

The Board of Trustees of the Tate Gallery Annual Accounts 2010-2011

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

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Annual Report

Aim and objectives

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

The four aims listed by the Act are:

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

Guided by this mission, four primary strategic objectives have been agreed for 2009-12 around Tate's key areas of focus: the art in Tate's care; the public audiences whom Tate serves; Tate's organisation and ways of working; and Tate's future development.

When reviewing these objectives and planning future activities, reference has been made to the guidance contained in the Charity Commission's general guidance on public benefit. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Tate's four strategic objectives can be summarised as follows:

- to reflect a broader range of national, international and artistic views in Tate's research, Collection and programmes;
- to develop new audiences as well as deepen relationships with current audiences;
- to develop staff and Tate's internal culture, enhance Tate's financial stability and efficiency and be more sustainable;
- to lay the foundations for Tate's intellectual and physical development in the first quarter of the 21st century.

Review of activities in 2010-11

The following summarises the achievements in relation to each of these aims in 2010-11.

Art and ideas

Collection

The permanent Collection is a living, growing and evolving entity which provides the inspiration for all Tate's programmes and research. It is a vehicle through which connections are made with the wider world and where the past can speak to the present, casting new perspectives on both our heritage and present times.

Artistic production is increasingly diverse and international. Changing trends in society and the impact of new research into art history means that there is a continuous rethinking of Tate's collecting priorities. Tate remains committed to contributing to a reshaping of art history by reflecting local histories across the world, as well as reflecting a broader range of national and artistic views in the Collection. This year, with the generous support of Tate's regionally focused acquisition committees, patrons, members and the wider public, Tate was able to acquire important works by Isa Genzken, Rachel Whiteread, Ana Mendieta, Félix González-Torres, Boris Mikhailov, Barry Flanagan, Gustav Metzger and Francis Picabia.

Tate's Collection was further enhanced through additions to the ARTIST ROOMS collection of international contemporary art, owned jointly with the National Galleries of Scotland. Significant donations were made by artists including Robert Therrien, Vija Celmins, Jenny Holzer, and Jannis Kounellis. ARTIST ROOMS also received a generous body of works on long loan from Anthony d'Offay including over 170 August Sander photographs and works by Diane Arbus, Joseph Beuys, Damien Hirst, Richard Long and Agnes Martin, among others.

The Collection is available on Tate's website, through a searchable database that allows users to access art works by artist name, date, medium and other categories. This year Tate took important steps towards making the Collection online even more accessible and visually engaging, the results of which will be available to audiences across the world in the coming year.

Tate Archive celebrated its 40th anniversary this year with a successful campaign to enrich the Collection. Thanks to the generosity of artists, individuals and institutions, the target of forty archives pledged as gifts was exceeded. Highlights included important bodies of material relating to John Nash, Cedric Morris and Prunella Clough. The anniversary was also marked by a display, *40 Degrees of Separation*, which featured forty connected items from the Archive ranging from an essay written by the artist Jake Chapman in 1980 on a school trip to Tate, to an affectionate illustrated letter from the artist John Constable to his wife Maria in 1825.

Programme

Tate's programme aims to challenge and inspire audiences and is a vehicle through which new understandings of art and artists are created and shared with audiences and colleagues in the UK and around the world. The programme is composed of a rich range of temporary exhibitions, Collection displays, events and other learning activities across the four Tate galleries. The programme in 2010-11 included, amongst others: *The Turner Prize*, the *Tate Britain Duveens Commission* entitled *Harrier and Jaguar* by Fiona Banner, *Rude Britannia: British Comic Art*, *Rachel Whiteread Drawings*, *Eadweard Muybridge*, *Susan Hiller*, *Watercolour* and a range of work by emerging artists through the *Art Now* programme at Tate Britain; *Van Doesburg and the International Avant Garde: Constructing a New World*, *Exposed: Voyeurism, Surveillance and the Camera*, *Francis Alys*, *Gauguin*, *Gabriel Orozco*, the annual *Unilever Series Commission* entitled *Sunflower Seeds* by Ai Weiwei, *No Soul for Sale – A Festival of Independents* with over 70 international artist collectives from Shanghai to Rio and a varied presentation of emerging art through the *Level 2 Programme* at Tate Modern; *Picasso: Peace and Freedom*, the *Liverpool Biennial: Touched and Nam June Paik* at Tate Liverpool; and *Object: Gesture: Grid: St Ives and the International Avant-garde*, *Lily van der Stokker: No Big Deal Thing*, *Peter Lanyon*, *Simon Starling* and a focused display titled *Tenmoku: Leach / Hamada / Marshall* at Tate St Ives.

The innovative display of the Collection is central to Tate's programme. Highlights this year included the new and visually engaging reconfiguration of the Collection displays at Tate Britain. The displays feature British 20th century art, historic art, as well as a series of in-depth displays highlighting particular artists and recent research, including *Marc Vaux*; *Naum Gabo: Prototypes for Sculpture*, which incorporated recent research and Archive works; and a display introducing a new research project, *Court, Country, City: British Art 1660-1735*, exploring how the visual arts developed in these years. Also at Tate Britain was *The Romantics*, a major nine-room display in the Clore Galleries presenting Romantic art in Britain which showcased work by artists including Henry Fuseli, JMW Turner, John Constable, Samuel Palmer and newly acquired works by William Blake, as well as an ARTIST ROOMS display devoted to the work of Damien Hirst.

At Tate Modern Tate presented a number of new acquisitions including works by Magdalena Abakanowicz, photographs by August Sander from the ARTIST ROOMS Collection and a series of photographs taken in the New York Subway in the 1980s by Bruce Davidson. Other ARTIST ROOMS Collection displays shown at Tate Modern include those dedicated to the work of Agnes Martin, Andy Warhol, Joseph Beuys and Jenny Holzer. In March, the gallery welcomed the first public display since 1961 of Picasso's major work *Nude, Green Leaves and Bust* 1932, on loan to Tate from a private collector. The *DLA Piper Series: This is Sculpture* Collection displays at Tate Liverpool continued this year with a new section curated collaboratively by Tate curators and Poet Laureate Carol Ann Duffy entitled *The Sculpture of Language*. Tate Liverpool also presented new works by the artist Rineke Dijkstra. Dijkstra's *The Weeping Woman*, Tate Liverpool was initially inspired by the ways in which school groups discuss art works on display at Tate Liverpool. Dijkstra worked with four schools as they looked at and discussed art works from the Tate Collection, including Picasso's *Weeping Woman*, 1937. Offering new perspectives on British art and the St Ives Colony, exhibitions such as Peter Lanyon, the first thorough retrospective of the artist for almost forty years and *Tenmoku: Leach / Hamada / Marshall*, exemplified Tate St Ives's innovative approach to combining exhibitions and Collection displays.

Research and scholarship

Scholarly research underpins much of Tate's programme. The inquiry, debate and exploration of new ideas which are facilitated through Tate's research programmes ensure that Tate continues to develop fresh perspectives on art and artists and that the programmes presented have lasting impact. Tate's areas of research cover the range of museum practice and include art history, fine art practice, technical art history, conservation science, visual culture, cultural theory and policy as well as public policy and learning. Tate's research centres, bringing together Tate and external colleagues with shared interests, include *The Art Museum and its Future*, *British Romantic Art*, *Creative Communities* and *Surrealism and its Legacies*. This year Tate staff took part in hosting and supervising a range of collaborative PhDs together with higher education institutions and organising a growing number of seminars, conferences and research projects. Projects and seminars were varied and

included: *Henry Moore: Sculptural Process and Public Identity*; *The Camden Town Group Online Research Project*; *Gabo Archives: Cataloguing and Disseminating Naum Gabo's Archives*; *Interviews with Artists*; *J.M.W. Turner: Drawings, Watercolours and Sketchbooks*; *Culture Mining: Describing and Searching Audiovisual Content*; *Surrealism Laid Bare*, an international conference at the Edward James Foundation; *Study Day: Sea Change – New Perspectives on St Ives Art 1914 –1930* and a symposium on *Peter Lanyon*. A large number of projects also continued to progress including *Art School Educated: Curriculum Development and Institutional Change in UK Art Schools 1960-2000*; *Contemporary Art Research: Modern Paints*; *Court, Country*; *City: British Art 1660-1735*; *Matters in Media Art: Collaborating Towards the Care of Time-Based Media*; *Inside Installations: the Preservation and Presentation of Installation Art*; and *The Sublime Object: Nature, Art and Language*. Tate's research activity is generously supported by a number of partners who make these important projects possible. This year they included the Arts and Humanities Research Council (AHRC), the Henry Moore Foundation, The Leverhulme Trust, The Deborah Loeb Brice Foundation, The Getty Foundation, AXA Art Insurance, the European Union and European Commission, the Samuel H. Kress Foundation, The Paul Mellon Centre for Studies in British Art, The New Art Trust, MoMA, SFMOMA and a large number of higher education partners.

Tate's audiences

Visitors and the experience in the galleries

The role of the museum in the 21st century and its relationship with its audiences continues to evolve alongside changes in society. Tate believes that promoting understanding and enjoyment of art today is about provoking dialogue and presenting a range of perspectives – those of artists, colleagues and audiences, in addition to Tate's own. Gallery programmes are just one way to do this and this year there were over 7.4 million visitors to the four Tate galleries.

Tate's public programme this year included a range of events from artists' talks to courses, workshops, panel discussions and symposia, engaging with Tate's major exhibitions as well as introducing key art debates. This included Ai Weiwei in conversation about his practice, videocast live on the internet with Twitter contributions to the extended question and answer session. Art historians and artists explored the continuing relevance of Gauguin's art and the legacies of the critical debates it initiated at *Myths of the Artist*, a study day symposium produced in collaboration with The Open University. The *Moore on Film* study day explored different approaches to filming Henry Moore and his work, while the conference *Interpretation, Theory & the Encounter* brought together international speakers to discuss the theoretical issues framing textual interpretation. These events were complemented by a full range of events aimed at families and young people including *Bystander* a performative project led by contemporary dance company The Cholmondeleys, enabling twenty-eight young participants at Tate Modern to investigate how people interact with art in public spaces.

The public programme this year was complemented with a wide range of events and films. Tate's Audiences and Media group produces films in-house, using its access to artists and other experts to enrich audiences' understanding of the art they encounter in the galleries. Highlights this year included documentaries on each of the short listed *Turner Prize* artists. Documentaries were also produced on Fiona Banner, Ai Weiwei, Gabriel Orozco and Susan Hiller, as well as John Squire and Sheila Hancock exploring the *Watercolour* exhibition and films illuminating new acquisitions such as Do Ho Suh's *Staircase III* 1962. The group also produced free multimedia tours, available to audiences online and through iTunes, for the *Picasso: Peace and Freedom* and *Gauguin* exhibitions.

Beyond Tate

Media and learning

Tate's work extends far beyond the walls of the four galleries, through online and outreach activities, as well as loans and touring programmes. Through Tate's online video channel, visitors beyond London and the UK are now able to watch events that take place at Tate, learn more about art and artists and watch a number of artists' films. Work also progressed on the Tate Movie. Part of the London 2012 Cultural Olympiad, the project is a collaboration with Aardman Animation and Fallon. The project is supported by the Legacy Trust and BP and the BBC is also providing support through broadcasting and educational resources. This project uses great artworks to inspire 5-13 year olds to contribute their ideas to an animated movie. Creating every aspect of the film from the plot to the characters and sounds, over 9,000 children took part in workshops across the UK this year and tens of thousands more contributed drawings and ideas to the online movie studio. The film will be launched in cinemas and on the BBC in summer 2011.

Tate's pioneering online project *turbinegeneration*, which brings together schools from across the world to explore contemporary cultural issues and to exchange their work online, was granted UNESCO patronage in

recognition of its contribution to fostering cultural diversity and promoting international dialogue. The project additionally won two Hollis Sponsorship Awards, for Best Education Project and Best Use of Research. Countries participating in *turbinegeneration* included Brazil, China, Columbia, France, Ghana, Greece, India, Kenya, Portugal, Poland, Russia, Spain and the UK. Tate also seeks to use media in new ways to set up dialogues about art and artists. Combining online and video technologies with the rise of social media and the popularity of contemporary art, a series of video booths was set up in the Turbine Hall near Ai Weiwei's *Sunflower Seeds* installation at Tate Modern. The stations allowed visitors to record questions for the artist which he then answered each week, thousands of which were published online. The act of individuals voicing their opinions and communicating is of great importance to the artist. People worldwide were also able to follow postings on Twitter and in this way the Turbine Hall at Tate Modern was turned into a hub of global conversation. The project was shortlisted for a Design Week Award and won the Social Media award at the annual Museums and the Web conference. Another innovative project unveiled this year was the Google Art Project. A collaboration between Google and some of the world's leading art museums, the project enables people to discover and view works online in extraordinarily high resolution – in the case of Tate, Chris Ofili's *No Woman, No Cry* 1998, which could also be seen in the dark, revealing a secret message painted by the artist.

Tate continued to explore the use of new technologies to engage with audiences. Tate's Facebook fans grew this year to over 190,000, and Tate now has over 320,000 followers on Twitter. Tate also continued to explore the potential of mobile communication. This year a number of apps were produced for iPod and iPhone, including Tate Trumps, an award-winning game that is played in Tate Modern's galleries, a gallery guide to the *Gauguin* show and, in conjunction with the *Eadweard Muybridge* exhibition at Tate Britain, the *Muybridgizer* app, which allows users to record an image sequence with their iPhone camera in the style of Eadweard Muybridge's motion capture experiments.

National and international

In 2010-11 Tate developed its national and international connections through partnerships, loans and touring. In the autumn Judith Nesbitt, formerly Chief Curator at Tate Britain, was appointed as Tate's Head of National and International Initiatives, a new role intended to enable Tate to enhance its reach and reputation for effective collaboration both nationally and internationally.

Tate is a resource for the entire nation, and has one of the largest regional lending programmes in the UK. In 2010-11, Tate lent works to 153 UK venues, a record number. Among the contemporary and historic iconic works lent were David Hockney's recent gift *Bigger Trees Near Warter* to York Art Gallery, several reclining figures by Henry Moore to Leeds Art Gallery, a large group of Turners to Cyfarthfa Castle Museum and Louise Bourgeois's *Cell (Eyes and Mirrors)* to the New Art Gallery Walsall. Lending to regional institutions has been given even greater impetus through partnerships such as the ARTIST ROOMS tours and the *Plus Tate* network. The ARTIST ROOMS touring programme, organised in collaboration with the National Galleries of Scotland and made possible thanks to the generous support of The Art Fund, completed its second successful year, sharing world class contemporary art with eighteen venues across the UK. Exhibitions included *Richard Long* in Belfast, *Joseph Beuys* in Glasgow, *Diane Arbus* at Nottingham Contemporary, *Anselm Kiefer* at the BALTIC in Gateshead and *Andy Warhol* in Southampton. In October, Tate's national partnership network was launched as *Plus Tate* by the Secretary of State. Expanded from ten to eighteen dynamic arts organisations, *Plus Tate* reaches diverse audiences and enhances access to art across the UK, to mutual benefit.

Now halfway into the four-year project, *The Great British Art Debate*, a partnership between Tate Britain, Tyne & Wear Archives & Museums, Norwich Museums & Archaeology Service and Museums Sheffield, supported by the Heritage Lottery Fund, produced three major touring exhibitions. *Watercolour in Britain* was shown in all partner venues, the *Restless Times* exhibition was the best attended exhibition ever at the Millennium Galleries in Sheffield and the *John Martin* exhibition opened to critical acclaim at the Laing Art Gallery.

Tate's international presence was extended through a growing number of collaborations, exhibitions and loans, with Collection works lent to 118 venues worldwide during 2010-11. In November 2010 Tate worked with the Sayyid Faisal bin Ali Museum in Muscat, Oman to present *The Art of Seeing Nature: Masterpieces from Tate Britain*, a collaboration between the Ministry of Heritage and Culture, Oman and Tate. Tate organised the symposium *Curating in Africa* with support from the DCMS-funded World Collections Programme (WCP), which brought together seven leading curators involved in some of the most active areas of artistic production in Africa to address the achievements of and challenges facing curators working in Africa today. The symposium received an enthusiastic response from the participants and invited guests, and was an important step in the nascent development of Tate's relationships with curators and institutions in Africa.

Curators and conservators made research visits, again with the support of the WCP, to Kenya, Ethiopia, Cameroon, South Africa, Mozambique and Zimbabwe and Tate Conservation hosted a research visit from the conservator of the National Gallery of Art, Harare. Tate Modern initiated a number of curatorial collaborations and exchanges, with Darat al Funun, The Khalid Shoman Foundation, Amman; CCA Lagos; L'appartement 22, Rabat and CIC,

Cairo. In autumn 2010, Tate Modern, in collaboration with Simon Norfolk and the Aga Khan Trust for Culture, organised a series of photojournalism workshops in Kabul for a small number of artists working in the city and the surrounding region.

In March 2011 Tate Modern presented *Mapping Subjectivity: Experimentation in Arab Cinema 1960s-Now*, a programme of experimental cinema from Algeria, Egypt, Iraq, Lebanon, Palestine and Morocco. Tate Modern also hosted a symposium *After Post-Colonialism: Transnationalism or Essentialism*, which brought together artists and theorists to explore the implications of regional narratives of contemporary art within a global context.

Improving Tate

People and culture

Tate has around 1,300 staff, many of whom are recognised experts in their field, whether in the conservation of paintings or sculptures, the installation of works of art, facilitating learning experiences for audiences or delivering a high quality visitor experience. Tate is committed to developing and advancing staff skills. To this end a series of training initiatives were held during the year including the Tate Manager programme, lunch hour learning sessions, training programmes, placements, exchanges and internships. This year a framework that defines attributes and behaviours important to Tate's future success was introduced and workshops implementing this framework were rolled out for all line managers and employees. The framework, *Tate Success Factors*, will form the basis of measuring, directing and improving both individual and organisational performance and will support Tate in achieving its ambition to become a more creative, stimulating and rewarding place to work. The new role of Diversity Projects Manager was created to support Tate's goal to become more diverse.

Funding and supporters

Tate relies on a wide variety of philanthropic and commercial funding sources. Government funding accounted for 38% of Tate's income this year and remains the crucial foundation from which Tate is able to generate further funds. Tate Members, Tate Patrons, corporate supporters and institutional and individual donors all make hugely valuable contributions and philanthropic giving continues to be fundamental to developing the Collection and delivering Tate's public programmes. Maintaining and growing this level of income from individual, foundation and corporate supporters, together with Tate's visitors, Members and Patrons is crucial to the delivery of Tate's Collection development, exhibitions, conservation and learning programmes.

Important relationships continued to be strengthened with a number of UK and international funding bodies whose generosity has had a transformative impact on Tate's 2010-11 exhibitions programme. Tate received major exhibition support from the Terra Foundation for American Art for *Eadweard Muybridge* and from the Andy Warhol Foundation for the Visual Arts towards *Susan Hiller*. As noted above, the DCMS-funded World Collections Programme (WCP) awarded a series of grants to research and development activities in, and curatorial exchanges with, the Middle East and Africa.

The generosity of individual donors who have supported the exhibitions programme has been enormously encouraging. Exhibition Supporter Groups were formed around the *Gauguin*, *Gabriel Orozco*, *Rachel Whiteread* and *Watercolour* exhibitions. The support of trusts and individuals enabled Tate to carry out vital conservation treatment on a number of key Collection works including JMW Turner's *Venice Noon* and John Singer Sargent's *Mrs Carl Meyer and Her Children* ensuring that both are able to be displayed and enjoyed by future generations of visitors. Support from Tate Patrons remained strong this year allowing Tate to acquire major works by artists including Miroslaw Balka, Martin Boyce and Richard Deacon. In addition, the support of individual donors has enabled Tate to continue to catalogue materials in Tate Archive, making them accessible as a resource to researchers and the general public.

Relationships with long-term corporate partners have also been maintained and developed, including those with Bloomberg, Sotheby's and Unilever. 2010-11 saw the 20th anniversary of BP's support of Tate Britain, which has been instrumental in widening access to the national collection of British Art, presenting changing displays of work by a wide range of artists. Vital support from long-standing corporate members was sustained across all four galleries, including Tishman Speyer and GAM at Tate Britain, Hill Dickinson, Unilever and DLA Piper at Tate Liverpool, Sail Lofts at Tate St Ives and Freshfields Bruckhaus Deringer and Pearson at both Tate Britain and Tate Modern. In 2010-11 Tate welcomed eleven new corporate members, including Oliver Wyman and Société Generale at Tate Modern, Slaughter and May at Tate Britain and Deutsche Bank at Tate Liverpool.

Operations and sustainability

Tate continued to embed efficiency, effectiveness and transparency in all its operations, to ensure that every public and private pound it receives goes as far as it possibly can in support of Tate's mission. This year Tate welcomed three new Directors: Penelope Curtis at Tate Britain, Chris Dercon at Tate Modern and Marc Sands as

Director, Tate Media and Audiences, as well as a new Chief Operating Officer, Deirdre Robertson. Following the appointment of Anna Cutler as Director of Learning, this year Tate took forward plans to review the newly formed Learning division. Engaging in more collaboration with Curatorial and Media teams, a new staffing structure across the London sites was established and implemented for the division. Improvements were also made to staff accommodation at Tate Britain and Tate Modern.

Tate aims to be a leader in museum sustainability, influencing the sector internationally and sharing best practice. This year, Tate studied the carbon footprint of a typical crate used in the transportation of artworks and, as a result, is switching to using only sustainably sourced, European softwood timber. As well as reducing further carbon emissions from Tate's estate this year, in 2010-11 Tate won a Green500 Award from the London Development Agency for its sustained activity and reductions in carbon emissions. Tate Liverpool was also re-accredited to the Green Tourism Business Scheme silver standard. This year, Tate featured as a case study in the first Green Visual Arts Guide, launched at the Frieze Art Fair.

In response to the worldwide decline in bee populations, at the suggestion of the artist Susanna Heron beehives were established on the roofs at Tate Britain and Tate Modern to produce honey for Tate restaurants and shops. Run in partnership with the London Honey Company, this initiative adds to the biodiversity of urban London and also contributes to extending sustainable beekeeping. In December, the Mayor of London launched the Capital Bee community beekeeping campaign at beehives on the roof of Tate Modern.

This year Tate Enterprises Limited, Tate's commercial arm, contributed £3.7 million to Tate, with a highly successful year's trading enhanced by the popularity of the *Gauguin* exhibition at Tate Modern. This year also saw the arrival of new chief executives for both Tate Catering and Tate Enterprises. Jeroen Schuijt succeeded Robin Bidgood as Chief Executive of Tate Catering, and Laura Wright succeeded Celia Clear on her retirement as Chief Executive of Tate Enterprises Limited.

Future development

Tate aims to play a leading role in shaping the future development of the arts and museums sector, while responding to changing audience expectations and demands. As part of Tate's commitment to becoming more international and diverse, a new Africa Acquisitions Committee will be launched in 2011 and keen interest was generated during the year.

Developing the future capacity of the museum and arts sector workforce is crucially important. Tate has secured a substantial grant from the Heritage Lottery Fund's *Skills for the Future* programme this year to deliver a training programme for twenty paid trainees in the Collection Care division over the next three years. This programme will focus specifically on four key areas of museum collection care and management: Conservation, Collection Handling, Photographing and Documenting Collections and Registration. These areas have been identified because there is currently no formal training available in the UK, or because there is an identified skills gap in the sector. There will also be a particular emphasis on modern materials and new techniques.

Tate is currently making major investments in its website, Tate Online. Delivery systems are being replaced or significantly redeveloped in order to transform Tate Online from a publishing channel into an interactive platform. The redesign encompasses a comprehensive updating and restructuring of all website content. Designed with scalability in mind, the new website is flexibly built to handle future developments. A version of the website optimised for mobile devices will follow soon after the main website relaunch. Audiences will be invited to participate in discussions, contribute ideas and share their creativity via social and interactive features incorporated throughout the new site, including a dedicated online community for young people and integration with social media websites such as Twitter and Facebook. Relaunching as *Art and Artists*, the online collection will provide a rich learning and research resource taking the Tate Collection as the starting point, but allowing users to move well beyond that scope. Tate's ecommerce offer is also being renewed with a new online shop, enhanced online ticketing purchase and the extensive promotion of Tate's commercial offer throughout the website.

Work on Tate's capital projects in London and St Ives continues. The land adjacent to Tate St Ives was acquired by Cornwall Council and the Tate St Ives Phase 2 expansion project has become a key part of a new cultural vision for Cornwall. The Tate Modern Project also progressed throughout the year, with the design stage now complete, the foundations laid and construction well underway. Work on the Tate Britain Millbank Project began onsite in February 2011. The capital projects will enable Tate to show more of the national Collection in conditions suitable for a wider range of art media. The projects will also enhance visitor facilities while creating much-needed learning studios and public spaces in order to meet growing demand.

Fulfilment of Museums and Galleries Act aims

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

Immunity from seizure

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

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

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

Over the 2010-11 period, nine exhibitions were shown at Tate containing works for which immunity from seizure was granted, covering a total of 374 works. The exhibitions are listed below.

<i>Afro Modern: Journeys through the Black Atlantic</i>	2
<i>Van Doesburg and the International Avant-Garde: Constructing a New World</i>	137
<i>Arshile Gorky: A Retrospective</i>	98
<i>Henry Moore</i>	7
<i>Picasso: Peace and Freedom</i>	10
<i>Exposed: Voyeurism, Surveillance and the Camera</i>	6
<i>Rachel Whiteread Drawings</i>	4
<i>Eadweard Muybridge</i>	11
<i>Gauguin: Maker of Myth</i>	99
Total	374

Trustees

Helen Alexander, CBE, Sir Howard Davies and Jeremy Deller retired as Trustees during the year. Tomma Abts, Lionel Barber, Maja Hoffmann and Gareth Thomas were appointed to the Board.

Performance indicators

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

Performance indicators	Actual 2011 000s	Actual 2010 000s
Access		
Number of actual visits	7,450	7,125
Number of unique users visiting the website	19,427	18,860
Audience profile		
Number of visits by children under 16	1,083	1,048
Number of visits by adult visitors from NS-SEC 5-8	301	334
Number of visits by UK adult visitors from an ethnic minority background	297	257
Number of visits by UK adult visitors with a long-term illness, disability or infirmity	152	111
Number of overseas visits	3,587	3,224
Learning/outreach		
<i>Children</i>		
Number of visits by children under 16 in formal education	215	205
Number of instances of children participating in on-site organised activities	67	104
Number of instances of children participating in outreach activity	96	98
<i>Adults</i>		
Number of instances of adults participating in on-site organised activities	301	402
Number of instances of adults participating in outreach activity	345	354
Visitor satisfaction		
Percentage of visitors who would recommend a visit	94%	94%
Income generation		
<i>Self-generated income</i>		
Admissions	6,940	5,625
Trading income	26,963	26,705
Fundraising (including capital)	20,050	17,643
Fees and other income	8,572	8,586
Donated works of art	4,332	9,620
	66,857	68,179
Regional engagement		
Number of UK loan venues	153	130

The reduction in children and adults participating in learning activities was due to both the loss of corporate funding for a number of programmes, and to a review of the learning division which took place during the year and which affected staffing capacity in the team relative to previous years. Overall corporate funding for learning programmes decreased by 28% in 2010-11, particularly affecting the Start, Visual Eyes, and Art Trolley programmes.

The Performance Indicators listed above are defined by the Department for Culture, Media and Sport (DCMS), and form part of Tate's Funding Agreement with its sponsoring body. As outlined in the Funding Agreement, which is available on Tate's website under the Publication Scheme, the set of indicators are monitored regularly though since 2008 targets are no longer set by the DCMS.

Audience visits, profiles and satisfaction are measured on a rolling basis at each of Tate's four galleries. From October 2010, Tate began to work with a new research agency in London with corresponding changes to the data collection period and methodology. In the past, data was collected at the London galleries in short waves during the year. From October 2010 data was collected on a weekly basis throughout the year, with the results weighted to reflect visitor flow at Tate Britain and Tate Modern. These changes will result in more accurate measurement of audiences going forward. Due to the differences in the data collection period and methodology

however, comparisons should be viewed with some caution. Learning and outreach indicators are collected directly from the sessions run by Tate and, where events are ticketed, through Tate's membership and ticketing system. There have been no changes to the collection methodology in this area relative to past years.

Financial review

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

The consolidated statement of financial activities on pages 30 and 31 shows total incoming resources of £122,609,000 (£126,111,000 in 2009-10). Of this amount £28,984,000 (£27,612,000 in 2009-10) was applied to the ongoing capital programme and £9,440,000 (£14,823,000 in 2009-10) to Collection acquisitions; in 2009-10 £1,249,000 was also applied to endowments. The remaining £84,185,000 (£82,427,000 in 2009-10) was taken to general funds (£17,000 was funded from capital and Collections in 2009-10).

Tate received £54,729,000 of Grant in Aid from Parliament, (£55,987,000 in 2009-10), provided through the DCMS. Grant in Aid is made up of three elements:

- revenue grant used to support ongoing operations of £32,329,000 (£33,413,000 in 2009-10);
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £3,000,000 (£3,867,000 in 2009-10);
- Tate Modern capital grant used towards funding the new building at Tate Modern. DCMS is contributing £50 million towards the total cost of £215 million; to date £48,107,000 has been received, of which £19,400,000 was received in the current year (£18,707,000 in 2009-10).

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £67,880,000 for the year (£70,124,000 in 2009-10).

Resources expended include the costs of generating voluntary income, trading and other costs, investment management costs, costs of charitable activities and governance costs. The consolidated statement of financial activities on pages 30 and 31 shows total resources expended of £98,589,000 (£99,829,000 in 2009-10). Of this amount £14,506,000 (£17,357,000 in 2009-10) was applied to the ongoing capital programme, £40,000 (£28,000 in 2009-10) to Collection acquisitions and £84,043,000 (£82,444,000 in 2009-10) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £8,304,000 to the Collection (£13,949,000 in 2009-10). Of this figure, £4,332,000 has been donated by individuals either directly or in lieu of tax (£9,620,000 in 2009-10). Funding for purchased works of art has come from many sources, including the Lottery, Tate Members, Tate Patrons and self-generated income.

Foreword

Introduction

Presentation of the financial statements

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

The consolidated statement of financial activities set out on pages 30 and 31 has been prepared in line with the SORP and shows incoming resources including income relating to capital projects. In accordance with section 4 of the Charities Act 2006, the Trustees have taken due regard to guidance published by the Charities Commission.

History of body, statutory background, organisation and structure

History

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

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

Background

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

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

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

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

Tate is a non-departmental public body (NDPB) under the auspices of the Department for Culture, Media and Sport (DCMS). Tate is an exempt charity.

Connected charities

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

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

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

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

Organisation and structure

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

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

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

Trustees serving in the period 2010-11 were:

- Tomma Abts (from 31 January 2011)
- Helen Alexander, CBE (to 12 January 2011)
- Lionel Barber (from 31 January 2011)
- Tom Bloxham, MBE
- The Lord Browne of Madingley (Chairman)
- Sir Howard Davies (to 19 May 2010)
- Jeremy Deller (to 9 January 2011)
- Professor David Ekserdjian
- Mala Gaonkar
- Maja Hoffmann (from 28 June 2010)
- Patricia Lankester
- Elisabeth Murdoch
- Franck Petitgas
- Monisha Shah
- Bob and Roberta Smith
- Gareth Thomas (from 1 April 2010)
- Wolfgang Tillmans

The Tate Director, currently Sir Nicholas Serota, is appointed by the Board of Trustees with the approval of the Prime Minister. He is Tate's Accounting Officer and is responsible to the Board for the general exercise of the Board's functions. The Director has responsibility for the day-to-day organisation, management and staffing of Tate. Director's Group, chaired by Tate's Director, takes responsibility for advising and steering policy and strategy across Tate. Divisional directors are responsible for ensuring this Tate-wide strategy is implemented in their departments. Day-to-day operational decisions are delegated to the divisional directors, who are assisted by executive groups consisting of heads of department and senior members of staff.

The directors serving in the period 2010-11 were:

- Sir Nicholas Serota: Director, Tate
- Alex Beard: Deputy Director, Tate
- Julian Bird: Chief Operating Officer (to 31 October 2010)
- Sue Cambridge: Director of Finance (to 7 March 2011)

Martin Clark: Artistic Director, Tate St Ives
Caroline Collier: Director, Tate National
Penelope Curtis: Director, Tate Britain (from 6 April 2010)
Anna Cutler: Director of Learning
Chris Dercon: Director, Tate Modern (from 29 March 2011)
Rob Gethen Smith: Director of Information Systems
Christoph Grunenberg: Director of Tate Liverpool
Adrian Hardwicke: Director of Visitor Services and Estates
John Nickson: Director, Emeritus, Tate Foundation (to 31 March 2011)
Andrea Nixon: Executive Director, Tate Liverpool
Mark Osterfield: Executive Director, Tate St Ives
Cheryl Richardson: Director of Human Resources
Deirdre Robertson: Chief Operating Officer (from 7 February 2011)
Marc Sands: Director, Tate Media and Audiences (from 17 May 2010)
Kate Sloss: Director of Collection Care
Vicente Todolí: Director, Tate Modern (to 14 June 2010)
Rebecca Williams: Director of Development

Conflicts of interests

The Board of Trustees is required to follow the principles established by the Nolan Committee in the conduct of public bodies. This includes the declaration of individual Trustees' interests. A Register of Interests is kept to identify any potential conflicts of interest between Trustees' and directors' private, professional, political and business activities (including those of close family and household members) and those of Tate. This is available on Tate Online and by written request.

Recruitment, appointment and induction of Trustees

Tate Trustees are appointed on the basis of The Commissioner for Public Appointments' Code of Practice for Ministerial Appointments to Public Bodies, guidance for departments on adopting best practice in appointment procedures.

Trustee vacancies are advertised externally in the media, on Tate Online and on the Government-sponsored Public Appointments website in order to reach as diverse an audience as possible. All applicants must complete an application form and each application is then assessed against set criteria. The key stages of the appointment are overseen by a panel, which will normally include the Chairman of the Board, one or two Trustees and an Independent Assessor who is appointed by the DCMS. The responsibility for decisions lies with the selection panel, which makes its recommendations to the Minister for Culture, who in turn makes his own recommendation for appointment to the Prime Minister. The appointment is made and announced by the Prime Minister.

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

Review of activities in 2010-11

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

Future developments

Tate's mission is to increase public enjoyment and understanding of British art from the sixteenth century to the present day and of international modern and contemporary art. Its strategy is designed to fulfil this mission, within the policy and resources framework available. Over the coming years, Tate plans to realise this mission by pursuing the following:

- an ongoing and sustained effort to build the Tate Collection systematically and strategically with particular aims to:
 - reflect a broader account of regional art histories across the world, with a continued emphasis on Latin America, Asia Pacific, Eastern Europe and a new focus on the Middle East, Africa and South Asia;
 - extend representation of artistic practice including photography, media and performance;
 - strengthen representation of female artists;
- a programme of research and scholarship across the range of Tate's activities to build the intellectual leadership and research capacity of Tate, including through the founding of a new research centre, working collaboratively across different parts of the organisation and linking research projects to Tate's public programme;
- a commitment to presenting excellent public programmes by presenting a range of different perspectives and voices on art, within Tate's physical galleries as well as online and through social media platforms;
- continuing to serve current audiences while also reaching out to a broader range of audiences with a particular aim to:
 - inspire families and young people from an early age, recognising that those who engage with arts and culture as young people are more likely to continue to do so as adults;
 - engage audiences who live local to Tate's activities;
 - develop a strategic approach to the management and coordination of Tate's international activities including touring, partnerships, loans and learning programmes;
 - build on Tate Online's worldwide reach through the redevelopment of the website as a platform for discussion and the extension of Tate's presence on other web and social media platforms;
 - continue to improve Tate's facilities, visitor services and staff to ensure every visit to Tate is an excellent experience;
- collaborating in the development of industry-wide standards to reduce the environmental impact of the sector while leading on the implementation of changes to Tate's own work, practices and buildings management.

The following activities underpin these plans:

- a number of capital building projects, including the continuing development of Tate Modern, Tate Britain and Tate St Ives to ensure Tate can meet audience demand and expectations and that Tate's physical infrastructure reflects the evolving relationships between audiences and museums;
- building and maintaining strong, long-term relationships with the artistic community, supporters donors and funding bodies essential to Tate's future by:
 - recruiting high quality non-executives and making continual improvements to Tate's governance and decision making;
 - continuing Tate's ambitious fundraising programme, with particular focus on Tate's capital development projects and maintaining revenue fundraising;
 - effectively coordinating and supporting staff across the organisation to manage devolved relationships with key stakeholders;
- building on the people who work for Tate, ensuring Tate is resourced for the future and can continue to attract high calibre staff by:
 - implementing the Tate Success Factors framework as a tool for embedding Tate's culture and values in everyday working practices;
 - investing in leadership and management development;
 - rolling out a more efficient and user friendly online recruitment system; and

- implementing 360-degree reviews for senior staff;
- ensuring effectiveness through financial and operational rigour, and continued process improvements to improve operating and overhead efficiency; and
- generating revenue through Tate Enterprises and Tate Catering, in particular through maximising the opportunities presented by public programmes throughout the year.

Employee involvement

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

Information is cascaded throughout the organisation through all staff briefings, divisional briefings, departmental meetings and individual one-to-one meetings with employees. Tate operates its own intranet site, TateNet, which contains a wide variety of information from news and updates about what is happening within Tate to vacancies and more detailed information on Tate policies. Improving communication and engagement within Tate's workforce is a priority for Tate. This year a dedicated Internal Communications Manager was appointed to review and improve methods of internal communication and information flow across Tate and an internal communications strategy has been developed.

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

Tate is committed to understanding how employees feel about working for Tate and undertook an Employee Survey this year. Employees are encouraged to participate in these surveys as it helps to assess how Tate is performing as an employer and identify where improvements can be made. 73% of employees responded to the survey. A steering group has been established comprising representatives from across the organisation, to identify key areas for improvement and actions arising from the survey responses.

Disability and access

Tate's vision is to create a permeable institution, removing barriers to Tate's buildings, programmes and events and offering employment opportunities that are open to all. Tate's commitment to eliminating discrimination against disabled people and promote disability equality in a proactive way are set out in Tate's *Disability Equality Scheme* which was published in 2006. The aim of this scheme is to ensure that disability equality becomes a mainstream issue, which is considered in all key decisions made by the Board of Trustees, directors and managers and all staff. This relates both to the services offered to the public and staff, including employment. A review of this scheme is currently underway with a view to creating a *Single Equality Scheme* for Tate in the coming year.

Over the past year, Tate's Access Advisory Group has played an active part in reviewing the plans for Tate's new website and for the building projects taking place at both Tate Modern and Tate Britain. The feedback from this group continues to be invaluable in ensuring that Tate is being proactive in making its buildings and services accessible to everyone.

Tate is committed to equality of opportunity for all its employees and potential employees, including people with disabilities and this commitment is embedded within all Tate's people policies and practices. To amplify Tate's positive approach to employing disabled people, over the coming year the "Two Ticks Scheme" will be implemented, which will ensure that all disabled employees applying for a role at Tate who meet the minimum requirements for the post will be offered an interview.

All those working for Tate are asked to provide diversity monitoring data to monitor Tate's progress in this area. In March 2011, Tate employed eighteen staff who consider themselves to have a disability, as defined by the Equality Act 2010. This is a slight increase on last year.

Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 4.5 in 2010-11 (6.3 in 2009-10).

Personal data related incidents

The Director of Information Systems at Tate maintains a record of all incidents that involve the loss, unauthorised disclosure or insecure disposal of personal data, whose release could cause harm or distress to the individuals concerned. The incident record includes the nature of incident, the nature of data involved, the number of people potentially affected and the steps taken to notify the individuals concerned. These incidents are reported to the Information Commissioner's Office. There were no personal data related incidents to report in 2010-11.

Environmental policy

Sustainability is an integral part of Tate's overall vision. Tate's objective is to become a leader in museum sustainability practice and to influence the entire sector towards more sustainable environmental practice. Tate's sustainability strategy affects all of Tate's work, from the way it manages its buildings to the way it arranges transportation and events.

Tate's priorities are to: embed sustainability into the working culture of Tate; support research and leadership on sustainability issues that affect the sector; and inspire change in its networks and visitors, supporting societal shifts to a more sustainable society.

Tate has made good progress in improving environmental performance. Energy and water efficiency improvements have been implemented across the estate and Tate has also set high sustainable building standards for The Tate Modern Project. Tate has a Sustainability Task Force comprised of senior level staff from around the organisation, which meets bi-monthly to direct Tate's sustainability approach, as well as a Sustainability Delivery Team, which oversees project implementation. Tate's *Green Champions Network*, *Going Green* intranet site and wider communications continued to educate, encourage and motivate staff to contribute to making Tate more environmentally sustainable at a grassroots level.

Social policy

Increased and more meaningful engagement with audiences and local community partners is central to Tate's strategic plan. The traditional method of delivering community partnerships by museums in the United Kingdom has been through educational and outreach programmes.

Tate's strategy for regeneration and community partnerships seeks to involve communities and encourage partnerships across the whole of Tate's business and activity. The strategy recognises that Tate is an integral part of the areas in which the galleries are situated. Tate regards itself as being socially responsible for the impact such a major visitor attraction and business has on its locality and seeks to become involved in the ongoing development of those areas. Tate's work involves a broad range of partnerships and relationships with businesses, cultural bodies, local employers, community organisations, schools and residents. Tate works in a variety of local, national and international partnerships and aims to connect communities and audiences across these areas. Tea & Tate at Tate St Ives and the Barbara Hepworth Museum & Sculpture Garden provides a regular opportunity for seniors to explore the current exhibition with artist educators and take part in lively discussion. Partnerships also included programmes such as the Tate Modern Community Film Club screening films connected to South London co-programmed and introduced with local residents, the Bankside Residents Forum and the Tate Modern Community Garden, developed in partnership with a steering group of local residents and Bankside Open Spaces Trust. Over 500 local residents have registered as friends of the garden and enjoy a programme of regular events and activities, including a families after-school club. These long-standing community partnership projects were highlighted and celebrated in special events as part of Tate Modern's 10th anniversary weekend, No Soul for Sale.

Tate Britain's innovative youth programme *Seeing Through*, supported by The John Lyons' Charity, worked with marginalised young people in the care of Ealing, Harrow and Westminster local authorities to provide a chance for meaningful and sustained involvement with visual arts outside of the school environment. In partnership with Centre Pompidou (Paris) and Museum of Contemporary Art Kiasma (Helsinki), Tate also secured a grant from the EU Youth Art Interchange Phase 2 programme for an 18-month project with young people from the UK, France and Finland. The young people are exploring the themes of European citizenship, cultural democracy and widening participation.

Results for the year and financial position

A financial review is contained in the Annual Report on page 11.

Reserves and funds carried forward of £880,612,000 (£813,176,000 in 2009-10) are:

	2011	2010
	£000	£000
Revaluation reserve	291,225	256,076
Capital reserves	297,475	273,652
Works of art reserves	259,778	250,717
Other designated reserves	17,135	17,212
General reserve	7,867	8,597
Endowment funds	5,845	5,775
Other restricted reserves	1,287	1,147
	880,612	813,176

For more details on reserves, please refer to note 15. For pensions accounting, please refer to note 6.

Fixed assets

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

The freeholds of the gallery and land at Millbank, London and the Barbara Hepworth Museum at St Ives, were transferred from the Secretary of State for the Environment to the Board of Trustees of the Tate Gallery on 14 December 1994. The Trustees hold the property on the Liverpool and Dean Hill sites on long leases. Tate St Ives was constructed for and is owned by Cornwall County Council; the Board of Trustees of the Tate Gallery manages the gallery on behalf of Cornwall County Council. Tate Modern is held under a finance lease entered into in October 1998, the principal elements of which are described in note 19 to the accounts. The Trustees purchased the freehold of the Collection Store at Southwark on 31 March 1999.

Additions to tangible fixed assets during the year of £26,976,000 (£21,781,000 in 2009-10) comprise £25,246,000 in relation to buildings and leasehold improvements and £1,730,000 on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £8,304,000 in the year (£13,949,000 in 2009-10) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £4,332,000 (£9,620,000 in 2009-10). All works of art acquired during the year have been capitalised in accordance with FRS30 – Heritage Assets, as detailed in note 9.

In accordance with Treasury requirements, with the exception of assets in the course of construction and assets categorised as other, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2009 by Drivers Jonas, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards. This results in a revaluation reserve which currently amounts to £291,225,000.

Tate Modern is held under a finance lease and until 2007-08, in accordance with the HM Treasury Financial Reporting Manual, the asset was revalued annually based on the present value of Tate's current obligations under the lease. Following the revaluation of the Trustees' property holdings on 31 March 2009, Tate Modern has been revalued in line with the other sites, to reflect the values and lives of its individual components: land, buildings and plant. The asset continues to be shown as long leasehold in note 8 to the accounts.

On 30 September 2010 the rentals on the Tate Modern finance lease were commuted upon payment of the commutation rental of £142,572,000, funded by the Tate Modern security deposit and reserves. At the end of 2010-11 there were 91 years remaining on the lease. Following the commutation the annual rent is £10,000 per annum.

Subsidiary undertakings

The results of Tate's trading subsidiary are summarised in note 10 to the financial statements, together with other consolidated companies.

Collection fund

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

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

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

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

Payment of creditors

Tate aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2010-11 62% (66% in 2009-10) of invoices were settled in 30 days or less.

Pension liabilities

Please refer to note 6.

Going concern

Please refer to note 1.

Reserves policy

The Trustees annually review the reserves held. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The most recent review concluded that, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the charitable activities, a general reserve equivalent to two months' worth of charitable expenditure should be maintained. At the year end the general reserve was £7,867,000, equivalent to eight weeks' worth of charitable expenditure, excluding capital. All other reserves are maintained at a level appropriate for their intended purpose. For more information on reserves, please refer to note 15.

Investments

An investment committee monitors the performance of the investment portfolio. A review of the investment objectives has been carried out to make best use of available resources, given the upcoming needs of Tate for cash availability to fund its capital programmes at Tate Modern and Tate Britain. As a result of this review, C Hoare & Co. were appointed investment managers and the funds transferred in July 2010. Only funds intended to be held as long term endowments are now held as investments, which has resulted in a reduction in the portfolio from £13.7 million to £7 million. The investment managers must ensure that all investments are suitable under the Standard Investment Criteria of the Trustee Act 2000. The new objective is to seek to achieve an income yield of 2.5% of the preceding year's closing value under normal market conditions, whilst aiming to grow capital ahead of inflation as defined by the Consumer Price Index over time. Both income generated and capital gains realised may be utilised by Tate for the purpose specified under each endowment. C Hoare & Co. advise on the investment strategy required to meet the objective.

The investment return for the year, after stripping out the impact of the reduction in funds, is 4.53% (24% in 2009-10). The annualised income yield included in the return was 3.3%. At 31 March 2011, the investment fund was valued at £7,043,000 (£13,724,000 in 2009-10); historic cost £6,759,000 (£11,567,000 in 2009-10).

On 14 July 2010, by special resolution, the issued share capital of Tate Enterprises Limited was reduced from 3,495,320 ordinary shares of £1 each to 2,495,320 ordinary shares of £1 each, by the cancellation of 1,000,000 ordinary shares of £1 each.

Auditors

Tate's principal auditor is the Comptroller and Auditor General. The audit fee for the year ended 31 March 2011 is £53,000 (£48,500 in 2009-10).

- So far as the Accounting Officer and Trustees are aware, there is no relevant audit information of which the charitable NDPB's auditors are unaware; and
- The Accounting Officer and Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the charitable NDPB's auditors are aware of that information. "Relevant audit information" means information needed by the entity's auditor in connection with preparing the audit report.

Signed

Sir Nicholas Serota
Director, Tate

6 July 2011

Signed

The Lord Browne of Madingley
Chairman, Tate

6 July 2011

Remuneration Report

Membership

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

Policy on the remuneration of senior managers

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

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

Policy on duration of contracts, notice periods and termination payments

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

Senior directors

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

The Accounting Officer and the Audit Committee have decided that this requirement encompasses the Director, the Deputy Director and the Chief Operating Officer, whose emoluments and pension details are disclosed. Tate considers that no other key management staff details need to be disclosed under this guidance for 2010-11.

The following paragraphs have been subject to audit.

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

Salary entitlements		2010-11	2009-10
		£	£
Sir Nicholas Serota, Director	a	160,537	160,537
Alex Beard, Deputy Director		130,000	130,000
Julian Bird, Chief Operating Officer	b	64,167	110,000
Deirdre Robertson, Chief Operating Officer	c	15,079	–

a Includes a non-consolidated performance related bonus of £nil (2009-10: £nil);

b For the period to 31 October 2010; full year salary £110,000;

c For the period from 7 February 2011; full year salary £105,000.

The Director, Deputy Director and Chief Operating Officers received no benefits in kind in the year (2009-10: nil).

	Accrued pension at end date at 31 March 2011 £	Real increase in pension at end date £	CETV at 31 March 2011 £	CETV at 31 March 2010 or start date £	Real increase in CETV £
Sir Nicholas Serota, Director					
Pension	60,922	180	1,374,000	1,295,000	2,000
Lump sum	182,765	541			
Alex Beard, Deputy Director					
Pension	40,212	877	578,000	495,000	5,000
Lump sum	68,116	(2,112)			
Julian Bird, Chief Operating Officer					
Pension	6,123	996	49,000	38,000	6,000
Lump sum	N/A	N/A			
Deirdre Robertson, Chief Operating Officer					
Pension	358	358	3,000		2,000
Lump sum	N/A	N/A			

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

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

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

CETV figures at 31 March 2010 as previously reported have been restated due to a change in the basis of calculation.

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

Signed

Sir Nicholas Serota
Director, Tate

6 July 2011

Signed

The Lord Browne of Madingley
Chairman, Tate

6 July 2011

Statement of Trustees' and Director's Responsibilities

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

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

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

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

Signed

Sir Nicholas Serota
Director and Accounting Officer, Tate

6 July 2011

Signed

The Lord Browne of Madingley
Chairman, Tate

6 July 2011

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

Statement on Internal Control

1 Scope of responsibility

The Accounting Officer and Trustees have responsibility for maintaining a sound system of internal control that supports the achievement of Tate's policies, aims and objectives, under the authority of the Board of Trustees, whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities prescribed in *Managing Public Money*, and ensuring compliance with the requirements of the financial memorandum.

2 The purpose of the system of internal control

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

The system of internal control has been in place in Tate for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts and accords with Treasury guidance. No internal control processes have been either fully, or temporarily, suspended during the year.

3 Capacity to handle risk

The risk management strategy and policy, updated and agreed by the Audit Committee in November 2010, describes Tate's approach to risk management, and the process to be adopted by managers in its implementation. The policy has been issued to all directors and is available on Tate's intranet.

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

Risks are explicitly reviewed:

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

Risk management forms part of internal audits annual review. The audit this year concluded that the Board can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.

The risk management internal audit review in 2009-10 concluded that Tate's risk maturity is 'risk defined' and Tate is looking, through improving processes as recommended by internal audit, to move to 'risk managed'. This assessment, as benchmarked by RSM Bentley Jennison in June 2009, is in line with similar organisations.

4 The risk and control framework

The management of risk is embedded in policymaking, planning and delivery. The risk management strategy and policy sets out clear accountabilities for action and sets out a structured process for identifying, assessing, communicating and escalating and managing risks. The strategy and policy is signed off by the Audit Committee; it was last revised and agreed in November 2010.

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

Risk appetite is defined against the following risks: programme/content, regulation/compliance, reputation, health and safety, security and financial risks. Risk appetite is reviewed annually by Director's Group and approved by the Audit Committee; it was last approved in November 2010. To ensure consistency and to allow risks to be ranked, impact and probability is defined in the policy; the definitions were reviewed in year and agreed by directors and approved by the Audit Committee.

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

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

The management and control of information risk has been further improved during 2010-11 with the formal appointment of 30 Information Asset Owners whose primary responsibility is to safeguard Tate's valuable and sensitive information from loss, misuse and inappropriate access. Additionally the IS security policy has been further refined and approved by directors and is currently being communicated to all 1,400 users of Tate's information systems. During the period there have been no information security incidents.

5 Review of effectiveness

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

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

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

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

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

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

- Director's Group and Audit Committee consider the top risks faced by the organisation and the progress against action plans required to manage the risks;
- management accounts are reviewed monthly by budget holders and quarterly reforecasts are produced;
- capital projects are subject to scrutiny and approval by Trustees.

As part of the comprehensive spending review, Tate, in line with others in the sector, received a grant in aid settlement from government that sees a 15% reduction in grant over the next four years. In response to this Tate has developed plans that achieve a balanced budget for 2011-12 and scenarios have been developed to address future years. Plans for 2012-15 will be confirmed during 2011-12. In order to ensure ongoing flexibility within the organisation, reviews have been conducted in the visitor experience, learning and Collection care departments. Reviews are currently in progress in Liverpool and the estates department.

There have been a number of changes to the regulatory environment during the year. Tate is working with DCMS to ensure that these changes can be implemented in a proportionate fashion without prejudice to the achievement of its objectives.

6 Significant internal control issues

There were no significant internal control issues arising in the year.

Signed

Sir Nicholas Serota
Director and Accounting Officer, Tate

6 July 2011

Signed

The Lord Browne of Madingley
Chairman, Tate

6 July 2011

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

I certify that I have audited the financial statements of Tate for the year ended 31 March 2011 under the Museums and Galleries Act 1992. These comprise the consolidated statement of financial activities, the consolidated balance sheet, the Tate balance sheet, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Tate's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report, foreword, remuneration report, statement of Trustees' and Director's responsibilities and statement on internal control to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of Tate's and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder with HM Treasury's consent.

Opinion on other matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with the Secretary of State directions issued with HM Treasury's consent under the Museums and Galleries Act 1992; and

- the information given in the foreword and financial review section of the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the remuneration report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the statement on internal control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

13 July 2011

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

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Consolidated Statement of Financial Activities for the year ended 31 March 2011

	Notes	Income and Expenditure			Capital		
		2010-11 Unrestricted funds £000	2010-11 Restricted funds £000	2010-11 Total funds £000	2010-11 Unrestricted funds £000	2010-11 Restricted funds £000	2010-11 Total funds £000
Incoming resources							
<i>Incoming resources from generated funds</i>	2						
Voluntary income							
– Grant in Aid		32,329	–	32,329	3,000	19,400	
– Donated works of art		–	–	–	–	–	
– Other voluntary income		3,092	7,683	10,775	–	5,504	
Activities for generating funds							
– Trading income	10	26,037	–	26,037	32	–	
– Other activities for generating funds		4,927	–	4,927	–	–	
Investment income	3	142	5	147	–	433	
<i>Incoming resources from charitable activities</i>	4	9,207	50	9,257	–	615	
<i>Other incoming resources</i>		713	–	713	–	–	
Total incoming resources		76,447	7,738	84,185	3,032	25,952	
Resources expended	6						
<i>Costs of generating funds</i>							
Costs of generating voluntary income		2,048	6	2,054	60	–	
Fundraising trading: cost of goods sold and other costs							
– Trading costs		23,853	–	23,853	280	–	
– Other costs of generating funds		1,518	1,502	3,020	38	–	
Investment management costs		15	1	16	–	–	
<i>Charitable activities</i>		47,329	6,409	53,738	2,667	11,458	
<i>Governance costs</i>		649	–	649	–	3	
<i>Other resources expended</i>		713	–	713	–	–	
Total resources expended		76,125	7,918	84,043	3,045	11,461	
Net incoming/(outgoing) resources before transfers		322	(180)	142	(13)	14,491	
Transfers between funds	15	(1,052)	194	(858)	–	1,052	
Net incoming/(outgoing) resources after transfers		(730)	14	(716)	(13)	15,543	
Gain/(loss) on investment assets	15	–	1	1	–	–	
(Loss)/gain on revaluation of tangible fixed assets	15	–	–	–	472	42,970	
Net movement of funds		(730)	15	(715)	459	58,513	
Funds brought forward at 1 April 2010	15	8,597	8	8,605	29,640	500,088	
Funds carried forward at 31 March 2011		7,867	23	7,890	30,099	588,601	

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

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

Consolidated Statement of Financial Activities for the year ended 31 March 2011 *(continued)*

Collections			Total				2009-10 (restated) Total funds £000
2010-11 Unrestricted funds £000	2010-11 Restricted funds £000	2010-11 Total funds £000	2010-11 Unrestricted funds £000	2010-11 Restricted funds £000	2010-11 Endowment funds £000	2010-11 Total funds £000	
-	-	-	35,329	19,400	-	54,729	55,987
-	4,332	4,332	-	4,332	-	4,332	9,620
3	3,768	3,771	3,095	16,955	-	20,050	17,643
894	-	894	26,963	-	-	26,963	26,705
-	-	-	4,927	-	-	4,927	5,737
254	189	443	396	627	-	1,023	1,945
-	-	-	9,207	665	-	9,872	7,799
-	-	-	713	-	-	713	675
1,151	8,289	9,440	80,630	41,979	-	122,609	126,111
13	1	14	2,121	7	-	2,128	1,875
-	-	-	24,133	-	-	24,133	24,224
-	-	-	1,556	1,502	-	3,058	2,765
10	16	26	25	17	-	42	40
-	-	-	49,996	17,867	-	67,863	69,608
-	-	-	649	3	-	652	641
-	-	-	713	-	-	713	676
23	17	40	79,193	19,396	-	98,589	99,829
1,128	8,272	9,400	1,437	22,583	-	24,020	26,282
(183)	(1)	(184)	(1,235)	1,245	(10)	-	-
945	8,271	9,216	202	23,828	(10)	24,020	26,282
(124)	17	(107)	(124)	18	80	(26)	2,912
-	-	-	472	42,970	-	43,442	(23,844)
821	8,288	9,109	550	66,816	70	67,436	5,350
32,600	236,468	269,068	70,837	736,564	5,775	813,176	807,826
33,421	244,756	278,177	71,387	803,380	5,845	880,612	813,176

Consolidated Balance Sheet at 31 March 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	8	581,462	525,613
Heritage assets	9	260,036	251,732
Investments	3	7,043	13,724
		848,541	791,069
Current assets			
Tate Modern security deposit	19	–	131,995
Tate Modern funds	19	–	7,837
Stocks	10	2,644	2,389
Debtors and prepayments	11	8,689	7,936
Cash and liquid resources	12	41,024	35,065
		52,357	185,222
Creditors: amounts falling due within one year	13	(19,667)	(162,884)
Net current assets		32,690	22,338
Total assets less current liabilities		881,231	813,407
Creditors: amounts falling due after more than one year	13	(619)	(231)
Total assets less liabilities		880,612	813,176
Represented by:			
Restricted reserves	15	803,380	736,564
Unrestricted reserves			
Designated	15	63,520	62,240
General	15	7,867	8,597
Total funds		874,767	807,401
Endowments	15	5,845	5,775
Total funds		880,612	813,176

The financial statements on pages 30 to 56 were approved by the Trustees on:

Signed

Sir Nicholas Serota
Director, Tate

6 July 2011

Signed

The Lord Browne of Madingley
Chairman, Tate

6 July 2011

The notes on pages 35 to 56 form part of the accounts

Tate Balance Sheet at 31 March 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	8	580,870	524,773
Heritage assets	9	260,036	251,732
Investments	3	9,538	17,219
		850,444	793,724
Current assets			
Tate Modern security deposit	19	–	131,995
Tate Modern funds	19	–	7,837
Debtors and prepayments	11	11,470	9,939
Cash and liquid resources	12	35,871	30,548
		47,341	180,319
Creditors: amounts falling due within one year	13	(16,828)	(159,992)
Net current assets		30,513	20,327
Total assets less current liabilities		880,957	814,051
Creditors: amounts falling due after more than one year	13	(619)	(231)
Total assets less liabilities		880,338	813,820
Represented by:			
Restricted reserves	15	803,358	736,539
Unrestricted reserves			
Designated	15	62,928	61,400
General	15	8,207	10,106
Total funds		874,493	808,045
Endowments	15	5,845	5,775
Total funds		880,338	813,820

The financial statements on pages 30 to 56 were approved by the Trustees on:

Signed

Sir Nicholas Serota
Director, Tate

6 July 2011

Signed

The Lord Browne of Madingley
Chairman, Tate

6 July 2011

The notes on pages 35 to 56 form part of the accounts

Consolidated Cash Flow Statement for the year ended 31 March 2011

	Notes	2011 £000	2010 £000
Net cash inflow from operating activities	17(i)	32,231	33,258
<i>Returns on investments and servicing of finance</i>			
Interest received		<u>1,072</u>	<u>2,652</u>
Net cash inflow from returns on investments and servicing of finance		1,072	2,652
<i>Capital expenditure and financial investment</i>			
Commutation of finance lease		(142,572)	–
Purchase of tangible fixed assets		(31,274)	(24,581)
Purchase of investments		(12,427)	(2,366)
Proceeds on disposal of fixed assets		15	103
Proceeds from sale of investments		<u>19,082</u>	<u>7,685</u>
Net cash outflow from capital expenditure		(167,176)	(19,159)
Management of liquid resources	17(ii)	<u>126,637</u>	<u>(19,526)</u>
Decrease in cash	17(iii)	<u>(7,236)</u>	<u>(2,775)</u>

The notes on pages 35 to 56 form part of the accounts

Notes to the Accounts

1. Accounting policies

Basis of accounting

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

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

Tate's unconsolidated net incoming resources for the year were £24,102,000 (£25,972,000 in 2009-10).

Basis of consolidation

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

Going concern basis

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

Incoming resources

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

Voluntary income:

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

Activities for generating funds:

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

Investment income:

Dividend and interest income is recognised on a receivable basis.

Incoming resources from charitable activities:

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

Deferred income:

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

Resources expended

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

Costs of generating funds:

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

Charitable activities:

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

Governance costs:

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

Support costs:

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

The Collection

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

Fixed assets

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

Tate	£10,000
Tate Enterprises Limited	£500

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

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

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

Investments

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

Stock

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

Cash and liquid resources

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

Foreign currencies

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

Finance and operating leases

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

The leasing agreement for Tate Modern (see note 19) transfers to the Trustees substantially all the benefits and risks of ownership of the asset and the asset is treated as though it has been purchased outright. The capital value of the leasing commitment is shown as obligations under finance leases. The asset is valued to reflect the values and lives of its individual components: land, buildings and plant.

Pensions

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

Fund accounting

Tate maintains general, designated, restricted and endowment funds as set out in note 15.

Taxation

Tate is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The taxable profits of Tate Enterprises Limited are paid to Tate under Gift Aid rules and no tax liability is expected for the year ending 31 March 2011.

Financial Instruments

As required by accounting standards, certain items are classified as financial instruments. Creditors under one year are accounted for at carrying value, as disclosed in note 13. Trade debtors are included at carrying values and all debts over six months old are provided for as doubtful debts. Investments are held at market value, as they are classified as available for sale since the funds are actively managed.

2. Incoming resources from generated funds

Voluntary income	2011	2010
	£000	£000
Grant in Aid	54,729	55,987
Donated works of art	4,332	9,620
Lottery and other public funding		
Arts and Humanities Research Council	219	222
Arts Council	70	171
Big Lottery Fund – Family Learning grant	104	83
British Council	32	–
City of Liverpool	61	62
Department for Culture, Media and Sport	471	842
Department for Business, Innovation and Skills	219	139
European Commission	–	18
European Regional Development Fund	307	211
Find Your Talent	20	67
Heritage Lottery Fund	164	132
London Development Agency	19	–
Museums, Libraries and Archives Council	–	7
Westminster City Council	22	–
Total Lottery and other public funding	1,708	1,954
Donations from connected charities	11,491	10,793
Other donations	6,851	4,896
	79,111	83,250
of which the following is taken to (see pages 30 and 31)		
Income and expenditure	43,104	42,473
Capital	27,904	26,006
Collections	8,103	13,522
Endowments	–	1,249
Activities for generating funds	2011	2010
	£000	£000
Trading	26,963	26,705
Sponsorship	3,191	4,244
Other activities for generating funds	1,736	1,493
	31,890	32,442
of which the following is taken to (see pages 30 and 31)		
Income and expenditure	30,964	31,399
Capital	32	246
Collections	894	797

Included in Sponsorship income is £400,000 of barter advertising (£806,000 in 2009-10), computed at estimated cost value.

3. Investments and investment income

	2011	2010
	£000	£000
Bank interest	777	1,461
Income on quoted investments	246	484
	1,023	1,945
of which the following is taken to (see pages 30 and 31)		
Income and expenditure	147	89
Capital	433	1,360
Collections	443	496

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

Investments total £7,043,000 (£13,724,000 in 2009-10).

	2010	Additions/ (disposals)	Realised and unrealised	2011
	Market	in year	gains/(losses)	Market
	value	in year	gains/(losses)	value
	£000	£000	£000	£000
Investment portfolio:				
UK fixed interest	4,936	(3,015)	293	2,214
Non-UK fixed interest	991	(799)	(25)	167
UK equities	4,472	(2,260)	(246)	1,966
Non-UK equities	2,951	(1,115)	(43)	1,793
Alternatives	–	301	(5)	296
UK money market deposits	374	233	–	607
Group investments total	13,724	(6,655)	(26)	7,043
Subsidiaries' issued share capital (at cost)	3,495	(1,000)	–	2,495
Tate investments total	17,219	(7,655)	(26)	9,538

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

On 14 July 2010, by special resolution, the issued share capital of Tate Enterprises Limited was reduced from 3,495,320 ordinary shares of £1 each to 2,495,320 ordinary shares of £1 each, by the cancellation of 1,000,000 ordinary shares of £1 each.

4. Incoming resources from charitable activities

	2011	2010
	£000	£000
Admissions	6,940	5,625
Other incoming resources from charitable activities	2,932	2,174
	9,872	7,799
of which the following is taken to (see pages 30 and 31)		
Income and expenditure	9,257	7,791
Capital	615	–
Collections	–	8

5. Net incoming resources

are stated after charging:

	2011	2010
	£000	£000
Auditors' remuneration		
Comptroller and Auditor General	53	49
Subsidiaries – audit, Grant Thornton	31	30
Subsidiaries – taxation advice, Grant Thornton	4	4
Taxation advice	54	38
Operating lease rentals		
Land and buildings	571	538
Vehicles and equipment	70	59
Depreciation	14,535	13,517
Loss on disposal of fixed assets	19	–
Loss on foreign exchange transactions	–	39

In addition, £nil was paid to the National Audit Office to audit the London Development Agency grant return (£800 in 2009-10). £nil was paid for taxation advice relating to capital projects (£19,000 in 2009-10).

6. Total resources expended

	Staff	Other	Support	Depreci-	2011	2010
	costs	direct	costs	ation*	Total	Total
	£000	£000	£000	£000	£000	£000
<i>Costs of generating funds</i>						
Costs of generating voluntary income	1,164	71	833	60	2,128	1,875
Fundraising trading: cost of goods sold and other costs						
– Trading costs	9,406	14,481	–	246	24,133	24,224
– Other fundraising costs	1,981	503	536	38	3,058	2,765
Investment management costs	–	26	16	–	42	40
<i>Total costs of generating funds</i>	<u>12,551</u>	<u>15,081</u>	<u>1,385</u>	<u>344</u>	<u>29,361</u>	<u>28,904</u>
<i>Charitable activities</i>						
– Gallery activities	10,915	16,236	11,995	13,066	52,212	50,056
– Gallery operations	4,379	2,208	1,173	544	8,304	8,730
– Collections	4,658	1,608	1,147	581	7,994	7,927
– Lease cost	–	(647)	–	–	(647)	2,895
<i>Total charitable activities</i>	<u>19,952</u>	<u>19,405</u>	<u>14,315</u>	<u>14,191</u>	<u>67,863</u>	<u>69,608</u>
<i>Governance costs</i>	490	112	50	–	652	641
<i>Other resources expended</i>	492	–	221	–	713	676
Total resources expended	<u>33,485</u>	<u>34,598</u>	<u>15,971</u>	<u>14,535</u>	<u>98,589</u>	<u>99,829</u>

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

Direct costs of charitable activities include a credit of £647,000 resulting from a rent credit arising due to low interest rates (expenditure of £2,895,000 in 2009-10, relating to the finance lease payment, which was offset by interest earned on the Tate Modern security deposit).

The Chairman and other Trustees received no remuneration; two Trustees (three in 2009-10) received reimbursement of travel and subsistence expenses amounting to £1,105 in 2010-11 (£1,064 in 2009-10).

a) Support cost breakdown by activity

	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2011 Total £000	2010 Total £000
<i>Costs of generating funds</i>							
Costs of generating voluntary income	59	58	116	586	14	833	851
Fundraising trading: cost of goods sold and other costs							
– Other fundraising costs	37	38	75	377	9	536	493
Investment management costs	16	–	–	–	–	16	15
<i>Total costs of generating funds</i>	<u>112</u>	<u>96</u>	<u>191</u>	<u>963</u>	<u>23</u>	<u>1,385</u>	<u>1,359</u>
<i>Charitable activities</i>							
– Gallery activities	684	522	1,359	9,264	166	11,995	11,942
– Gallery operations	167	249	331	386	40	1,173	1,370
– Collections	158	225	313	412	39	1,147	1,285
<i>Total charitable activities</i>	<u>1,009</u>	<u>996</u>	<u>2,003</u>	<u>10,062</u>	<u>245</u>	<u>14,315</u>	<u>14,597</u>
<i>Governance costs</i>	50	–	–	–	–	50	48
<i>Other resources expended</i>	221	–	–	–	–	221	206
Total resources expended	<u>1,392</u>	<u>1,092</u>	<u>2,194</u>	<u>11,025</u>	<u>268</u>	<u>15,971</u>	<u>16,210</u>
Basis of allocation	expend- iture	average FTE	expend- iture	depreciation charge	expend- iture		

Support costs include an element of staff costs amounting to £3,783,000 (£4,850,000 in 2009-10).

b) Staff costs

	2011 £000	2010 £000
Wages and salaries	29,753	29,660
Pension costs	3,670	3,617
Social Security costs	2,307	2,264
Redundancy costs	283	1,447
Total employee costs	<u>36,013</u>	<u>36,988</u>
Agency staff costs	1,255	1,780
	<u>37,268</u>	<u>38,768</u>

In addition, £1,085,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2010-11 (£1,326,000 in 2009-10).

No employee received any taxable benefits in kind during the year.

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

	2011	2010
	No.	No.
£60,000 – £64,999	5	4
£65,000 – £69,999	2	3
£70,000 – £74,999	4	5
£75,000 – £79,999	2	3
£80,000 – £84,999	4	1
£85,000 – £89,999	1	1
£90,000 – £94,999	1	–
£95,000 – £99,999	1	2
£110,000 – £114,999	–	1
£130,000 – £134,999	1	1
£160,000 – £164,999	1	1

Twenty-one of the twenty-two staff earning more than £60,000 are members of a defined benefit pension scheme; their total contributions to the scheme amounted to £398,000 during the year.

The average number of full-time equivalent (FTE) staff during the year was 1,250 (1,269 in 2009-10). Included within this total are 16 FTE staff on temporary contracts (15 in 2009-10) and 45 FTE staff on fixed-term contracts (48 in 2009-10).

The breakdown of average FTE staff by occupational group was:

	2011	2010
	No.	No.
<i>Costs of generating funds</i>		
Costs of generating voluntary income	37	37
Fundraising trading: cost of goods sold and other costs		
– Trading	521	547
– Other	65	59
Investment management costs	–	1
<i>Charitable activities</i>	603	601
<i>Governance costs</i>	5	5
<i>Other resources expended</i>	19	19
	1,250	1,269

Exit package cost band	Number of compulsory redundancies	Total number of exit packages by cost band	Total number of exit packages by cost band
		2011	2010
<£10,000	9	9	2
£10,000 – £25,000	6	6	2
£25,000 – £50,000	1	1	9
£50,000 – £100,000			9
£100,000 – £150,000			1
Total number of exit packages	16	16	23
Total resource cost/£	197,000	197,000	1,094,000

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

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (*classic, premium or classic plus*); or a whole career scheme (*NUVOS*). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under *classic, premium, classic plus* and *NUVOS* are

increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

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

For 2010-11, employers' contributions of £3,224,000 were payable to the PCSPS (2009-10 £3,178,000, restated to include *NUVOS* payments) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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

Employers' contributions of £97,000 (2009-10 £91,000, restated to exclude *NUVOS* payments) were paid to one or more of a panel of three appointed stakeholder pension providers. In addition, employer contributions of £155,000 (£153,000 in 2009-10), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date.

No people retired early on ill-health grounds (two in 2009-10); the total additional accrued pension liabilities to PCSPS in the year amounted to £nil (£11,408 in 2009-10).

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

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

Tate Enterprises Limited operates money purchase pension schemes provided by Norwich Union and Scottish Equitable. The assets of the schemes are held separately from those of the group in an independently administered fund. The amounts charged against profit represent the contributions payable to the schemes in respect of the accounting period. Pension contributions of £194,000 were made in the year (2009-10 £195,000).

7. Notional costs

In previous years, a charge reflecting the cost of capital utilised by Tate has been included in the consolidated statement of financial activities. In line with the 'Clear Line of Sight' project by HM Treasury, NDPB reporting of the cost of capital charge is no longer required. This is a change in accounting policy requiring a prior period adjustment and so the consolidated statement of financial activities has been restated. There is no impact on net assets or the balance sheet.

8. Tangible assets

Group	Land	Freehold buildings	Leasehold improvements	Assets in the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2010	103,575	43,811	20,363	46,722	76,507	246,278	13,580	550,836
Additions at cost	–	164	492	24,590	1,196	–	534	26,976
Valuation of assets	11,464	4,137	666	–	5,827	22,317	–	44,411
Disposals	–	–	–	–	–	–	(2,244)	(2,244)
Value at 31 March 2011	115,039	48,112	21,521	71,312	83,530	268,595	11,870	619,979
Depreciation at 1 April 2010	–	1,286	228	–	5,483	6,757	11,469	25,223
Charge for the year	–	659	110	–	5,574	7,265	927	14,535
Valuation of assets	–	46	8	–	408	507	–	969
Disposals	–	–	–	–	–	–	(2,210)	(2,210)
Depreciation at 31 March 2011	–	1,991	346	–	11,465	14,529	10,186	38,517
Net book value at 31 March 2011	115,039	46,121	21,175	71,312	72,065	254,066	1,684	581,462
Net book value at 1 April 2010	103,575	42,525	20,135	46,722	71,024	239,521	2,111	525,613

Tate	Land	Freehold buildings	Leasehold improvements	Assets in the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000	£000	£000
Value at 1 April 2010	103,575	43,015	20,363	46,722	76,507	246,278	9,328	545,788
Additions at cost	–	164	492	24,590	1,196	–	502	26,944
Valuation of assets	11,464	4,137	666	–	5,827	22,317	–	44,411
Disposals	–	–	–	–	–	–	(2,178)	(2,178)
Value at 31 March 2011	115,039	47,316	21,521	71,312	83,530	268,595	7,652	614,965
Depreciation at 1 April 2010	–	490	228	–	5,483	6,757	8,057	21,015
Charge for the year	–	659	110	–	5,574	7,265	681	14,289
Valuation of assets	–	46	8	–	408	507	–	969
Disposals	–	–	–	–	–	–	(2,178)	(2,178)
Depreciation at 31 March 2011	–	1,195	346	–	11,465	14,529	6,560	34,095
Net book value at 31 March 2011	115,039	46,121	21,175	71,312	72,065	254,066	1,092	580,870
Net book value at 1 April 2010	103,575	42,525	20,135	46,722	71,024	239,521	1,271	524,773

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

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

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

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

The net book value at 31 March 2011 represents fixed assets for:

Group	Land	Freehold buildings	Leasehold improvements	Assets in the course of construction	Plant and fit-out	Long leasehold	Fixtures, fittings and equipment	Total tangible assets
	£000	£000	£000	£000	£000	£000	£000	£000
Charitable activities	115,039	46,121	21,175	71,312	72,065	254,066	1,092	580,870
Other activities	-	-	-	-	-	-	592	592
	<u>115,039</u>	<u>46,121</u>	<u>21,175</u>	<u>71,312</u>	<u>72,065</u>	<u>254,066</u>	<u>1,684</u>	<u>581,462</u>

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

9. Heritage assets

Group	Value at 1 April 2010	Additions	Value at 31 March 2011
	£000	£000	£000
<i>Cost</i>			
Installations	8,483	1,037	9,520
Paintings	29,414	538	29,952
Reliefs	777	113	890
Sculptures	13,280	1,124	14,404
Works on paper	10,724	849	11,573
Archives	1,455	243	1,698
Other	342	-	342
ARTIST ROOMS	20,480	68	20,548
<i>Valuation</i>			
Installations	3,920	269	4,189
Paintings	88,003	1,648	89,651
Reliefs	494	-	494
Sculptures	17,472	766	18,238
Works on paper	7,155	730	7,885
Archives	4,083	192	4,275
Other	283	25	308
ARTIST ROOMS	45,367	702	46,069
Total additions	<u>251,732</u>	<u>8,304</u>	<u>260,036</u>

In the year 345 works of art and archives were added to the collection of which 198 are included at cost price and 147 (including five part-purchased ARTIST ROOMS works) have been valued.

Five-year financial summary of heritage asset transactions

	2010-11	2009-10	2008-09	2007-08	2006-07
	£000	£000	£000	£000	£000
<i>Cost</i>					
Installations	1,037	832	1,435	1,287	1,268
Paintings	538	671	6,379	282	2,001
Reliefs	113	5	47	30	575
Sculptures	1,124	1,511	3,498	2,386	720
Works on paper	849	1,055	660	1,273	5,809
Archives	243	210	181	6	540
Other	–	45	12	41	18
ARTIST ROOMS	68	–	20,480	–	–
<i>Valuation</i>					
Installations	269	1,286	1,600	690	173
Paintings	1,648	6,059	15,916	47,396	1,659
Reliefs	–	62	45	66	236
Sculptures	766	544	788	11,025	294
Works on paper	730	604	889	1,985	1,236
Archives	192	331	147	1,970	276
Other	25	–	–	–	–
ARTIST ROOMS	702	734	44,632	–	–
Total additions	8,304	13,949	96,709	68,437	14,805

There have been no disposals of heritage assets

Further information on Tate's Collection

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

Tate's Collection seeks to represent significant developments in art in all areas covered by its remit with artworks of outstanding quality and importance. The representation of British art encompasses work by artists defined by their contribution to its history and development rather than simply by nationality. While it has traditionally focused on art from Western Europe and North America, Tate seeks to represent international modern and contemporary art from a global perspective and has recently expanded its holdings of work from Latin America, South-East Asia and Eastern Europe. When the Tate Gallery opened in 1897, its Collection consisted of the 65 works gifted by Henry Tate to the Nation. The Collection currently consists of 68,152 works of art. Every work in the Collection has its own online information page and the majority are illustrated, though this is not always possible due to copyright restrictions. Further information on the Collection may be found in the annual report on page 3.

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

10. Subsidiaries

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

On 14 July 2010, by special resolution, the issued share capital of Tate Enterprises Limited was reduced from 3,495,320 ordinary shares of £1 each to 2,495,320 ordinary shares of £1 each, by the cancellation of 1,000,000 ordinary shares of £1 each.

Tate Enterprises Limited

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

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

	2011	2010
	£000	£000
Fixed assets	592	840
Current assets	8,996	8,149
Current liabilities	(6,840)	(6,162)
Net assets	2,748	2,827
Capital and reserves	2,748	2,827
	2,748	2,827

Current assets include stock of £2,644,000, comprising: work in progress £244,000; finished goods and goods for resale £2,400,000 (£2,389,000, comprising: work in progress £176,000; finished goods and goods for resale £2,213,000 in 2009-10).

	2011	2010
	£000	£000
Turnover	28,162	27,960
Cost of sales	(10,788)	(10,694)
Gross profit	17,374	17,266
Administrative expenses	(13,744)	(14,005)
Trading profit	3,630	3,261
Interest receivable	13	13
Net contribution	3,643	3,274

The net contribution consists of £2,861,000 from publishing and retail operations (£2,549,000 in 2009-10), £593,000 from catering operations (£503,000 in 2009-10) and £189,000 from education and media services (£222,000 in 2009-10). Turnover includes £1,008,000 of sales to Tate (£1,023,000 in 2009-10). Administrative expenses include £207,000 of expenditure recharged by Tate (£274,000 in 2009-10).

Tate Gallery Publishing Limited

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

Tate Gallery Projects Limited

Tate Gallery Projects Limited is a wholly owned subsidiary of the Board of Trustees of the Tate Gallery. Its principal activities consist of fund-raising and project management in respect of the Tate Modern development project. Net assets have decreased by £2,478 to £21,837 in the year.

11. Debtors

	Group		Tate	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade debtors	5,576	5,298	4,603	4,309
Amounts due from group companies	–	–	3,809	3,098
Other debtors	750	757	737	735
Prepayments and accrued income	2,363	1,881	2,321	1,797
	<u>8,689</u>	<u>7,936</u>	<u>11,470</u>	<u>9,939</u>

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

	Group		Tate	
	2011	2010	2011	2010
	£000	£000	£000	£000
Balances with other central government bodies	3,150	2,410	3,150	2,410
Balances with local authorities	146	30	146	30
Balances with NHS Trusts	2	1	2	1
Balances with public corporations and trading funds	1	1	1	1
Total intra government balances	3,299	2,442	3,299	2,442
Balances with bodies external to government	5,390	5,494	8,171	7,497
	<u>8,689</u>	<u>7,936</u>	<u>11,470</u>	<u>9,939</u>

12. Cash and liquid resources

	Group		Tate	
	2011	2010	2011	2010
	£000	£000	£000	£000
held at/in:				
Government Banking Service	1,106	1,358	1,106	1,358
Floating rates	39,660	33,471	34,657	29,099
Cash and non-interest-bearing accounts	258	236	108	91
	<u>41,024</u>	<u>35,065</u>	<u>35,871</u>	<u>30,548</u>

Reconciliation to liquid resources (see note 17(iii))

	2011	2010
	£000	£000
Floating rates	39,660	33,471
Less: funds held in interest-bearing current or call accounts	1,256	8,262
Liquid resources (funds held on deposit)	38,404	25,209

13. Creditors: amounts falling due within one year

	Group		Tate	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade creditors	4,987	5,353	3,877	4,112
Amounts due to group companies	–	–	174	190
Taxation and social security	1,409	1,218	555	527
Other creditors	1,575	1,485	1,287	1,208
Accruals	9,526	10,727	8,801	9,876
Deferred income	2,160	1,567	2,124	1,545
Obligations under finance lease (note 19)	10	142,534	10	142,534
	<u>19,667</u>	<u>162,884</u>	<u>16,828</u>	<u>159,992</u>

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

	Group		Tate	
	2011 £000	2010 £000	2011 £000	2010 £000
Balances with other central government bodies	1,914	1,745	1,061	1,053
Balances with local authorities	376	90	376	90
Balances with NHS Trusts	-	1	-	1
Balances with public corporations and trading funds	3	31	3	31
Total intra government balances	2,293	1,867	1,440	1,175
Balances with bodies external to government	17,374	161,017	15,388	158,817
	19,667	162,884	16,828	159,992

Creditors: amounts falling due after more than one year

	Group		Tate	
	2011 £000	2010 £000	2011 £000	2010 £000
Other creditors	174	21	174	21
Accruals	63	210	63	210
Obligations under finance lease (note 19)	382	-	382	-
	619	231	619	231

All balances are with bodies external to government.

Deferred income

	Group		Tate	
	2011 £000	2010 £000	2011 £000	2010 £000
Deferred income brought forward	1,567	2,687	1,545	2,621
Released in year	(1,482)	(2,626)	(1,460)	(2,561)
Deferred in year	2,075	1,506	2,039	1,485
Deferred income carried forward	2,160	1,567	2,124	1,545

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

14. Operating leases

At 31 March 2011 Tate had annual commitments under non-cancellable leases as follows:

Group	Land and	Other	2011 £000	2010 £000
	buildings £000	£000		
Operating leases expiring within				
One year	83	2	85	-
Two to five years	30	68	98	142
More than five years	458	-	458	455
	571	70	641	597
Tate	Land and	Other	2011 £000	2010 £000
	buildings £000	£000		
Operating leases expiring within				
Two to five years	-	35	35	54
More than five years	458	-	458	455
	458	35	493	509

15. Statement of funds

Group	Opening funds £000	Transfers £000	Income £000	Expendi- ture £000	Gain on revaluation £000	Loss on investment £000	Closing funds £000
Unrestricted							
<i>Designated</i>							
Works of art	15,388	–	898	–	–	–	16,286
Buildings and equipment	29,640	–	3,032	(3,045)	472	–	30,099
Collection fund	17,212	(183)	253	(23)	–	(124)	17,135
	<u>62,240</u>	<u>(183)</u>	<u>4,183</u>	<u>(3,068)</u>	<u>472</u>	<u>(124)</u>	63,520
<i>General funds</i>	8,597	(1,052)	76,447	(76,125)	–	–	7,867
Total unrestricted funds	<u>70,837</u>	<u>(1,235)</u>	<u>80,630</u>	<u>(79,193)</u>	<u>472</u>	<u>(124)</u>	71,387
Restricted							
Tate Modern development	98,226	1,052	433	(6,741)	5,234	–	98,204
Buildings and equipment	145,786	–	25,519	(4,720)	2,587	–	169,172
Revaluation reserve	256,076	–	–	–	35,149	–	291,225
Works of art	235,329	–	8,163	–	–	–	243,492
Acquisition trust funds	1,139	(1)	126	(17)	–	17	1,264
Other funds	8	194	7,738	(7,918)	–	1	23
	<u>736,564</u>	<u>1,245</u>	<u>41,979</u>	<u>(19,396)</u>	<u>42,970</u>	<u>18</u>	803,380
Endowments	<u>5,775</u>	<u>(10)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>80</u>	5,845
Total funds	<u>813,176</u>	<u>–</u>	<u>122,609</u>	<u>(98,589)</u>	<u>43,442</u>	<u>(26)</u>	880,612
Tate							
	Opening funds £000	Transfers £000	Income £000	Expendi- ture £000	Gain on revaluation £000	Loss on investment £000	Closing funds £000
Unrestricted							
<i>Designated</i>							
Works of art	15,388	–	898	–	–	–	16,286
Buildings and equipment	28,800	–	3,000	(2,765)	472	–	29,507
Collection fund	17,212	(183)	253	(23)	–	(124)	17,135
	<u>61,400</u>	<u>(183)</u>	<u>4,151</u>	<u>(2,788)</u>	<u>472</u>	<u>(124)</u>	62,928
<i>General funds</i>	10,106	(1,052)	54,344	(54,191)	–	(1,000)	8,207
Total unrestricted funds	<u>71,506</u>	<u>(1,235)</u>	<u>58,495</u>	<u>(56,979)</u>	<u>472</u>	<u>(1,124)</u>	71,135
Restricted							
Tate Modern development	98,201	1,052	433	(6,738)	5,234	–	98,182
Buildings and equipment	145,786	–	25,519	(4,720)	2,587	–	169,172
Revaluation reserve	256,076	–	–	–	35,149	–	291,225
Works of art	235,329	–	8,163	–	–	–	243,492
Acquisition trust funds	1,139	(1)	126	(17)	–	17	1,264
Other funds	8	194	7,738	(7,918)	–	1	23
	<u>736,539</u>	<u>1,245</u>	<u>41,979</u>	<u>(19,393)</u>	<u>42,970</u>	<u>18</u>	803,358
Endowments	<u>5,775</u>	<u>(10)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>80</u>	5,845
Total funds	<u>813,820</u>	<u>–</u>	<u>100,474</u>	<u>(76,372)</u>	<u>43,442</u>	<u>(1,026)</u>	880,338

Fair value reserve (investments) – movements

	As at 1 April 2010 £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2011 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
Unrestricted						
<i>Designated</i>						
Collection fund	1,815	(71)	(1,744)	–	17,135	17,135
Total unrestricted funds	<u>1,815</u>	<u>(71)</u>	<u>(1,744)</u>	<u>–</u>	<u>17,135</u>	<u>17,135</u>
Restricted						
Acquisition trust funds	80	41	(83)	38	1,226	1,264
Other funds	1	–	(1)	–	23	23
	<u>81</u>	<u>41</u>	<u>(84)</u>	<u>38</u>	<u>1,249</u>	<u>1,287</u>
Endowments	261	259	(275)	245	5,600	5,845
Total funds	<u>2,157</u>	<u>229</u>	<u>(2,103)</u>	<u>283</u>	<u>23,984</u>	<u>24,267</u>

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

Designated funds

Funds designated for a particular use by the Trustees.

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

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

General funds

Funds available for general use.

Restricted funds

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

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

- *Tate Modern development* – funds raised from the Millennium Commission, English Partnerships, Southwark Borough Council, private and corporate donors towards the redevelopment of Bankside Power Station as Tate Modern.
- *Buildings and equipment* – the value of Tate's estate vested in the Board of Trustees by the Secretary of State for the Environment and adjusted for subsequent valuations and disposals; also, restricted funds, including money from lottery and other public sources, raised specifically for and applied to the purchase of equipment and building works.
- *Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values to arrive at a modified historical cost. The reserve applies to both restricted and unrestricted assets, but all of the reserve is restricted.

- *Works of art* – restricted funds, including money from the Heritage Lottery Fund, raised specifically for and applied to the purchase of works of art together with all donated works of art since 1 April 2001.
- *Acquisition trust funds* – a number of restricted trust funds for the purchase of works of art for the Collection, including:
 - *Knapping Fund* – for the purchase for exhibition in England, Scotland and Wales of paintings in any medium, or sculpture, by artists of any nationality living at or within twenty-five years of the time of purchase.
 - *Millwood Fund* – for the purchase of English pictures for Tate Modern.
 - *ARTIST ROOMS Fund* – for the purchase of works of art for the *ARTIST ROOMS* collection.
 - The expendable elements of the *Abbott Bequest*, *Gytha Trust*, *Evelyn*, *Lady Downshire's Fund* and *Themans Trust* endowments.
- *Other restricted funds*:
 - The expendable element of the *Shenkman Fund* and *Porter Kreitman Artists Book Fund* endowments.
 - Other funds which were set up and utilised during the year as a result of donations received for specific purposes.

Endowment funds

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

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

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

The Trustees approved the following transfers: £183,000 from the unrestricted designated *collection fund* reserve to the restricted *other funds* reserve to fund the Turner curator expenses; £1,052,000 from unrestricted *general funds* to the restricted *Tate Modern development* reserve to fund the commutation of the Tate Modern lease.

Following a review of the Tate Trust Funds the *Porter Kreitman Artists Book Fund* has been reclassified as a restricted *other* reserve (£1,000) and the time-valued apportionment previously calculated on the Shenkman fund has been transferred from endowments to its expendable element in restricted *other funds* (£10,000).

16. Analysis of net assets between funds

Funds balances at 31 March 2011 are represented by:

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2011 £000	Total 2010 £000
Tangible assets	24,460	557,002	–	581,462	525,613
Heritage assets	16,286	243,750	–	260,036	251,732
Investments	–	1,198	5,845	7,043	13,724
Net current assets	30,878	1,812	–	32,690	22,338
Long term creditors	(237)	(382)	–	(619)	(231)
Total net assets	<u>71,387</u>	<u>803,380</u>	<u>5,845</u>	<u>880,612</u>	<u>813,176</u>

Tate	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2011 £000	Total 2010 £000
Tangible assets	23,868	557,002	–	580,870	524,773
Heritage assets	16,286	243,750	–	260,036	251,732
Investments	2,495	1,198	5,845	9,538	17,219
Net current assets	28,723	1,790	–	30,513	20,327
Long term creditors	(237)	(382)	–	(619)	(231)
Total net assets	<u>71,135</u>	<u>803,358</u>	<u>5,845</u>	<u>880,338</u>	<u>813,820</u>

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

	2011 £000	2010 £000
Net incoming resources	24,020	26,282
Investment income	(1,072)	(2,652)
Depreciation	14,535	13,517
Loss on disposal of fixed asset	19	–
Donations of works of art	(4,332)	(9,620)
(Increase)/decrease in stocks	(255)	166
(Increase)/decrease in debtors	(753)	44
Increase in creditors	69	5,521
Net cash inflow from operating activities	<u>32,231</u>	<u>33,258</u>

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

	2011 £000	2010 £000
Decrease in cash in the year	(7,236)	(2,775)
Cash flow from management of liquid resources	(126,637)	19,526
Change in funds resulting from cash flows	(133,873)	16,751
Net funds at 1 April 2010	174,897	158,146
Net funds at 31 March 2011	<u>41,024</u>	<u>174,897</u>

(iii) Analysis of movement in funds

	2010 £000	Cash flow £000	2011 £000
Tate Modern security deposit	131,995	(131,995)	–
Tate Modern funds	7,837	(7,837)	–
Liquid resources	25,209	13,195	38,404
	<u>165,041</u>	<u>(126,637)</u>	38,404
Cash	9,856	(7,236)	2,620
	<u>174,897</u>	<u>(133,873)</u>	41,024

(iv) Material non-cash transactions

	2011 £000	2010 £000
Donations of works of art	4,332	9,620

18. Capital commitments

Financial commitments were as follows:

	2011 £000	2010 £000
Capital expenditure contracted for, but not provided in the accounts	11,724	5,985
Acquisition of works of art contracted for, but not provided in the accounts	2,691	1,838

19. Tate Modern finance leasing structure

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

TGPL is a wholly owned subsidiary of Tate and granted a 105-year head lease interest in the site of the Bankside Power Station to NatWest Markets Property Investments Limited (NWPIIL) on 28 October 1997 for a premium of £11,385,000. Tate entered into a 105-year finance lease of the site of Bankside Power Station from NWPIIL on 28 October 1997. The level of rental payments took account of NWPIIL's investment in the property and interest charges accruing thereto. At the end of 2010-11 there were 91 years remaining on the lease.

Under the terms of the lease, Tate was, prior to commuting the rentals, obliged to hold a cash sum equivalent to 90% of the present value of its future rental and interest obligations as security for the performance of these obligations. This sum is described as Tate Modern security deposit on pages 32 and 33 to the accounts and is subject to a charge in favour of NWPIIL. At the year end the deposit was £nil (2009-10 £139,832,000); 90% of the present value would be £nil (2009-10 £131,995,000), the balance of £nil (2009-10 £7,837,000) being referred to as Tate Modern funds on the balance sheet. During the year the lease finance charge was a credit of £647,000 (expenditure of £2,895,000 in 2009-10).

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

	2011 £000	2010 £000
In one year or less	10	142,534
Between two and five years	40	–
Over five years	865	–
Less: Finance charges allocated to future periods	(523)	–
	<u>392</u>	<u>142,534</u>

The Finance lease has been discounted using a rate of 2.2% over the life of the lease.

20. Contingent liabilities

London Development Agency grant

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

The grant is payable in instalments, with £6 million paid so far, and is conditional on Tate meeting set criteria by certain dates. As part of the agreement, the LDA has taken a charge over part of the Tate Modern site; if the criteria are not met the grant must be repaid or the land subject to the charge passed over to the LDA. The key criteria are that Tate must obtain planning consent for the development by 30 June 2009 and the work must be completed by 31 December 2016. The work on the Tate Modern project is progressing well; for more information, please see the future development section on page 8.

There are no other contingent liabilities.

21. Related party transactions

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

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

As well as being Trustees of Tate: Helen Alexander (retired January 2011) was a director and chairperson of Tate Enterprises Limited; Professor David Ekserdjian is the National Gallery Liaison Trustee to the Tate Board of Trustees; Patricia Lankester is the Tate Liaison Trustee to the National Gallery Board of Trustees; Franck Petitgas is a Trustee and Chairman of Tate Foundation; Monisha Shah is a director of Tate Enterprises Limited; Gareth Thomas is a director of Tate Enterprises Limited.

The following transactions occurred between Tate and Bob and Roberta Smith in 2010-11:

- Bob and Roberta Smith was commissioned by Tate's Regeneration and Community Partnerships team to make a sign, "*Tate Modern and You*", for the front cover of the Tate Modern 10th anniversary Bankside newsletter. No payment was received;
- Bob and Roberta Smith created a series of hand-painted signs to be given away as prizes to the winning team at the Tate Patrons annual quiz.

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

During the year Tate Members made donations to Tate of £5,179,590 (£4,312,346 in 2009-10) and reimbursed Tate for staff costs and finance and ticketing charges totalling £880,405 (£831,449 in 2009-10). At the year end, debtors included £540,000 (£527,000 in 2009-10) and creditors included £4,000 (£1,000 in 2009-10) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £6,001,288 (£5,959,560 in 2009-10) and reimbursed Tate for staff costs totalling £305,915 (£310,554 in 2009-10). Although Tate Foundation does not reimburse Tate for support costs, it estimated those costs during the year to be £66,758 (£68,426 in 2009-10). At the year end, debtors included £610,000 (£369,000 in 2009-10) and creditors included £124,000 (£24,000 in 2009-10) in respect of Tate Foundation.

During the year the American Fund and American Patrons made donations to Tate of £390,289 (£521,231 in 2009-10). At the year end, creditors included £173,000 (£60,000 in 2009-10) in respect of the American Fund.

22. Financial instruments

As a significant proportion of the cash requirements of the charity are met through Grant in Aid received from the Department for Culture, Media and Sport, financial instruments play a more limited role in creating risk than

would apply to a non-public sector body of a similar size. The majority of financial instruments are cash relating to the running of the operation. The charity's main exposure is investments and debtors.

Credit risk

Tate is exposed to a credit risk of £3,105,000 representing trade debtors (2009-10 £3,325,000), however the risk is not considered significant as major customers are known to Tate. All debtors over six months in age are provided for as doubtful debts totalling £238,000 (2009-10 £188,000).

Cash is held by Tate's bankers. The charity has not suffered any loss in relation to cash held by its bankers. See note 12.

Liquidity risk

Tate manages liquidity risk through its reserves policy. Tate does not make use of long-term debt or borrowing facilities, with the exception of the Tate Modern finance lease (the details of which are set out in note 19). As a result it is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

Market risk

Tate is not exposed to significant market risk from financial instruments. Tate has long term financial liabilities in respect of the finance lease for Tate Modern, the details of which are set out in note 19. Excluding interest earned on the Tate Modern security deposit, which was used to offset the finance lease payment, interest and investment income represents 0.5% of the total incoming resources for Tate (2009-10 0.5%). Tate is therefore not exposed to significant interest or investment risk.

Foreign currency risk

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

23. Post balance sheet events

There were no material post balance sheet events.

The annual report and accounts were approved by the Accounting Officer and Trustees on 6 July 2011 and authorised for issue on 13 July 2011.



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