

The Board of Trustees of the Tate Gallery Annual Accounts 2012-2013

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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.

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

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

Major activities that Tate will undertake in doing this include:

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

Review of activities in 2012-13

The key achievements of 2012-13 include:

- opening of the Tanks at Tate Modern;
- the development of new galleries at Tate Britain in readiness for opening in late 2013;
- several high profile exhibitions including *Damien Hirst* at Tate Modern and *The Pre-Raphaelites* at Tate Britain;
- focusing Tate's attention on learning, hosting a major international conference to coincide with the Olympics and embarking on *Circuit*, a major new national youth programme for the visual arts;
- work that has engaged new audiences in experiences of different kinds of art, for example the Sky Arts Commission at Tate Liverpool which, as part of the Liverpool Biennale, took the experience that the gallery offered outside the walls of the Albert Dock;
- developed Tate's international profile, both through new acquisitions via the international committees and high profile international tours, for example the Turner exhibition in Australia and Japan;
- continued work with existing international partners, such as Pinacoteca in São Paulo and developed new relationships with partners across the world;
- further developed the highly successful ARTIST ROOMS programme;
- reaching new audiences, enhancing Tate's position as the UK's leading gallery in social media.

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

Art and ideas

Collection

Tate cares for the national collection of British, modern and contemporary art. It does so on behalf of the public, presenting and developing the Collection, sharing it as widely as possible. In 2012-13, Tate lent a record number of works from the Collection. Tate lent more works within and outside the UK than ever before. This year, 1,181 works were loaned to 128 venues in the UK. Internationally, 581 works were loaned to 125 venues, showing the nation's Collection to audiences from Brazil to Qatar.

Photography has continued as a major focus. Holdings were augmented with the generous gift of the Eric and Louise Franck collection of photographs of London, some 1,400 works by 120 photographers, from the 1880s to the 2000s. The largest gift of photography ever made to Tate, it was celebrated in an exhibition at the time of the Olympics, *Another London*. Tate's Collection benefits from the continued generosity of supporters and donors like the Francks. Mercedes and Ian Stoutzker, for example, pledged a major gift of works by Hurvin Anderson, Peter Doig, Jacob Epstein, Lucian Freud, David Hockney, R.B. Kitaj, George Shaw, Conrad Shawcross and Rachel Whiteread. The gift will significantly enhance the representation of twentieth-century British art.

Many other donors have contributed to Tate's success and acquisitions over this year and Tate is extremely grateful for the assistance that they give. Such gifts bring great benefit to the Collection and mark the importance of Tate as an institution through which individuals can contribute to the public good.

Programme

Tate's principles and ambitions are constant. However, each gallery offers a texture which reflects its particular audiences and ambitions. In 2012-13, this has become a more distinctive feature of the programmes.

At Millbank, the programme has paved the way for the launch of the new Tate Britain in 2013. In 2012-13, *The Pre-Raphaelites* proved hugely popular, presenting some of the most loved works in the Collection alongside major international loans.

Tate Modern had a hugely successful year. In the summer, *Damien Hirst* showcased one of the most prominent artists in Britain today and was the second most visited show in Tate's history, attracting 463,000 visitors. Alongside it, *Edvard Munch: The Modern Eye* presented a familiar artist in new depth. The programme also took a new direction with the opening of the Tanks, the world's first museum galleries dedicated to performance art. From July, visitors were introduced to a season of fifteen weeks of 'Art in Action', opening with a performance by one of the world's leading choreographers, Anne Teresa de Keersmaecker and featuring established artists such as Suzanne Lacy and William Kentridge. These were accompanied by younger, more international voices such as Otobong Nkanga and Nástio Mosquito, who each addressed the politics of representation in modern society.

Tate St Ives's programme is built around the interplay of the St Ives artists, Tate's Collection and major international art. The summer show *Alex Katz: Bring me Tomorrow* offered a major contemporary artist the chance to show his work in response to the gallery's unique setting and his selection of a number of works from the Tate Collection.

At Tate Liverpool, an ambitious programme featured *Glam!*, which opened alongside the first UK retrospective of the painter, Sylvia Sleigh. The programme works from the familiar to introduce audiences to the new, offering the connections between them as routes for exploration. 2012-13 also saw Tate Liverpool cement its role in the city through a partnership with the Liverpool Biennale and Sky Arts: Doug Aitken's *The Source* was a commission for the streets of Liverpool building further links between the gallery and the city.

Research and scholarship

Research underpins the success of Tate's programme; *William Scott*, for example, was accompanied by the publication of a comprehensive study of his life and work, the first in Tate Publishing's reformatted *British Artists* series, integrating the programme with both research and enterprise. At Tate Britain, the Focus Galleries also demonstrate the connection between research and programme, allowing curators and scholars to shine new light on artists and themes of art history. Examples in 2012-13 included displays on Guyanan-born abstract artist, Frank Bowling and photographer, Don McCullin.

Collaboration has strengthened much of the research undertaken this year. Supported by Arts Council England, the 'Subject Specialist network for British Art' has brought curators, researchers and academics together,

consolidating UK expertise in this area. Researching the Collection is a core part of Tate's mission, but this year great steps have also been made in using new media and technology to find new reach. For example, the *Camden Town Group in Context*, *J.M.W. Turner: Sketchbooks, Drawings and Watercolours* and *The Art of the Sublime* all represent scholarly work that has been published online, making it freely and widely available.

New technology and research was also combined in *The Gallery of Lost Art*, an online collaboration between Tate and Channel 4, with funding from the Arts and Humanities Research Council (AHRC). This took Tate's research into social media, reaching large audiences around the world, heightening awareness of modern and contemporary art that no longer exists or is available to be seen. In March 2013, its success was recognised by the prize for Art at South by Southwest (SXSW), the world's biggest music, film and creative technologies festival, held annually in Austin, Texas.

Tate's audiences

In April 2012, Tate launched its new website. A more interactive experience, the website engages audiences in a variety of different ways, through functional and academic resources as well as more informal content such as staff blogs. Already attracting nearly 14 million visitors a year, the website is integral to the overall Tate experience. It is the second most visited arts website in the UK, with only the *Guardian* culture pages attracting more visits.

Great strides have been taken in combining Tate's Digital work with its strong focus on Learning. *Circuit*, a project funded by the Paul Hamlyn Foundation and developed in 2012-13 will use digital technology to enable young people across the country to lead their own cultural experiences at a local level, devising and staging events for themselves. It is a clear example of Tate's work in digital media, using the reach and activity of the web to develop artistic experiences that combine the virtual and real.

Tate is also the UK's most successful arts presence in social media. 560,000 follow Tate on Facebook and 850,000 on Twitter. Tate's digital work has also been selected for the prestigious Webby Awards: *BMW Tate Live: Performance Room*, was nominated alongside some impressive company, including the TED lecture series. *The Gallery of Lost Art and Damien Hirst: 360 Private View*, an interactive video tour of Tate Modern's exhibition made for Channel 4, were recognised at the Webbys as 'Official Honorees'.

Using digital media, Tate offers services that people can use in their daily lives outside the galleries. A major partnership with Bloomberg developed in 2012-13 will enable further major steps in this area.

Visitors and the experience in the galleries

Alongside developments in the digital sphere, Tate has continued to develop the experience in the galleries. Tate Modern saw the most successful year in its history, attracting 5.3 million visitors, making it the second most-visited tourist attraction in the UK. Remarkably, as other institutions saw a decline in visitors during the Olympics, Tate saw an increase of over 20 per cent on the same weeks the year before.

Much work has gone on behind the scenes, particularly at Tate Britain where work on the vastly improved visitor facilities has neared completion, ready for its opening in November 2013. At Tate St Ives, major steps have been taken towards a development that will double gallery space and provide a greatly enhanced visitor experience. Work has also gone on behind the scenes to understand how Tate's audiences are changing. Teams from audience research, enterprise, media, membership and strategy worked together to examine the nature and potential of audiences' more engaged relationship with Tate. This work will play a central role in developing opportunities through which Tate can provide the means for individuals to play a part in helping it achieve its mission.

Beyond Tate

Learning

In September 2012, Tate's Director made a public declaration about the importance of the arts in learning and Tate's commitment in this area. Over the last few years, Tate has invested in developing new programmes and approaches for learning with art. In 2012-13, these were put into practice through the opening of new spaces, new opportunities for digital and interpretative materials and with new collaborations and programmes. Tate has grown the range and reach of its programme, extended its partners and begun new local and national projects. It has also championed the arts and cultural learning in education to ensure that everyone starts with the best opportunity to gain the benefits that the arts so richly afford.

Specific successes included *Circuit*, the programme funded by a £5 million gift from the Paul Hamlyn Foundation as part of their 25th Anniversary. It is a new national youth network for the visual arts, designed with and for

young people. It will be hosted at all four Tate sites as well as six Plus Tate partners: firstsite, MOSTYN, Nottingham Contemporary, the Whitworth Art Gallery and Wysing Arts Centre in collaboration with Kettle's Yard. A four-year programme, it aims to reach up to 80,000 young people aged 15-25 across the country. The programme will provide innovative opportunities for young people, particularly those who have the least access to arts, to participate and shape their own cultural experiences.

National and international

Tate's collaborative work is particularly clear in the work of Tate National. The Plus Tate network of 18 partner organisations, ARTIST ROOMS (made possible by the generosity of Anthony d'Offay), the Great British Art Debate and the announcement that the 2013 Turner Prize will be held in Derry all contribute to bring the benefits of Tate's work to as many in the UK as possible.

In 2012, the success of ARTIST ROOMS was recognised with the award from Arts Council England of £1,065,000 for the 2013-15 touring programme. In total 504,000 people visited 15 ARTIST ROOMS exhibitions from Dunoon to Bristol, which included 649 loans from the ARTIST ROOMS Collection. Major acquisitions this year included work by Douglas Gordon. Anthony d'Offay's gift has also played a significant part in Tate's learning programme, with the development of an ARTIST ROOMS Learning Toolkit, focusing on specific works and themes represented by the Collection, each relating to different curricular areas and developed with associate partners and colleagues at Tate and the National Galleries of Scotland.

Elsewhere in 2012-13, The 'Great British Art Debate' (GBAD), a four-year partnership between Tate Britain, Tyne and Wear Archives and Museums, Norfolk Museums and Archaeology Service and Museums Sheffield supported by the National Lottery through the Heritage Lottery Fund, came to a successful conclusion. Overall, visits to all GBAD exhibitions reached over 1,860,000, exceeding its target by 21%. In all, 324 works not previously on permanent display were exhibited, again exceeding the target of 150.

The principle of collaboration also drives Tate's international work. In August Tate signed a Memorandum of Understanding with the Pinacoteca do Estado do São Paulo and the State of São Paulo. Building on an already strong relationship, this provides a sustained framework for future exhibitions and other joint curatorial and research initiatives. Already, a number of reciprocal visits by Tate and Pinacoteca staff have provided firm foundations for the relationship. Tate also entered into a Memorandum of Understanding with the Ministry of Heritage and Culture in the Sultanate of Oman, providing for collaboration in a number of areas, including a training programme for staff of the new National Museum of Oman.

Improving Tate

Capital Projects

This year, major steps have been taken in the three capital projects. The new Tate Modern is taking visible shape at Bankside; the first phase of the new Tate Britain neared completion; and significant steps were taken to bring about the long-planned extension to Tate St Ives.

The generosity of a large number of individuals and organisations means that fundraising for the ambitious Tate Modern Project has progressed well. In July 2012 The Tanks, the world's first museum galleries permanently dedicated to exhibiting live art, performance, installation and film works were opened as part of the London 2012 Festival, the culmination of the Cultural Olympiad. As scheduled, the Tanks will now close for a period to allow construction of the new site to continue above them – however, while they were open, they were welcomed enthusiastically by both audiences and critics, giving a glimpse of the overall experience that the extended Tate Modern will offer.

The £45 million development of Tate Britain is nearing completion. The full circuit of galleries was opened in May 2013, and throughout 2012-13, work progressed in developing a gallery that will show the full range of the Collection, from 1500 to new commissions. New members' spaces, restaurant and café facilities will deliver a transformed experience for visitors and members. As well as introducing new elements, the renovation has also uncovered a number of original features, including the original mosaic on the floor of the rotunda. When fully opened, spaces that have not been publicly accessible for almost a century will be open and restored.

In March 2013, the Heritage Lottery Fund awarded Tate St Ives £2.8 million pounds towards the proposed Phase 2 extension and renovation of the existing gallery building. This investment will allow Tate St Ives to offer year round displays of the St Ives Modernists with a dedicated St Ives Modernists Resource Room creating a gateway to the heritage of St Ives. It will also create a new two storey learning suite in the heart of the building to bring enhanced facilities to the 38,000 learners who visit Tate St Ives each year, improve reception and visitors services for local and tourist audiences.

People and culture

Tate has a responsibility to give all who work at and with the organisation the opportunity to flourish and learn. In late 2012 Tate undertook a staff survey, including for the first time representatives of Tate Enterprises and Tate Catering. The survey showed high levels of engagement and commitment across Tate however, it also drew attention to the severe impact that public sector pay restrictions have had on Tate's growth and productivity.

This year, Tate has also implemented dignity and respect training for all staff. As well as equipping people with the skills and confidence needed in relation to these issues, the programme won an award from the Employers Network for Equality and Inclusion. The principles of dignity and respect have also been consolidated in the induction for new staff at Tate.

Alongside those who work and volunteer at Tate, as a national museum and gallery, Tate also has a responsibility to the sector as a whole. 2012-13 saw the launch of a new, paid internship programme, designed to give newcomers to the sector the chance to build experience in a wide range of areas across the gallery. The Human Resources team has also worked closely with the Collections Care department to develop skills in the sector. In 2013, the first cohort of 10 trainees on Tate's Skills for the Future programme in Collection Care completed their courses.

The principle of diversity runs throughout Tate's activities. At Tate Britain, for example, the exhibition *Migrations* highlighted the diversity of the British Collection and the contribution of migrant artists to British art. It was supported by teams from both Community Partnerships and Learning, who worked together to engage refugees in responding to the exhibition.

Funding and supporters

Profound thanks are offered to all of Tate's donors and supporters. 2012-13 saw major successes in fundraising for the capital projects, as well as in other areas of support, including Collection acquisitions and legacies.

Tate relies on a wide variety of funding sources. Government funding is critical but self-generated income accounts for the majority of Tate's income. Maintaining and growing this level of self-generated income from individual, foundation, public sector and corporate supporters, together with Tate's visitors, Members and Patrons is fundamental to the delivery of Tate's public programme.

Fundraising in the public sector is a critical part of Tate's success. Arts Council England's support of ARTIST ROOMS on Tour, the largest visual arts grant in its history and of the Subject Specialist Network on British Art have already been mentioned separately, but together they demonstrate the breadth of both Arts Council England's support and also Tate's fundraising activity. The Heritage Lottery Fund has been an equally consistent partner, supporting Tate's Skills for the Future programme. Both organisations have combined to provide the support that has enabled Tate St Ives 2 to proceed.

Tate continues to build on its public support to maintain and develop strong partnerships in the corporate sector. BP's continued support has been integral in realising the vision that will characterise the new Tate Britain. As well as enabling the BP British Art Displays, it has provided the foundation for the trans-historical Collections-based exhibitions that will play a major part of the new Tate Britain. 2012-13 saw the first of these in *Migrations*, Patrick Keiller's *Robinson Institute* and *Looking at the View*. Meanwhile, at Tate Modern, Tino Sehgal's *These Associations* was the last of the Unilever series of commissions and represents the culmination of twelve years of inspirational and exceptional, site specific works: the first of the commissions to involve direct interaction with the audience, it was a fitting transition to the art that will follow in the new Tate Modern. 2012 also saw the launch of *BMW Tate Live: Performance Room* in which four artists created new works streamed live for a purely online audience. In 2013 Tate is building on this success with a new strand of activity, *BMW Tate Live: Performance Events*, a series of live in-gallery performances.

Tate is also grateful for the generosity of private and individual donors. Their support has enabled Tate to undertake key exhibitions, learning and Collection care programmes. Tate offers special thanks to Maryam and Edward Eisler for their support towards the *Roy Lichtenstein* exhibition; to Samuel and Nina Wisnia for their support towards *Edvard Munch: the Modern Eye*; to Isabelle and John Corbani for their invaluable support towards the community and access programmes; and to Gilberto Pozzi for his continued generosity towards Tate's schools workshop programme. Many of these individual relationships are long-standing and represent the commitment of individuals to giving in the public interest. Tate is also particularly grateful for the support of Catherine Petitgas towards the *Project Space* series at Tate Modern, which brings curators from Tate together with colleagues from international venues outside Western Europe and North America to co-curate a new exhibition for both venues. In February 2013, it culminated with *Ruins in Reverse* produced in collaboration with Museo de Arte de Lima (MALI).

In 2012-13, Tate has benefited from a number of works being accepted into the national Collection by HM Government in lieu of inheritance. There have also been outstanding personal gifts: one such was that of Former Chair of Tate Gallery Foundation (1988-92) and former Tate Patron Sir Robert Horton (1939-2011) who bequeathed a sum of money that, together with funds from Tate Members, will support the acquisition of an exceptionally rare and important 18th-century painting by Ozias Humphry (1742-1810), *The Running Footman of the Baron Nagel* 1795.

Finally, Tate's audiences also express support through purchases in the shops and restaurants. This year saw record revenues of just over £16 million through trading activities, contributing a profit of £2.72 million to Tate. Tate Enterprises works closely with other parts of Tate, particularly the exhibition programme: this year, *Damien Hirst, The Pre-Raphaelites* and *Roy Lichtenstein* all encouraged strong sales of catalogues, prints and products. Publishing sales were strong, especially internationally and through Tate's growing presence in the children's market. In the run-up to Christmas, Quentin Blake's *Beyond the Page* was one of Tate's most successful trade launches ever, selling 10,000 copies in shops across the country. As in other areas, enterprise has made significant steps in the digital realm. Catering to an audience for which online commerce is the norm, Tate's website and enterprise teams have worked to grow online sales by 57%, and will continue to concentrate on this area in the next few years.

Sustainability

Operations and sustainability

Tate started its sustainability journey in 2007, adopting sustainability as a priority within the 2015 Vision and agreeing its first Sustainability Strategy in 2008. Tate's vision for sustainability is to 'show what a museum can do' to become a leader in museum sustainability practice and to influence the entire sector towards more sustainable environmental practice. As part of this Strategy, Tate is committed to a target of 20% reduction in Scope 1 and 2 emissions and a 20% reduction in Scope 3 emissions by 2013.

Greenhouse gas emissions

Scope 1 and 2 gas emissions rose this year due to the opening of the Tanks at Tate Modern, commissioning of air conditioning plant for the renovated galleries at Tate Britain and the coldest year in ten years driving higher gas use across Tate sites. As a result, carbon emissions have decreased by 8% since 2007-08, against a 20% reduction target. Tate is developing its next Carbon Plan for 2013 to 2018, which will set new targets and track Tate's progress in carbon emissions per square metre, to account for an expanding estate and to demonstrate sustainable growth.

Scope 3 emissions have increased by 15% since 2008-09, against a 20% reduction target. This is due to the introduction of a more accurate method for calculating business travel emissions, through a centralised travel provider. Emissions from water use and electricity transmission and distribution have fallen by 20% and 13% respectively. Art transport, crating and staff commuting data remain unchanged as data is currently unavailable. This data will be updated in 2013-14.

		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	% change base yr
Greenhouse gas emissions (tCO ₂ e) ¹	Scope 1 emissions ²	3,898	3,507	3,529	3,669	2,655	3,557	(9)
	Scope 2 emissions	13,851	13,511	12,479	12,101	11,432	12,799	(8)
	Total Scope 1 & 2 emissions	17,749	17,018	16,008	15,770	14,087	16,356	(8)
	Target Scope 1 & 2 emissions	–	–	16,861	15,974	15,086	14,199	(20)
	Scope 3: Business travel ³	N/A	318	318 ⁴	318	318	929⁵	192
	Scope 3: Staff commuting	N/A	700	700	700 ⁴	700	700	–
	Scope 3: Art transport	N/A	1,187 ⁴	1,187	1,187	1,187	1,187	–
	Scope 3: Art crating	N/A	76 ⁴	76	76	76	76	–
	Scope 3: Water use	N/A	33	29	23	24	26	(20)
	Scope 3: Electricity transmission & distribution	1,162	1,097	980	954	901	1,009	(13)
	Total Scope 3 emissions	N/A	3,411	3,290	3,258	3,206	3,927	15
	Target Scope 3 emissions	–	–	3,240	3,070	2,899	2,729	(20)
	Total Scope 1–3 emissions	N/A	20,429	19,298	19,028	17,293	20,283	(1)
	Energy use (million kWh)	Electricity, non-renewable	27.9	27.3	25.6	25.1	23.7	26.5
Electricity, renewable		–	–	–	–	–	–	–
Gas		16.7	16.8	15.9	15.3	13.6	16.9	1
Total kWh per visitor		5.8	5.9	5.8	5.4	5.3	5.6	(3)
Expenditure (£ '000)	Energy	2,274	2,835	2,454	2,127	2,408	2,662	17
	Carbon reduction commitment	–	–	–	2	189	204	–
	Business travel	445	538	555	884	719	695	56

¹ All emissions updated with 2012 Defra conversion factors

² Includes emissions from natural gas consumption, refrigerants, on-site diesel generators and owned/ leased vehicles

³ All business travel, including rail and international air travel

⁴ Actual emissions (used as the basis for estimates where data is unavailable)

⁵ Data from centralised travel provider for January to March 2013 extrapolated to full year (travel provider appointed January 2013)

Waste and finite resources

Tate has met or exceeded its waste reduction targets every year since 2008-09, including 2012-13. Since 2008, waste has fallen by 24%, exceeding the 20% target. Tate's overall recycling rate has risen to 62%, with only 4% of waste going to landfill. The remaining waste that cannot be recycled is sent to energy recovery facilities, generating power for the National Grid.

Tate has met its water reduction targets every year since 2008-09, including 2012-13. Water use within Tate's estate has also fallen by 29% from 2008-13, exceeding the 20% reduction target.

Finite resources: waste		2008-09	2009-10	2010-11	2011-12	2012-13	% change base yr
Waste (tonnes)	Landfilled	1,034	572	450	72	40	(96)
	Reused/ recycled	174	178	185	364	466	168
	Composted	–	–	–	67	105	–
	Energy from waste	–	136	191	309	312	–
	Incineration without energy recovery	–	–	–	–	–	–
	Total waste⁶	1,208	886	826	812	923	(24)
	Target total waste	–	1,147	1,087	1,026	966	(20)
Expenditure (£000)	Landfilled	N/A	N/A	N/A	N/A	17	N/A
	Reused/ recycled	N/A	N/A	N/A	N/A	56	N/A
	Composted	N/A	N/A	N/A	N/A	14	N/A
	Energy from waste	N/A	N/A	N/A	N/A	38	N/A
	Incineration without energy recovery	–	–	–	–	–	–
	Total waste	N/A	127	152	121	125	(1)

Finite resources: water		2008-09	2009-10	2010-11	2011-12	2012-13	% change base yr
Water use (m ³)	Total water	109,477	84,820	66,960	71,226	77,312⁷	(29)
	Target total water	–	104,003	98,530	93,056	87,582	(20)
	Total litres per visitor	14.6	11.9	9.0	10.1	10.0	(32)
Expenditure (£000)	Water supply	153	154	113	169	121	(21)

Biodiversity action planning

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

Sustainable procurement

Tate is committed to embedding environmental sustainability into its procurement policies and procedures, from supplier selection criteria to contract and supply chain management. As a result, Tate is developing its Scope 3 emissions inventory on an ongoing basis, working with suppliers to measure and reduce environmental impact. In January 2013, Tate appointed a centralised business travel provider, enabling monthly reporting of carbon emissions from business travel.

⁶ Excludes waste from Tate St Ives – current contractor cannot provide tonnages

⁷ Excludes water use from boreholes at Tate Modern – data currently unavailable

Future development

Tate continues to play a leading role in shaping the future development of the arts and museums sector, while responding to changing audience expectations and demands. Tate will explore the wider benefits that it can bring to society and, in the context of changing political, social and economic environment, examine how it can develop as an organisation. Tate's new website marks the beginning of its digital development and the next step will be to integrate digital working into the entire organisation. This will help Tate reach new areas of society, nationally and internationally. Tate has already partnered with organisations in different sectors, from healthcare to technology. In the coming years it will develop more of these, bringing the benefits of engaging with art to different networks and communities.

Work on Tate's capital projects in London and St Ives continues. Planning permission has been granted for the development of Tate St Ives and fundraising for the completion of the project is almost complete. At Tate Britain the new galleries opened in early 2013, ahead of the launch of the full suite of galleries in May. Building work on the new public spaces has progressed well and they will open in November 2013. At Tate Modern, the opening of the Tanks in July celebrated the Olympics and provided a glimpse of the benefits that Tate Modern 2 will bring. They will close to allow the rest of the new building to be developed, with the completion of the project anticipated by 2016. The capital projects will enable Tate to show more of the national Collection in conditions suited to a wider range of art media. The projects will also enhance visitor facilities, at the same time creating much needed learning studios and public spaces.

Fulfilment of Museums and Galleries Act aims

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

Immunity from seizure

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

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

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

Over the 2012-13 period, nine exhibitions were shown at Tate containing works for which immunity from seizure was granted, covering a total of 158 works. The exhibitions are listed below.

<i>Alex Katz: Give Me Tomorrow</i>	48
<i>Damien Hirst</i>	10
<i>Edvard Munch: The Modern Eye</i>	5
<i>Picasso and Modern British Art</i>	12
<i>Pre Raphaelites: Victorian Avant-Garde</i>	6
<i>Roy Lichtenstein</i>	36
<i>Schwitters in Britain</i>	14
<i>Turner Monet Twombly: Later Paintings</i>	3
<i>Yayoi Kusama</i>	24
Total	158

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 2013 000s	Actual 2012 000s
Access		
Number of actual visits	7,747	7,066
Number of unique users visiting the website	13,669	14,327
Audience profile		
Number of visits by children under 16	1,063	1,033
Number of visits by adult visitors from NS-SEC 5-8	219	241
Number of visits by UK adult visitors from an ethnic minority background	519	261
Number of visits by UK adult visitors with a long-term illness, disability or infirmity	113	109
Number of overseas visits	3,620	3,601
Learning/outreach		
<i>Children</i>		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education ¹	144	209
Number of instances of visitors under 18 participating in on site organised activities ¹	84	91
Number of instances of children participating in outreach activity	579	243
<i>Adults</i>		
Number of instances of adults participating in on-site organised activities	474	303
Number of instances of adults participating in outreach activity	227	80
Visitor satisfaction		
Percentage of visitors who would recommend a visit	90%	96%
Income generation		
<i>Self-generated income</i>		
Admissions	10,826	6,379
Trading income	28,353	26,663
Fundraising (including capital)	53,887	20,540
Fees and other income	11,085	10,526
Donated works of art	18,493	3,300
	122,644	67,408
Regional engagement		
Number of UK loan venues	128	147

¹Figures for 2012 relate to under 16s

Overall attendance increased in 2012-13 mainly due to a strong programme at Tate Modern during the summer resulting in record visitors for the year.

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

The overall picture for the visitor numbers this year shows growth in the area of outreach activity, as well as in the number of adults participating in on-site organised activity. The number of adults and children participating in outreach activity increased due to the new online resource facilities on the Tate Website, and the opening of the Tanks at Tate Modern gave Tate Learning the opportunity to expand its programme of events and engage with a larger audience.

The number of children arriving on self directed visits to the museum is lower this year than previous years, which may be due to the current lack of facilities for schools due to the building work at Tate Britain. The new learning facilities at Tate Britain will open in November 2013.

With respect to income generation, the increase in admissions income is driven by strong programmes at Tate Modern and Tate Britain. The increase in Tate Modern income is mainly attributable to the *Damien Hirst* exhibition, with the *Edward Munch* and *Lichtenstein* shows also contributing significantly. The *Pre-Raphaelites* and *Picasso* exhibitions performed well for Tate Britain.

The increase in fundraising income is the result of fundraising efforts relating to the capital projects at Tate Modern and Tate Britain, for which a total of £46 million is recognised this year (compared to £20 million overall in 2011-12).

Tate received several significant artwork donations this year, including works from Lucien Freud, David Smith and Agnes Martin, collectively valued at just under £10 million.

Financial review

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

The consolidated statement of financial activities on page 38 shows total incoming resources of £157,821,000 (£113,048,000 in 2011-12). Of this amount £46,453,000 (£19,702,000 in 2011-12) was applied to the ongoing capital programme, £23,506,000 (£8,538,000 in 2011-12) to Collection acquisitions and £nil (£1,766,000 in 2011-12) to endowments. The remaining £87,862,000 (£83,042,000 in 2011-12) was taken to general funds.

Tate received £34,912,000 of Grant in Aid from Parliament, (£45,105,000 in 2011-12), provided through the DCMS. Grant in Aid is made up of three elements:

- revenue grant used to support ongoing operations of £31,489,000 (£32,782,000 in 2011-12);
- general capital expenditure grant used to support the purchase and maintenance of fixed assets of £2,523,000 (£2,523,000 in 2011-12);
- 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 £58,807,000 has been received, including £9,800,000 advanced from 2011-12 to assist with the cash-flow requirements of the project.

Tate continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £122,909,000 for the year (£67,943,000 in 2011-12).

Resources expended include the costs of generating voluntary income, trading and other costs, investment management costs, costs of charitable activities and governance costs. The consolidated statement of financial activities on page 38 shows total resources expended of £103,782,000 (£98,452,000 in 2011-12). Of this amount £15,872,000 (£15,157,000 in 2011-12) was applied to the ongoing capital programme, £59,000 (£69,000 in 2011-12) to Collection acquisitions and £87,851,000 (£83,226,000 in 2011-12) was applied to ongoing operations (see above).

Over the past year, Tate has added works of art valued at £24,211,000 to the Collection (£7,892,000 in 2011-12). Of this figure, £18,493,000 has been donated by individuals either directly or in lieu of tax (£3,300,000 in 2011-12). 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, Media and Sport.

The consolidated statement of financial activities set out on page 38 has been prepared in line with the SORP and shows incoming resources including income relating to capital projects. In accordance with section 17 of the Charities Act 2011, the Trustees have taken due regard to guidance published by the Charities Commission.

History of body, statutory background, organisation and structure

History

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

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

Background

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

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

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

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

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

Connected charities

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

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

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

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

Organisation and structure

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

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

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

Trustees serving in the period 2012-13 were:

Tomma Abts
Lionel Barber
Tom Bloxham, MBE
The Lord Browne of Madingley (Chairman)
Professor David Ekserdjian
Mala Gaonkar
Maja Hoffmann
Patricia Lankester (until 12 April 2013)
Elisabeth Murdoch
Franck Petitgas
Monisha Shah
Bob and Roberta Smith
Gareth Thomas
Wolfgang Tillmans

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

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

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

The directors serving in the period 2012-13 were:

Sir Nicholas Serota: Director, Tate*

Alex Beard: Deputy Director, Tate*

Martin Clark: Artistic Director, Tate St Ives

Caroline Collier: Director, Tate National*

Penelope Curtis: Director, Tate Britain*

Anna Cutler: Director of Learning

Gerry Dawson: Director, Information Systems (from 1 April 2013)

Chris Dercon: Director, Tate Modern*

Rob Gethen Smith: Director, Information Systems (until 16 November 2012)

Adrian Hardwicke: Director, Visitor Services and Estates

Francesco Manacorda: Artistic Director, Tate Liverpool

Andrea Nixon: Executive Director, Tate Liverpool

Mark Osterfield: Executive Director, Tate St Ives

Cheryl Richardson: Director, Human Resources

Deirdre Robertson: Chief Operating Officer (until 31 March 2013)

Marc Sands: Director, Audiences and Media

Kate Sloss: Director, Collection Care

Rebecca Williams: Director, Development

Stephen Wingfield: Director, Finance (from 1 October 2012)*

* indicates members of the Executive Group.

Conflicts of interests

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

Recruitment, appointment and induction of Trustees

Tate Trustees are appointed on the basis of the Code of Practice for Ministerial Appointments to Public Bodies, issued by the Office of the Commissioner for Public Appointments. A new Code of Practice took effect from 1 April 2012. No new Tate Trustees were appointed in 2012-13, however the processes of recruiting Trustees to replace Patricia Lankester (whose term expired on 12 April 2013) and Bob and Roberta Smith (whose term will expire on 19 July 2013) were begun. Before 31 March 2013, recommendations had been made to the Secretary of State for Culture, Media and Sport in respect of an appointment to replace Patricia Lankester and Seona Reid was appointed on 13 May 2013.

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

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

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

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

Review of activities in 2012-13

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

Future developments

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

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

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

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

- build on the website's worldwide reach consolidating it as a platform for discussion and the extension of Tate's presence on other web and social media platforms;
- continue to improve Tate's facilities, visitor services and staff to ensure every visit to Tate is an excellent experience;
- collaborating in the development of industry-wide standards to reduce the environmental impact of the sector while leading on the implementation of changes to Tate's own work, practices and buildings management.

The following activities underpin these plans:

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

Employee involvement

Tate aims to promote a sense of ownership and involvement for all those who work and contribute towards its success, developing leaders within the organisation who can motivate and inspire colleagues within Tate's wider mission. A variety of formal and informal mechanisms operate to inform, engage and gather ideas and feedback from employees.

Information is cascaded throughout the organisation through all staff briefings, divisional briefings, departmental meetings and individual one-to-one meetings with employees. Tate operates its own intranet site, TateNet, which contains a wide variety of information from news and updates about what is happening within Tate to vacancies and more detailed information on Tate policies. This year, a major project to update TateNet began, bringing its operation and interface into line with wider moves to improve digital working in the organisation.

Improving communication and engagement within Tate's workforce is a priority for Tate. As well as making the most of technological developments in this area, a more informal set of mechanisms have strengthened associations across the organisation. Tate Social is a fund allocated to investment in plans, projects and societies that will improve working life within Tate. Awards from the fund are made by Tate's Staff Council. Examples this year have been the Tate Gardening Club and beach-based societies at Tate St Ives.

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 the Tate Staff Council, which is a consultative body that brings together senior managers, employee representatives from all sections of Tate and trade union representatives.

Tate is committed to understanding how employees feel about working for Tate and undertakes a survey of staff every two years. In November and December 2012, Tate's Human Resources team ran a survey for all staff, for the first time including Tate Enterprises and Tate Catering. The survey showed high levels of engagement and commitment across Tate and identified areas for improvement. Following it, a new People Group has been established to act upon some of the findings, taking forward the ideas and requests that staff have proposed. This group comprises representatives from across the organisation. The focus for actions over the last year has been on the following five areas: Collaboration, Dignity and Respect at Work; Organisational Change; Reward and Benefits; Professional and Career Development; and Working Environment. The next survey is due to take place in the autumn of 2014.

Disability and access

Diversity is one of the priorities for Tate's vision to 2015. Tate respects the visible and non-visible differences between all of us and aims to be welcoming to everyone. Tate's commitment to making diversity part of everything that it does is set out in the Tate for All Action Plan to 2015 that was adopted in 2012. The Action Plan builds on Tate's previous Disability Equality Scheme. In the Action Plan, Tate sets diversity goals to improve the experience of disabled visitors, to increase the representation of disabled employees in the workforce and to improve the workplace experience of disabled employees.

Over the past year, Tate took part in the Business Disability Forum's *Disability Standard* to help it identify how it can improve access for its disabled employees, visitors and stakeholders. Tate achieved 64% in this exercise and was commended for its strong and embedded commitment to disability equality and for its high standard of provision for disabled visitors. Over the last year around four thousand people took part in Tate's Access Programme for disabled visitors, which included Touch Tours, British Sign Language (BSL) events and workshops for people with mental health problems.

Tate aims to ensure that opportunities to work at Tate and develop careers in the sector are open to all, including disabled people. Tate has now been accepted by Jobcentre Plus as a user of the disability symbol, to demonstrate its commitment to employing disabled people. This year, Tate launched a Disability Staff Network to provide peer support to disabled employees, increase understanding of disability issues within Tate and support the development and delivery of its diversity initiatives. The network is inclusive and has both disabled and non-disabled members.

In March 2013, Tate employed thirty-three staff who declared that they have a disability, as defined by the Equality Act 2010.

Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 5.6 in 2012-13 (4.9 in 2011-12).

Personal data related incidents

The Director of Information Systems at Tate maintains a record of all incidents that involve the loss, unauthorised disclosure or insecure disposal of personal data, whose release could cause harm or distress to the individuals concerned. The incident record includes the nature of incident, the nature of data involved, the number of people potentially affected and the steps taken to notify the individuals concerned. Based on severity these incidents are reported to the Information Commissioner's Office. There were no personal data related incidents reported in 2012-13.

Environmental policy

Environmental sustainability is a prime consideration across Tate's work, from the way it sources food for its cafés and restaurants, to the way it manages buildings and creates exhibitions. Tate has worked with the Carbon Trust to benchmark and develop plans to reduce its carbon footprint. Since 2007, Tate has reduced its energy use and carbon emissions, decreased its water use and cut waste going to landfill. Tate is using the opportunities presented by its capital plans to test the latest sustainable technologies and working practices, which can then be shared with colleagues across the world. The expanded Tate Modern is designed to use 54% less energy than the minimum efficiency required by building regulations and Tate will embed sustainability into its plans for Tate St Ives Phase 2.

Tate is delighted to hold the Carbon Trust Standard and a platinum Green500 award from the Mayor of London, in recognition of the carbon savings it has made. Tate is also ranked in the top quartile of the national Carbon

Reduction Commitment Energy Efficiency Scheme. Tate received Change London's best practice award in employee engagement for Tate's annual staff 'Green Week' and holds a silver award at Tate Liverpool from the Green Tourism Business Scheme.

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

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

Social policy

Tate works for the public good. It collects and shows work on behalf of the public and strives to enable as many who want to experience that work to visit the galleries, see it on loan or learn about it through Tate's publications and website.

In addition to this, Tate works to contribute to the communities with which it works in other ways, ensuring that activities and plans meet local needs. For instance, in working on the designs for the new building the Tate St Ives Community Liaison Group worked with the Cornwall Rural Community Council, to hold a full public consultation to support the design process leading to the planning application which was submitted in December 2012. Elsewhere, Tate Liverpool's strong local focus was exemplified by its work with the local parks mentioned above, as well as in the partnership between its Community Outreach Programme and Mersey Care NHS Trust on *Tate Space*, which provides services for people with mental health issues, learning disabilities, addiction and substance misuse.

Tate also works in the social interest in other ways; at Tate Modern, for instance, the learning team collaborated with the Live Art Curatorial team and artist Suzanne Lacy to implement and produce a key element of *Silver Action*, a BMW Tate Live commission. The project developed engaged over 250 women over the age of 60 in a series of artist-led workshops. Women from across the UK and from a wide range of backgrounds came into the workshop programme to explore art and activism and took part in the *Silver Action* public event in the Tanks in February 2012.

These are specific examples of ways in which Tate has contributed to tackling issues in wider society or has programmed work that addresses specifically social issues. Tate has also made other, cumulatively important steps. Tate Catering has continued to source produce locally and work with manufacturers in areas of its operations such as distilling gin for the restaurants, bars and shops. Meanwhile, Tate's learning team has reinstated Community Private Views, inviting local residents in to exhibitions and offering guided tours from curators.

Results for the year and financial position

A financial review is contained in the Annual Report on page 13.

Reserves and funds carried forward of £990,059,000 (£909,799,000 in 2011-12) are:

	2013	2012
	£000	£000
Revaluation reserve	313,461	296,901
Capital reserves	367,057	323,430
Works of art reserves	291,288	267,926
Other designated reserves	55	4,473
General reserve	7,887	7,877
Endowment funds	9,950	8,932
Other restricted reserves	361	260
	990,059	909,799

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

Fixed assets

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

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

Additions to tangible fixed assets during the year of £50,083,000 (£40,032,000 in 2011-12) comprise £48,100,000 in relation to buildings and leasehold improvements and £1,983,000 on plant and fit-out and other assets. Heritage assets comprise works of art; additions of £24,211,000 in the year (£7,892,000 in 2011-12) include items donated, bequeathed or given in lieu of tax to Tate with an approximate value of £18,493,000 (£3,300,000 in 2011-12). All works of art acquired during the year have been capitalised in accordance with FRS30 – Heritage Assets, as detailed in note 8.

In accordance with Treasury requirements, with the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using relevant indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holdings was undertaken at 31 March 2009 by Drivers Jonas, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "new Red Book", RICS Appraisal and Valuation Standards. This results in a revaluation reserve which currently amounts to £313,461,000.

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

On 30 September 2010 the rentals on the Tate Modern finance lease were commuted upon payment of the commutation rental of £142,572,000, funded by the Tate Modern security deposit and reserves. At the end of 2012-13 there were 89 years remaining on the lease. Following the commutation the annual rent is £10,000 per annum.

Subsidiary undertakings

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

Collection fund

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

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

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

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

Payment of creditors

Tate aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2012-13 55% (57% in 2011-12) of invoices were settled in 30 days or less. This is expected to improve considerably with the implementation of an electronic purchase ordering system during 2013-14.

Pension liabilities

Please refer to note 6.

Going concern

Please refer to note 1.

Reserves policy

The Trustees review the reserves held annually. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The most recent review concluded that, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the charitable activities, a general reserve equivalent to two months' worth of charitable expenditure should be maintained. At the year end the general reserve was £7,887,000, equivalent to eight weeks' worth of charitable expenditure, excluding capital. All other reserves are maintained at a level appropriate for their intended purpose. For more information on reserves, please refer to note 14.

Investments

An investment committee monitors the performance of the investment portfolio. Only funds intended to be held as long term endowments are held as investments. Management of the investment portfolio was passed to Investec from C Hoare & Co. in November 2012 following a competitive tender process. Tate's investment managers must ensure that all investments are suitable under the Standard Investment Criteria of the Trustee Act 2000. The objective is to seek to achieve an income yield of 2.5% of the preceding year's closing value under normal market conditions, whilst aiming to grow capital ahead of inflation as defined by the Consumer Price Index over time. Both income generated and capital gains realised may be utilised by Tate for the purpose specified under each endowment. Tate's investment managers advise on the investment strategy required to meet the objective.

The investment return for the year was 11.43% (5.4% in 2011-12). At 31 March 2013, the investment fund was valued at £10,239,000 (£9,125,000 in 2011-12); historic cost £9,103,000 (£8,564,000 in 2011-12).

Auditors

Tate's principal auditor is the Comptroller and Auditor General. The audit fee for the year ended 31 March 2013 was £53,500 (£51,500 in 2011-12).

- 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

3 July 2013

Signed

The Lord Browne of Madingley
Chairman, Tate

3 July 2013

Remuneration Report

Membership

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

Policy on the remuneration of senior managers

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

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

Policy on duration of contracts, notice periods and termination payments

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

Senior directors

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

The Accounting Officer and the Audit Committee have decided that this requirement encompasses the five posts listed below, whose emoluments and pension details are disclosed. Tate considers that no other key management staff details need to be disclosed under this guidance for 2012-13.

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		2012-13	2011-12
		£	£
Sir Nicholas Serota, Director	a	162,142	160,537
Alex Beard, Deputy Director		131,300	130,000
Chris Dercon, Director, Tate Modern		121,200	120,000
Caroline Collier, Director, Tate National		90,900	90,000
Penelope Curtis, Director, Tate Britain		89,890	89,000

a Includes a non-consolidated performance related bonus of nil (2011-12: £nil).

	2012-13			2011-12		
	Salary (excluding non- consolidated performance- related pay)	Non- consolidated performance pay	Benefits-in- kind	Salary (excluding non- consolidated performance pay)	Non- consolidated performance pay	Benefits-in- kind
	£000	£000	£000	£000	£000	£000
Sir Nicholas Serota, Director	160-165	-	Nil	160-165	-	Nil
Alex Beard, Deputy Director	130-135	-	Nil	125-130	-	Nil
Chris Dercon, Director, Tate Modern	120-125	-	Nil	115-120	-	14
Caroline Collier, Director, Tate National	90-95	-	Nil	85-90	-	Nil
Penelope Curtis, Director, Tate Britain	85-90	-	Nil	85-90	-	Nil
Band of highest-paid director's remuneration		160,000- 165,000			160,000- 165,000	
Median total remuneration		24,240			24,000	
Ratio		6.8			6.9	

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in Tate in the financial year 2012-13 was £160,000-165,000 (2011-12 £160,000-165,000). This was 6.8 times (2011-12 6.9) the median remuneration of the workforce, which was £24,240 (2011-12 £24,000). In 2012-13, no employees (2011-12 nil) received remuneration in excess of the highest-paid director.

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

	Accrued pension at end date at 31 March 2013 £	Real increase/ (decrease) in pension at end date £	CETV at 31 March 2013 £	CETV at 31 March 2012 or start date £	Real increase/ (decrease) in CETV £
Sir Nicholas Serota, Director					
Pension	62,934	(1,386)	1,308,000	1,334,000	(29,000)
Lump sum	188,801	(4,154)			
Alex Beard, Deputy Director					
Pension	49,282	3,976	746,000	656,000	49,000
Lump sum	75,721	2,727			
Chris Dercon, Director, Tate Modern					
Pension	5,841	2,761	76,000	37,000	29,000
Lump sum	-	-			
Caroline Collier, Director, Tate National					
Pension	11,638	1,861	212,000	169,000	29,000
Lump sum	-	-			
Penelope Curtis, Director, Tate Britain					
Pension	6,449	1,986	78,000	50,000	19,000
Lump sum	-	-			

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

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

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

CETV figures at 31 March 2012 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

3 July 2013

Signed

The Lord Browne of Madingley
Chairman, Tate

3 July 2013

Statement of Trustees' and Director's Responsibilities

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

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

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

The Accounting Officer for the 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

3 July 2013

Signed

The Lord Browne of Madingley
Chairman, Tate

3 July 2013

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

Governance Statement

1. Introduction

Tate is governed by The Museums and Galleries Act 1992 and is a non-departmental public body (NDPB) with the Department for Culture, Media and Sport (DCMS) as its sponsoring body.

The role of the Board of Trustees, as defined by The Museums and Galleries Act 1992, is to determine policy and set the strategic direction for Tate. As Trustees of a non-departmental public body, by extension The Trustees are bound by the relevant chapters of *Corporate governance in central government departments: Code of good practice 2011* [the Corporate Governance Code], namely Chapters 2-5: 'The role of the Board', 'Board composition', 'Board effectiveness' and 'Risk management'. This statement explains how Tate Trustees have complied with the relevant chapters of the Corporate Governance Code. The Board has assessed itself to have been fully compliant with the relevant chapters of the Corporate Governance Code for the 2012-13 period.

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

2. The governance framework

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

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

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

3. The Board of Trustees

The Board of Trustees of the Tate Gallery has fourteen members, thirteen of whom are appointed by the Prime Minister, following a transparent public appointment process which follows the OCPA Code of Practice for Ministerial Appointments to Public Bodies and incorporating an independent observer appointed by OCPA. The remaining Trustee is a member of the Board of Trustees of the National Gallery and as such is appointed by them. During 2012-13, Elisabeth Murdoch and Tom Bloxham were reappointed as Trustees of the Tate Gallery for further terms. No new Trustees were appointed in this accounting period. At the end of the financial year the process of replacing Patricia Lankester as a Trustee was underway, with a recommendation having been made to the Secretary of State for Culture, Media and Sport, and Seona Reid was appointed on 13 May 2013. Recruitment is also underway for an Artist Trustee to replace Bob and Roberta Smith in September 2013.

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

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

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

The role of the Board is to:

- establish the overall strategic direction of Tate, within the policy and resources framework available, and delegate the day-to-day management to the Director as per the 1992 Museums and Galleries Act;
- determine Tate policy;
- supervise Tate, acting as guardians for the public interest;
- use its collective experience to advise the Director;
- decide on major acquisitions and resource issues;
- represent Tate externally;
- assist in the fundraising of resources; and
- oversee the delivery of planned results by monitoring performance against agreed strategic targets and objectives.

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

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

The Board of Trustees meets six times each year. Individual attendance records formed part of the Board Effectiveness assessment in this period (discussed below). The attendance for 2012-13 was as follows:

- The Lord Browne of Madingley (Chairman) – 5 of 6 meetings
- Tomma Abts – 4 of 6 meetings
- Lionel Barber – 5 of 6 meetings
- Tom Bloxham – 5 of 6 meetings
- David Ekserdjian – 5 of 6 meetings
- Mala Gaonkar – 5 of 6 meetings
- Maja Hoffmann – 3 of 6 meetings
- Patricia Lankester – 5 of 6 meetings
- Elisabeth Murdoch – 4 of 6 meetings
- Franck Petitgas – 4 of 6 meetings
- Monisha Shah – 6 of 6 meetings

- Bob and Roberta Smith – 6 of 6 meetings
- Gareth Thomas – 5 of 6 meetings
- Wolfgang Tillmans – 4 of 6 meetings

4. Sub-committees and councils

The Museums and Galleries Act 1992 allows the Board to establish sub-committees and councils to undertake its activities more efficiently. The Board is advised by a number of formal sub-committees. The sub-committees, whose members comprise both Trustees and non-Trustees, provide detailed expertise and help to advise the Board on specific areas of Tate's operations. Some sub-committees of the Board hold delegated authority from the Board to make specific decisions; others are purely advisory.

The Board of Trustees has thirteen formally constituted subcommittees including:

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

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

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

Collection Committee meets four times each year. Attendance for 2012-13 was as follows:

- David Ekserdjian (Trustee, Chair) – 4 of 4 meetings
- Tomma Abts (Trustee) – 2 of 4 meetings
- Briony Fer – 4 of 4 meetings
- Elizabeth Prettejohn – 1 of 4 meetings
- Emmanuel Roman – 3 of 4 meetings
- Bob and Roberta Smith – 1 of 4 meetings
- Wolfgang Tillmans – 1 of 4 meetings

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

Audit Committee meets four times each year. Attendance for 2012-13 was as follows:

- Mala Gaonkar (Trustee, Chair) – 2 of 4 meetings
- Jonathan Asquith (Co-opted member) – 1 of 4 meetings
- Lionel Barber (Trustee) – 3 of 4 meetings
- Gay Huey Evens (Co-opted member) – 2 of 3 meetings (term expired March 2013)
- Luke Mayhew (Co-opted member) – 3 of 4 meetings
- Keith Salway (Co-opted member) – 4 of 4 meetings
- Raif Jacobs (Co-opted member) – 1 of 1 meetings (co-opted December 2012)

Two formally constituted subcommittees were dormant during 2012-13. Remuneration Committee had no business to consider given current pay restraints and Millbank Development Committee is currently dormant pending reconstitution. In 2012-13 the Freedom of Information Appeals Committee considered business on paper only.

5. Risk management

The Risk Management Strategy and Policy, updated and agreed by the Audit Committee in November 2012, describes Tate's approach to risk management and the process to be adopted by managers in its implementation. The policy has been issued to all Directors and is available on Tate's intranet.

The policy sets out the roles and responsibilities for risk management, including those for the Trustees, Audit Committee and the Directors Group. The Trustees have responsibility for ensuring effective risk management processes are in place across Tate, the monitoring of which has been delegated to the Audit Committee. The actual risk management processes are the responsibility of Tate management and are embedded in the management process.

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

Risks are explicitly reviewed:

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

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

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

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

The targeted risk profile is reviewed annually and approved by the Audit Committee, most recently in November 2012.

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.

Risk management forms part of an annual review by internal audit. The Board of Trustees has contracted the internal audit service to RSM Tenon, which operates to the standards defined in the Government Internal Audit Standards. The work of the internal auditors is informed by an analysis of the risk to which the organisation is exposed, and annual audit plans are based on this analysis. The analysis of risk and internal audit plans are approved by the Audit Committee and internal audit reports, key findings and progress towards the implementation of recommendations is reviewed at each meeting.

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

Based upon the programme of work undertaken by internal audit during 2012-13, the Head of Internal Audit provided the opinion that overall, Tate has adequate and effective governance, risk management and internal control. A positive opinion was given for all eleven assurance reviews carried out. However some areas were identified where the control framework and the application of controls could be improved. Action plans have been agreed to address the recommendations made.

6. Significant risks

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

Funding environment

The two key issues impacting on Tate's financial position are the general economic climate with the resultant risk to self generated income, alongside spending round negotiations with DCMS where a reduced Grant in Aid settlement for 2015-16 is possible.

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

Capital projects

Tate has two major capital projects in construction phase, Tate Britain Millbank Project and The Tate Modern Project. In addition, the construction phase of Phase 2 of Tate St Ives is expected to begin during 2013-14. Associated risks currently being managed include:

- delivering the projects to programme and budget;
- the impact of construction on the operation of the galleries, which remain open during construction;
- the management of the funding and cashflow position given the timing of the receipt of pledges and government restrictions on access to reserves.

Governance arrangements are in place to monitor that the projects are performing against programme and to budget, and that specific risks, including the relationship to the ongoing operation, are managed. To manage funding risk, progress on the capital programmes continues to be linked to a series of key milestones and there is an arrangement for managing cashflow with the Tate Foundation. Management capacity and the capital programme management arrangements have also been reviewed and a new Capital Programme Director has been appointed.

Other significant risks

The risk of theft, or deliberate damage, to art works remains a significant risk and this is reflected in the risk register. Following the incident at Tate Modern where a Rothko was deliberately damaged, security procedures have been reviewed. An internal audit of security following the incident was commissioned and completed.

There have been no serious breaches of data security during the year.

7. Board Business 2012-13

During 2012-13 the Board considered the following key areas of business:

- Tate's Vision, agreeing strategic direction over the next three years;
- Digital development;
- Artistic Programme frameworks: the frameworks within which exhibitions and displays are set for each site;
- Capital projects: the Board received regular progress updates and took key decisions on Tate's capital development projects: Tate Modern project, Tate Britain Millbank project and the Tate St Ives Phase 2 project;
- Business and finance: the Board regularly discussed current and forward budgets, management information and development of the forward business plan;
- Policies: the Board approved Tate new and updated policies within the Board's Policy Framework including Safety, Health and Environmental Policy, Ethics and Donations Policies, Safeguarding Policy and Trustee and Committee Members' Management of Conflicts of Interest Policy.

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

8. Highlights of Board committee reports 2012-13

During 2012-13 Audit Committee, Nominations and Governance Committee, Finance and Operations Committee and Ethics Committee all considered issues of governance and risk, including reputational risk.

Nominations and Governance Committee has advised the Board on Trustee reappointments, Board skills and succession planning, appointments to Board subcommittees and subcommittee terms of reference. Tate also engaged *Boardroom Review* during 2012-13 to undertake an independent assessment of Board Effectiveness.

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

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

The Ethics Committee has scrutinised and advised the Board on current and prospective corporate sponsorships and support from individuals, the implementation of the Bribery Act, international partnerships and other areas of potential reputational risk.

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

9. Review of effectiveness

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

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

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

and consists of three elements:

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

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

The Board and Executive considered that the Board performed well. Trustees considered that they have good oversight of strategic direction, financial and operational matters. They identified the leadership of the board, the opportunity and insight of members' contributions and quality of decision making as areas of strength. They commented that the relationship with the executive is good and that information and assistance are ably provided: it was thought that in the future, Trustees' could add further benefit to the organisation through increased opportunities to engage with different levels of the executive.

10. Significant incidents arising relevant to internal control

Two significant incidents arose during the year.

In July 2012 a member of the public fell from the Members' balcony at Tate Modern and died. After the incident, security and safety measures were reviewed both internally and by the Environmental Health Officer of Southwark Council, who concluded that no structural changes were required. The coroner, who also considered evidence in respect of the height of the balcony railings and made reference to the findings of the Environmental Health Officer, concluded that nothing could have been done to prevent the accident. An open verdict was returned on the incident on the basis that, while there were neither suspicious circumstances nor contributory factors to the accident and no other party was involved, there was no direct evidence of the deceased intending to take his own life. Nevertheless Tate has since taken suitable measures to increase the security presence and to address potential structural issues on site.

In October 2012 a visitor to Tate Modern entered the Rothko Exhibit Room Gallery and vandalised Rothko's *Black on Maroon*, painting graffiti on the lower right hand corner of the canvas. The incident attracted widespread media coverage and the perpetrator was subsequently jailed for two years. Following the incident, there were both internal and external reviews of the security systems and arrangements in place. The Audit Committee is satisfied with the response and the measures being taken. Tate established a group comprising Tate curators, the Head of Conservation Programme and an external Rothko specialist to determine the treatment of the damaged Rothko painting.

Signed

Sir Nicholas Serota
Director and Accounting Officer, Tate

3 July 2013

Signed

The Lord Browne of Madingley
Chairman, Tate

3 July 2013

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

I certify that I have audited the financial statements of the Board of Trustees of the Tate Gallery for the year ended 31 March 2013 under the Museums and Galleries Act 1992. The financial statements comprise: the consolidated statement of financial activities, the consolidated and Tate balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, Director and auditor

As explained more fully in the statement of Trustees' and director's responsibilities, the Trustees and the Director as the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Board of Trustees of the Tate Gallery's affairs as at 31 March 2013 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder with HM Treasury's consent.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made with HM Treasury's consent under the Museums and Galleries Act 1992; and
- the information given in the Review of Activities in 2012-13, Sustainability, Financial Review and Foreword sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

5 July 2013

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

Consolidated Statement of Financial Activities for the year ended 31 March 2013

	Notes	Income and Expenditure			Capital		
		2012-13 Unrestricted funds £000	2012-13 Restricted funds £000	2012-13 Total funds £000	2012-13 Unrestricted funds £000	2012-13 Restricted funds £000	2012-13 Total funds £000
Incoming resources							
<i>Incoming resources from generated funds</i>	2						
Voluntary income							
– Grant in Aid		31,489	–	31,489	2,523	900	
– Donated works of art		–	–	–	–	–	
– Other voluntary income		2,964	4,175	7,139	–	42,728	
Activities for generating funds							
– Trading income	9	27,405	–	27,405	279	23	
– Other activities for generating funds		7,290	–	7,290	–	–	
Investment income	3	122	2	124	–	–	
<i>Incoming resources from charitable activities</i>	4	13,529	–	13,529	–	–	
<i>Other incoming resources</i>		886	–	886	–	–	
Total incoming resources		83,685	4,177	87,862	2,802	43,651	
Resources expended	6						
<i>Costs of generating funds</i>							
Costs of generating voluntary income		2,538	57	2,595	75	–	
Fundraising trading; cost of goods sold and other costs							
– Trading costs		24,712	–	24,712	240	–	
– Other costs of generating funds		3,602	–	3,602	44	–	
Investment management costs		17	1	18	–	–	
<i>Charitable activities</i>		51,304	4,118	55,422	3,126	12,385	
<i>Governance costs</i>		611	–	611	–	2	
<i>Other resources expended</i>		891	–	891	–	–	
Total resources expended		83,675	4,176	87,851	3,485	12,387	
Net incoming/(outgoing) resources before transfers		10	1	11	(683)	31,264	
Transfers between funds	14	–	–	–	–	4,440	
Net incoming/(outgoing) resources after transfers		10	1	11	(683)	35,704	
Gain/(loss) on investment assets	14	–	3	3	–	–	
Gain on revaluation of tangible fixed assets	14	–	–	–	505	24,661	
Net movement of funds		10	4	14	(178)	60,365	
Funds brought forward at 1 April 2012	14	7,877	24	7,901	30,784	589,547	
Funds carried forward at 31 March 2013		7,887	28	7,915	30,606	649,912	

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 2013 *(continued)*

Collections			Total				
2012-13 Unrestricted funds £000	2012-13 Restricted funds £000	2012-13 Total funds £000	2012-13 Unrestricted funds £000	2012-13 Restricted funds £000	2012-13 Endowment funds £000	2012-13 Total funds £000	2011-12 Total funds £000
-	-	-	34,012	900	-	34,912	45,105
-	18,493	18,493	-	18,493	-	18,493	3,300
10	4,010	4,020	2,974	50,913	-	53,887	20,540
646	-	646	28,330	23	-	28,353	26,663
202	-	202	7,492	-	-	7,492	7,585
23	118	141	145	120	-	265	535
4	-	4	13,533	-	-	13,533	8,534
-	-	-	886	-	-	886	786
885	22,621	23,506	87,372	70,449	-	157,821	113,048
1	-	1	2,614	57	-	2,671	2,246
-	-	-	24,952	-	-	24,952	22,375
-	-	-	3,646	-	-	3,646	3,124
-	58	58	17	59	-	76	69
-	-	-	54,430	16,503	-	70,933	69,208
-	-	-	611	2	-	613	643
-	-	-	891	-	-	891	787
1	58	59	87,161	16,621	-	103,782	98,452
884	22,563	23,447	211	53,828	-	54,039	14,596
(4,440)	-	(4,440)	(4,440)	4,440	-	-	-
(3,556)	22,563	19,007	(4,229)	58,268	-	54,039	14,596
-	34	34	-	37	1,018	1,055	227
-	-	-	505	24,661	-	25,166	14,364
(3,556)	22,597	19,041	(3,724)	82,966	1,018	80,260	29,187
21,201	251,434	272,635	59,862	841,005	8,932	909,799	880,612
17,645	274,031	291,676	56,138	923,971	9,950	990,059	909,799

Consolidated Balance Sheet at 31 March 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	7	680,894	620,705
Heritage assets	8	292,139	267,928
Investments	3	10,239	9,125
		983,272	897,758
Current assets			
Stocks	9	3,836	3,197
Debtors and prepayments	10	15,143	11,964
Cash and liquid resources	11	9,444	22,197
		28,423	37,358
Creditors: amounts falling due within one year	12	(20,772)	(24,752)
Net current assets		7,651	12,606
Total assets less current liabilities		990,923	910,364
Creditors: amounts falling due after more than one year	12	(864)	(565)
Total assets less liabilities		990,059	909,799
Represented by:			
Restricted reserves	14	923,971	841,005
Unrestricted reserves			
Designated	14	48,251	51,985
General	14	7,887	7,877
Total funds		980,109	900,867
Endowments	14	9,950	8,932
Total funds		990,059	909,799

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

Signed

Sir Nicholas Serota
Director, Tate

3 July 2013

Signed

The Lord Browne of Madingley
Chairman, Tate

3 July 2013

Tate Balance Sheet at 31 March 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	7	680,314	620,164
Heritage assets	8	292,139	267,928
Investments	3	12,734	11,620
		985,187	899,712
Current assets			
Debtors and prepayments	10	18,228	15,954
Cash and liquid resources	11	5,587	16,902
		23,815	32,856
Creditors: amounts falling due within one year	12	(18,285)	(22,464)
Net current assets		5,530	10,392
Total assets less current liabilities		990,717	910,104
Creditors: amounts falling due after more than one year	12	(864)	(565)
Total assets less liabilities		989,853	909,539
Represented by:			
Restricted reserves	14	923,954	840,986
Unrestricted reserves			
Designated	14	47,671	51,443
General	14	8,278	8,178
Total funds		979,903	900,607
Endowments	14	9,950	8,932
Total funds		989,853	909,539

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

Signed

Sir Nicholas Serota
Director, Tate

3 July 2013

Signed

The Lord Browne of Madingley
Chairman, Tate

3 July 2013

Consolidated Cash Flow Statement for the year ended 31 March 2013

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	16(i)	42,000	27,255
<i>Returns on investments and servicing of finance</i>			
Interest received		<u>259</u>	<u>652</u>
Net cash inflow from returns on investments and servicing of finance		259	652
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		(54,953)	(44,879)
Purchase of investments		(7,608)	(5,405)
Proceeds on disposal of fixed assets		–	–
Proceeds from sale of investments		<u>7,549</u>	<u>3,550</u>
Net cash outflow from capital expenditure		(55,012)	(46,734)
Management of liquid resources	16(ii)	12,587	<u>18,422</u>
Decrease in cash	16(iii)	(166)	<u>(405)</u>

Notes to the Accounts

1. Accounting policies

Basis of accounting

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

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

Tate's unconsolidated net incoming resources for the year were £54,093,000 (£14,610,000 in 2011-12).

Basis of consolidation

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

Going concern basis

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

Incoming resources

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

Voluntary income:

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

Activities for generating funds:

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

Investment income:

Dividend and interest income is recognised on a receivable basis.

Incoming resources from charitable activities:

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

Deferred income:

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

Resources expended

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

Costs of generating funds:

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

Charitable activities:

Comprises the costs associated with the performance of: gallery activities (all those costs associated with the public programmes of the four Tate galleries and of the media programmes and website, including exhibitions,

education and communications and marketing expenditure); gallery operations (visitor services and operations costs); the costs of maintaining the Collection (including conservation, art handling, photography and acquisitions-related expenditure); the Tate Modern lease costs.

Governance costs:

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

Support costs:

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

The Collection

Additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition, where such a cost or value is reasonably obtainable. Such items are not depreciated or revalued as a matter of routine as the assets are deemed to have indeterminable lives. Expenditure to conserve the works is included under charitable activities in the statement of financial activities. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by Tate staff. 9% of the Collection is recognised at a value on the balance sheet. For the remaining 91%, the appropriate and relevant valuation information is not available; the Trustees do not consider that the cost of valuing the remainder of the Collection is commensurate with the benefits to the users of the financial statements.

Fixed assets

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

Tate	£10,000
Tate Enterprises Limited	£500

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

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

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

Investments

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

Stock

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

Cash and liquid resources

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

Foreign currencies

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

Finance and operating leases

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

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

Pensions

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

Fund accounting

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

Taxation

Tate is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The taxable profits of Tate Enterprises Limited are paid to Tate under Gift Aid rules and no tax liability is expected for the year ending 31 March 2013.

Financial Instruments

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

2. Incoming resources from generated funds

Voluntary income	2013	2012
	£000	£000
Grant in Aid	34,912	45,105
Donated works of art	18,493	3,300
Lottery and other public funding		
Arts and Humanities Research Council	34	106
Arts Council	556	11
Big Lottery Fund – Family Learning grant	99	96
British Council	12	4
City of Liverpool	44	45
Cornwall Council	–	2
Department for Business, Innovation and Skills	–	332
Department for Communities and Local Government	–	97
Department for Culture, Media and Sport	–	35
European Regional Development Fund	207	140
Heritage Lottery Fund	1,887	255
London Organising Committee of the Olympic Games	115	–
Museums, Libraries and Archives Council	–	2
Southwark Council	2	–
Total Lottery and other public funding	2,956	1,125
Donations from connected charities	46,749	13,174
Other donations	4,182	6,241
	107,292	68,945
of which the following is taken to (see page 38)		
Income and expenditure	38,628	40,122
Capital	46,151	19,406
Collections	22,513	7,651
Endowments	–	1,766
Activities for generating funds	2013	2012
	£000	£000
Trading	28,353	26,663
Sponsorship	5,137	5,792
Other activities for generating funds	2,355	1,793
	35,845	34,248
of which the following is taken to (see page 38)		
Income and expenditure	34,695	33,538
Capital	302	296
Collections	848	414

Included in Sponsorship income is £490,000 of barter advertising (£665,000 in 2011-12), computed at estimated cost value.

3. Investments and investment income

	2013	2012
	£000	£000
Bank interest	147	377
Income on quoted investments	118	158
	<u>265</u>	<u>535</u>
of which the following is taken to (see page 38)		
Income and expenditure	124	107
Capital	–	–
Collections	141	428

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

Investments total £10,239,000 (£9,125,000 in 2011-12).

	2012	Additions/ (disposals)	Realised and unrealised gains/ (losses)	2013
	Market	in year	(losses)	Market
	value	in year	(losses)	value
	£000	£000	£000	£000
Investment portfolio:				
UK fixed interest	3,028	(1,075)	117	2,070
Non-UK fixed interest	283	(280)	(3)	–
UK equities	2,426	612	428	3,466
Non-UK equities	2,404	512	458	3,374
Property	–	585	(5)	580
Alternatives	602	(249)	60	413
Cash	382	(46)	–	336
Group investments total	<u>9,125</u>	<u>59</u>	<u>1,055</u>	<u>10,239</u>
Subsidiaries' issued share capital (at cost)	2,495	–	–	2,495
Tate investments total	<u>11,620</u>	<u>59</u>	<u>1,055</u>	<u>12,734</u>

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

4. Incoming resources from charitable activities

	2013	2012
	£000	£000
Admissions	10,826	6,379
Other incoming resources from charitable activities	2,707	2,155
	<u>13,533</u>	<u>8,534</u>
of which the following is taken to (see page 38)		
Income and expenditure	13,529	8,489
Capital	–	–
Collections	4	45

5. Net incoming resources

are stated after charging:

	2013 £000	2012 £000
Auditors' remuneration		
Comptroller and Auditor General	54	52
Subsidiaries – audit, Grant Thornton	32	31
Subsidiaries – taxation and technical advice, Grant Thornton	5	4
Taxation advice	54	56
Operating lease rentals		
Land and buildings	611	548
Vehicles and equipment	139	125
Depreciation	15,060	15,112
Loss on disposal of fixed assets	–	41

6. Total resources expended

	Staff costs £000	Other direct costs £000	Support costs £000	Depreciation £000	2013 Total £000	2012 Total £000
<i>Costs of generating funds</i>						
Costs of generating voluntary income	1,308	154	1,134	75	2,671	2,246
Fundraising trading: cost of goods sold and other costs						
– Trading costs	9,093	15,619	–	240	24,952	22,375
– Other fundraising costs	2,309	624	669	44	3,646	3,124
Investment management costs	–	59	17	–	76	69
<i>Total costs of generating funds</i>	<u>12,710</u>	<u>16,456</u>	<u>1,820</u>	<u>359</u>	<u>31,345</u>	<u>27,814</u>
<i>Charitable activities</i>						
– Gallery activities	11,476	15,872	13,381	13,612	54,341	52,347
– Gallery operations	3,863	2,344	1,189	551	7,947	8,729
– Collections	5,079	1,758	1,271	538	8,646	8,131
– Lease cost	–	(1)	–	–	(1)	1
<i>Total charitable activities</i>	<u>20,418</u>	<u>19,973</u>	<u>15,841</u>	<u>14,701</u>	<u>70,933</u>	<u>69,208</u>
<i>Governance costs</i>	451	110	52	–	613	643
<i>Other resources expended</i>	524	–	367	–	891	787
Total resources expended	<u>34,103</u>	<u>36,539</u>	<u>18,080</u>	<u>15,060</u>	<u>103,782</u>	<u>98,452</u>

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

The Chairman and other Trustees received no remuneration; five Trustees (two in 2011-12) received reimbursement of travel and subsistence expenses amounting to £858 in 2012-13 (£2,023 in 2011-12).

a) Support cost breakdown by activity

	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2013 Total £000	2012 Total £000
<i>Costs of generating funds</i>							
Costs of generating voluntary income	56	84	154	819	21	1,134	881
Fundraising trading: cost of goods sold and other costs							
– Other fundraising costs	33	49	90	484	13	669	625
Investment management costs	17	–	–	–	–	17	13
<i>Total costs of generating funds</i>	<u>106</u>	<u>133</u>	<u>244</u>	<u>1,303</u>	<u>34</u>	1,820	1,519
<i>Charitable activities</i>							
– Gallery activities	545	624	1,464	10,539	209	13,381	12,283
– Gallery operations	124	256	334	427	48	1,189	1,311
– Collections	136	301	365	417	52	1,271	1,234
<i>Total charitable activities</i>	<u>805</u>	<u>1,181</u>	<u>2,163</u>	<u>11,383</u>	<u>309</u>	15,841	14,828
<i>Governance costs</i>	52	–	–	–	–	52	44
<i>Other resources expended</i>	367	–	–	–	–	367	241
Total resources expended	<u>1,330</u>	<u>1,314</u>	<u>2,407</u>	<u>12,686</u>	<u>343</u>	18,080	16,632
Basis of allocation	expenditure	average FTE	expenditure	depreciation charge	expenditure		

Support costs include an element of staff costs amounting to £4,552,000 (£4,131,000 in 2011-12).

b) Staff costs

	2013 £000	2012 £000
Wages and salaries	30,244	29,537
Pension costs	3,732	3,710
Social Security costs	2,335	2,292
Redundancy costs	231	789
Total employee costs	36,542	36,328
Agency staff costs	2,113	1,426
	38,655	37,754

In addition, £880,000 of staff costs relating to staff working exclusively on capital projects were capitalised in 2012-13 (£830,000 in 2011-12).

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:

	2013	2012
	No.	No.
£60,000 – £64,999	5	3
£65,000 – £69,999	1	2
£70,000 – £74,999	3	3
£75,000 – £79,999	2	2
£80,000 – £84,999	3	2
£85,000 – £89,999	1	1
£90,000 – £94,999	1	1
£95,000 – £99,999	1	2
£100,000 – £104,999	1	1
£105,000 – £109,999	1	–
£120,000 – £124,999	1	1
£130,000 – £134,999	1	1
£160,000 – £164,999	1	1

Twenty 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 £386,000 during the year.

The average number of full-time equivalent (FTE) staff during the year was 1,228 (1,215 in 2011-12). Included within this total are 11 FTE staff on temporary contracts (12 in 2011-12) and 56 FTE staff on fixed-term contracts (43 in 2011-12).

The breakdown of average FTE staff by occupational group was:

	2013	2012
	No.	No.
<i>Costs of generating funds</i>		
Costs of generating voluntary income	41	37
Fundraising trading: cost of goods sold and other costs		
– Trading	492	495
– Other	71	64
Investment management costs	–	–
<i>Charitable activities</i>	595	592
<i>Governance costs</i>	5	5
<i>Other resources expended</i>	24	22
	<u>1,228</u>	<u>1,215</u>

Exit package cost band

	Number of compulsory redundancies	Total number of exit packages by cost band 2013	Total number of exit packages by cost band 2012
<£10,000	2	2	9
£10,000 – £25,000	1	2	8
£25,000 – £50,000	–	3	5
£50,000 – £100,000	–	1	5
£100,000 – £150,000	–	–	–
Total number of exit packages	<u>3</u>	<u>8</u>	<u>27</u>
Total resource cost/£	33,000	222,000	709,000

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

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

From 1 April 2012 employee contributions were set at one of six rates in the range 1.5% to 3.9% of pensionable earnings for *classic* and 3.5% to 5.9% for *premium*, *classic plus* and *NUVOS*. Benefits in *classic* accrue at the rate of 1/80 of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For *premium*, the benefits accrue at the rate of 1/60 of final pensionable earnings for each year of service. Unlike *classic*, there is no automatic lump sum. *Classic plus* is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per *classic* and benefits for service from October 2002 worked out as in *premium*. In *NUVOS* a member builds up a pension based on his pensionable earnings during his period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of his pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

For 2012-13, employers' contributions of £3,197,000 were payable to the PCSPS (2011-12 £3,235,000, 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 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 15.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where he does make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Employers' contributions of £92,000 (2011-12 £88,000) were paid to one or more of a panel of three appointed stakeholder pension providers. In addition, employer contributions of £153,000 (£153,000 in 2011-12), 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 (one in 2011-12); the total additional accrued pension liabilities to PCSPS in the year amounted to nil (£276 in 2011-12).

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 £290,000 were made in the year (2011-12 £234,000).

7. Tangible assets

Group	Land £000	Freehold buildings £000	Leasehold improve- ments £000	Assets in the course of construction £000	Plant and fit-out £000	Long leasehold £000	Fixtures, fittings and equipment £000	Total tangible assets £000
Value at 1 April 2012	117,975	48,564	23,764	108,483	87,055	276,343	12,829	675,013
Additions at cost	-	77	2	48,021	1,250	-	733	50,083
Valuation of assets	13,100	(271)	(134)	-	(499)	12,731	-	24,927
Disposals	-	-	-	-	-	-	(590)	(590)
Value at 31 March 2013	131,075	48,370	23,632	156,504	87,806	289,074	12,972	749,433
Depreciation at 1 April 2012	-	2,429	752	-	17,602	22,427	11,098	54,308
Charge for the year	-	543	251	-	5,853	7,434	979	15,060
Valuation of assets	-	(9)	(4)	-	(99)	(127)	-	(239)
Disposals	-	-	-	-	-	-	(590)	(590)
Depreciation at 31 March 2013	-	2,963	999	-	23,356	29,734	11,487	68,539
Net book value at 31 March 2013	131,075	45,407	22,633	156,504	64,450	259,340	1,485	680,894
Net book value at 1 April 2012	117,975	46,135	23,012	108,483	69,453	253,916	1,731	620,705

Tate	Land £000	Freehold buildings £000	Leasehold improve- ments £000	Assets in the course of construction £000	Plant and fit-out £000	Long leasehold £000	Fixtures, fittings and equipment £000	Total tangible assets £000
Value at 1 April 2012	117,975	47,768	23,764	108,483	87,055	276,343	8,479	669,867
Additions at cost	-	77	3	48,021	1,250	-	453	49,804
Valuation of assets	13,100	(270)	(135)	-	(499)	12,731	-	24,927
Disposals	-	-	-	-	-	-	(31)	(31)
Value at 31 March 2013	131,075	47,575	23,632	156,504	87,806	289,074	8,901	744,567
Depreciation at 1 April 2012	-	1,633	752	-	17,602	22,427	7,289	49,703
Charge for the year	-	543	251	-	5,853	7,434	739	14,820
Valuation of assets	-	(9)	(4)	-	(99)	(127)	-	(239)
Disposals	-	-	-	-	-	-	(31)	(31)
Depreciation at 31 March 2013	-	2,167	999	-	23,356	29,734	7,997	64,253
Net book value at 31 March 2013	131,075	45,408	22,633	156,504	64,450	259,340	904	680,314
Net book value at 1 April 2012	117,975	46,135	23,012	108,483	69,453	253,916	1,190	620,164

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

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

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

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

The net book value at 31 March 2013 represents fixed assets for:

Group	Land	Freehold	Leasehold	Assets	Plant and	Long	Fixtures,	Total
	£000	buildings	improve-	in the	fit-out	leasehold	and	tangible
	£000	£000	ments	course of	£000	£000	equipment	assets
	£000	£000	£000	£000	£000	£000	£000	£000
Charitable activities	131,075	45,407	22,633	156,504	64,450	259,340	905	680,314
Other activities	-	-	-	-	-	-	580	580
	<u>131,075</u>	<u>45,407</u>	<u>22,633</u>	<u>156,504</u>	<u>64,450</u>	<u>259,340</u>	<u>1,485</u>	<u>680,894</u>

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

8. Heritage assets

Group	Value at		Value at
	1 April	Additions	
	2012	£000	2013
	£000	£000	£000
<i>Cost</i>			
Installations	10,468	1,845	12,313
Paintings	30,940	920	31,860
Reliefs	1,137	36	1,173
Sculptures	15,578	1,547	17,125
Works on paper	12,775	1,353	14,128
Archives	1,699	17	1,716
Other	342	-	342
ARTIST ROOMS	20,580	-	20,580
<i>Valuation</i>			
Installations	4,582	1,872	6,454
Paintings	90,792	10,451	101,243
Reliefs	497	34	531
Sculptures	18,705	2,212	20,917
Works on paper	8,350	2,510	10,860
Archives	4,938	629	5,567
Other	284	-	284
ARTIST ROOMS	46,261	785	47,046
Total additions	<u>267,928</u>	<u>24,211</u>	<u>292,139</u>

In the year 514 works of art and archives were added to the Collection of which 249 are included at cost price and 265 (including 21 part-purchased ARTIST ROOMS works) have been valued.

Five-year financial summary of heritage asset transactions

	2012-13	2011-12	2010-11	2009-10	2008-09
	£000	£000	£000	£000	£000
<i>Cost</i>					
Installations	1,845	782	1,203	832	1,435
Paintings	920	988	538	671	6,379
Reliefs	36	247	113	5	47
Sculptures	1,547	1,174	1,124	1,511	3,498
Works on paper	1,353	1,368	683	1,055	660
Archives	17	1	243	210	181
Other	–	–	–	45	12
ARTIST ROOMS	–	32	68	–	20,480
<i>Valuation</i>					
Installations	1,872	378	284	1,286	1,600
Paintings	10,451	1,141	1,648	6,059	15,916
Reliefs	34	3	–	62	45
Sculptures	2,212	467	766	544	788
Works on paper	2,510	456	740	604	889
Archives	629	663	192	331	147
Other	–	–	–	–	–
ARTIST ROOMS	785	192	702	734	44,632
Total additions	24,211	7,892	8,304	13,949	96,709

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 69,215 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.

9. Subsidiaries

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

Tate Enterprises Limited

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

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

	2013	2012
	£000	£000
Fixed assets	580	541
Current assets	8,900	9,919
Current liabilities	(6,796)	(7,724)
Net assets	2,684	2,736
Capital and reserves	2,684	2,736

Current assets include stock of £3,836,000, comprising: work in progress £383,000; finished goods and goods for resale £3,453,000 (£3,197,000, comprising: work in progress £473,000; finished goods and goods for resale £2,724,000 in 2011-12).

	2013	2012
	£000	£000
Turnover	29,520	27,802
Cost of sales	(11,808)	(10,071)
Gross profit	17,712	17,731
Administrative expenses	(13,734)	(12,849)
Trading profit	3,978	4,882
Interest receivable	11	13
Net contribution	3,989	4,895

The net contribution consists of £2,707,000 from publishing and retail operations (£3,685,000 in 2011-12), £902,000 from catering operations (£903,000 in 2011-12) and £380,000 from education and media services (£307,000 in 2011-12). Turnover includes £1,034,000 of sales to Tate (£993,000 in 2011-12). Administrative expenses include £350,000 of expenditure recharged by Tate (£357,000 in 2011-12).

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 £2,540 to £16,715 in the year.

10. Debtors

	Group		Tate	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	7,344	7,455	6,308	6,359
Amounts due from group companies	-	-	4,286	5,197
Other debtors	1,096	949	1,072	924
Prepayments and accrued income	6,703	3,560	6,562	3,474
	15,143	11,964	18,228	15,954

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	
	2013	2012	2013	2012
	£000	£000	£000	£000
Balances with other central government bodies	2,968	3,176	2,968	3,176
Balances with local authorities	191	40	191	40
Balances with NHS Trusts	-	11	-	11
Balances with public corporations and trading funds	96	108	96	108
Total intra government balances	3,255	3,335	3,255	3,335
Balances with bodies external to government	11,888	8,629	14,973	12,619
	15,143	11,964	18,228	15,954

11. Cash and liquid resources

	Group		Tate	
	2013	2012	2013	2012
	£000	£000	£000	£000
held at/in:				
Government Banking Service	1,630	1,417	1,630	1,417
Floating rates	7,449	20,541	3,897	15,430
Cash and non-interest-bearing accounts	365	239	60	55
	9,444	22,197	5,587	16,902

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

	2013	2012
	£000	£000
Floating rates	7,449	20,541
Less: funds held in interest-bearing current or call accounts	54	559
Liquid resources (funds held on deposit)	7,395	19,982

12. Creditors: amounts falling due within one year

	Group		Tate	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade creditors	2,897	5,738	2,103	4,684
Amounts due to group companies	–	–	88	286
Taxation and social security	970	1,032	547	538
Other creditors	3,564	2,285	3,466	2,216
Accruals	11,002	13,730	9,754	12,773
Deferred income	2,329	1,957	2,317	1,957
Obligations under finance lease (note 18)	10	10	10	10
	<u>20,772</u>	<u>24,752</u>	<u>18,285</u>	<u>22,464</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	
	2013	2012	2013	2012
	£000	£000	£000	£000
Balances with other central government bodies	1,870	1,126	1,446	632
Balances with local authorities	354	255	354	255
Balances with NHS Trusts	24	31	24	31
Balances with public corporations and trading funds	3	1	3	1
Total intra government balances	<u>2,251</u>	<u>1,413</u>	<u>1,827</u>	<u>919</u>
Balances with bodies external to government	18,521	23,339	16,458	21,545
	<u>20,772</u>	<u>24,752</u>	<u>18,285</u>	<u>22,464</u>

Creditors: amounts falling due after more than one year

	Group		Tate	
	2013	2012	2013	2012
	£000	£000	£000	£000
Other creditors	151	181	151	181
Deferred income	331	–	331	–
Obligations under finance lease (note 18)	382	384	382	384
	<u>864</u>	<u>565</u>	<u>864</u>	<u>565</u>

All balances are with bodies external to government.

Deferred income

	Group		Tate	
	2013	2012	2013	2012
	£000	£000	£000	£000
Deferred income brought forward	1,957	2,160	1,957	2,124
Released in year	(1,915)	(2,033)	(1,915)	(1,997)
Deferred in year	2,618	1,830	2,606	1,830
Deferred income carried forward	<u>2,660</u>	<u>1,957</u>	<u>2,648</u>	<u>1,957</u>

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

13. Operating leases

At 31 March 2013 Tate had annual commitments under non-cancellable leases as follows:

Group	Land and buildings £000	Other £000	2013 £000	2012 £000
Operating leases expiring within				
One year	–	20	20	24
Two to five years	108	118	226	125
More than five years	534	–	534	465
	<u>642</u>	<u>138</u>	<u>780</u>	<u>614</u>
Tate	Land and buildings £000	Other £000	2013 £000	2012 £000
Operating leases expiring within				
One year	–	7	7	–
Two to five years	–	76	76	88
More than five years	534	–	534	465
	<u>534</u>	<u>83</u>	<u>617</u>	<u>553</u>

14. Statement of funds

Group	Opening funds £000	Transfers £000	Income £000	Expenditure £000	Gain on revaluation £000	Gain on investment £000	Closing funds £000
Unrestricted							
<i>Designated</i>							
Works of art	16,728	–	862	–	–	–	17,590
Buildings and equipment	30,784	–	2,802	(3,485)	505	–	30,606
Collection fund	4,473	(4,440)	23	(1)	–	–	55
	51,985	(4,440)	3,687	(3,486)	505	–	48,251
<i>General funds</i>	7,877	–	83,685	(83,675)	–	–	7,887
Total unrestricted funds	<u>59,862</u>	<u>(4,440)</u>	<u>87,372</u>	<u>(87,161)</u>	<u>505</u>	<u>–</u>	<u>56,138</u>
Restricted							
Tate Modern development	96,049	–	–	(7,558)	5,405	–	93,896
Buildings and equipment	196,597	4,440	43,651	(4,829)	2,696	–	242,555
Revaluation reserve	296,901	–	–	–	16,560	–	313,461
Works of art	251,198	–	22,500	–	–	–	273,698
Acquisition trust funds	236	–	121	(58)	–	34	333
Other funds	24	–	4,177	(4,176)	–	3	28
	841,005	4,440	70,449	(16,621)	24,661	37	923,971
Endowments	8,932	–	–	–	–	1,018	9,950
Total funds	<u>909,799</u>	<u>–</u>	<u>157,821</u>	<u>(103,782)</u>	<u>25,166</u>	<u>1,055</u>	<u>990,059</u>

Tate	Opening funds £000	Transfers £000	Income £000	Expenditure £000	Gain on revaluation £000	Gain on investment £000	Closing funds £000
Unrestricted							
<i>Designated</i>							
Works of art	16,728	-	862	-	-	-	17,590
Buildings and equipment	30,242	-	2,523	(3,244)	505	-	30,026
Collection fund	4,473	(4,440)	23	(1)	-	-	55
	<u>51,443</u>	<u>(4,440)</u>	<u>3,408</u>	<u>(3,245)</u>	<u>505</u>	<u>-</u>	47,671
<i>General funds</i>	8,178	-	60,956	(60,856)	-	-	8,278
Total unrestricted funds	<u>59,621</u>	<u>(4,440)</u>	<u>64,364</u>	<u>(64,101)</u>	<u>505</u>	<u>-</u>	55,949
Restricted							
Tate Modern development	96,030	-	-	(7,556)	5,405	-	93,879
Buildings and equipment	196,597	4,440	43,651	(4,829)	2,696	-	242,555
Revaluation reserve	296,901	-	-	-	16,560	-	313,461
Works of art	251,198	-	22,500	-	-	-	273,698
Acquisition trust funds	236	-	121	(58)	-	34	333
Other funds	24	-	4,177	(4,176)	-	3	28
	<u>840,986</u>	<u>4,440</u>	<u>70,449</u>	<u>(16,619)</u>	<u>24,661</u>	<u>37</u>	923,954
Endowments	8,932	-	-	-	-	1,018	9,950
Total funds	<u>909,539</u>	<u>-</u>	<u>134,813</u>	<u>(80,720)</u>	<u>25,166</u>	<u>1,055</u>	989,853

Fair value reserve (investments) – movements

	As at 1 April 2012 £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2013 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
Restricted						
Acquisition trust funds	15	29	(9)	35	279	314
Other funds	2	3	(1)	4	24	28
	<u>17</u>	<u>32</u>	<u>(10)</u>	<u>39</u>	<u>303</u>	<u>342</u>
Endowments	544	891	(338)	1,097	8,800	9,897
Total funds	<u>561</u>	<u>923</u>	<u>(348)</u>	<u>1,136</u>	<u>9,103</u>	<u>10,239</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 the fund to its original designation, as follows. The Collection fund comprises three elements: *Collection Fund*, *Turner Scholarship* and *Collection Support*. On designation, £10 million was earmarked as capital and created the *Collection Fund*, £1 million was designated *Turner Scholarship* and £7 million was designated for *Collection Support*. The income from the *Collection Fund* will be used to purchase works of art. *Turner Scholarship* and *Collection Support* will be used to benefit the long-term care of the Collection, including research, conservation and improving access to Tate's Collection Store in Southwark.

General funds

Funds available for general use.

Restricted funds

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

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

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

Endowment funds

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

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

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

The Trustees approved the transfer of £4,440,000 from the unrestricted designated *Collection fund* reserve to the restricted *buildings and equipment* reserve, towards the *Transforming Tate Modern* Project.

15. Analysis of net assets between funds

Funds balances at 31 March 2013 are represented by:

Group	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2013 £000	Total 2012 £000
Tangible assets	30,606	650,288	–	680,894	620,705
Heritage assets	17,590	274,549	–	292,139	267,928
Investments	–	342	9,897	10,239	9,125
Net current assets	8,093	(495)	53	7,651	12,606
Long term creditors	(151)	(713)	–	(864)	(565)
Total net assets	<u>56,138</u>	<u>923,971</u>	<u>9,950</u>	<u>990,059</u>	<u>909,799</u>

Tate	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2013 £000	Total 2012 £000
Tangible assets	30,026	650,288	–	680,314	620,164
Heritage assets	17,590	274,549	–	292,139	267,928
Investments	2,495	342	9,897	12,734	11,620
Net current assets	5,989	(512)	53	5,530	10,392
Long term creditors	(151)	(713)	–	(864)	(565)
Total net assets	<u>55,949</u>	<u>923,954</u>	<u>9,950</u>	<u>989,853</u>	<u>909,539</u>

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

	2013 £000	2012 £000
Net incoming resources	54,039	14,596
Investment income	(259)	(652)
Depreciation	15,060	15,112
Loss on disposal of fixed asset	–	41
Donations of works of art	(18,493)	(3,300)
Increase in stocks	(639)	(553)
Increase in debtors	(3,179)	(3,275)
(Decrease)/increase in creditors	(4,529)	5,286
Net cash inflow from operating activities	<u>42,000</u>	<u>27,255</u>

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

	2013 £000	2012 £000
Decrease in cash in the year	(166)	(405)
Cash flow from management of liquid resources	(12,587)	(18,422)
Change in funds resulting from cash flows	(12,753)	(18,827)
Net funds at 1 April 2012	22,197	41,024
Net funds at 31 March 2013	<u>9,444</u>	<u>22,197</u>

(iii) Analysis of movement in funds

	2012 £000	Cash flow £000	2013 £000
Liquid resources	19,982	(12,587)	7,395
Cash	2,215	(166)	2,049
	<u>22,197</u>	<u>(12,753)</u>	<u>9,444</u>

(iv) Material non-cash transactions

	2013 £000	2012 £000
Donations of works of art	18,493	3,300

17. Capital commitments

Financial commitments were as follows:

	2013 £000	2012 £000
Capital expenditure contracted for, but not provided in the accounts	55,582	70,148
Acquisition of works of art contracted for, but not provided in the accounts	3,508	2,883

18. Tate Modern finance leasing structure

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

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

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

	2013 £000	2012 £000
In one year or less	10	10
Between two and five years	40	40
Over five years	845	855
Less: Finance charges allocated to future periods	(503)	(511)
	<u>392</u>	<u>394</u>

The Finance lease has been discounted using a rate of 2.2% over the life of the lease. At the end of 2012-13 there were 89 years remaining on the lease.

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

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

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

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

Guarantees to and on behalf of Tate Foundation

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

There are no other contingent liabilities.

20. Related party transactions

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

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

As well as being Trustees of Tate: Professor David Ekserdjian is the National Gallery Liaison Trustee to the Tate Board of Trustees; until her retirement as a Trustee in April 2013, Patricia Lankester was the Tate Liaison Trustee to the National Gallery Board of Trustees and in March 2013, Monisha Shah was appointed to replace her in this capacity; the Lord Browne of Madingley is a Trustee of Tate Foundation; Franck Petitgas is a Trustee and Chairman of Tate Foundation; Monisha Shah is a director of Tate Enterprises Limited; Gareth Thomas is a director of Tate Enterprises Limited.

In 2012, Tate Trustee David Ekserdjian curated an exhibition at the Royal Academy of Art, *Bronze*. The Royal Academy of Art borrowed a number of works from Tate for this exhibition. This was declared in Professor Ekserdjian's annual register of interests.

After clearance from the Charity Commission was received on 7 August 2012, payment was made to Wolfgang Tillmans in respect of a licence fee allowing broadcast of his video *Peas* on Channel 4's *Random Acts: Tate*.

Sir Nicholas Serota is a director of Tate Foundation and between April 2006 and September 2012 was a member of the Olympic Delivery Authority.

The Director, Tate Modern has declared an interest with commercial gallery Hauser & Wirth, where his wife holds the position of Associate Director. For the year ended 31 March 2013 Tate had no transactions with Hauser & Wirth. The Director, Tate Modern always withdraws from any discussions in which acquisition, exhibition or programme decisions relating to Hauser & Wirth artists take place.

During the year Tate Members made donations to Tate of £3,690,363 (£2,885,333 in 2011-12) and reimbursed Tate for staff costs and finance and ticketing charges totalling £969,373 (£915,733 in 2011-12). At the year end, debtors included £2,907,000 (£1,164,000 in 2011-12) and creditors included £nil (£nil in 2011-12) in respect of Tate Members.

During the year Tate Foundation made donations to Tate of £42,125,685 (£9,077,692 in 2011-12) and reimbursed Tate for staff costs totalling £356,488 (£320,613 in 2011-12) and support costs totalling £77,605 (estimated of £73,956 in 2011-12). At the year end, debtors included £3,268,000 (£441,000 in 2011-12) and creditors included £1,879,000 (£nil in 2011-12) in respect of Tate Foundation.

During the year the American Fund and Americas Foundation made donations to Tate of £924,646 (£1,129,384 in 2011-12). At the year end, creditors included £338,000 (£nil in 2011-12) in respect of the American Fund.

21. Financial instruments

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

Credit risk

Tate is exposed to a credit risk of £5,560,000 representing trade debtors (2011-12 £4,882,000), 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 £93,000 (2011-12 £152,000).

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

Liquidity risk

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

Market risk

Tate is not exposed to significant market risk from financial instruments. Tate has long term financial liabilities in respect of the finance lease for Tate Modern, the details of which are set out in note 18. Interest and investment income represents 0.2% of the total incoming resources for Tate (2011-12 0.5%). Tate is therefore not exposed to significant interest or investment risk.

Foreign currency risk

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

22. Post balance sheet events

There were no material post balance sheet events.

The annual report and accounts were approved by the Accounting Officer and Trustees on 3 July 2013 and authorised for issue on the date they were certified by the Comptroller and Auditor General.



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