

The National Gallery Annual Report and Accounts for the year ended 31 March 2020

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

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Objectives and activities

The National Gallery exists so that people can engage with great art. In a financial year which ended with the onset of the Coronavirus lockdown, that task has rarely been so important.

It is a public museum with a uniquely important collection of pictures for the benefit of all. It tells a coherent story of European painting spanning seven centuries and reflects how artists and the societies in which they lived have responded to myth and religion, history and contemporary events, landscape and the human form, and to the tradition of art itself. The National Gallery constitutes a living legacy of humanity's highest cultural achievements in painting and is an inestimable resource for understanding the world as we have inherited it.

We believe the National Gallery has an important role to play in enabling people to understand and negotiate the changes that society is undergoing by providing long-term historical perspective; through mediated access to works of art of great significance and beauty, and by the provision of a safe environment for reflection on questions of identity, beliefs, and on the relationship between the past and the present.

The Gallery's charitable objectives are written into statute by the Museums and Galleries Act 1992 and underpin all the activity we undertake. The objectives are that the Gallery will care for and add to the collection; that it will display the collection to the public; that it will advance scholarship and research; and that it will promote the enjoyment and understanding of art.

Our strategic vision

In March 2018 the Gallery published its new Strategic Plan, which set out its vision for the future. Rooted in the Gallery's traditions and strengths, it took the changing world our audience lives in as its context, and responded to both the new opportunities and new challenges we face as the Gallery approaches its bicentenary in 2024.

Looking forward to 2020-21 and beyond, the Covid pandemic will have a severe impact on the Gallery's ability to generate admissions and trading income for probably several years. Visitor numbers are not expected to return to the levels the Gallery experienced in 2019 for the foreseeable future and this drives many sources of income. However, the Gallery is adapting in response to these challenges and continues to be committed to delivering its vision and strategic pillars as set out below although the timing and scale of impact are likely to be affected by the pandemic.

- We will significantly expand our programmes and activities and work more with contemporary artists. Museum learning will be central to our ambition to foster engagement with the public.
- We will seek to acquire major paintings and to build up the collection in little-represented or unrepresented areas of the history of art.
- We will create a National Gallery with digital at its heart, to reflect a more digital world.
- We will share our pictures with people across the UK and we will share our expertise to support regional museums.
- We will invest in and develop our research capabilities to be an intellectual leader in the fields of technical art history and conservation science.
- We will make a significant investment in our staff and undertake a major infrastructure project to accommodate them on a single site, the One Gallery Accommodation Hub.
- To deliver these plans, we will grow our income with the aim of being 50% self-funding by 2022/3.

The outcome of our Strategic Plan will be a stronger, more resilient museum, well prepared to fulfil our large ambitions for the decades ahead. Our strategy will evolve as we respond to the effects of Coronavirus. Below we describe the actions we have taken in the last year to advance our plan's delivery.

Review of achievements and performance in 2019-20

To significantly expand our programmes and activities to engage with the contemporary audience¹

Our aim is to connect great art with people, and people with great art. We believe the Gallery's pictures speak across time and place and we will address our existing audience and engage new generations of visitors from Britain and abroad with new displays of the collection, with a more varied and lively series of special events and activities.

In 2019-20 we delivered on this goal through a year of innovation in exhibitions, at Trafalgar Square, nationally and internationally, and through an expansion in the activities of the Learning department, led by the hire of a new Head of Learning and National Programmes in October 2019. The end of the year saw Coronavirus impact our programmes, as two long-planned exhibitions of enormous importance were delayed by Coronavirus. In London *Titian: Love, Desire, Death* closed after only 4 days. In Japan, The National Gallery, working in partnership with The Yomiuri Shimbun, one of the largest media organisations in Japan, was due to present an unprecedented loan of outstanding works from the National Gallery Collection in the exhibition 'Masterpieces from the National Gallery, London', at the National Museum of Western Art, Tokyo and the National Museum of Art, Osaka in 2020, the year of the Olympic Games Tokyo 2020. As the coronavirus spread, this exhibition remained unopened as the financial year ended.

The following temporary exhibitions were open during the year. "(£)" denotes a ticketed exhibition:

Exhibition	Attendance	Venue
<i>Boilly: Scenes of Parisian Life</i> 27 Feb 2019 – 19 May 2019	53,465 (from 1 April 2019)	Room 1
<i>Sorolla: Spanish Master of Light</i> (£) 18 Mar 2019 – 7 Jul 2019	133,193 (from 1 April 2019)	Sainsbury Wing
<i>Sea Star: Sean Scully at The National Gallery</i> 13 Apr 2019 – 11 Aug 2019	158,175	Ground Floor Galleries
<i>Take One Picture: Joseph Wright of Derby's An Experiment on a Bird in the Air Pump</i> 9 May 2019 – 11 Aug 2019	152,716	Sunley Room
<i>Bartolome Bermejo: Master of the Spanish Renaissance</i> 12 Jun 2019 – 29 Sep 2019	162,436	Room 1
<i>Leonardo: Experience a Masterpiece</i> (£) 9 Nov 2019 – 26 Jan 2020	64,171	Ground Floor Galleries
<i>The Credit Suisse Exhibition: Gauguin Portraits</i> (£) 7 Oct 2019 – 26 Jan 2020	127,699	Sainsbury Wing
<i>Young Bomburg and the Old Masters</i> 27 Nov 2019 – 1 Mar 2020	108,676	Room 1
<i>Nicolaes Maes: Dutch Master of the Golden Age</i> ² 22 Feb 2019 – 18 March 2020	35,360 (to 31 March 2020)	Ground Floor Galleries
<i>Titian: Love, Desire, Death</i> ³ 16 Mar 2020 – 18 March 2020	2,304 (to 31 March 2020)	North Galleries

At Trafalgar Square, the programme featured exhibitions covering a substantial breadth and depth of subjects. Major names, such as Gauguin, in *The Credit Suisse Exhibition: Gauguin Portraits* offered our visitors the opportunity to see significant paintings by some of the most well-known artists in the world. The exhibition marked the renewal of Credit Suisse's support as partner of the National Gallery for a further five years and we will have the opportunity to continue to work with them into our bicentenary year in 2024. Our *Leonardo: Experience a Masterpiece* show marked a first immersive exhibition by a major UK Gallery, created with the Gallery by 59 Productions. Other exhibitions included *Bartolome Bermejo: Master of the Spanish Renaissance* and *Young Bomberg*

¹ Objective supports the requirement of the Museums and Galleries Act 1992 s2(1)(b) and (d) that the Board shall "secure that the works of art are exhibited to the public" and "generally promote the public's enjoyment and understanding of painting and other fine art both by means of the Board's collection and by such other means as they consider appropriate".

² Exhibition temporarily closed due to Covid-19

³ Exhibition temporarily closed due to Covid-19

and the Old Masters. The Bermejo exhibition included two of Bermejo's masterpieces: the triptych of the 'Madonna of Montserrat' from the cathedral at Acqui Terme, Alessandria (Italy) and Bermejo's last documented work, the 'Piedad Desplà' from Barcelona Cathedral, neither of which has been previously exhibited in the UK. At the centre of the exhibition will be the Gallery's own painting by Bermejo, "Saint Michael triumphs over the Devil", acquired in 1995 and displayed here following its recent conservation. Paintings by influential British modernist artist David Bomberg (1890–1957), were displayed for the first time alongside the National Gallery works that inspired him. The exhibition was staged just over a century after Bomberg's groundbreaking first solo show at the onset of war in July 1914, when the radical young artist broke away from a reverence for tradition which had overwhelmed many of his contemporaries.

This year schools programme has involved thousands of children and young people in its programmes, including 50 students from four London secondary schools and ten mentors as part of *City Year 2019-20* supported by Credit Suisse as part of their wider partnership with the gallery. Students also worked with the poet Theresa Lola who was one of thirteen BBC Local Poets 2019 commissioned by National Poetry Day and BBC Local Radio to write a new poem on the theme of Truth. In January, a ground-breaking project led by artist and former National Gallery trustee Lisa Milroy enabled a group of young people growing up in a Kenyan refugee camp to have a close-up look at a selection of paintings during a 360-degree live virtual reality (VR) tour at the National Gallery. Our first round of *Initial Teacher Education* placements took place, with 30 teacher training students from Roehampton University and St Mary's Twickenham exploring ways of embedding art across their teaching.

We have piloted a new series of workshops for Community Leaders to enable them to lead creative workshops at the National Gallery. Community Groups taking part included *Central and Cecil*, a housing association which supports people with advanced dementia. The first mental health awareness audio tour of the National Gallery launched on World Mental Health Day in October 2019. Hundreds of adults attended courses and events, including a free concert to celebrate the 80th anniversary of Dame Myra Hess's first wartime concert, which took place at the National Gallery on 10 October 1939. Internationally acclaimed pianist Anne Queffélec performed a selection of music inspired by Hess to an audience of 115 people. As we entered the Coronavirus Lockdown period, the legacy of the war and the Myra Hess concerts came ever more to the front of our minds.

To seek to acquire major paintings and to build up the collection in little-represented or unrepresented areas of the history of art⁴

The Gallery's collection has grown organically through acquiring works by the recognized artists of the European canon and also by advancing into the lesser known territories of art history. The collection must continue to be enhanced with preeminent paintings, adding excellence to excellence, and also reflect a broader interpretation of European art and its wider influence, including unrepresented schools and genres. We aim to acquire distinguished works by artists from outside the established European canon.

At the end of 2019 we were delighted to acquire the baroque masterpiece *The Finding of Moses* by Orazio Gentileschi, the first painting by the artist to join the collection. We are immensely thankful to all those who contributed towards this campaign including all those who donated to our public appeal to help save this masterpiece for the national collection. The painting had been an acquisition priority for us since 1995, when we first attempted to buy it. Not only is it a wonderful example of Orazio's rich colouring, skill at painting shiny, sumptuous fabrics, and sense of courtly elegance, 'The Finding of Moses' has an important place in British history. It is the first painting from the time when Orazio travelled to England to be a painter at the court of Charles I in London. Painted during his 12-year residence, the huge canvas was commissioned for Queen Henrietta Maria to celebrate the birth of the future Charles II and was intended to hang in the Queen's House at Greenwich.

During the year, the National Gallery purchased its first painting by Sorolla, *The Drunkard*, Zarauz, and received as a generous gift Alvisè Vivarini's *Virgin and Child*. Additionally three paintings were accepted in lieu of Inheritance Tax by HM Government from the estate of George Pinto and allocated to the National Gallery. These were a masterpiece by Liotard, *The Lavergne Breakfast*, Gainsborough's *Portrait of Margaret Gainsborough holding a Theorbo and Lawrence's Portrait of the Hon. Peniston Lamb*.

⁴ Objective supports the requirement of the Museums and Galleries Act 1992 s2(1)(a) that the Board shall "care for, preserve and add to the works of art and documents in their collection".

To create a digital National Gallery for a digital world⁵

We have committed to an ambitious five-year programme of investment in digital transformation. The basis of this transformation is the simple insight that every aspect of the Gallery's activity from displays to education, from frontline scientific research to social communication, from publishing to broadcasting, has digital purchase.

In the last year we have made major advances in both our creative, commercial and innovation capabilities. A new approach to digital content and the completed redesign of our website has seen the Gallery's digital reach and engagement grow in double digit levels. Over 250 million people saw Gallery content, and our website served up 100million pages of content – a huge advance. This was powered in part by the completion of our Collections Information Project, supported by the Monument Trust, which has seen us rewrite all of our collections entries. From late summer, this was supplemented by a new ticketing and membership system, built on the Tessitura platform. This allows us to serve our audiences more flexibly, providing better customer data and insight, and allowing us to adapt as exhibition attendances evolve.

The Gallery's commitment to digital innovation saw three major projects launch this year. Our exhibition, *Leonardo: Experience a Masterpiece* was the first immersive exhibition experience by a major UK gallery. Its use of digital storytelling techniques allowed us to include insights from our conservation and scientific research that are often hard to include in traditional exhibitions. Alongside this major venture, we undertook a piece of collaborative research and development with Storyfutures, an Arts and Humanities Research Council (AHRC) funded initiative to support the commercial and creative development of the immersive media sector. Focusing on Veronese's *The Consecration of St. Nicholas*, we recreated the original chapel the painting came from in augmented and virtual reality. This experience was tested at the Gallery in the summer of 2019, ahead of a larger form display in the year ahead.

The Gallery's commitment to innovation took more permanent form with the opening of National Gallery X in September 2019. National Gallery X is an innovation lab, or 'infinite studio' designed to explore the future relationship between art and technology, developed in partnership with King's College London and supported by Google Arts and Culture. Its opening event featured Sir Tim Berners Lee, and the results of its first residency, an immersive sound performance by composer Peter Wiegold and sound artist Keir Vine responding to *JMW Turner's Rain, Steam and Speed*. Since then it has run events with legendary artist and director Robert Wilson; a sector-first event on 5G with UK5G; a hackathon for King's students with Deloitte Digital, and seminars and workshops with Christies' Education and Museum-Id. National Gallery X residencies are presented as living research – works in progress supported by data analysis to understand how audiences respond to them, and how they change a visitors' perception of art and the National Gallery's collections. Its first artist residency, by immersive art collective Analema Group was due to open just after the National Gallery's buildings closed to the public in late March.

To create a National Gallery for all, sharing our pictures across the UK and sharing our expertise to support regional museums⁶

Great art should enrich the daily life of everyone in Britain today, and we are committed to ensuring that the inspiration it brings can reach as many people as possible. The National Gallery is a resource and source of support for the entire country, not only for those who are able to visit the collection in Trafalgar Square. We are delivering on this aim through our touring exhibitions, partnerships, learning and training programmes. The following examples demonstrate the diversity of activities we are delivering in our national programme

In 2019 Artemisia Gentileschi's "Self Portrait as Saint Catherine of Alexandria" visited some unusual and unexpected venues. We acquired the first painting in our collection by Artemisia Gentileschi, the most famous female painter of the 17th century, in 2017. In 2019, the painting left the Gallery in central London to visit a series of unusual and unexpected locations throughout the UK, including a school in Newcastle, a GP's surgery in Pocklington and prison in Surrey. Artemisia started her journey at Glasgow Women's Library, the only accredited museum in the UK dedicated to women's lives, histories and achievements. Visitors were able to learn about her during a stay which coincided with International Women's Day. For the final stop on her journey, Artemisia visited Wood Street Library in the London borough of Waltham Forest, where she inspired adults and children alike. The stop was part of the E17 Art Trail and Waltham Forest Borough of Culture 2019 celebrations.

⁵ Objective supports the requirement of the Museums and Galleries Act 1992 s2(1)(d) that the Board shall "generally promote the public's enjoyment and understanding of painting and other fine art both by means of the Board's collection and by such other means as they consider appropriate".

⁶ Objective supports the requirement of the Museums and Galleries Act 1992 s2(1)(b), (c) and (d) that the Board shall "secure that the works of art are exhibited to the public", "secure that the works of art and the 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 painting and other fine art both by means of the Board's collection and by such other means as they consider appropriate".

Each year, the Masterpiece Tour offers three museums and galleries outside London the opportunity to display a major work from the Gallery's collection. In 2019 the painting was Nicolas Poussin's *The Triumph of Pan*, 1636, which toured to Victoria Art Gallery, Bath; York Art Gallery; and Auckland Castle, part of The Auckland Project, County Durham. In total the painting was seen by more than 49,000 people.

To invest in and develop our research capabilities to advance our intellectual leadership⁷

The Gallery is a world leader in several of its areas of research, notably in the fields of collection cataloguing, conservation science and technical art history. To continue to be a beacon institution we must be in a position to create an attractive and stimulating environment which yields significant research outcomes. Equally important is to find innovative ways to make the results of the Gallery's research available and relevant both to specialist audiences and to the general public.

Major research activity undertaken this year was led by the XRF mapping of Leonardo's *Virgin of the Rocks*. This discovered a drawing of an angel underneath the paint, which became a key part of the exhibition narrative. The last year saw the publication of Sarah Herring's *National Gallery Catalogues: The 19th-century French Paintings, vol. 1* alongside the most recent edition of the world-renowned National Gallery Technical Bulletin, and the purchase of the Weizner Archive. The Gallery hosted or participated in many major conferences, including those for the Ruskin 200th celebrations.

The Gallery is engaged in many different activities in the digital humanities. It is a participant in numerous Getty Digital Art History initiatives, and particularly the Canvas Painting initiative led by Getty Conservation. It is a partner in the cross-European "CrossCult" project. CrossCult aims to empower the reuse of digital cultural heritage in context-aware crosscuts of European history. The project demonstrated a mobile app in 2019 that will lead to the next phase of the project.

To invest in our people and deliver the One Gallery Accommodation Hub

The delivery of the One Gallery Accommodation Hub in the North East corner of the Wilkins Building is a fundamental strategic objective: its progress towards completion remained strong in this year. The Gallery's employees continue to be crucial to delivering our plans, and we continue to aspire to encourage as much inter-team creative and administrative co-operation as possible to meet the increasing challenges for the future. This year, the Gallery achieved the 'Good Work' award from the Mayor of London at the Enhanced Level – the highest level – following an independent assessment of the Gallery's employment policies and practices. Careful planning enabled us to provide an enhanced pay award to compensate our employees for their excellent services and our learning and development offer increased substantially to provide on-the-job and personal development.

An area of ongoing challenge to the Gallery has been to increase our diversity profile. To this end, the Gallery introduced a new recruitment and selection process, supported by a new system, which is intended to remove any unintentional bias by delivering 'name free' selection. Each manager has also received training to ensure that our processes remain as free of potential bias as possible. A new framework for casual workers was introduced, providing guaranteed benefits and clear contractual terms. Much progress has been made towards delivering an agile workforce in preparation for relocation to a shared accommodation hub through work with the Gallery's management teams: this work will continue throughout the coming financial year.

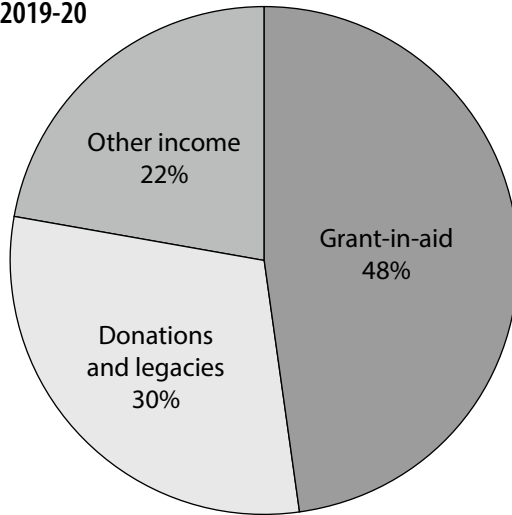
To be 50% self-funding by 2022-23

To realize our ambition of matching self-generated income to Grant-in-aid in order to deliver our activity plans and increase resilience, we will need to raise significantly more income from digital initiatives, developing new commercial opportunities (with the National Gallery Company) and increasing membership, among other activities. Whilst Coronavirus impacted only at the financial year's end, and its full impact will be felt in FY20/21, there were end of year impacts in various areas.

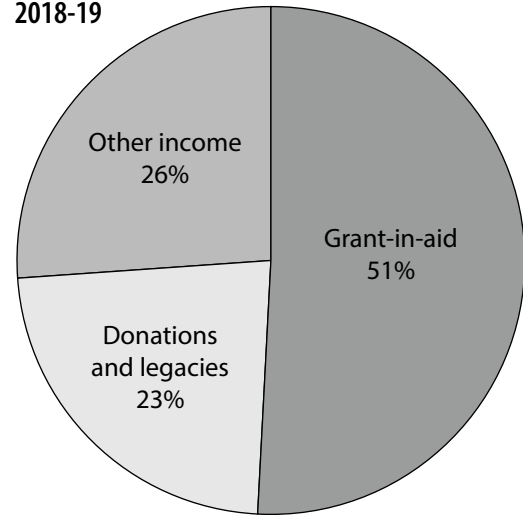
⁷ Objective supports the requirement of the Museums and Galleries Act 1992 s2(1)(a) and (c) that the Board shall "care for, preserve and add to the works of art and documents in their collection" and "secure that the works of art and the documents are available to persons seeking to inspect them in connection with study or research".

Income (excluding donations for picture acquisitions)

2019-20



2018-19



This year, self-generated income reached 52% of total income excluding donations for picture acquisitions (2019: 49%). Self-generated income includes exhibition ticketing income and educational events, donations and legacies, investment income, membership schemes and corporate sponsorship income.

Exhibitions continued to provide a good source of income for the Gallery through:

- Ticket sales for the five ticketed exhibitions;
- Membership offer;
- Publishing and merchandise, with national and international partnerships offering expanded opportunities for merchandise and catalogue sales at partner venues in the UK and abroad.

Revenue potential was further maximised from efficiencies made through partnership working, and revenue-generation from international touring projects.

The immediate and medium-term future for self-generated income is much less certain due to the economic effects of the Covid-19 pandemic. It is unlikely that the Gallery will achieve 50% self-generated income again for at least 2-3 years. The Gallery is aiming to achieve a satisfactory financial performance in 2020-21 by severely curtailing planned education and learning activity, national programmes, re-scheduling exhibition activity and delaying planned buildings maintenance work. If the Gallery is to return to a relatively normal level of activity in 2021-22 then new sources of funding will be required to meet the gap in self-generated income.

DCMS Key performance indicators

Specific information relevant to the Gallery's contribution to DCMS performance indicators for 2019-20 as set out in the Funding Agreement agreed with DCMS:

	Performance in 2019-20	Performance in 2018-19
1. Number of visits to the Gallery (excluding virtual visitors)	5.5m	5.9m
2. Number of unique users visiting the website	4.8m	4.4m
3. Number of visits by children under 16	0.4m	0.5m
4. Number of overseas visits	3.5m	3.9m
5. (a) Number of facilitated and self-directed visits to the Gallery by visitors under 18 in formal education ⁸	108k	170k
5. (b) Instances of visitors under 18 participating in on-site organised activities	11k	10k
6. % of visitors who would recommend a visit	92%	94%
7. Number of UK loan venues	21	22
8. (a) Self-generated income – admissions	£3.3m	£4.4m
8. (b) Self-generated income – trading	£4.1m	£3.7m
8. (c) Self-generated income – fundraising	£50.2m	£24.7m

Plans for the future

The National Gallery has to date made strong progress in implementing our 2018-23 Corporate Plan in support of our vision for the future. Clearly the Covid-19 pandemic has materially impacted the Gallery's momentum in successfully delivering its strategic aims. However, although some of the Gallery's strategic ambition may not now be achieved within the original timeframe, we remain committed to the principles contained in the current 5-year strategy.

In the next year we will take stock of our financial position and tailor our activities accordingly. We recognise that social distancing protocols are likely to significantly impact the number of visitors that will be able to attend our exhibitions and the Gallery more generally. This will reduce the amount of self-generated income that we create across our most significant income streams.

Our exhibition programme has been re-scheduled with the majority of our exhibitions now due to take place later than planned with only a few unfortunately cancelled. We recognise that future exhibition activity may need to be tailored to the reduced availability of funds. Our strategy to expand our national programmes will inevitably be also subject to available funds. However, we are committed to developing a programme which lays a path to our bicentenary celebrations in 2024.

We will continue to explore the market for picture acquisitions which fit our strategy and complement our collection whilst recognising the potential sensitivities of pursuing acquisitions in the expected economic climate.

We will continue to build our digital capabilities following the launch of a new innovation lab, which has created a dedicated space and programme for experimenting with new technologies, processes and partners.

We will continue to plan for a new research centre but will only develop it when the funds are available.

Although delayed by Covid-19 we expect to complete the One Gallery Accommodation Hub project in early 2021. This will provide an environment for a mobile, flexible, agile twenty-first century workforce.

⁸ Data for 2019-20 incomplete due to collection issues encountered during the year. The figure reported is therefore likely to be understated.

Financial Review

Financial performance

The Statement of Financial Activities is set out on page 38 of this document. The Gallery presents its income and expenditure across three groups of columns, being:

- Operating income and expenditure – any income or expenditure not relating to the acquisition or development of assets
- Funded capital projects and revaluations – building works, depreciation and any further income or expenditure relating to physical assets other than the collection
- Acquisitions for the collection – income to acquire, or gifts of, paintings

The income in each of these areas is split between unrestricted income – that the Gallery may spend as it chooses, and restricted income – that donors have instructed the Gallery to spend in a particular way. Where expenditure incurred by the Gallery meets the criteria of any unspent restricted income this is allocated against the same column. All expenditure not met by restricted income is allocated to the first column, unrestricted operating income.

Income for 2020 amounted to £82.4 million (2019: £57.0 million); total expenditure amounted to £42.7 million (2019: £41.6 million), resulting in initial net income of £39.7 million (2019: £15.4 million). Adding in unrealised losses on investments of £1.0m (2019: £0.7 million gain) and the revaluation loss on property and plant & equipment of £2.9 million (2019: £7.7 million gain), we achieved final net income of £35.8 million (2019: £23.9 million). The Gallery's income was significantly enhanced by fundraised income for picture acquisitions. The cost of acquisition of pictures is included in fixed asset additions.

Income

Income is disclosed in the Statement of Financial Activities by method of income generation:

- Income from donations & legacies
- Income from other trading activities
- Investment income
- Income from charitable activities

Further detail is available in notes 3-7 on pages 48-49.

Income from donations and legacies for the year totalled £71.1 million (2019: £45.0 million). This figure includes income relating to picture acquisitions, Government Grant-in-Aid and other donations, as well as legacy income.

Income relating to picture acquisitions was mainly attributable to funds raised towards our acquisition of Orazio Gentileschi's *The Finding of Moses*, which was purchased for £19.5m thanks to generous contributions from a number of trusts and foundations, major individual donors, as well as a hugely successful public appeal to raise the last of the funds required. Pictures which were donated to the Gallery in 2019-20 were valued at £12.0 million (2019: £5.7 million).

Income from charitable activities for the year totalled £3.3 million (2019: £4.4 million), this includes admission to exhibitions and other educational events.

The balance of income, £8.0 million (2019: £7.6 million), is mainly from the Gallery's corporate and individual membership schemes, and sponsorship income.

Expenditure

Expenditure is disclosed in the Statement of Financial Activities, analysed according to the activities that the expenditure relates to; being either the raising of funds or one of the Gallery's charitable activities to which the spend relates, which are:

- Exhibitions
- Broaden our appeal and provide an exceptional visitor experience
- Preserve, enhance and develop the potential of our collections

- Inspire learning and engagement
- Invest in our staff, increase income and care for our physical facilities

Further analysis of our expenditure is available in notes 8-11 on pages 49-51.

The Gallery allocates support costs across our charitable activities; full details of this allocation are shown in note 9 on page 56. It should be noted that the costs of front of house and security staff are included within the activity 'Broaden our appeal and provide an exceptional visitor experience'.

The Gallery's total expenditure for the year was £42.7 million (2019: £41.6 million). Spend on broadening our appeal and providing an exceptional visitor experience increased by £1.6m in 2019-20 whereas spend on investing in staff fell by £1.4m following increased levels of activity in 2018-19.

Financial position

The Balance Sheet is shown on page 40 of this document, with further analysis shown in notes 12-21 on pages 52-62.

The net movement in funds for the year amounted to £35.8 million (2019: £23.9 million). Of this, £36.4 million relates to restricted funds; including £30.9 million in donated works of art.

The net movement includes any gain or loss on the value of the Gallery's land and buildings, any gain or loss on its investments and the value of donated works of art capitalised as collection acquisitions. This year the movement includes a loss on revaluation of £2.9 million (2019: £7.7 million gain) and unrealised investment losses of £1.0 million (2019: £0.7 million).

In accordance with the Government Financial Reporting Manual (FRM) – which reflects the requirements of FRS 102, Section 34 – works of art are capitalised and recognised in the Balance Sheet at their cost or value at the date of acquisition, where such a cost or value is reasonably obtainable.

The Trustees consider that the cost of valuing pictures in the National Gallery Collection, where cost or valuation information is not available but would be possible to obtain, would not be commensurate with any benefit that could be derived by the user of the financial statements from the inclusion of part of the National Gallery Collection on the Balance Sheet.

The treatment required by FRS 102, Section 34 results in a partial capitalisation of heritage assets on the arbitrary basis of the date of acquisition. Trustees accept that under the terms of the Museums and Galleries Act 1992 they have no option but to comply with this accounting treatment, but remain very concerned that continuing to capitalise what will always be a very small portion of the collection will mislead readers of the accounts as to the nature and value of the collection as a whole. Further information on the nature and scale of the Gallery's collection can be found in note 13 and on the Gallery's website.

Details of the treatment of pension liabilities are disclosed in the Remuneration Report and the effect of the revaluation of land, buildings, and plant and machinery is disclosed in note 12.

Fundraising and resources

Grant-in-Aid from the Department for Digital, Culture, Media and Sport (DCMS) amounted to £24.7 million for the year ended 31 March 2020 (2019: £24.1 million). Additional income was generated as a result of the Gallery's exhibitions, educational activities and fundraising programme. Fundraising is carried out by the Gallery's Development department, through donations, patrons and corporate supporter schemes.

Our Development department focused on raising charitable income from individuals, grant-making trusts and companies and on generating other income through corporate sponsorship and membership. Charitable support, largely from individuals and grant-making trusts, made an important contribution to the Gallery's operational activities and capital development. Our education work benefited significantly as a result of major donations and grants from individual donors and charitable trusts.

The Gallery continues to benefit from private support for several senior curatorial posts and curatorial fellow positions, academic colloquia and the publication of catalogues. Charitable income also supported the work of the framing, scientific and conservation departments. We were grateful for the support of donors who helped the Gallery acquire *The Finding of Moses* by Orazio Gentileschi. The painting had been on loan at the Gallery for almost 20 years prior to the purchase, so we are delighted to have been able to add it to the national collection.

Work continued on the One Gallery Accommodation Hub, our major capital project designed to transform working areas for staff. In addition, we were able to complete the extensive refurbishment of Room 32, which will

re-open to the public in 2020/21. Donor support has been crucial in enabling us to undertake these projects, and the Gallery is tremendously grateful to those who have helped fund them.

Credit Suisse continued in their role as Partner of the National Gallery and sponsored *The Credit Suisse Exhibition: Gauguin Portraits*. The Gallery also benefited from the ongoing sponsorship from Hiscox in their role as the first Contemporary Art Partner of the National Gallery, supporting a programme of exhibitions by living artists including Sea Star: Sean Scully at the National Gallery during the past year.

Philanthropic support and corporate sponsorship continued to make an essential contribution to the Gallery's capacity to preserve, enhance and display its collection for public enjoyment. We remain indebted to every individual, trust and company for their support during the course of this year.

Fundraising is undertaken largely by National Gallery staff and Boo Consultancy Ltd. In order to ensure that vulnerable people and other members of the public are not put under undue pressure to give money the Gallery monitors fundraising activities through a programme of training and induction, weekly meetings with fundraising managers, dip sampling assessments and feedback from colleagues and visitors.

The National Gallery is registered with the Fundraising Regulator and individual members of staff are members of the Institute of Fundraising which has set standards of best practice in fundraising. We are part of the Fundraising Preference Centre service to ensure we do not contact people who do not wish to receive communications from us. We have recently undertaken an organisation wide review of our data handling policies in preparation for the General Data Protection Regulation (GDPR) and in doing so have ensured we are open and transparent about our data handling practices. As part of the process we have carried out legitimate interest assessments to ensure we consider the rights of all individuals whose personal data is processed by us.

In the year to 31 March 2020 there have been no failures to comply with the fundraising schemes and standards that the Gallery has committed to. During this period we received one formal complaint and eight negative feedback comments relating to fundraising, all of which related to front of house fundraising activities. A prompt response was provided to those who shared their contact details, in line with the Gallery's operating procedure for dealing with complaints and other feedback.

Investment policy

Scope of investment powers and power to delegate management of investments

The Trustees, in respect of their general funds, including assets given to them without restriction by donors or testators, rely for their investment powers on the general power in section 2(6) of the Museums and Galleries Act 1992, which permits them to do such things as they may think necessary or expedient for the purpose of fulfilling their functions under the Act. This implies a wide power of investment. In respect of general funds, the Board may delegate investment decisions to a committee of the Board, under the powers in the 1992 Act, but have no power to delegate investment decisions to third parties.

Funds held on trust ('trust funds') are governed by a Charities Act Scheme varied by resolution of the Board in March 2012 to provide wide powers of investment similar to those available under the Trustee Act 2000. In respect of these funds, the Board has a power to delegate investment decisions to a committee of the Board and also has an express power to delegate the management of investments to financial experts, subject to the restrictions laid out in the Scheme.

Investment objectives

The Gallery's reserves policy sets out the level of general funds required to meet working capital needs and to provide a safeguard against volatile and unpredictable income streams. National Gallery Funds are split between:

- *Unrestricted:* These include funds designated by the Gallery for Picture Purchase and funds held for contingency. In normal circumstances the Gallery will hold £2.0m as operating contingency, but may increase this sum in specific circumstances – for example to cover anticipated fluctuations in income from exhibitions. The assets representing these funds are short term and should be readily realisable.
- *Restricted:* These funds are held for a wide range of specific purposes ranging from current projects which are expected to be delivered in the next 12 months and ongoing staffing commitments, to Picture purchase and longer term research work. The assets representing these funds are matched to the purposes for which the funds are held and are a mix of short and long term.
- *Non spendable 'endowment':* These are historic funds held for picture purchase and research work. The assets representing these funds are expected to be invested for the long term with a minimum time horizon of five years.

The overall objective of long term funds is to maintain the real value of the portfolio and produce the best financial return within an acceptable level of risk. Long term returns over rolling three year periods are compared to UK RPI +3% and over shorter periods returns are compared to appropriate indices for the asset classes the investment manager has invested in.

The investment objective for the short term funds is to ensure certainty of value i.e. preserve capital with minimum level of risk. Some or all of this portfolio should be readily available to meet potential acquisition/expenditure requirements.

Attitude to risk

The National Gallery recognises that the key risk to the investment portfolio is the erosion of capital value by inflation and therefore the long term portfolio needs to be invested in assets which mitigate that risk. The Trustees understand that this is likely to mean that the investments will be concentrated in real assets (that is equities, fixed interest instruments and property) though diversified by asset class.

The National Gallery accepts that although diversification reduces risk, the capital value will fluctuate.

Since the Unrestricted Funds, and a significant portion of the Restricted Funds, may be required at short notice, capital volatility cannot be tolerated. These assets are held in sterling cash or via cash funds.

Types of investment

The National Gallery's assets can be widely invested and should be diversified by asset class. The base currency is Sterling, but investments may be made in non-sterling assets and hedging is permitted in the Non spendable Endowment Funds and a significant portion of the Restricted Funds. The majority of cash deposits will be held in Sterling, other than modest sums held in currency for operational purposes, and, where practicable, will be spread by counterparty and deposited with institutions with a minimum rating of BBB- or invested in a diversified money market fund.

The Funds to be held as long term investments should be invested in assets which can be realised within three months. The short term Funds held within net current assets should be invested in cash or near term cash deposits to ensure immediate liquidity and certainty of value.

Investment management

The Finance Committee has the responsibility of overseeing the National Gallery Funds, and usually meets four times a year. The Committee aims to meet the investment managers once a year and receives quarterly reports and valuations. The Finance Committee is responsible for agreeing strategy and monitoring the investment assets.

The Finance Committee will review and, if it sees fit, approve any change in Investment Manager or Fund into which National Gallery assets are placed. The Finance Committee will also approve any substantial change in the approach or nature of investments made by the incumbent Fund Manager.

Investment performance

Permanent endowments and restricted funds held for the longer term were invested in a multi asset managed index fund from March 2018. The gross total return on the managed index fund during the year to 31 March 2020 before fees was -5.6% (2019: 4.27%). Investment performance was materially affected by market movements due to Covid-19. The fund is a target risk fund, seeking a moderate risk profile, and as such, there is no specific market benchmark to compare performance against.

The Gallery also holds short-term money market funds and fixed-rate interest accounts. Performance is measured against the official Bank Rate set by the Bank of England. In the year to 31 March 2020 the fixed-rate weighted average interest rate was 0.58% (2019: 0.46%) compared with the weighted average base rate of 0.72% (2019: 0.67%).

Details on the movement of investments during the year can be found in note 14.

Reserves policy

The Gallery seeks to maintain unrestricted general funds not committed or invested in tangible fixed assets at a level equivalent to six months' worth of non-guaranteed (i.e. non-contractual) income, as a safeguard against volatile and unpredictable income streams.

However, given that Grant-in-Aid is not drawn down in advance of need and that significant funds may be required for picture purchases, the level of unrestricted general funds may exceed this level at any point in time. Grant-in-Aid should not be held in reserves and will therefore normally be expended in the month it is received.

Restricted funds represent funds held for specific purposes as specified by the donor. These are separately recorded and invested until they can be expended in accordance with the restriction in place. Some restricted funds are held for the long term due to the nature of the restriction.

Permanent endowments represent funds that cannot be expended. These are separately recorded and invested for the long term in accordance with the investment policy.

The reserves policy is reviewed by the Audit Committee annually and changes may be made where appropriate to reflect likely funding requirements in the coming year.

The aggregate value of reserves is £698.7 million (2019: £662.9 million). A breakdown of these is shown in the Balance Sheet and in the Statement of Funds (note 20). A significant proportion of the funds (£310.5 million; 2019: £305.5 million) relate to the Gallery's land and buildings, being the Trafalgar Square site, plant and machinery, and equipment. £357.5 million (2019: £325.0 million) is represented by the value at the date of acquisition of donations to the Collection and pictures acquired since 1 April 2001, and £1.6 million (2019: £4.0 million) relates to funds either restricted or designated for future acquisitions.

£8.5 million (2019: £9.0 million) is in permanent endowments, where the capital must be retained, and £9.2 million (2019: £8.3 million) represents other restricted funds. At the start of the year a further £2.0 million (2019: £2.0 million), mainly from bequests, was being held in a fund which the Trustees had designated for picture purchases. However, in response to the Covid 19 pandemic, Trustees elected to re-designate £1.6 million of these funds to a Covid 19 resiliency fund.

The remaining balance of £3.6 million represents £1.6 million of funds designated towards helping the Gallery respond to challenges arising from the Covid 19 pandemic and £2.0 million (2019: £2.0 million) undesignated general funds arising from the Gallery's fundraising, trading, and charitable activities. At their meeting in March 2020, the Board agreed this was an appropriate level to maintain, in accordance with this policy.

The Trust Funds of the National Gallery

The Trust Funds of the National Gallery are made up of a number of bequests, which were constituted as a pool for investment purposes by a scheme approved by the Secretary of State for Education and Science in 1972. The Trust Funds are controlled by the National Gallery Trustees and included within these financial statements.

Financial Impact of the Covid 19 Pandemic

As a result of the global pandemic, the Gallery is planning for a challenging financial landscape in the coming years. Visitor numbers will be significantly affected in 2020-21 through a combination of fewer visitors from overseas, a reluctance for UK based visitors to travel into Central London, as well as social distancing measures which will severely limit the number of visitors we can accommodate at the Gallery. We do not expect those visitor numbers to recover to the levels we have enjoyed pre-pandemic for several years. This will have a significant impact critical income sources such as ticketed exhibition admissions, concessions and voluntary donation boxes. The fundraising climate will be particularly challenging as we see some donors refocusing their philanthropic efforts towards health causes and away from the arts and cultural sector. Corporate support in the form of memberships and events will also come under pressure due to the economic downturn.

In response to these unprecedented financial challenges the Gallery has taken very painful measures to ensure that it has the funds to cover fixed and staff costs and critical activities only so that the Gallery has the time to take stock and plan for 2021-22 and beyond.

Reference and Administrative Details

These accounts have been prepared in a form directed by the Secretary of State for Digital, Culture, Media and Sport with the consent of HM Treasury in accordance with Sections 9(4) and 9(5) of the Museums and Galleries Act 1992, the Government's Financial Reporting Manual and the Accounting and Reporting by Charities: Statement of Recommended Practice (2015) (FRS 102).

So far as the Accounting Officer and the Trustees are aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

History

The National Gallery was established in 1824 when the House of Commons agreed to pay £57,000 for the purchase, presentation and display of a group of 38 paintings, part of the collection of the late John Julius Angerstein.

Organisation

The Gallery is a Non-Departmental Public Body, whose sponsor department is the Department for Digital, Culture, Media and Sport (DCMS). The Gallery is exempt from the need to register with the Charity Commission.

Further information about Trustees and senior management, together with information on structure, governance and management can be found in the Governance Statement.

The principal address of the charity is:

The National Gallery
Trafalgar Square
London WC2N 5DN

The National Gallery website address is: www.nationalgallery.org.uk.

Advisors

Banking Services	Government Banking Service (GBS) Southern House 7th Floor Wellesley Road Wellesley Croydon CR9 1WW	Coutts & Co. 440 Strand London WC2R 0QS
Auditors	The Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road Victoria London SW1W 9SP	
Solicitors	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH	Various other solicitors are used as required.
Investment Managers	BlackRock Investment Management (UK) Ltd Drapers Gardens, 12 Throgmorton Avenue London EC2N 2DL	

Payment policy

The Gallery aims to settle all bills either within the period stated by the supplier or within 30 days.

The year-end creditor day ratio was 26 days (2019: 40 days), with the decrease due to there being a disproportionately high number of invoices received at the end of the 18-19 financial year.

Immunity from Seizure Report 2019-20

Legislation passed under Part 6 of the Tribunals, Courts and Enforcement Act 2007 provides immunity from seizure for objects from abroad lent to temporary exhibitions. The National Gallery gained approval in 2008 to apply for protection for specific loans to exhibitions under the provisions of the Act.

For each exhibition loan, the Gallery compiles details of provenance, researches and records further information and carefully considers any gaps in provenance. Details of the objects requiring immunity from seizure, together with details of the research undertaken, are published on the National Gallery website at least four weeks and one day before the objects are imported into the UK.

Exhibitions taking place during 2019-20 including works for which protection under the legislation was sought are as follows:

Sorolla: Spanish Master of Light
18 March – 7 July 2019

Boilly: Scenes of Parisian Life
28 February – 19 May 2019

Francesco Melzi, Flora
22 May – 23 June 2019

Bartolomé Bermejo: Master of the Spanish Renaissance
12 June – 29 September 2019

The Credit Suisse Exhibition: Gauguin Portraits
7 October 2019 – 26 January 2020

*Nicholas Maes: Dutch Master of the Golden Age*⁹
22 February – 18 March 2020

*Titian: Love, Desire, Death*¹⁰
16 March – 18 March 2020

At the balance sheet date, no enquiries and no claims have been received with respect to the objects under section 7 of the Protection of Cultural Objects on Loan (Publication and Provision of Information) Regulations 2008.

⁹ Exhibition temporarily closed due to Covid-19

¹⁰ Exhibition temporarily closed due to Covid-19

Sustainability report

Our sustainability aim is to save energy and reduce our carbon footprint. We are committed to integrating environmental considerations into our activities and working towards the goals of sustainable development and pollution prevention through a programme of continuous environmental improvement.

We have prepared this Sustainability Report in order to provide information on the plans we have in place for reducing carbon emissions. The report has been prepared in accordance with HM Treasury Public Sector Annual Reports: Sustainability Reporting 2019-20.

Summary of performance

We are in the process of developing our third Carbon Management Plan to cover the period 2020-2025, this serves to follow on from the Carbon Management Plan for the periods 2010-2015 and 2015-2020. During 2019-20 we have undertaken several projects, to improve sustainability and to lay the foundations for significant reductions in emissions in future years. These included:

- Installation of replacement LED lighting
- Low energy filters continue to be installed to air handling plant across the site
- BMS controls upgrades and optimisation of control strategies

Our performance is summarised in the table below:

Area	2019-20		2018-19		2017-18		
	Actual	Target ¹¹	Actual	Target	Actual	Target	
Greenhouse Gas Emissions (Scopes 1, 2 & 3) tCO ¹²	5,391	5,442	5,763	5,542	5,335	5,663	
Estate energy	Consumption (million KWh)	25.3	–	27.0	–	24.6	–
	Expenditure (£ million)	1.40	–	1.3	–	0.95	–
Estate waste	Amount (tonnes)	510	–	532.0	–	497	–
	Expenditure (£'000)	64.35	–	65.0	–	73.5	–
Estate water	Consumption ('000 m ³) ¹³	31.7	–	37.9	–	66.5	–
	Expenditure (£'000)	43	–	49.0	–	56.1	–
Paper Use	A3 (Reams)	234	–	117	–	180	–
	A4 (Reams)	1,717	–	1,965	–	1,620	–
	A3 and A4 Expenditure (£'000)	4.5	–	4.4	–	4.03	–

Overall, the National Gallery carbon emissions decreased from 5,762tCO₂e to 5,391tCO₂e (-6.4%) during the 2019-20 reporting period. In relative terms, this equates to 0.98kgCO₂e emissions per visitor based on 5,476,939 (-7.5%) visitors during 2019-20, this is a 1.2% increase per visitor compared with 2018-19 relative emissions when visitor numbers equated to 5,922,958.

The main contributory factor associated to the decrease in absolute emissions can be attributed to the 9% reduction in the Carbon factor from 2018 to 2019. The 6-year trend for gas consumption is generally flat whilst the trend for electrical consumption shows a slight increase.

Greenhouse gas (GHG) emissions

The National Gallery's collection is predominately housed in a grade 1 listed nineteenth century building which accommodates around 6 million visitors a year. The nature of the collection is such that it requires carefully controlled environmental conditions, and most of our spaces are fully air-conditioned to best preserve the paintings. A high proportion of our carbon footprint is associated with the energy required to maintain the environmental conditions within the galleries.

¹¹ Targets are all based on a 2% annual reduction from the 2014-2015 baseline, this is in line with the Carbon Management Plan.

¹² The CO₂e emissions in this table have been calculated using the latest DEFRA (2019) emissions factors to meet the requirements of HM Treasury Public Sector Annual Reports: Sustainability Reporting 2018-19.

¹³ From 2018-19 onwards, estate water consumption has been calculated using meter reads whereas in previous years a mixture of meter reads and invoices have been used, some of which have included estimated consumption figures.

Our Carbon Management Plan and strategy sets out the direction we are taking to reduce our GHG emissions. A fundamental part of this strategy was the installation of a Combined Heat and Power (CHP) unit, commissioned in 2012. During 2019-20, we undertook a major service on the CHP as we make every effort to ensure its continued operation to maximise our proportion of self-generated electricity and minimise our draw of electricity from the national grid.

The National Gallery is committed to integrating energy saving and carbon reduction measures into its activities and to adopting the best environmental practices, where possible, into all areas of its operation.

The following table shows our GHG emissions in the current and previous two financial years.

Greenhouse gas emissions		2019-20	2018-19	2017-18
Non-financial indicators (tCO ₂ e)	Total gross emissions	5,391	5,763	5,355
	Gross emissions Scope 1 (direct)	3,738	4,302	3,851
	Gross emissions Scope 2 (indirect)	1,479	1,300	1,332
	Gross emissions Scope 3 (indirect) ¹⁴	174	162	173
Related energy consumption (million kWh)	Grid electricity	5.8	4.6	3.8
	Electricity generated on site	5.4	6.9	6.67
	Natural gas	19.5	22.2	20.8
Financial indicators (£ million)	Expenditure on energy	1.40 ¹⁵	1.26	0.95
	CRC license expenditure	0	0.075 ¹⁶	0.078
	Expenditure on accredited offsets	-	-	-
	Expenditure on official business travel	0.046	0.044	0.035

Key performance indicators (KPI)

The number of visitors has decreased by -7.5% from 2018-19 to 2019-20, analysis shows a relative increase of +1.1% in carbon emissions per visitor in 2019-20.

The gallery was closed from 19 March 2020 due to the worldwide Covid-19 pandemic and the closure by the government of all non-essential workplaces. The number of visitors lost during the 12-day period to the end of March 2020 is estimated at 186,000 based on the average to date of 15,500 visitors per day.

KPI – visitor numbers	2019-20	2018-19	2017-18
Total visitors	5,476,939	5,922,958	5,052,789
Total carbon (tCO ₂ e)	5,391	5,763	5,335
Emissions per visitor (tCO ₂ e)	0.00098	0.00097	0.00106

Waste management

We aim to reduce waste and to ensure as much waste as possible is reused or recycled. We continue to utilise two cardboard balers reducing the volume of waste requiring collection and reducing our upstream environmental impact by decreasing the number of waste collections. Continued communications are carried out on waste management both with employees and visitors to decrease waste generation at the Gallery. The waste management contract in place aims to increase volumes of waste being recycled along with training for staff and contractors, particularly those working in the restaurants regarding waste minimisation, this is an on-going process. No waste from the National Gallery is sent to landfill.

¹⁴ Due to the complexity of calculating business travel from the data available, assumptions have been made with regard to the methodology used; these are in line with Guidance requirements. This emissions source accounts for less than 0.2% of the total emissions inventory and therefore this calculation falls within the materiality threshold of <5% of the total carbon footprint. Moving forward efforts will be made to facilitate the collection and reporting of staff travel.

¹⁵ There was an increase in electrical costs for the year 2019-20 due to an increase electrical consumption due to the CHP being shut down for its major service and the Gallery's reliance on grid electricity for the period.

¹⁶ CRC expenditure reported in 2018-19 was based on Environment Agency carbon compliance sale price of £18.30 per tonne. As the CRC scheme closed as of March 2019, a one-off opportunity to trade allowances with other participants allowed the gallery to purchase all its allowances at £14 per tonne making a saving of £16,564.

Our performance with respect to waste can be seen in the following table:

Waste		2019-20	2018-19	2017-18
Total waste		510.00	532	497
Non-hazardous waste	Hazardous waste			
	Total	–	–	–
	Landfill	–	–	–
	Reused/recycled	298.00	299.8	197.4
	Anaerobic digestion	47.00	48.4	48.9
Non-hazardous waste	Incinerated with energy recovery	165.00	184	251.1
	Incinerated without energy recovery	–	–	–
Financial indicators (£'000)	Total disposal cost	64.35	65.04	73.5

Use of resources

Our water performance is summarised in the table below:

Finite resource consumption		2019-20	2018-19	2017-18
Non-financial indicators ('000m ³)	Water consumption	31.7	37.9	66.5
Financial indicators (£'000)	Water supply costs	43	49	56

Water consumption has decreased from 2018-19 to 2019-20 by -16.5% from 37,900m³ to 31,700m³. This reduction can be in part explained by the reduced numbers due to closure for Covid-19 and the continued submission of accurate meter reading data on a monthly basis.

Work continues to reduce the water consumption of the gallery and new submeters have been fitted to record water data at a more granular level. Once these meters have been commissioned, we will add the automatic reading to our monitoring system for further analysis.

The Gallery has received confirmation that the account reconciliation of estimated billing following the replacement of the main water meter water leak fixed in February 2018 has been agreed by Thames Water. This will be in the form of a rebate of approximately £15k.

Summary of future strategy

Our draft 2015-2020 Carbon Management Plan outlines our sustainability strategy and the specific measures we will take to reduce our carbon dioxide emissions by 2% year on year by 2020 to a target of 5,447tCO₂e based re-baselining of 2015 figures. The total emissions for 2020 was recorded as 5,391tCO₂e, a reduction of 10.5% from 2015 to 2020 exceeding our 5-year target by 0.5%.

We are currently reviewing our Carbon Management strategy and will publish a new Carbon Management Plan (CMP) shortly to 2025 reflecting historical savings and the likely areas we can reduce consumption and the introduction of the new administration hub in 2021.

The key strategy will focus through the installation of energy-efficient plant and equipment to reduce greenhouse gas emissions. Key projects under investigation for achieving this include:

- Replacing CHP at end of life 2023/24
- Additional CHP and Absorption Chiller 2023/24
- Steam Boiler Replacement with electrical humidification 2023-2025
- Photovoltaic Panels (PV) to Sainsbury's Wing
- Sainsbury wing supply air diffusers
- Continue with BMS optimisation strategies
- Replacement LED lighting back of house 2021-2025

Other projects that will have unquantified energy benefits:

- Main building & Sainsbury wing picture lighting upgrades 2024
- Barry rooms external glazing 2024/25
- Rooms 30 & 31 glazing 2021 – 2024
- Sainsbury wing glazing 2018 – 2024

Remuneration report

The figures in this report have been subject to audit.

The remuneration report includes salary and pension details of National Gallery staff defined as “directors” of functional areas. These members of staff are considered to constitute senior management, however executive authority over the decisions of the Gallery as a whole remains solely in the hands of the Director, guided by the Chairman and Board of Trustees. For the purposes of this report directors of functional areas are described as “senior managers”.

The Chairman and Board of Trustees neither received nor waived any remuneration for their services during the year (2019: £nil).

Director’s remuneration and benefits

The salary and performance award details for the Director are as follows:

		Salary	Performance related pay	Benefits in kind	Pension benefits	Total
		£’000	£’000	£’000	£’000	£’000
Dr Gabriele Finaldi	2020	145 – 150 ¹⁷	– ¹⁸	2.3	58	205 – 210
<i>Director</i>	2019	150 – 155 ¹⁹	35 – 40 ²⁰	1.9	57	245 – 250

The Director’s performance-related bonus is determined by the Remuneration Committee. The Remuneration Committee (which comprised Sir John Kingman, Rosemary Leith and Charles Sebag-Montefiore, and was attended by RoseMarie Loft in an advisory capacity during the year) reviews the Director’s performance annually, taking account of the achievement of the Gallery’s objectives as set out in the funding agreement between the Department for Digital, Culture, Media and Sport and the National Gallery.

Dr Finaldi is eligible for a performance-related bonus in the range of 0% to 25%. In the year to 31 March 2020 the Remuneration Committee deferred awarding a bonus to Dr Finaldi due to the uncertain economic environment created by the Covid-19 pandemic. In the year to 31 March 2019, Dr Finaldi was offered and accepted a 25% performance-related, nonconsolidated bonus of £37,060 relating to performance in the same year.

The Director’s appointment is for an indefinite period. In accordance with the provisions of the Alpha occupational defined benefit pension scheme the Director may retire at the later of age 65 or his state pension age. The Director’s contract of employment determines the circumstances in which a compensation payment may be made. The compensation provisions are no more advantageous than those set out in the Civil Service Compensation Scheme. The notice period of the Director is six months.

¹⁷ The Director’s basic salary for the year was £149,535, reflecting an in-year consolidated increase of 2.1%.

¹⁸ A decision on awarding the Director’s bonus was deferred in 19-20.

¹⁹ The Director’s basic salary for the year was £146,439, reflecting an in-year consolidated increase of 3%. The Director also opted to sell unused annual leave from 2017-18, as permitted through the Gallery’s flexible benefit programme which came into effect on 1 April 2018 and is available to all employees. This resulted in a further payment of £6,089 in taxable earnings.

²⁰ Performance related pay of £37,060 was awarded for the period to 31 March 2019.

Senior managers' remuneration and benefits

The remuneration details for the senior managers, including any compensation benefits, are as follows:

		Salary £'000	Performance related pay £'000	Benefits in kind (to nearest £100) £'000	Pension benefits (to nearest £'000) £'000	Total £'000
Dr Caroline Campbell	2020	95 – 100	0 – 5	1.3	43	140 – 145
<i>Director of Collections and Research</i>	2019	90 – 95	–	1.1	173 ²¹	265 – 270
Dr Susan Foister	2020	95 – 100	0 – 5	5.4	– ²²	100 – 105
<i>Director of Public Programmes and Partnerships</i>	2019	90 – 95	–	2.1	10	105 – 110
Paul Gray	2020	120 – 125	– ²³	1.8	48	170 – 175
<i>Chief Operating Officer (from 16 May 2018)</i>	2019	105 – 110 ²⁴	10 – 15 ²⁵	0.8	41	155 – 160
Andy Hibbert	2020	95 – 100	0 – 5	1.1	38	130 – 135
<i>Director of Finance (from 7 January 2019)</i>	2019	15 – 20 ²⁶	–	–	6	20 – 25
Chris Michaels	2020	95 – 100	0 – 5	1.4	11	105 – 110
<i>Director of Digital, Communications and Technology</i>	2019	90 – 95	–	1.2	11	105 – 110
Anh Nguyen	2020	55 – 60 ²⁷	5 – 10 ²⁸	0.3	22	80 – 85
<i>Director of Development (from 2 September 2019)</i>	2019	–	–	–	–	–
Chris Walker	2020	–	–	–	–	–
<i>Director of Finance and Operations (until 30 June 2018)</i>	2019	110 – 115 ²⁹	–	–	20	130 – 135

The Gallery's remuneration policy applies to all staff, including senior management. Other than the Chief Operating Officer, whose pay is determined by his contract, from 1 September 2018 the individuals mentioned above are paid a consistent and equal rate which will be determined each year during the annual pay award process.

Mr Gray is eligible for a performance-related bonus in the range of 0% to 10%. In the year to 31 March 2020 Mr Gray was offered but declined a 10% performance-related, nonconsolidated bonus of £12,180 relating to performance for that year.

²¹ Dr Campbell's promotion and increase in salary accounts for the large increase in pension benefit arising during the year.

²² Dr Foister opted out of the Civil Service Pension Scheme in September 2018, so no disclosure is required for 19-20.

²³ Performance related pay of £12,180 was offered but declined.

²⁴ Full year equivalent is £115,000–£120,000.

²⁵ Performance related pay of £10,500 was awarded, reflecting performance for the year to 31 March 2019 and pro-rated for time in office.

²⁶ Full year, full time equivalent is £90,000–£95,000.

²⁷ Full year equivalent is £95,000–£100,000.

²⁸ Performance related pay of £5,598 was awarded and accepted, relating to performance for that year and pro-rated for time in office.

²⁹ Full year equivalent is £95,000–£100,000. Chris Walker left under Voluntary Exit terms on 30 June 2018. He received a compensation payment of £85,000–£90,000, of which £48,000 was redundancy payment.

The office of Director of Development at the National Gallery was filled for the first time on 2 September 2019. The role reports directly to the Director. Ms Nguyen is eligible for a performance-related bonus in the range of 0% to 10%. In the year to 31 March 2020 Ms Nguyen was offered and accepted a 10% performance-related, nonconsolidated bonus of £5,598 relating to performance for that year and pro-rated for time in office.

In line with all Gallery staff, the other Directors were awarded a £150 bonus for performance during the year.

No further provision is made within the contracts of the above individuals for non-cash benefits. The notice period for the above individuals is three months. The appointment of the above individuals is for an indefinite period and the compensation provisions are no more advantageous than those set out in the Civil Service Compensation Scheme.

Pensions

The Director's pension is covered by the same scheme as other employees. His contract is for no fixed term, in common with other members of staff at the Gallery.

The accrued pension and lump sum payments as at 31 March 2020 for senior managers and the Director are as follows:

Pension	Accrued pension at pension age as at 31 March 2020 and related lump sum	Real increase (decrease) in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	Real increase (decrease) in CETV³⁰
	£'000	£'000	£'000	£'000	£'000
Caroline Campbell	35 – 40	0 – 2.5	433	390	21
Gabriele Finaldi	15 – 10	2.5 – 5	211	159	34
Andy Hibbert	0 – 5	0 – 2.5	35	5	23
Paul Gray	5 – 10	2.5 – 5	63	28	24
Anh Nguyen	0 – 5	0 – 2.5	11	0	6

Susan Foister opted out of the Civil Service Pension Scheme in September 2018, so no disclosure is required for 19-20. Chris Michaels is a member of the Civil Service Partnership pension scheme, and accrued pension benefits are therefore not disclosed. Employer contributions to Mr Michaels' Partnership pension in the year to 31 March 2020 were £11,320 (2019: £10,700).

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include an 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation or 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.

Calculation of pay differentials

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 full year equivalent remuneration of the highest-paid director at the National Gallery during the year to 31 March 2020 was in the range £150,000 to £155,000 (2019: £190,000 to £195,000). This is 4.2 times (2019: 5.4 times) the median remuneration of the workforce, which was £36,565 (2019: £35,500). Remuneration ranged from £22,785 to £151,846 on a full year basis as at 31 March 2020 (2019: £22,649 to £191,476).

No employee was paid more than the highest-paid director in the year.

Total 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.

Signed:
Dr Gabriele Finaldi
Director and Accounting Officer

Dated: 5 October 2020

Signed:
Sir John Kingman
On behalf of the Board of Trustees

Dated: 5 October 2020

Staff report

The figures in this report have been subject to audit.

The Gallery's remuneration policy applies to all staff, including senior management. Members of staff are paid according to the nature of the role they perform and each job is graded and included in a salary band. Following implementation of the pay and grading review in September 2018, there are ten salary bands.

A full analysis of staff numbers and costs is presented in Account Note 10.

Staff composition

The split of permanent and fixed term staff (excluding agency staff) by gender at 31 March 2020 was:

	Female	Male
Directors	3	4
Other employees	172	93

Sickness absence management

The average number of days of employee absence due to sickness was 3.9 days (2019: 2.8 days). Excluding long term sickness, the average number of days of absence was 2.4 days (2019: 2.1 days).

Supporting diversity

The Gallery is committed to giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities. We operate the Guaranteed Interview Scheme (GIS), and we are updating recruitment processes to include 'name free' applications to ensure fair consideration on merit alone. Once recruited, the Gallery supports disabled employees through the implementation of capability policies and procedures. All training programmes are open access and able to be tailored to the needs of the employee. The Gallery has been accredited as a Disability Confident employer.

The Gallery maintains a complete suite of policies and procedures which are regularly reviewed for suitability and to ensure compliance with current employment legislation. These include a grievance policy and related procedure to support positive working relationships and to provide a mechanism for employees to raise disputes, a whistleblowing procedure for protected disclosures, Health and Safety policy and procedures, new Recognition Agreements covering aspects of change, consultation and negotiation within the collective agreements, a pay policy and related procedures. The Gallery has no formal 'career management' provision at present however, over the next five years we plan to complete our substantial programme of modernisation and improvement in respect of the Gallery's employment model which will incorporate this. An independent review of the policy framework resulted in the 'Good Work' enhanced level award from the Mayor of London.

Employees receiving remuneration over £60,000

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

	2020	2019
	No.	No.
£60,000 – £69,999	12	8
£70,000 – £79,999	2	3
£80,000 – £89,999	3	1
£90,000 – £99,000	3	3
£100,000 – £109,999	1	1
£130,000 – £139,999	1	–
£150,000 – £159,999	–	1
£190,000 – £199,999	1	–
	<u>23</u>	<u>17</u>

All but three of the employees earning more than £60,000 participated in the Principal Civil Service Pension Scheme (PCSPS) pension schemes (2019: all but three participated in the Civil Service Pension arrangements).

Compensation payments

There were two exit package agreed for staff that left between April 2019 and March 2020, which both related to members of staff ending fixed term contracts. This included staff that left on Voluntary Exit or Voluntary Redundancy. No members of staff left on Compulsory Redundancy terms during this period (2019: none).

Exit package cost band	2020			2019		
	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by cost band
	No.	No.	£	No.	No.	£
£0 – £10,000	–	–	–	–	2	13,152
£10,000 – £25,000	–	2	23,141	–	2	34,730
£25,000 – £50,000	–	–	–	–	3	123,080
Total number of exit packages	<u>–</u>	<u>2</u>	<u>23,141</u>	<u>–</u>	<u>7</u>	<u>170,962</u>

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. Where the organisation has agreed early retirements, the additional costs are met by the organisation 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.

Whistleblowing policy and procedure

In 2019-20 the National Gallery reported no whistleblowing cases (2018-19: nil). All cases are investigated in accordance with whistleblowing policy.

The National Gallery's whistleblowing guidance, policy and procedure document is available for all staff to refer to and can be located through the Gallery's intranet.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires the Gallery to publish information in relation to paid facility time taken by trade union officials.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1-50%	0
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£13,953,908
Percentage of the total pay bill	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours ³¹	0%
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Off payroll engagements and advisory consultancy

During the year ended 31 March 2020 the Gallery had no off-payroll engagements for more than £245 per day lasting longer than six months (2019: nil).

There was no expenditure on 'advisory consultancy' during the year (2019: nil). All other consultancy fell within the 'business-as-usual' environment and has been classified as 'operational consultancy'.

Signed:

Dr Gabriele Finaldi
Director and Accounting Officer

Dated: 5 October 2020

Signed:

Sir John Kingman
On behalf of the Board of Trustees

Dated: 5 October 2020

³¹ This is calculated as (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100.

Statement of Trustees' and Director's responsibilities

Under Section 9(4) of the Museums and Galleries Act 1992 the Secretary of State for Digital, Culture, Media and Sport, with the consent of HM Treasury has directed the National Gallery to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Gallery and of its income and expenditure, changes in funds and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction³² issued by the Secretary of State for Digital, Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards 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 a going concern basis.

The Secretary of State for Digital, Culture, Media and Sport has designated the Director as Accounting Officer of the National Gallery. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Gallery's assets, are set out in *Managing Public Money* published by HM Treasury.

The Accounting Officer confirms that as far as he is aware there is no relevant audit information of which the National Gallery's auditors are unaware. Furthermore, the Accounting Officer confirms that he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the National Gallery's auditors are aware of that information.

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

Signed:
Dr Gabriele Finaldi
Director and Accounting Officer

Dated: 5 October 2020

Signed:
Sir John Kingman
On behalf of the Board of Trustees

Dated: 5 October 2020

³² A copy of which is available from the National Gallery, Trafalgar Square, London, WC2N 5DN.

Governance Statement

This statement sets out the Gallery's corporate governance and risk management framework, which provides the structure within which resources are managed and controlled.

Governance framework

The Gallery is governed by the Museums and Galleries Act 1992, under which a body corporate known as the Board of Trustees of the National Gallery was established. The Charities Act 2011 confirms the charitable status of the Board of Trustees of the National Gallery and its exemption from the need to register with the Charity Commission. Both acts can be viewed at www.legislation.gov.uk.

The Gallery is governed by a Board of Trustees, who are non-Executive and unpaid. The establishment, constitution, functions, property and powers of the Board of Trustees are dealt with in Sections 1-8 of the Museums and Galleries Act 1992; Schedule 1 to the Act deals with membership and proceedings of the Board. The Trustees have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

The Gallery has no fewer than 12 and no more than 14 Trustees at any time. All Trustees except one are appointed by the Prime Minister, usually for a period of four years with the possibility of renewal. Tate appoints one Trustee from its own Board.

The Board usually meets 6 times a year and also convenes at least once annually for an offsite strategy day. In the year to 31 March 2020 there were 6 regular Board meetings and no offsite strategy days. Minutes of Board meetings are published on the Gallery's website.

The following is a list of the Trustees of the National Gallery who served for all or part of the year to 31 March 2020, together with a summary of their attendance at meetings which they were eligible to attend. The strategy meetings are treated as Board meetings for the purpose of calculating attendance. Overall, attendance by Board members at meetings they were eligible to attend during the year averaged 94.4%.

Attendance at Board meetings

Ms Hannah Rothschild CBE (Chair) (retired 19 September 2019)	3/3
Sir John Kingman (Deputy Chair)	6/6
Mr Dexter Dalwood (retired 1 November 2019)	3/3
Mr John Singer	6/6
Mr Charles Sebag- Montefiore	6/6
Ms Katrin Henkel	6/6
Ms Rosemary Leith	5/6
Mr David Marks	6/6
Dame Moya Greene	5/6
Ms Tonya Nelson	6/6
Professor Molly Stevens	5/6
Mr Douglas Gurr	6/6
Lord Anthony Hall of Birkenhead (appointed 1 November 2019)	1/2
Mr Stuart Roden (appointed 1 November 2019)	2/2
Ms Catherine Goodman (appointed 1 November 2019)	2/2

The Chair of the Board is responsible for approving adequate arrangements for induction and training for new Board members. New Trustees are:

- given the Trustee Handbook, which sets out the structure, role and responsibilities of the Board (including the scheme of delegation to management), and includes detailed information about standards, accountability and governance, including the Code of Practice for individual Trustees, and the Board's Conflicts of Interest Policy;
- given copies of the latest Gallery Plan, Funding Agreement, Annual Review and Financial Statements and key strategy documents; and

- given the equivalent of about 2 days' worth of induction, which includes meeting members of the senior management team to learn about the work of the Gallery.

The Gallery follows governance best practice for public service and charitable bodies, and in so far as it applies, the Gallery complies with the principles of the *Corporate Governance in Central Government Departments: Code of Good Practice 2017*.

The Board has adopted the Cabinet Office's Code of Conduct for Board Members of Public Bodies published in June 2019, which sets out the responsibilities of individual Trustees and also the Board's Conflicts of Interest Policy. This provides that Trustees must avoid conflicts of interest wherever possible; discuss any difficulty with the Chair; agree the right course of action; and record the decision. Actual or potential conflicts of interest are formally identified at the start of each meeting of the Board and the manner in which the conflict is dealt with is minuted.

The Board maintains a Register of Trustees' Interests which is updated once a year and is reviewed each year by the Board's Audit Committee. The Register is available for inspection on application to the Secretary to the Board.

The Board collectively is responsible for ensuring the Gallery operates within the provisions of its governing statute and charity law; for the Gallery's statements of values, aims and strategy; for statements of required governance, procedures, standards and structures; for specific decisions which are not delegated to the Executive and the holding of management to account for implementation and performance.

The Chair's responsibilities, (last approved by the Board in May 2016 and reviewed from time to time), are consistent with the requirements of the Gallery's Management Agreement with DCMS. These responsibilities include responsibilities for leadership; composition and effective working of the Board; effective conduct of Board business; sub-committees of the Board, standards of Governance; close working with the Director and external relations and fundraising.

The Deputy Chair's responsibilities (last approved by the Board in May 2016 and reviewed from time to time) include deputising for the Chair as and when required; leading the annual process of appraisal of the Chair's performance; acting as an intermediary in the event of a serious breakdown of relations between the Chair and Director; and acting as an intermediary for other Board members to raise concerns which they feel it is inappropriate to raise with the Chair direct.

The Board delegates operational responsibility to management within an agreed framework. The Director and Accounting Officer as at 31 March 2020 is Dr Gabriele Finaldi. The Accounting Officer is responsible for accounting to Parliament, DCMS, the Board of Trustees and other stakeholders. The Accounting Officer has personal responsibility for ensuring propriety and regularity in the management of public funds and for the day-to-day management of the National Gallery.

The Director has appointed a number of senior staff to act as executive directors of certain functional areas. These individuals are considered senior managers for the purposes of the Remuneration Report. The individuals defined as senior managers at some point during the year ended 31 March 2020 were:

Dr Susan Foister
 Dr Caroline Campbell
 Paul Gray
 Andy Hibbert
 Chris Michaels
 Anh Nguyen

Senior management take decisions through the mechanism of an Executive Committee, whose members are responsible for the main departments in the Gallery. Management communicates with staff through meetings, the intranet, email, additional electronic means and staff notices. The two unions representing a number of members of staff meet regularly with senior management.

Committees of the Board

The Board delegates some of its responsibilities to a number of formal sub-committees of the Board, the membership of which is determined by the Board. The remit and membership of formal sub-committees operating during the year is set out below, and external committee members are indicated with a footnote. Attendance by committee members during the year is also shown.

Committee	Key responsibilities	Membership	Number of meetings attended	Number of meetings eligible to attend
Audit	To support the Board and Accounting Officer in their responsibilities for issues of risk, control and governance, by reviewing the reliability and integrity of assurances provided.	Sir John Kingman (Chair)	4	4
		Gautam Dalal ³³	3	4
		Hannah Rothschild CBE (retired 19 September 2019)	2	2
		Charles Sebag-Montefiore	3	4
		John Singer	4	4
Finance	To support the Board and Accounting Officer in their responsibilities for effective financial management of the Gallery and to invest funds in the National Gallery's Trust Funds Pool.	Sir John Kingman (Chair)	5	5
		Gautam Dalal ³³	3	5
		Hannah Rothschild CBE (retired 19 September 2019)	2	2
		Charles Sebag-Montefiore	4	5
		John Singer	5	5
Governance	To support the Board in its responsibilities for governance procedures and standards.	Charles Sebag-Montefiore (Chair)	1	1
		Dexter Dalwood (retired 1 November 2019)	1	1
		John Singer	1	1
		Dame Moya Greene	1	1
Nominations	To keep under review the balance of skills and experience on the Board so as to ensure that the Board has the range of diverse skills, backgrounds and experience it requires for the achievement of its statutory, charitable and financial objectives; it participates in the process of appointment of new Trustees which is run by DCMS in accordance with the OCPA Code.	Hannah Rothschild (Chair) (retired 19 September 2019)	1	1
		Sir John Kingman (Chair for one meeting)	2	2
		Dexter Dalwood (retired 1 November 2019)	1	1
		Katrin Henkel	2	2
		Dame Moya Greene	1	1
		Lord Anthony Hall of Birkenhead (appointed 1 November 2019)	1	1
			1	1
Remuneration	To advise the Board on the terms of appointment of the Director and on his remuneration and on other remuneration issues.	Hannah Rothschild (Chair) (retired 19 September 2019)	1	1
		Rosemary Leith	1	1
		Charles Sebag-Montefiore	1	1
Masterplan	To support the Board in developing a Masterplan in relation to the Gallery's buildings and estate	David Marks (Chair)	9	9
		Hannah Rothschild (retired 19 September 2019)	2	4
		Sir John Kingman	7	9
		Lord Anthony Hall of Birkenhead (appointed 1 November 2019)	1	2
		Stuart Roden (appointed 1 November 2019)	2	2
			2	2

The Committees of the Board reported the following during the year:

The Audit Committee met four times during the year and provided assurance to the Board in the form of its Annual Report, which covered the work of external and internal auditors during the year as well as the overall risk management framework. The Audit Committee continued to monitor Internal Audit progress and outstanding actions. The Gallery's fire safety audit continued to be an area of focus, with an external fire risk assessment being commissioned.

The Finance Committee met five times during the year and has continued to monitor the finances of the Gallery, in particular the Gallery's major Accommodation Hub capital project. The format for the management accounts was updated allowing greater transparency across the departments. The Committee recommended the adoption of the budget set out within the gallery plan for 2020-25. The closure of the Gallery on 18th March owing to the Covid-19 pandemic altered the financial landscape entirely, with a revised plan being approved in April 2020.

The Governance Committee met once during the year. It agreed by correspondence the form of a Board effectiveness survey questionnaire which was distributed to the Board; it considered responses to the questionnaire and made recommendations to the Board arising out of those responses; it also reported to the Board on actions taken to implement recommendations arising from the Board effectiveness survey in 2018-19.

The Nominations Committee met twice during the year. At the beginning of the year there were two vacancies on the Board. DCMS approved that the artist Trustee could extend his tenure for an additional year until a new appointment was made. In the course of the year, the Chair resigned creating an additional vacancy. The Nominations committee reviewed the balance of skills and experience on the Board and recommended that a search be instituted for three new Trustees – one to be an artist Trustee. The Board endorsed the recommendations. The proposed role and person specifications were approved by Ministers and a search was conducted by DCMS in accordance with OCPA rules. At the end of the process, three appointments were made by the Prime Minister, one of which was an artist Trustee and accordingly the previous artist Trustee resigned in November. At the end of the year there was one vacancy on the Board.

The Remuneration Committee met once during the year to review the performance of the Director, Dr Gabriele Finaldi, and Chief Operating Officer, Paul Gray, for the period to 31 March 2019; to agree a recommended bonus for the Director and Chief Operating Officer for the period to 31 March 2019 (which recommendation was accepted by the Board); and to agree recommended performance objectives for the Director for the year to 31 March 2020 (which were accepted by the Board subject to minor modifications). The Committee also considered and recommended to the Board an extension to its terms of reference; the Board approved the amended terms of reference subject to limited amendments.

The Masterplan Committee met nine times during the year; in respect of the Masterplanning exercise started in 2017-18. With the resignation of the Chair halfway through the year, the committee decided to defer any major decisions on the feasibility study presented to the Board in the previous year, until a new Chair was in place. Instead it endorsed phase two of the capital project, which was approved by the Board. February 2020 saw the completion of the restoration works to Gallery 32 and the Committee continued to oversee works on the One Gallery Accommodation Hub.

Achievements and Effectiveness of the Board

Significant achievements of the Gallery during 2018-19 are recorded under the heading of *'Review of achievements and performance in 2019-20'*, within the Annual Report.

In relation to achievements of the Board during the course of the year, the Board:

- Approved a new Digital Innovation Lab space "NGX" sited in the ground floor of Saint Vincent House, which included approving the taking of a lease from NGTF;
- Approved the second phase of a Masterplan project and a provisional budget and agreed next steps;
- Approved a revenue fundraising strategy presented to the Board in November 2019 by the newly appointed Director of Development;
- Gave approval to proposals for implementation of the first phase of a brand communication strategy;
- Endorsed a proposal to stage an immersive digital experience in collaboration with 59 productions, centred around Leonardo da Vinci's *Virgin of the Rocks* in 2019, the 500th anniversary of his death;
- Approved adopting the Cabinet Office's revised Trustees Code of Conduct, June 2019, and approved a modern slavery policy updating the 2018 Anti-Slavery Policy;

- Approved the acquisition of and (where required) funding for a number of key acquisitions for the Gallery's collection including the purchase of Orazio Gentileschi's *The Finding of Moses*;
- Approved the carrying out of all conservation work involving cleaning of paintings in the collection, and following completion of such cleaning approved the paintings as ready to go back on display.
- Approved all loans out including approval to national touring of paintings within the UK and internationally;
- Received regular reports at Board meetings in relation to key areas of Gallery activity including finance, security, education, national programmes, exhibitions, staffing, digital, marketing and buildings and facilities.
- Contributed to the Gallery's fundraising activities, both through representation on the Gallery's Development Committee and by giving direct support and assistance to the Gallery's Development office.

In relation to Board effectiveness, the Board reviewed its own effectiveness in September 2019. Board members were asked to complete a questionnaire rating the Board's effectiveness ("How well does the Board do what it is supposed to do?") by responding to questions relating to the following areas namely: vision, mission and strategy; governance; financial stability; protection and maximising of assets; fundraising; mentoring/advisory; and management of risk. Board members were also asked to assess how well equipped the Board is to be effective in its responsibilities, by responding to questions relating to the following areas, namely: skills on the Board; knowledge of the organisation and its people; environment for team work and leadership; Board process, management and follow up; interaction with the Executive.

In relation to the quality of information provided to the Board, Board members were specifically asked to confirm whether they feel adequately briefed in advance of Board meetings; whether Board papers are of an appropriate length and quality; whether reports from the management team are adequate; and whether the Board receives adequate reporting on key risks and on financial progress during the year. They agreed or agreed strongly with all these statements. The quality of information provided is of a high quality and is subject to continuing review and improvement.

The Governance committee considered responses to the Board effectiveness survey and made a number of recommendations arising from those responses, including in relation to:

- Developing a vision and strategy for the longer-term development of the physical estate, together with a fundraising strategy;
- In future Board effectiveness surveys, being asked to differentiate between the immediate five-year plan and longer-term vision and strategy;
- Giving time during the Board strategy day for a discussion about the direction of travel of the Gallery;
- Strengthening support for the Board to help them better understand fundraising.

The Board accepted all these recommendations.

The Chair conducts an appraisal of individual performance of each Trustee once every other year; during the year to 31 March 2020 no appraisals were carried out, pending the new Chair taking up position.

Risk Management

The National Gallery recognises that the effective management of risk and uncertainty is core to its ability to achieve its objectives.

The Board of Trustees (assisted by the Audit Committee) sets risk management standards and the degree of risk aversion for the Gallery, and reviews the major risks to the Gallery.

The Accounting Officer is responsible for managing risk and ensuring an effective system of internal control is in place. The Accounting Officer places assurance on the work of the Internal Controls Committee, an executive committee which meets 3-4 times a year (3 in 2019-20) to review actively the risk environment, to monitor the adequacy of controls and to assess emerging risks. The Committee's membership includes the Chief Operating Officer, Director of Finance, a number of Heads of Department responsible for areas of the Gallery's activity with high risk exposure, as well as the Head of Internal Audit, Secretary to the Board and Legal Counsel and the Senior Collection Registrar.

The Internal Controls Committee uses a comprehensive risk register as a tool for managing risk, and recommends areas for internal audit based on the analysis of risks in the register. The Internal Controls Committee also reviews and is informed by the work of Internal Audit. The minutes of the Internal Controls Committee, together with its assessment of key risks, are reviewed by the Audit Committee at each meeting. Overall, the levels of risk at the Gallery largely remained stable during the year, as some project risks that were resolved were replaced by other new risks as activities continued to develop. The Committee's first meeting of the 20/21 financial year will address and review the responses taken to mitigating risks (both financial and operational) arising from the Covid -19 pandemic in preparation for the Gallery reopening, as well as managing the challenging economic environment.

A key focus for the Committee in 19-20 was ensuring that risks associated with the UK's exit from the European Union were sufficiently managed. This included both the financial impact caused by increasing costs associated with exhibitions, as well as the potential risk of damage in transit to works of art loaned both in an out should there be significant delays whilst moving through customs checks. In addition, the Committee also continued to monitor risks associated with the Gallery's two major capital projects; the One Gallery accommodation hub and the refurbishment of Gallery 32, paying particular attention to potential delays to the project timetable as well as the risk of accidental damage to the collection caused by building works.

The Gallery's risk register continues to monitor a number of risks that recognise the possibility of damage to the collection, whether accidental or malicious. These risks continue to have high inherent scores, because of the impact that any such damage could have, but the Gallery's mitigating controls, including a detailed conservation plan to deal with any such incidents, means that the residual risk is tracking at the target level, and has been throughout the year. The Gallery did specifically recognise the additional emphasis to these risks as a result of an expanding events programme and ongoing capital works. Both of these risks are carefully scrutinised and there are procedures in place to deal with any issue that might arise.

Internal Audit performed reviews across a number of areas of the Gallery's activities during 2019-20. These included reviews of key controls in Finance and Payroll, and also high level reviews of buildings and facilities, security, acquisitions, art handling and conservation activities.

In addition, more specific detailed audits were performed in the areas of the operations of the Finance function, disaster recovery and business continuity, IS security and risk management. All of the reviews provided either substantial or reasonable assurance that the controls in these areas were operating effectively and that risks were being appropriately managed.

Internal Audit's primary role is to give the Accounting Officer and the Trustees an independent and objective opinion on the Gallery's risk management, internal control and governance. Internal Audit issues an annual report to the Accounting Officer, which is reviewed by the Accounting Officer and the Audit Committee and which includes Internal Audit's opinion of risk management in the Gallery and a statement of assurance on Internal Control. Based on work undertaken Internal Audit issued an opinion of *Substantial* assurance, meaning that the Gallery's framework of governance, risk management and control is adequate and effective

The Audit Committee provides an annual report to the Board, which includes its opinion on the comprehensiveness, reliability and integrity of assurances received for the purpose of supporting the Board in their overall management of risk. The Audit Committee is of the opinion that the Gallery is responding appropriately to the risks around certain management processes and the documentation of controls.

All budget holders provide the Accounting Officer with annual assurance statements, and these are subject to Internal Audit review.

Covid-19

The Board recognises the Covid-19 pandemic will severely affect the financial position of the Gallery for the foreseeable future. Budgets and plans for 2020-21 have been completely revised with the aim of delivering a set of activities which preserves as far as possible the Gallery's limited unrestricted reserves. The financial forecast for 2021-22 is much more difficult and the Gallery is committed to developing plans which meet all statutory obligations together with an activity plan which can be afforded. The Gallery is working with all relevant authorities and suppliers to deliver an environment for visitors to the Gallery which is as safe as possible and meets social distancing protocols.

Risk assessment

The Accounting Officer and Board of Trustees consider the framework of internal controls and risk management to be effective. The Internal Auditor's assurance to the Accounting Officer and the Audit Committee on the National Gallery's risk management, control and governance processes was that they are generally adequate and effective. Audit recommendations have been accepted and corrective action is being taken.

The Gallery investigated nine potential data breaches or losses during 2019-20 but was not required to report any of such incidents to the Information Commissioner's Office.

Signed:
Dr Gabriele Finaldi
Director and Accounting Officer

Dated: 5 October 2020

Signed:
Sir John Kingman
On behalf of the Board of Trustees

Dated: 5 October 2020

The Certificate and Report of the Comptroller and Auditor General to Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Gallery for the year ended 31 March 2020 under the Museums and Galleries Act 1992. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report and the Staff Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the National Gallery's affairs as at 31 March 2020 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Emphasis of Matter

I draw attention to Note 1r to the financial statements, which describes the basis for valuing the National Gallery's property. Management consider that there is a 'material valuation uncertainty' associated with this balance. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. My opinion is not modified in respect of this matter.

Basis of opinions

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

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the National Gallery's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the National Gallery have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the National Gallery's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Board of Trustees and Accounting Officer

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

Auditor's responsibilities for the audit of the financial statements

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Other Information

The Board of Trustees and Accounting Officer are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

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

Dated: 7 October 2020

Statement of Financial Activities

for the year ended 31 March 2020 (continued)

Note	OPERATING INCOME AND EXPENDITURE			Funded capital projects and revaluations (a)			Acquisitions for the collection (b)				TOTAL 2020			2019	
	Unrestricted funds	Restricted funds	Total core operations	Unrestricted funds	Restricted funds	Total capital projects and revaluations	Unrestricted funds	Restricted funds	Total collection acquisition funds	Unrestricted funds	Restricted funds	Permanent endowment	Total		Total
14	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Realised and unrealised investment gains/ (losses)	(0)	(274)	(274)	-	-	-	(28)	(118)	(146)	(28)	(392)	(568)	(988)	741	
Net income/(expenditure) before transfers and other recognised gains and losses	(311)	(733)	(1,044)	-	9,365	9,365	(28)	30,985	30,957	(339)	39,617	(568)	38,710	16,137	
Transfers	1,860	(244)	1,616	-	47	47	(1,567)	(96)	(1,663)	293	(293)	-	-	-	
Net income/(expenditure) resources before other recognised gains and losses	1,549	(977)	572	-	9,412	9,412	(1,595)	30,889	29,294	(46)	39,324	(568)	38,710	16,137	
(Loss)/gain on revaluation of fixed assets for charity's own use	-	-	-	-	(2,907)	(2,907)	-	-	-	-	(2,907)	-	(2,907)	7,745	
Net movement in funds	1,549	(977)	572	-	6,505	6,505	(1,595)	30,889	29,294	(46)	36,417	(568)	35,803	23,882	
Opening funds	2,019	10,420	12,439	-	311,602	311,602	2,019	327,793	329,812	4,038	649,815	9,039	662,892	639,010	
Closing funds	3,568	9,443	13,011	-	318,107	318,107	424	358,682	359,106	3,992	686,232	8,471	698,695	662,892	

(a) representing the value of capital assets, excluding the Collection, and any restricted funds for future additions.

(b) representing the value, at the date of acquisition, of donations to the Collection and picture acquisitions since 1 April 2001, and restricted and designated funds for future acquisitions.

All operations continued throughout the period.

There are no recognised gains and losses other than those shown above.

For full details of the prior year comparatives please see note 2. For an explanation of transfers please see note 20.

This Statement of Financial Activities is shown in this expanded format to enable a reader of the accounts to distinguish between the Gallery's operating activities and those activities relating to capital projects and acquisitions, which due to their high value could otherwise have a distorting effect on the overall presentation of income and expenditure.

The notes on pages 42 to 64 form part of these accounts.

Balance Sheet as at 31 March 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Assets	12	310,498		305,501	
Heritage Assets	13	357,245		324,920	
Investments	14a	15,783		16,765	
			683,526		647,186
Current Assets					
Stock		25		39	
Debtors	15	10,693		13,835	
Investments	14b	3,085		3,067	
Cash at bank and in hand	22b	12,880		10,466	
		26,683		27,407	
Creditors					
Amounts falling due within one year	16a	(10,007)		(9,383)	
Provisions					
Amounts falling due within one year	16c	–		(362)	
Net current assets			16,676		17,662
Total assets less current liabilities			700,202		664,848
Creditors					
Amounts falling due in more than one year	16b		(1,507)		(1,956)
Net assets			698,695		662,892
Represented by:					
Restricted funds					
Restricted funds (excluding revaluation reserves)		570,500		531,177	
Revaluation reserves	20	115,732		118,638	
			686,232		649,815
Unrestricted funds					
Designated		1,991		2,019	
General funds	20	2,001		2,019	
			3,992		4,038
Total income funds			690,224		653,853
Endowment funds	20		8,471		9,039
Total funds			698,695		662,892

The notes on pages 42 to 64 form part of these accounts.

Signed:
Dr Gabriele Finaldi
Director and Accounting Officer

Dated: 5 October 2020

Signed:
Sir John Kingman
On behalf of the Board of Trustees

Dated: 5 October 2020

Statement of Cash Flows

for the year ended 31 March 2020

		2020	2019
		£'000	£'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	22a	<u>33,246</u>	<u>10,374</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		80	57
Proceeds from the sale of property, plant and equipment		–	2,600
Purchase of property, plant and equipment		(10,591)	(3,713)
Purchase of heritage assets	13	(20,297)	(3,988)
Proceeds from sale of investments		–	–
Purchase of investments		(24)	429
Net cash provided by (used in) investing activities		<u>(30,832)</u>	<u>(4,615)</u>
Change in cash and cash equivalents in the reporting period		2,414	5,759
Cash and cash equivalents at the beginning of the reporting period		<u>10,466</u>	<u>4,707</u>
Cash and cash equivalents at the end of the reporting period		<u>12,880</u>	<u>10,466</u>

The notes on pages 42 to 64 form part of these accounts.

Notes to the Financial Statements

1. Accounting policies

a. Accounting convention

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of certain fixed assets and the inclusion of the investments at market value. The financial statements have been prepared in accordance with the accounts direction issued by the Secretary of State for Digital, Culture, Media and Sport, the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP), published in 2015, the Government's Financial Reporting Manual and FRS 102. The Gallery is a public benefit entity.

In light of the Covid-19 pandemic, the Gallery has taken action to plan responsibly for the challenging times ahead. Trustees have evaluated in detail the Gallery's revised budget and forecasts prepared to support this plan and are satisfied that combined with the announcement of government support for the cultural sector, the steps taken safeguard the Gallery's ability to continue operating as a going concern. The accounts have therefore been prepared on that basis.

b. Income

All income is included in the SoFA when the Gallery is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

The Grant-in-Aid from the Department for Digital, Culture, Media and Sport is taken to the SoFA in the year in which it is received. Lottery income is recognised as income when the conditions for its receipt have been met. Other grants, donations and legacies are recognised as incoming resources when the Gallery becomes entitled to the income, receipt is probable and the amount is quantifiable.

Gifts in kind intended for use by the Gallery are recognised in the SoFA as income at a reasonable estimate of their current value on receipt. Contractual income is recognised as income to the extent that the Gallery has provided the associated goods or services; income from the corporate membership programme, for example, is recognised over the period of membership. Where income is received in advance, and the Gallery does not have entitlement to these resources until the goods or services have been provided, the income is deferred in the accounts.

Income derived from endowments has been included within unrestricted funds in the SoFA, except where the application of the income is restricted to a particular purpose, in which case the income and expenditure has been appropriately identified in restricted funds. See note 20 for further details.

c. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs. The allocation of these support costs, including overheads, is analysed in note 9.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Exhibitions costs represent the costs of mounting exhibitions. Other direct costs are allocated against the relevant strategic objectives of the Gallery, which are described in detail in the Annual Report.

Governance costs include the costs of providing the governance infrastructure that allows the Gallery to operate, as well as the costs of the strategic planning processes that contribute to the Gallery's future development. These costs include the costs of statutory and internal audit, as well as staff costs.

Liabilities are recognised where legal or constructive obligations mean that it is more likely than not that a transfer of economic benefits will be made.

Irrecoverable VAT is apportioned across the activity cost categories detailed in note 9.

d. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Gallery and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The funds include bequests made to the Gallery where it was clearly the wish of the donor that the money is to be used for picture purchase but where no legal restriction exists as to the use made of the bequest. The details of each designated fund are disclosed in note 20.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. The aim and use of restricted funds is explained in note 20.

Permanent endowment funds are funds which the donor has stated are to be held as capital.

e. Tangible fixed assets

Tangible fixed assets, other than collection acquisitions, are accounted for using modified historic cost accounting. However, adjustments to the net book value are only made where material. The Gallery applies a £5,000 threshold to the capitalisation of all fixed assets (2019: £5,000).

All of the Gallery's land, properties and plant and machinery are revalued for accounting purposes by external chartered surveyors in accordance with the Appraisal and Valuation Standards as published by the Royal Institute of Chartered Surveyors and with FRS 102, section 17 – Property, Plant and Equipment, every five years. The last quinquennial valuation of the Gallery's land, buildings and plant and machinery was carried out by BNP Paribas as at 31 March 2019. The valuation included the main Gallery site on Trafalgar Square and the connected Sainsbury Wing. In the years in between the full five yearly valuations the revaluation is based on a desktop exercise.

Depreciation is provided on all tangible assets, other than collection acquisitions, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life:

Freehold buildings	75 years
Plant and machinery	30 years
Equipment	4 years

Depreciation is charged on capital costs in the year in which the asset is brought into use. Collection acquisitions are capitalised at historic cost and are not depreciated or revalued as a matter of routine.

The Gallery has chosen to account for property, plant and equipment under the revaluation model, in line with FRS 102, section 17 – Property, Plant and Equipment. We consider that there exists no market-based evidence of fair value of the freehold buildings because such property is rarely sold, except as part of a continuing business, therefore land and buildings and plant and machinery are revalued annually on a depreciated replacement cost basis. Movements are taken to the revaluation reserve.

f. Heritage assets

The National Gallery's collection comprises pictures, frames and archive material, and these are treated as heritage assets.

In accordance with the Government Financial Reporting Manual (FRM) – which reflects the requirements of FRS 102, section 34 – Specialised Activities – works of art acquired or donated are capitalised and recognised in the Balance Sheet at their cost or value at the date of acquisition, where such a cost or value is reasonably obtainable.

Additions to the Collection are made by purchase, gift of the asset and/or the purchase of assets funded by donation. Works of art donated by third parties are capitalised and accounted for through the donated works of art reserve.

Capitalised heritage assets are not subject to depreciation or revaluation as a matter of routine.

The Trustees of the National Gallery believe that the Collection is unusual as an asset in many ways. It is inalienable, unique, irreplaceable, ancient and very valuable. In this regard, it is an asset that cannot be valued in a way that would be meaningful for readers of the financial statements.

The Trustees consider that even if valuations could be obtained for some of the pictures in the Collection, the cost of performing such an exercise would not be commensurate with any benefit that could be derived by the user of the financial statements from the inclusion of part of the Collection on the Balance Sheet. As a result, no value has been included in the Balance Sheet for heritage assets acquired before April 2001, the point at which additions to the Collection were first capitalised.

The treatment required by FRS 102, section 34 results in a partial capitalisation of heritage assets on the arbitrary basis of the date of acquisition. The distorting effect of this inconsistent treatment is exacerbated by the volatility of the international art market and fluctuations in inflation, which will render the value of those capitalised heritage assets less reliable over time. Trustees accept that under the terms of the Museums and Galleries Act 1992 they have no option but to comply with this accounting treatment, but remain very concerned that continuing to capitalise what will always be a very small portion of the Collection will mislead readers of the accounts as to the nature and value of the collection as a whole.

Further information on the nature and scale of the Gallery's collection can be found in note 13.

Expenditure which is required to preserve or prevent further deterioration of individual collection items, as well as the costs of managing the Collection, are recognised in the SoFA when incurred. More information about preservation and management of the Collection can be found in note 13.

g. Investments

Investments held as fixed assets are included at market value at the year end. The SoFA includes any realised and unrealised investment gains and losses arising on revaluation and disposals throughout the year.

Cash held for investment purposes in 30-day and 90-day notice accounts is treated as a current asset investment.

h. Stocks

Tangible stocks are held by the Gallery for use in the staff canteen and membership packs for future membership sales. Stocks for the gift shops situated within the Gallery premises are owned by the National Gallery Company Limited which is a separate legal entity and therefore not consolidated in these accounts. The café and restaurant facilities are also franchised out. Stocks are stated at the lower of cost and net realisable value.

i. Debtors

The measurement of debtors is based on the anticipated recoverable value of cash or services owed to the Gallery at the year end.

j. Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

k. Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

l. Leases

The National Gallery has no finance leases. Costs in relation to operating leases are charged to the SoFA over the life of the lease.

m. Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rate at the time of the transaction. All exchange differences are taken to the SoFA.

The Gallery undertakes the majority of its transactions in sterling, and so has limited exposure to foreign currency risk. Any loss on exchange resulting from market volatility should be manageable through general contingency funds, without resulting in any material risk to the business.

The Gallery does hold some investments in US dollar denominated funds and the risk around these investments is discussed further in note 17, financial instruments.

n. Pensions

Staff of the National Gallery are employed under broadly the same conditions of service as Civil Servants, to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme. Full details of the pension scheme are included in note 11.

o. Trust funds

These funds represent amounts which have been bequeathed to the Gallery mainly for the purposes of picture acquisition. Income earned on the capital held in restricted funds is recognised in the SoFA as it arises. Any unutilised income together with the capital is held in a separate restricted fund which can only be used for the purposes originally specified by the donor.

p. Taxation

The Gallery is eligible under the Corporation Tax Act 2010 to seek from HMRC exemption from taxes on income arising from the pursuit of its charitable objectives. HMRC has granted this exemption.

q. Provisions

Provisions are made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

*r. Key Judgements**- Valuation of land and buildings*

The Valuer of the Gallery's fixed assets has reported a total Fair Value of £310,000,000, but noted a material uncertainty over this valuation (as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards) due to the unknown impact that Covid 19 will have on the London property market and construction costs. The material valuation uncertainty declaration does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to highlight that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.

- Going Concern

As a result of the global pandemic, the Gallery expects that visitor numbers will significantly decrease in 2020-21. This will have a significant impact on critical income sources such as ticketed exhibition admissions, concessions and voluntary donation boxes. The fundraising climate will be particularly challenging as we see some donors refocusing their philanthropic efforts towards health causes and away from the arts and cultural sector. Corporate support in the form of memberships and events will also come under pressure due to the economic downturn.

In response to these unprecedented financial challenges the Gallery has taken very painful measures to reduce and replan activities and projects, including our exhibition programme, to ensure that it has the funds to cover fixed and staff costs and critical activities only. These efforts to substantially reduce our costs will be further aided by government support targeted at the cultural sector, and will ensure that the Gallery achieves a break even position for 20-21. In addition, the Gallery retains existing reserves which can be used strategically to partly mitigate the financial impact in both 20-21 and the uncertainty around future funding allocations following the upcoming 21-22 spending review. Given the above, Trustees are satisfied that the Gallery can continue to operate as a going concern.

Note	OPERATING INCOME AND EXPENDITURE			Funded capital projects and revaluations			Acquisitions for the collection			TOTAL 2019			2018
	Unrestricted funds	Restricted funds	Total core operations	Unrestricted funds	Restricted funds	Total capital projects and revaluations	Unrestricted funds	Restricted funds	Total collection acquisition funds	Unrestricted funds	Restricted funds	Permanent endowment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
14	-	193	193	-	-	-	33	115	148	33	308	400	741
	576	2,263	2,839	-	2,922	2,922	34	9,942	9,976	610	15,127	400	19,482
20	(576)	(155)	(731)	-	247	247	2	482	484	(574)	574	-	-
	-	2,108	2,108	-	3,169	3,169	36	10,424	10,460	36	15,701	400	19,482
12	-	-	-	-	7,745	7,745	-	-	-	-	7,745	-	7,745
	-	2,108	2,108	-	10,914	10,914	36	10,424	10,460	36	23,446	400	40,858
	2,019	8,312	10,331	-	300,688	300,688	1,983	317,369	319,352	4,002	626,369	8,639	598,152
20	2,019	10,420	12,439	-	311,602	311,602	2,019	327,793	329,812	4,038	649,815	9,039	639,010

3. Grant-in-Aid

	2020	2019
	£'000	£'000
Department for Digital, Culture, Media and Sport	24,675	24,092

This money is available for running costs, capital improvements and collection purchases. Of the total figure, £3.7 million (2019: £3.7 million) was restricted for capital purposes

4. Other Government Grant

	2020	2019
	£'000	£'000
Arts & Humanities Research Council	44	–
Engineering & Physical Sciences	23	–
EU Cross Cultivation	21	–
Belgian Science Policy Office	7	–
EU Iperion	–	127
Open Cloud for Social Sciences & Humanities	–	47
	95	174

5. Donations and Legacies

	2020	2019
	£'000	£'000
Donations and legacies relating to Gallery activities excluding acquisitions and other capital expenditure can be split as follows:		
Individuals	1,255	1,283
Trusts and foundations	2,985	5,709
Corporate donors	–	–
Gifts in kind	192	132
Legacies	49	10
	4,481	7,134

Restricted donations and legacies included above total £3,037k (2019: £5,874k).

	2020	2019
	£'000	£'000
Donations and legacies relating to collection acquisitions can be split as follows:		
Individuals	400	772
Trusts and foundations	18,920	8,449
Legacies	–	4
Gifts in kind	27	16
Acceptance-in-lieu	11,831	643
	31,178	9,884

	2020	2019
	£'000	£'000
Donations relating to other capital expenditure can be split as follows:		
Trusts and foundations	10,540	3,737
Individuals	81	–
	10,621	3,737
Total donations and legacies	46,280	20,755

6. Income from other trading activities

	2020 £'000	2019 £'000
Activities for generating funds		
Trading	6,510	6,165
Concessions	1,032	1,054
Miscellaneous	360	367
	<u>7,902</u>	<u>7,586</u>

Trading income includes royalties, venue hire, floor plan sales, exhibition sponsorship, membership subscriptions, cloakroom charging and the corporate membership programme

7. Investment income

	2020 £'000	2019 £'000
Income from UK bank deposits	74	52
Income from overseas funds	6	5
	<u>80</u>	<u>57</u>

8. Trustees' remuneration

The Chairman and Board of Trustees neither received nor waived any remuneration for their services during the year (2019: £nil). The total value of expenses reimbursed to Trustees amounted to £nil for the year (2019: £nil).

9. Total expenditure

	Direct costs £'000	Support costs £'000	Depre- ciation £'000	Total 2020 £'000	Total 2019 £'000
Raising funds	2,462	349	–	2,811	2,548
Other Costs	–	–	–	–	(14)
	<u>2,462</u>	<u>349</u>	<u>–</u>	<u>2,811</u>	<u>2,534</u>
Exhibitions	5,101	242	580	5,923	5,849
Broaden our appeal and provide an exceptional visitor experience	12,726	976	2,006	15,708	14,088
Preserve, enhance and develop the potential of our collections	4,445	793	738	5,976	5,687
Inspire learning and engagement	3,372	525	317	4,214	3,995
Invest in our staff, increase income and care for our physical facilities	6,750	294	1,006	8,050	9,469
	<u>32,394</u>	<u>2,830</u>	<u>4,647</u>	<u>39,871</u>	<u>39,088</u>
	<u>34,856</u>	<u>3,179</u>	<u>4,647</u>	<u>42,682</u>	<u>41,622</u>

A breakdown of support costs, and a description of the basis on which these costs have been allocated to each of the activity cost categories, is set out below:

Cost type	Fundraising costs	Exhibitions	Appeal and visitor experience	Preserve, enhance and develop	Learning and engagement	Staff and physical facilities	Total	Basis of allocation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Finance	30	102	325	35	12	187	691	Direct expenditure of activity
Human Resources	107	37	189	258	176	16	783	Headcount
Information Services	181	62	320	438	299	28	1,328	Headcount
Office Services	21	7	37	50	34	3	152	Headcount
Governance	10	34	105	12	4	60	225	Direct expenditure of activity
	<u>349</u>	<u>242</u>	<u>976</u>	<u>793</u>	<u>525</u>	<u>294</u>	<u>3,179</u>	

Analysis of governance costs:

	2020	2019
	£'000	£'000
Staff costs	111	116
Auditor's remuneration	43	39
Internal audit fees	34	34
Operational consultants	4	–
Legal fees	65	55
	<u>257</u>	<u>244</u>

Total expenditure includes the following:

	2020	2019
	£	£
Auditor's remuneration:		
Statutory audit	43	39
Leased rental payments on equipment and office space	629	629
	<u>672</u>	<u>668</u>

The National Gallery's auditors neither undertook nor received any remuneration for non-audit work during the year.

No grant was made this year to the National Gallery Trust (2019: £250k).

10. Staff costs

	2020	2019
	£'000	£'000
Wages and salaries	10,329	9,281
Social security costs	1,089	949
Pension costs	2,608	1,734
Apprenticeship levy	37	31
Agency staff	531	593
	<u>14,594</u>	<u>12,588</u>

Total spend on contingent labour is disclosed under the heading 'agency staff'.

The average number of employees during the year, analysed by function was:

	2020	2020	2020	2019
	Permanent	Other	Total	Total
	contracts	contracts	No.	No.
	No.	No.		
Fundraising	26	7	33	32
Exhibitions	9	4	13	12
Broaden our appeal and provide an exceptional visitor experience	46	5	51	51
Preserve, enhance and develop the potential of our collections	63	13	76	67
Inspire learning and engagement	43	38	81	80
Invest in our staff, increase income and care for our physical facilities	4	–	4	11
Support	34	5	39	35
Governance	2	–	2	2
	<u>227</u>	<u>72</u>	<u>299</u>	<u>290</u>

The employees shown above under 'Other contracts' includes freelance lecturers who provide ad-hoc talks on specialist areas but who do not undertake established posts within the Gallery.

Further information relating to staff pay can be found in the Staff Report.

Further information relating to the Director's and senior managers' pay can be found in the Remuneration Report.

11. Pension costs

Staff of the National Gallery are employed under broadly the same conditions of service as Civil Servants, to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply.

All present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) or the Civil Servant and Other Pension Scheme (CSOPS) – known as "alpha".

PCSPS and alpha are unfunded multi-employer defined benefit schemes. The National Gallery is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

For 2020, employer's contributions of £2,516,280 were payable to the PCSPS (2019: £1,676,136) at one of four rates in the range 26.6% to 30.3% of pensionable pay based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £80,041 (2019: £92,946) were paid to the appointed stakeholder pension provider. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,614 (2019: £3,409), 0.5% (2019: 0.5%) 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. Contributions due to the partnership pension provider at the balance sheet date were £5,725 (2019: £8,611).

No individuals retired early on ill-health grounds during the year ended 31 March 2020 (2019: none).

12. Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Assets in the course of construction £'000	Equipment £'000	Total £'000
Cost or valuation					
As at April 2019	241,258	78,728	3,960	5,138	329,084
Additions	2,852	2,080	7,167	452	12,551
Disposals	(80)	–	–	(79)	(159)
Revaluation	689	(3,596)	–	–	(2,907)
Transfers	–	–	–	–	–
As at 31 March 2020	<u>244,719</u>	<u>77,212</u>	<u>11,127</u>	<u>5,511</u>	338,569
Depreciation					
As at 1 April 2019	6,338	12,608	–	4,637	23,583
Disposals	(80)	–	–	(79)	(159)
Charge for year	1,525	2,668	–	454	4,647
Revaluation	–	–	–	–	–
As at 31 March 2020	<u>7,783</u>	<u>15,276</u>	<u>–</u>	<u>5,012</u>	28,071
Net book value					
31 March 2020	<u>236,936</u>	<u>61,936</u>	<u>11,127</u>	<u>499</u>	<u>310,498</u>
31 March 2019	<u>234,920</u>	<u>66,120</u>	<u>3,960</u>	<u>501</u>	305,501

The freehold of the National Gallery, including both the Wilkins Building and the Sainsbury Wing, was transferred from the Secretary of State for the Environment and the Crown to the Trustees of the Gallery on 12 January 1994.

The freehold property was independently valued as at 31 March 2020 by Mark Thompson BA (Hons) MRICS IRRV of BNP Paribas Real Estate, (the "Valuer") acting in the capacity of an external valuer. The valuation was in accordance with the requirements of the Government's Financial Reporting Manual, the Statement of Recommended Practice 'Accounting and Reporting by Charities', the current RICS Valuation – Professional Standards' and FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

The valuation was on the basis of Fair Value, subject to the following assumption;

- That the property would be sold as part of the continuing business (or entity) in occupation.

The Valuer's opinion of Fair Value was primarily derived using;

- The depreciated replacement cost method of valuation because the specialised nature of the asset means that there are no market transactions of this type of asset except on the basis of a sale as part of the business or entity in occupation.

The Valuer has reported a total Fair Value of £310,000,000 (three hundred and ten million pounds), but noted a material uncertainty over this valuation due to the unknown impact that Covid 19 will have on the London property market and construction costs.

Had the revaluation model not been applied, the carrying amount that would have been recognised had the assets been carried under the historical cost model for each class of revalued assets is as follows:

	Freehold land and buildings £'000	Plant and machinery £'000
Effective value under historical cost model	151,657	31,484

The financial effect of revaluing other assets (excluding plant and machinery) was considered to be immaterial in terms of the overall net book value and therefore they have been disclosed at their historic cost value.

The net book value at 31 March 2020 represents fixed assets held for charitable purposes only.

13. Heritage assets

The National Gallery houses one of the greatest collections of Western European painting in the world. These pictures belong to the public and entrance to see them is free. The Gallery aims to tell the story of European painting as completely as possible and at the highest possible level. The Collection contains over 2,300 works, including many iconic masterpieces such as van Eyck's Arnolfini Portrait, Piero della Francesca's Baptism, Holbein's Ambassadors, Leonardo's Virgin of the Rocks, Vermeer's Young Woman Standing at a Virginal, Velázquez's Rokeby Venus, Turner's Fighting Temeraire and Van Gogh's Sunflowers. The work of some of the greatest painters, including Raphael, Titian, Rembrandt, Monet and Cezanne, is represented in great depth, with a range of works of varying types and from different periods of the artists' careers.

A full description of the Collection, including zoomable images of every picture, can be found on the National Gallery's website.

Heritage assets capitalised in the Balance Sheet are shown below:

	Cost £'000	Valuation £'000	Total £'000
As at 1 April 2019	46,110	278,810	324,920
Additions	<u>20,297</u>	<u>12,028</u>	32,325
As at 31 March 2020	<u>66,407</u>	<u>290,838</u>	357,245

All heritage assets acquired since 1 April 2001 have been included in the Balance Sheet at their cost or value at the date of acquisition.

Where heritage assets have been acquired under the Acceptance in Lieu Scheme or Cultural Gifts Scheme, valuations are provided by the Arts Council England. Where pictures have been donated, bequeathed or acquired other than on the open market, valuations have been performed by the Gallery's curators, who are recognised experts in their fields, or by external valuers. The primary method of valuation involves the analysis of recent market values for comparable works, together with a detailed technical assessment of the painting's physical condition to arrive at a reasonable valuation. However, there is an inherent limitation to valuation of works acquired by the National Gallery, simply because by their nature they are usually unique and iconic works of art for which little or no comparable market data exists.

Additions during the year ending 31 March 2020 comprise:

- Orazio Gentileschi's *The Finding of Moses*, bought with the support of the American Friends of the National Gallery, the National Gallery Trust, the National Heritage Memorial Fund, Art Fund (through the legacy of Sir Denis Mahon), The Maurice Wohl Charitable Foundation, The Deborah Loeb Brice Foundation, The Capricorn Foundation, The Manny and Brigitta Davidson Charitable Foundation, Alejandro and Charlotte Santo Domingo, Beatrice Santo Domingo, The Wei Family and other donors, and through public appeal and bequests.
- Alvis Vivarini – *Virgin and Child*, presented by Mrs Annelie George from the estate of Peter Hayes George, made possible by his mother Patricia Lady Cooper, Alice Lady Cooper and Sir William H. Cooper.
- Joaquín Sorolla – *The Drunkard, Zarauz (El Borracho, Zarauz)*, purchased with the support of a generous legacy from David Leslie Medd OBE.
- Jean-Etienne Liotard – *The Lavergne Family Breakfast*, accepted in lieu of Inheritance Tax by HM Government from the estate of George Pinto and allocated to the National Gallery.
- Sir Thomas Lawrence – *Portrait of Peniston Lamb*, accepted in lieu of Inheritance Tax by HM Government from the estate of George Pinto and allocated to the National Gallery.
- Thomas Gainsborough – *Margaret Gainsborough playing a Theorbo*, accepted in lieu of Inheritance Tax by HM Government from the estate of George Pinto and allocated to the National Gallery.
- Alexandre Calame – *Chalets at Rigi*, presented by Mr Asbjørn Lunde through the American Friends of the National Gallery.
- Camille Pissarro – *Late afternoon in our meadow*, accepted in lieu of Inheritance Tax by HM Government from the collection of William Waldorf Astor, 3rd Viscount Astor and allocated to the National Gallery.
- 15 frames for various pictures purchased by the Gallery
- 11 frames for various pictures acquired with the works of art.

Five year financial summary of acquisitions

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Donated assets and acquisitions funded by donations	32,303	9,650	18,738	523	5,604
Other acquisitions	<u>22</u>	<u>79</u>	<u>20</u>	<u>–</u>	<u>103</u>
Total cost/value of acquisitions	32,325	9,729	18,758	523	5,707

Significant additions over the last five years include:

- Orazio Gentileschi's *The Finding of Moses*, bought with the support of the American Friends of the National Gallery, the National Gallery Trust, the National Heritage Memorial Fund, Art Fund (through the legacy of Sir Denis Mahon), The Maurice Wohl Charitable Foundation, The Deborah Loeb Brice Foundation, The Capricorn Foundation, The Manny and Brigitta Davidson Charitable Foundation, Alejandro and Charlotte Santo Domingo, Beatrice Santo Domingo, The Wei Family and other donors, and through public appeal and bequests.
- Artemisia Gentileschi's *Self Portrait as Saint Catherine of Alexandria*, bought with the support of American Friends of the National Gallery, the National Gallery Trust, Art Fund (through the legacy of Sir Denis Mahon), Lord and Lady Sassoon, Lady Getty, Hannah Rothschild CBE, Mrs Mollie W. Vickers, the Hon. Mrs Ashley Dawson-Damer, The Society of Dilettanti Charitable Trust Fund, Mr Andrew Green QC and Ms Hirschl, Mr Matthew Santos and Mrs Mary Kuusisto, Mr Peter Scott CBE QC and Dr Richard Ballantine, the Diane Apostolos-Cappadona Trust, Mr Stephen Allcock, Mr James and Lady Emma Barnard, Miss Maxine White and Mr James Mortimer, Michael and Felicia Crystal, The W T J Griffin Charitable Settlement and other donors including those who wish to remain anonymous. Artemisia Gentileschi is the most celebrated female painter of the 17th century, working in Rome, Florence, Venice, Naples and London for the highest echelons of European society, including the Grand Duke of Tuscany and Philip IV of Spain. In this portrait, she paints herself in the guise of Saint Catherine of Alexandria, a Christian saint martyred in the early 4th century.
- Jean-Etienne Liotard – *The Lavergne Family Breakfast*, accepted in lieu of Inheritance Tax by HM Government from the estate of George Pinto and allocated to the National Gallery. Liotard was arguably the leading artist in pastel of the eighteenth century and a master of psychologically penetrating portraits and intimate scenes of family conviviality. This depiction of his niece and her niece at an elegant breakfast, painted in Lyon in 1754, is both among his largest pastels and regarded by connoisseurs as a highlight of his career.
- Camille Pissarro – *Late Afternoon in our Meadow*, accepted in lieu of Inheritance Tax by HM Government from the collection of William Waldorf Astor, 3rd Viscount Astor and allocated to the National Gallery. While the leading Impressionist Pissarro is well-represented in the collection, this large landscape is the only painting of his dating from the 1880s, a key period of experimentation in the Paris art world.
- Lucas Cranach the Elder's *Venus and Cupid*, a gift from the Drue Heinz Charitable Trust. Cranach was one of the leading German painters and printmakers of the early 16th century. As court painter of the Elector of Saxony, the patron of Luther, Cranach is remembered as the chief artist of the Reformation. In this painting, Cupid complains to Venus of being stung by bees when stealing a honeycomb. This is to be taken as a moral commentary; as the inscription observes: 'life's pleasure is mixed with pain.'
- Bernardo Bellotto's *The Fortress of Königstein*, from the North bought with the support of the American Friends of the National Gallery, The National Gallery Trust, the Estate of Mrs Madeline Swallow, the Art Fund (with a contribution from The Wolfson Foundation), Howard and Roberta Ahmanson, The Deborah Loeb Brice Foundation, The Manny and Brigitta Davidson Charitable Foundation, The Sackler Trust and through private appeal in 2017. This is one of five large-scale views of Königstein commissioned from Bellotto by his most important and prestigious patron, Augustus III, King of Poland and Elector of Saxony.
- Juan de Zurbaran *Still Life with Lemons in a Wicker Basket* bought with the support of the American Friends of the National Gallery, and the National Gallery Trust in 2017. This is one of only a dozen or so still life paintings by Juan de Zurbarán, son of the celebrated painter Francisco de Zurbarán.
- John Singer Sargent *Wineglasses* accepted by HM Government in lieu of Inheritance Tax and allocated to the National Gallery in 2018. The study of a sun-dappled veranda at St-Enogat in Brittany reveals the influence of the Impressionists, whose work was encountered by Sargent in Paris, where he was studying.

Heritage assets not capitalised on the Balance Sheet

The proportion of the Collection not capitalised on the Balance Sheet is set out below:

	Total number of items	Number capitalised	% capitalised	Number not capitalised	% not capitalised
Pictures	2,389	104	4%	2,285	96%

The vast majority of the Gallery's collection is not capitalised. The nature and scale of the Collection can be viewed in detail on the Gallery's website.

Heritage asset management

Acquisitions

The acquisition of pictures and frames is one of the Gallery's statutory objectives. Acquisitions are essential to enhance the Collection now and for future generations. In particular, acquisitions enable the Gallery to develop its presentation of the history of Western European painting.

The Gallery's principal aims in making acquisitions are as follows:

- to obtain masterpieces of outstanding quality;
- to develop the Gallery's uniquely coherent narrative of Western European painting beyond the canon established during the nineteenth century; and
- to build on the Gallery's strengths.

All acquisitions, whether by purchase or donation, require the approval of the Board of Trustees. Prior to approval, potential acquisitions are subject to detailed checks concerning the ownership, provenance, condition and value of the picture, taking into account guidelines published by the Department for Digital, Culture, Media and Sport (*Combating Illicit Trade: due diligence guidelines for museums, libraries and archives on collecting and borrowing cultural material*).

Preservation

The most effective strategy for preservation is the application of principles of preventive conservation, largely achieved through environmental and light control. These principles are the subject of research and refinement and are specified by the Scientific and Conservation departments working with the Gallery's engineers. In addition to conservation treatments, the Conservation department's work includes assessment of the Collection, preventive maintenance and minor treatment such as blister laying, surface cleaning and re-varnishing. Except in an emergency, all proposals for major conservation work including cleaning are referred to the Board, both for permission to begin and on completion, for approval of the work done and for the painting's return to exhibition. All minor work is discussed with and agreed by the relevant curator.

Detailed information on the Gallery's preservation policies can be found in the Conservation Risk Management Statement and Preventive Conservation Risk Management Statement on the Gallery's website.

Management

The Gallery's collection comprises 2,390 paintings and approximately 2,519 frames. As at 31 March 2020 932 (39%) paintings were on public display at the Gallery, 148 (6%) on loan elsewhere and the remainder were in the conservation and photographic studios or in storage.

The National Gallery is committed to the widest possible access to the collection which it houses, conserves and displays. Details of the policy adopted by the Gallery to provide access can be found in the Access Statement on the Gallery's website.

The Museum System (TMS), a sophisticated collections management system, is used by a number of departments to catalogue the Collection and to manage acquisitions, location recording, exhibitions and loans. Location recording in TMS is a core part of the processes involved in moving paintings within and into and out of the National Gallery. This is supported by daily inventory checks of the public display galleries and regular checks of other areas where pictures may be stored.

Disposals

The Trustees of the Gallery have a statutory responsibility to hold and maintain the collection of pictures in trust for future generations in accordance with the Gallery's charitable objectives. The Trustees are not empowered to dispose of any pictures: the Collection is inalienable. Any disposal of an item in the Collection could only be made by transfer to another national collection in accordance with the provisions of the Museums and Galleries Act 1992.

14. Investments**a. Fixed asset investments**

	2020	2019
	£'000	£'000
Market value as at 1 April	16,765	15,969
Investment portfolio additions	6	54
Realised and unrealised gains	(988)	742
Market value as at 31 March	<u>15,783</u>	<u>16,765</u>

Fixed asset investments comprise the following:

	2020	2019
	£'000	£'000
Authorised funds	14,711	15,697
Cash held as part of the investment portfolio	1,072	1,068
	<u>15,783</u>	<u>16,765</u>

Fair value reserve:

	2020	2019
	£'000	£'000
Investment in funds at historic cost	14,880	14,880
Fair value reserve	(169)	817
Cash held as part of the investment portfolio	1,072	1,068
Market value of investments	<u>15,783</u>	<u>16,765</u>

b. Current asset investments

	2020	2019
	£'000	£'000
Current asset investments	3,085	3,067
Movement in the year		
Total as at 1 April	3,067	3,550
Net transfers in year	18	(483)
Total as at 31 March	<u>3,085</u>	<u>3,067</u>

Cash held for investment purposes in 30-day and 90-day notice accounts is treated as a current asset investment.

15. Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,574	1,565
Other debtors	13	297
Tax and social security	1,727	1,552
Prepayments and accrued income	7,279	9,278
	10,593	12,692
Amounts falling due in more than one year		
Prepayments and accrued income	100	1,143
	10,693	13,835

16. Creditors**a. Creditors: amounts falling due within one year**

	2020	2019
	£'000	£'000
Trade creditors	3,095	3,749
Other creditors	652	603
Accruals and deferred income	6,260	5,031
	10,007	9,383

b. Creditors: amounts falling due in more than one year

	2020	2019
	£'000	£'000
Amounts falling due in more than one year		
Accruals and deferred income	1,507	1,956
	1,507	1,956
In more than one year but not more than two years	188	481
In more than two years but not more than five years	1,319	1,475
	1,507	1,956

The movement on the deferred income account in the year was as follows:

	2020	2019
	£'000	£'000
As at 1 April	5,338	4,358
Amounts released from previous years	(543)	(2,648)
Income deferred in the current year	1,788	3,628
As at 31 March	6,583	5,338

Deferred income released during the year related to acquisitions where the transactions were completed during the year. Income deferred in the year includes grants restricted to future activities, as well as corporate membership, exhibition sponsorship and other membership income.

c. Provisions: amounts falling due within one year

	2020	2019
	£'000	£'000
As at 1 April	362	–
Charged in the year	–	362
Released in the year	(362)	–
	<u>–</u>	<u>362</u>

The provision of £362k made as at 31 March 2019 in respect of the Gallery recognising that it has an obligation to settle an employment tribunal claim and associated legal costs was released in year. No new provisions were made.

17. Financial instruments

The Gallery's financial instruments, as defined in FRS 102 section 11, are set out by category below:

	Measured at cost	Measured at fair value	Total
	£'000	£'000	£'000
At 31 March 2020			
Cash	12,880	–	12,880
Current asset investments	3,085	–	3,085
Trade and other debtors	2,520	–	2,520
Fixed asset investments	–	15,783	15,783
Trade and other creditors	(4,210)	–	(4,210)
	<u>14,275</u>	<u>15,783</u>	<u>30,058</u>
At 31 March 2019			
Cash	10,466	–	10,466
Current asset investments	3,067	–	3,067
Trade and other debtors	2,788	–	2,788
Fixed asset investments	–	16,765	16,765
Trade and other creditors	(6,215)	–	(6,215)
	<u>10,106</u>	<u>16,765</u>	<u>26,871</u>

Information on the Gallery's overall approach to financial risk management may be found in the investment, reserves, and risk sections of the Annual Report. The significance of financial instruments to the risk profile is as follows:

Credit risk

The Gallery's credit risk arises from its investments, bank deposits, and trade and other debtors. Other than cash within the investment portfolio, term deposits and cash holdings are spread across regulated UK banks. The Gallery has not suffered any loss in relation to cash held by its bankers. Trade debtors of £1.6 million (2019: £1.6 million) are not considered a significant risk since major customers are familiar to the Gallery. The Gallery's debtor profile is reviewed regularly to ensure that prompt action is taken, and a provision is made at the end of the year against any debts considered doubtful. In light of the increased recoverability risk created by the Covid-19 pandemic, a provision of £75k (2019: £nil) was made against doubtful debts. Write-offs in the year for bad debts amounted to £110,698. (2019: £2,461).

Liquidity risk

The Gallery's reserves policy, set out in the Annual Report, helps provide a safeguard against volatile and unpredictable income streams. Grant-in-aid from the Department for Digital, Culture, Media and Sport represents 30% (2019: 42%) of the Gallery's income before transfers and revaluations. Current asset investments of £3.1m (2019: £3.1m) and a further £16m (2019: £17m) of readily realisable fixed asset investments help mitigate exposure to liquidity risk. The Gallery's investments are monitored by a sub-committee of the Board which meets regularly to consider liquidity requirements over the medium term and review fund performance in discussion with the fund managers.

*Market risk***a. Interest rate risk**

The Gallery has no borrowings. Interest receivable is 0.1% of incoming resources before transfers and revaluations. The interest rate is not considered to be a significant risk for the Gallery.

b. Price risk

The Gallery is exposed to market fluctuations on its investments, mitigated through diversification. This risk is monitored by a sub-committee of the Board, as described in the investment policy above. For non-investment transactions, exposure is reduced by competitive tendering and the securing of multi-year fixed-price contracts where appropriate.

c. Foreign currency risk

At the end of the year £14.4 million (2019: £15.4 million) was invested in Euro denominated funds. Given the value compared to overall net assets, exposure to currency fluctuations is not considered significant enough to require sensitivity analysis.

18. Financial commitments*Capital Commitments*

The Gallery has capital commitments of £144k for scientific equipment (2019: £nil).

Commitments under operating leases

As at 31 March 2020 the National Gallery had commitments under operating leases for photocopiers and rent payable as set out below:

	2020	2019
	£'000	£'000
Operating leases which expire:		
Within 1 year	619	630
Between 2 and 5 years	22	639
Over 5 years		–
	<u>641</u>	<u>1,269</u>

19. Contingent liabilities

As at 31 March 2020 the Gallery recognised a contingent liability in respect of two (2019: two) outstanding public liability claims that are currently being investigated by the Gallery's advisers. The claims are for injuries that are alleged to have occurred in Gallery spaces. For each of these claims the likelihood of the Gallery being found liable is not assessed as probable, but the insurer has placed reserves on the two claims (2019: two).

In addition, the Gallery continues to recognise an unquantifiable liability in respect of funds received from Ronald S. Lauder. These funds enabled the Gallery to purchase the painting 'Scenes from the Lives of the Virgin and other Saints' by Giovanni da Rimini, in July 2015. The Deed between the Gallery and the Donor states that a part of the consideration is in relation to the lease of the Painting to the Donor in the period from the acquisition of the Painting for the remainder of the Donor's lifetime. However, the Gallery is unable to measure the value of the obligation, so it has been recorded as an unquantifiable contingent liability at 31 March 2020 as it was in the prior year.

20. Statement of funds

	At 1 April 2019 £'000	Income £'000	Expendi- ture £'000	Revaluation £'000	Transfers £'000	At 31 March 2020 £'000
Unrestricted funds						
Designated funds:						
Designated funds for the purchase of heritage assets	1,567	–	–	–	(1,567)	–
Funds designated to provide CV-19 resiliency	–	–	–	–	1,567	1,567
Trust funds designated for the purchase of heritage assets	452	–	–	(28)	–	424
Total designated funds	2,019	–	–	(28)	–	1,991
General funds	2,019	33,622	(33,933)	–	293	2,001
Total unrestricted funds	4,038	33,622	(33,933)	(28)	293	3,992
Restricted income funds						
Capital assets reserve	192,964	14,281	(4,916)	–	47	202,376
Building revaluation reserve	84,589	–	–	690	–	85,279
Plant and machinery revaluation reserve	34,049	–	–	(3,596)	–	30,453
Donated works of art reserve	273,017	12,106	(77)	–	(1)	285,045
Heritage assets acquired	51,917	–	–	–	20,296	72,213
History Collection reserve	287	–	–	–	–	287
Exhibitions programme fund	548	1,038	(1,346)	–	(70)	170
Running cost fund	3,947	2,255	(2,027)	–	(173)	4,002
Curatorial fund	1,567	–	(383)	–	–	1,184
Collection purchases fund	(36)	19,072	–	–	(19,167)	(131)
Collection purchases trust fund	2,604	2	–	(118)	(1,225)	1,263
Art historical research	4,362	4	–	(275)	–	4,091
Total restricted income funds	649,815	48,758	(8,749)	(3,299)	(293)	686,232
Endowment funds						
Collection purchase endowments	4,955	–	–	(311)	–	4,644
Art historical research endowment	1,678	–	–	(106)	–	1,572
General purpose endowments	2,406	–	–	(151)	–	2,255
Total endowment funds	9,039	–	–	(568)	–	8,471
Total funds	662,892	82,380	(42,682)	(3,895)	–	698,695

	At 1 April 2018 £'000	Income £'000	Expendi- ture £'000	Revaluation £'000	Transfers £'000	At 31 March 2019 £'000
Unrestricted funds						
Designated funds:						
Designated funds for the purchase of heritage assets	1,554	–	–	13	–	1,567
Trust funds designated for the purchase of heritage assets	429	1	–	20	2	452
Total designated funds	1,983	1	–	33	2	2,019
General funds	2,019	33,680	(33,104)	–	(576)	2,019
Total unrestricted funds	4,002	33,681	(33,104)	33	(574)	4,038
Restricted income funds						
Capital assets reserve	189,795	7,397	(4,475)	–	247	192,964
Building revaluation reserve	73,614	–	–	10,975	–	84,589
Plant and machinery revaluation reserve	37,279	–	–	(3,230)	–	34,049
Donated works of art reserve	267,309	5,767	(59)	–	–	273,017
Heritage assets acquired	48,216	–	–	–	3,701	51,917
History Collection reserve	–	–	–	–	287	287
Exhibitions programme fund	355	1,686	(1,418)	–	(75)	548
Running cost fund	2,223	4,370	(2,566)	–	(80)	3,947
Curatorial fund	1,567	–	–	–	–	1,567
Collection purchases fund	(643)	4,113	–	–	(3,506)	(36)
Collection purchases trust fund	2,487	2	–	115	–	2,604
Art historical research	4,167	2	–	193	–	4,362
Total restricted income funds	626,369	23,337	(8,518)	8,053	574	649,815
Endowment funds						
Collection purchase endowments	4,736	–	–	219	–	4,955
Art historical research endowment	1,604	–	–	74	–	1,678
General purpose endowments	2,299	–	–	107	–	2,406
Total endowment funds	8,639	–	–	400	–	9,039
Total funds	639,010	57,018	(41,622)	8,486	–	662,892

Unrestricted funds

- Funds designated for the purchase of heritage assets are for the acquisition of works of art for the Collection.
- General funds may be applied to general use and are expendable at the discretion of the Trustees.

Restricted income funds

- Capital assets reserve comprises funds in respect of the Gallery's land, buildings and plant and machinery.
- Revaluation reserves reflect the effect of revaluations of tangible fixed assets over time.
- The donated works of art reserve represents the value of works of art donated to the Collection subsequent to 1 April 2001 and capitalised as well as donations for future acquisitions.
- Heritage assets acquired represents the cost at the date of acquisition of works of art acquired since 1 April 2001. These are treated as restricted because the Collection is inalienable.
- Exhibitions programme funds are those raised specifically to support the Gallery's exhibition programme.
- Running cost funds are those raised to support other Gallery projects, including educational initiatives.
- Curatorial funds are those raised specifically for the financing of curatorial activities, including the funding of certain curatorial posts.

- Collection purchases funds comprise bequests received specifically for the acquisition of works of art for the Collection. The deficit on this fund relates to a funded picture acquisition where pledges of funding will be received over the next four financial years.
- Art historical research represents funds raised specifically towards the financing of curatorial research into the Collection.

Endowment funds

- Collection purchase endowments comprise funds donated where the income may be applied only to collection purchases, while the capital must be retained in the endowment.
- Art historical research endowment represents funds donated where the income may be applied only towards the cost of research into the Collection, while the capital must be retained in the endowment.
- General purpose endowments comprise funds donated where the income may be applied to general expenditure, while the capital must be retained in the endowment.

21. Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Tangible assets		310,498		310,498	305,501
Heritage assets		357,245		357,245	324,920
Fixed asset investments	1,957	5,354	8,471	15,782	16,765
Other net assets/(liabilities)	2,035	13,135		15,170	15,706
Total net assets	<u>3,992</u>	<u>686,232</u>	<u>8,471</u>	<u>698,695</u>	<u>662,892</u>

22. Note to the cash flow statement

a. Reconciliation of net income to net cash flow from operating activities:

	2020 £'000	2019 £'000
Net income/(expenditure) for the reporting period (as per the SoFA)	38,710	16,137
Adjustments for:		
Donations to the collection	(12,028)	(5,741)
Depreciation charges	4,647	4,456
(Gains)/losses on investments	988	(742)
Dividends, interest and rents from investments	(80)	(57)
Loss/(profit) on the sale of fixed assets	–	19
Other provisions	(362)	362
(Increase)/decrease in stocks	14	15
(Increase)/decrease in debtors	3,142	(4,382)
Increase/(decrease) in creditors	(1,785)	307
Net cash provided by (used in) operating activities	<u>33,246</u>	<u>10,374</u>

b. Composition of the cash balance at the end of the year:

	2020 £'000	2019 £'000
Balance with Government Banking Services	1,135	4,348
Balances held with commercial banks	11,727	6,097
Cash in hand	18	21
Cash balance at end of year	<u>12,880</u>	<u>10,466</u>

c. Analysis of changes in net debt

	2019 £'000	Cashflow £'000	2020 £'000
Cash	<u>10,466</u>	<u>2,414</u>	<u>12,880</u>

23. Related party transactions

The National Gallery is a Non-Departmental Public Body whose sponsor department is the Department for Digital, Culture, Media and Sport (DCMS). DCMS is regarded as a related party. During the year, the National Gallery has had various material transactions with DCMS and with other entities for which DCMS is regarded as the parent department.

The Gallery considers the National Gallery Trust, the NGT Foundation and the American Friends of the National Gallery, London, Inc to be related parties because in each case one or more Trustees of the National Gallery also sit on the Board of the related party. All three entities are entirely separate charities with independent Boards, the majority of whose members are unconnected with the National Gallery. None of the related parties, or their subsidiary undertakings, is consolidated into the accounts of the National Gallery.

All balances with related parties are settled in cash.

The Charity SORP 2015 also requires disclosure of donations received from Trustees and other related parties. During the year £27,000 (2019: £77,000) was received from Trustees and £100 (2019: £718) from Executive Directors in respect of general donations.

The National Gallery also entered into material related party transactions with other related parties during the year, as set out below:

Related party	Nature of relationship	Income £	Expenditure £	Outstanding balances £	Nature of transaction
American Friends of the National Gallery, London, Inc	Hannah Rothschild, (until September 2019), and Rosemary Leith, were or are Directors of the related party	10,182,212	–	823,940	Grant income and recharge for UK administrative work
Arts Council England	Entity sponsored by DCMS	1,294	–	6,808	Registrar service for Arts Council England Reviewing Committee and Grant income
British Museum	Entity sponsored by DCMS	–	35,680	(34,470)	Internal audit fees – shared service
National Gallery Company Ltd	Douglas Gurr, Trustee is Chair of the related party Gabriele Finaldi and Paul Gray, Directors, are Non-Executive Directors of the related party	1,695,453	604,582	806,641	Income for use of commercial space within the National Gallery, payment for publications and other transactional services
National Gallery Trust	Hannah Rothschild (until September 2019) and Douglas Gurr, Trustees, are or were also Trustees of the related party	13,295,829	–	392,014	Grant income and recharge of costs for administrative services provided
National Heritage Memorial Fund	Entity sponsored by DCMS	2,500,000	–	–	Grant for purchase of Orazio Gentileschi
National Museums Liverpool	Entity sponsored by DCMS	414	–	–	Framing charges

Related party	Nature of relationship	Income £	Expenditure £	Outstanding balances £	Nature of transaction
National Portrait Gallery	Entity sponsored by DCMS	249,248	50	67,299	charge for use of space and associated utilities
Science Museum	Entity sponsored by DCMS	–	8,558	7,159	Subscription fee
Sir John Soane's Museum	Katrin Henkel, Trustee, is also a trustee of the related party.	843	–	–	Rechargeable costs for framing
Tate Gallery	Entity also sponsored by DCMS Katrin Henkel and Dame Moya Greene, Trustees, are Trustees of the related party	–	83	–	Catering costs for awayday
The NGT Foundation	Entity also sponsored by DCMS David Marks and Katrin Henkel, Trustees, are Chair and Director of the related party	33,000	877,719	227,993	Recharge of costs for administrative services provided, costs of renting office space.
Victoria & Albert Museum	Entity sponsored by DCMS	140	84	–	Talks and preparation of paintings for exhibitions

24. Post Balance Sheet events

On 5 July 2020, the government announced a financial support package targeted at the cultural sector to help mitigate the impact of the Covid 19 pandemic. As part of this settlement, the Gallery will be eligible for an additional grant of up to 20% of our Grant in Aid allocation to support activity in 2020-21.

The financial statements were authorised for issue by the Accounting Officer and Trustees on the date shown on the audit certificate.

