 766 |
| Works on paper | 1,677 | 1,215 | 2,510 | 456 | 740 |
| Time-based media | 194 | – | – | – | – |
| Archives | 210 | 337 | 629 | 663 | 192 |
| ARTIST ROOMS | 281 | 695 | 785 | 192 | 702 |
| Total additions | 76,981 | 33,596 | 24,211 | 7,892 | 8,304 |

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 71,468 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 <http://www.tate.org.uk/about/our-work/conservation> and the Acquisitions and Disposals and Loans policy can be found at <http://www.tate.org.uk/about/our-work/collection>.

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.

| | 2015 £000 | 2014 £000 |
|----------------------|----------------------------|--------------|
| Fixed assets | 737 | 825 |
| Current assets | 9,373 | 7,528 |
| Current liabilities | (7,266) | (5,539) |
| Net assets | 2,844 | 2,814 |
| Capital and reserves | 2,844 | 2,814 |

Current assets include stock of £3,472,000, comprising: work in progress £202,000; finished goods and goods for resale £3,270,000 (£3,422,000, comprising: work in progress £261,000; finished goods and goods for resale £3,161,000 in 2013-14).

| | 2015 £000 | 2014 £000 |
|-------------------------|----------------------------|--------------|
| Turnover | 31,751 | 27,075 |
| Cost of sales | (11,716) | (10,454) |
| Gross profit | 20,035 | 16,621 |
| Administrative expenses | (14,928) | (13,479) |
| Trading profit | 5,107 | 3,142 |
| Interest receivable | 11 | 9 |
| Net contribution | 5,118 | 3,151 |

The net contribution consists of £3,580,000 from publishing and retail operations (£2,621,000 in 2013-14), £815,000 from catering operations (£288,000 in 2013-14) and £723,000 from education and media services (£242,000 in 2013-14). Turnover includes £962,000 of sales to Tate (£1,030,000 in 2013-14). Administrative expenses include £434,000 of expenditure recharged by Tate (£484,000 in 2013-14).

The taxable profits of Tate Enterprises Limited are paid to the Board of Trustees of Tate Gallery under Gift Aid rules each year.

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 £2,510 to £11,664 in the year.

10. Debtors

| | Group | | Tate | |
|----------------------------------|--------------|-------|---------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | £000 | £000 | £000 | £000 |
| Trade debtors | 5,383 | 4,500 | 4,354 | 3,853 |
| Amounts due from group companies | – | – | 5,280 | 3,275 |
| Other debtors | 1,017 | 1,041 | 952 | 1,003 |
| Prepayments and accrued income | 2,230 | 2,802 | 2,120 | 2,678 |
| | 8,630 | 8,343 | 12,706 | 10,809 |

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 | |
|-----------------------------------------------------|--------------|-------|---------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | £000 | £000 | £000 | £000 |
| Balances with other central government bodies | 3,208 | 2,121 | 3,140 | 2,120 |
| Balances with local authorities | 454 | 119 | 454 | 119 |
| Balances with NHS Trusts | 38 | 10 | 38 | 10 |
| Balances with public corporations and trading funds | 4 | 1 | 4 | 1 |
| Total intra government balances | 3,704 | 2,251 | 3,636 | 2,250 |
| Balances with bodies external to government | 4,926 | 6,092 | 9,070 | 8,559 |
| | 8,630 | 8,343 | 12,706 | 10,809 |

11. Cash and liquid resources

| | Group | | Tate | |
|----------------------------------------|---------------|--------|---------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | £000 | £000 | £000 | £000 |
| held at/in: | | | | |
| Government Banking Service | 2,742 | 3,383 | 2,742 | 3,383 |
| Floating rates | 20,963 | 15,232 | 16,630 | 12,232 |
| Cash and non-interest-bearing accounts | 118 | 250 | 59 | 47 |
| | 23,823 | 18,865 | 19,431 | 15,662 |

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

| | | |
|---------------------------------------------------------------|---------------|--------|
| | 2015 | 2014 |
| | £000 | £000 |
| Floating rates | 20,963 | 15,232 |
| Less: funds held in interest-bearing current or call accounts | – | – |
| Liquid resources (funds held on deposit) | 20,963 | 15,232 |

12. Creditors: amounts falling due within one year

| | Group | | Tate | |
|-------------------------------------------|---------------|--------|---------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | £000 | £000 | £000 | £000 |
| Trade creditors | 2,210 | 3,099 | 1,428 | 2,321 |
| Amounts due to group companies | - | - | 345 | 127 |
| Taxation and social security | 829 | 1,095 | 518 | 530 |
| Other creditors | 2,589 | 1,862 | 2,407 | 1,694 |
| Accruals | 10,583 | 14,176 | 9,876 | 13,457 |
| Deferred income | 3,719 | 3,020 | 3,686 | 2,967 |
| Obligations under finance lease (note 18) | 10 | 10 | 10 | 10 |
| | 19,940 | 23,262 | 18,270 | 21,106 |

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 | |
|-----------------------------------------------------|---------------|--------|---------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | £000 | £000 | £000 | £000 |
| Balances with other central government bodies | 1,349 | 2,143 | 1,038 | 1,578 |
| Balances with local authorities | 35 | 121 | 35 | 121 |
| Balances with NHS Trusts | 32 | 12 | 32 | 12 |
| Balances with public corporations and trading funds | 9 | 4 | 9 | 4 |
| Total intra government balances | 1,425 | 2,280 | 1,114 | 1,715 |
| Balances with bodies external to government | 18,515 | 20,982 | 17,156 | 19,391 |
| | 19,940 | 23,262 | 18,270 | 21,106 |

Creditors: amounts falling due after more than one year

| | Group | | Tate | |
|-------------------------------------------|--------------|------|-------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| | £000 | £000 | £000 | £000 |
| Other creditors | 100 | 128 | 100 | 128 |
| Deferred income | 46 | 173 | 46 | 173 |
| Obligations under finance lease (note 18) | 380 | 381 | 380 | 381 |
| | 526 | 682 | 526 | 682 |

All balances are with bodies external to government.

Deferred income

| | Group | | Tate | |
|---------------------------------|----------------|---------|----------------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| | £000 | £000 | £000 | £000 |
| Deferred income brought forward | 3,193 | 2,660 | 3,140 | 2,648 |
| Released in year | (3,078) | (2,431) | (2,755) | (2,400) |
| Deferred in year | 3,650 | 2,964 | 3,347 | 2,892 |
| Deferred income carried forward | 3,765 | 3,193 | 3,732 | 3,140 |

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 2015 Tate had annual commitments under non-cancellable leases as follows:

| Group | Land and buildings £000 | Other £000 | 2015 £000 | 2014 £000 |
|----------------------------------|-------------------------------|---------------|----------------------------|--------------|
| Operating leases expiring within | | | | |
| One year | – | 9 | 9 | 23 |
| Two to five years | 146 | 61 | 207 | 172 |
| More than five years | 452 | – | 452 | 452 |
| | <u>598</u> | <u>70</u> | <u>668</u> | <u>647</u> |
| Tate | Land and buildings £000 | Other £000 | 2015 £000 | 2014 £000 |
| Operating leases expiring within | | | | |
| One year | – | 2 | 2 | 11 |
| Two to five years | 25 | 9 | 34 | 36 |
| More than five years | 452 | – | 452 | 452 |
| | <u>477</u> | <u>11</u> | <u>488</u> | <u>499</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 | 17,864 | – | 438 | – | – | – | 18,302 |
| Buildings and equipment | 34,901 | – | 2,896 | (3,040) | 740 | – | 35,497 |
| Collection fund | 56 | – | – | – | – | – | 56 |
| | <u>52,821</u> | <u>–</u> | <u>3,334</u> | <u>(3,040)</u> | <u>740</u> | <u>–</u> | <u>53,855</u> |
| <i>General funds</i> | 7,999 | – | 86,725 | (83,255) | – | – | 11,469 |
| Total unrestricted funds | <u>60,820</u> | <u>–</u> | <u>90,059</u> | <u>(86,295)</u> | <u>740</u> | <u>–</u> | <u>65,324</u> |
| Restricted | | | | | | | |
| Tate Modern development | 85,002 | – | – | (9,200) | 8,111 | – | 83,913 |
| Buildings and equipment | 283,662 | – | 49,468 | (6,363) | 3,436 | – | 330,203 |
| Revaluation reserve | 464,863 | – | – | – | 37,222 | – | 502,085 |
| Works of art | 306,798 | – | 76,896 | – | – | – | 383,694 |
| Acquisition trust funds | 289 | – | 87 | (51) | – | 45 | 370 |
| Other funds | 35 | – | 4,984 | (4,978) | – | 4 | 45 |
| | <u>1,140,649</u> | <u>–</u> | <u>131,435</u> | <u>(20,592)</u> | <u>48,769</u> | <u>49</u> | <u>1,300,310</u> |
| Endowments | 10,548 | – | – | – | – | 820 | 11,368 |
| Total funds | <u>1,212,017</u> | <u>–</u> | <u>221,494</u> | <u>(106,887)</u> | <u>49,509</u> | <u>869</u> | <u>1,377,002</u> |

| Tate | 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 | 17,864 | – | 438 | – | – | – | 18,302 |
| Buildings and equipment | 34,076 | – | 2,711 | (2,767) | 740 | – | 34,760 |
| Collection fund | 56 | – | – | – | – | – | 56 |
| | 51,996 | – | 3,149 | (2,767) | 740 | – | 53,118 |
| <i>General funds</i> | 8,505 | – | 62,732 | (59,380) | – | – | 11,857 |
| Total unrestricted funds | 60,501 | – | 65,881 | (62,147) | 740 | – | 64,975 |
| Restricted | | | | | | | |
| Tate Modern development | 84,988 | – | – | (9,197) | 8,111 | – | 83,902 |
| Buildings and equipment | 283,662 | – | 49,468 | (6,363) | 3,436 | – | 330,203 |
| Revaluation reserve | 464,863 | – | – | – | 37,222 | – | 502,085 |
| Works of art | 306,798 | – | 76,896 | – | – | – | 383,694 |
| Acquisition trust funds | 289 | – | 87 | (51) | – | 45 | 370 |
| Other funds | 35 | – | 4,984 | (4,978) | – | 4 | 45 |
| | 1,140,635 | – | 131,435 | (20,589) | 48,769 | 49 | 1,300,299 |
| Endowments | 10,548 | – | – | – | – | 820 | 11,368 |
| Total funds | 1,211,684 | – | 197,316 | (82,736) | 49,509 | 869 | 1,376,642 |

Fair value reserve (investments) – movements

| | As at 1 April 2014 £000 | Unrealised gains under fair value £000 | Realised gains under fair value £000 | As at 31 March 2015 £000 | Reserve fund net of FV at 31 March £000 | Reserve fund incl. FV at 31 March £000 |
|-------------------------|-------------------------------|-------------------------------------------------|--------------------------------------------------|-----------------------------------|-----------------------------------------------------|-------------------------------------------------|
| Restricted | | | | | | |
| Acquisition trust funds | 32 | 29 | (5) | 56 | 297 | 353 |
| Other funds | 4 | 4 | (1) | 7 | 38 | 45 |
| | 36 | 33 | (6) | 63 | 335 | 398 |
| Endowments | 1,207 | 784 | (200) | 1,791 | 9,562 | 11,353 |
| Total funds | 1,243 | 817 | (206) | 1,854 | 9,897 | 11,751 |

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 2015 are represented by:

| Group | Unrestricted funds £000 | Restricted funds £000 | Endowment funds £000 | Total 2015 £000 | Total 2014 £000 |
|-------------------------|-------------------------------|-----------------------------|----------------------------|----------------------------|--------------------|
| Tangible assets | 35,497 | 911,579 | – | 947,076 | 868,805 |
| Heritage assets | 18,302 | 384,414 | – | 402,716 | 325,735 |
| Investments | – | 398 | 11,353 | 11,751 | 10,791 |
| Net current assets | 11,671 | 4,299 | 15 | 15,985 | 7,368 |
| Long term creditors | (146) | (380) | – | (526) | (682) |
| Total net assets | 65,324 | 1,300,310 | 11,368 | 1,377,002 | 1,212,017 |

| Tate | Unrestricted funds £000 | Restricted funds £000 | Endowment funds £000 | Total 2015 £000 | Total 2014 £000 |
|-------------------------|-------------------------------|-----------------------------|----------------------------|----------------------------|--------------------|
| Tangible assets | 34,760 | 911,579 | – | 946,339 | 867,980 |
| Heritage assets | 18,302 | 384,414 | – | 402,716 | 325,735 |
| Investments | 2,495 | 398 | 11,353 | 14,246 | 13,286 |
| Net current assets | 9,564 | 4,288 | 15 | 13,867 | 5,365 |
| Long term creditors | (146) | (380) | – | (526) | (682) |
| Total net assets | 64,975 | 1,300,299 | 11,368 | 1,376,642 | 1,211,684 |

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

| | 2015 £000 | 2014 £000 |
|--------------------------------------------------|----------------------|---------------|
| Net incoming resources | 114,607 | 69,934 |
| Investment income | (354) | (384) |
| Depreciation | 18,602 | 17,611 |
| Impairment of fixed asset | – | 6,366 |
| Donations of works of art | (72,742) | (4,316) |
| (Increase)/decrease in stocks | (50) | 414 |
| (Increase)/decrease in debtors | (287) | 6,800 |
| (Decrease)/increase in creditors | (3,124) | 2,087 |
| Net cash inflow from operating activities | 56,652 | 98,512 |

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

| | 2015 £000 | 2014 £000 |
|-----------------------------------------------|----------------------|---------------|
| (Decrease)/increase in cash in the year | (773) | 1,584 |
| Cash flow from management of liquid resources | 5,731 | 7,837 |
| Change in funds resulting from cash flows | 4,958 | 9,421 |
| Net funds at 1 April 2014 | 18,865 | 9,444 |
| Net funds at 31 March 2015 | 23,823 | 18,865 |

(iii) Analysis of movement in funds

| | 2014 £000 | Cash flow £000 | 2015 £000 |
|------------------|---------------|-------------------|----------------------|
| Liquid resources | 15,232 | 5,731 | 20,963 |
| Cash | 3,633 | (773) | 2,860 |
| | 18,865 | 4,958 | 23,823 |

(iv) Material non-cash transactions

| | 2015 £000 | 2014 £000 |
|---------------------------|----------------------|--------------|
| Donations of works of art | 72,742 | 4,316 |

17. Capital commitments

Financial commitments were as follows:

| | 2015 | 2014 |
|------------------------------------------------------------------------------|---------------|--------|
| | £000 | £000 |
| Capital expenditure contracted for, but not provided in the accounts | 21,072 | 48,641 |
| Acquisition of works of art contracted for, but not provided in the accounts | 5,512 | 3,759 |

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:

| | 2015 | 2014 |
|---------------------------------------------------|--------------|-------|
| | £000 | £000 |
| In one year or less | 10 | 10 |
| Between two and five years | 40 | 40 |
| Over five years | 825 | 835 |
| Less: Finance charges allocated to future periods | (485) | (494) |
| | 390 | 391 |

The Finance lease has been discounted using a rate of 2.2% over the life of the lease. At the end of 2014-15 there were 87 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. The 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 through the Tate Modern project. 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 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 17.

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 arm's 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, Hannah Rothschild and Monisha Shah are also Trustees of the National Gallery.

The Lord Browne of Madingley is a member of the Deutsche Bank Advisory Board for Climate Change; Tate hosted events for and claimed costs recovered of £64,000 from Deutsche Bank in 2014-15.

Dame Seona Reid is deputy chair of the Heritage Lottery Fund, from whom Tate has received significant grant funding during the year as detailed in note 2.

Maja Hoffmann is a member of LUMA Foundation. Tate received £100,000 of donations from the Foundation during 2014-15.

Franck Petitgas is the Global Co-Head of Investment Banking at Morgan Stanley, as well as being a member of the Bank's Supervisory Board and a director of Morgan Stanley Bank and Morgan Stanley & Co Ltd. Tate hosted events for, recovered costs from and received donations from Morgan Stanley totalling £13,000 during 2014-15.

Hannah Rothschild is a member of The Rothschild Foundation, from whom Tate received donations towards the *Auerbach* exhibition of £20,000 in 2014-15.

The Lord Browne of Madingley is Chairman of the Advisory Board of the Russian Museum, St Petersburg, to whom Tate paid £61,000 of loan fees relating to the *Malevich* exhibition in 2014-15.

Mark Osterfield is a trustee of John Wells Borlase Smart Trust, to whom Tate paid £4,000 in room hire fees during 2014-15.

Sir Nicholas Serota is a trustee of Creative Industries Federation to which Tate holds a membership subscription.

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, Kerstin Mogull, Rebecca Williams and Stephen Wingfield are directors of Tate Foundation. Kerstin Mogull and Stephen Wingfield are directors of Tate Enterprises Limited.

During the year Tate Members made donations to Tate of £7,152,658 (£8,376,049 in 2013-14) and reimbursed Tate for staff costs and finance and ticketing charges totalling £1,276,658 (£1,037,183 in 2013-14). At the year end, debtors included £676,000 (£858,000 in 2013-14) and creditors included £10,000 (£6,000 in 2013-14) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £38,886,652 (£50,045,054 in 2013-14) and reimbursed Tate for staff costs totalling £376,710 (£347,376 in 2013-14) and support costs totalling £82,081 (£81,609 in 2013-14). At the year end, debtors included £510,000 (£390,000 in 2013-14) and creditors included £2,000 (£244,000 in 2013-14) in respect of Tate Foundation.

During the year the American Fund and Americas Foundation made donations to Tate of £667,243 (£1,412,798 in 2013-14). At the year end, creditors included £598,000 (£41,000 in 2013-14) in respect of the American Fund.

The details of key management compensation are disclosed in the Remuneration Report.

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 £3,321,000 representing trade debtors (£3,365,000 in 2013-14), 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 £197,000 (£278,000 in 2013-14).

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 2013-14). 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 between 31 March 2015 and the date the annual report and accounts were authorised for issue.

The annual report and accounts were approved by the Accounting Officer and Trustees on 1 July 2015 and authorised for issue on the date they were certified by the Comptroller and Auditor General.

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